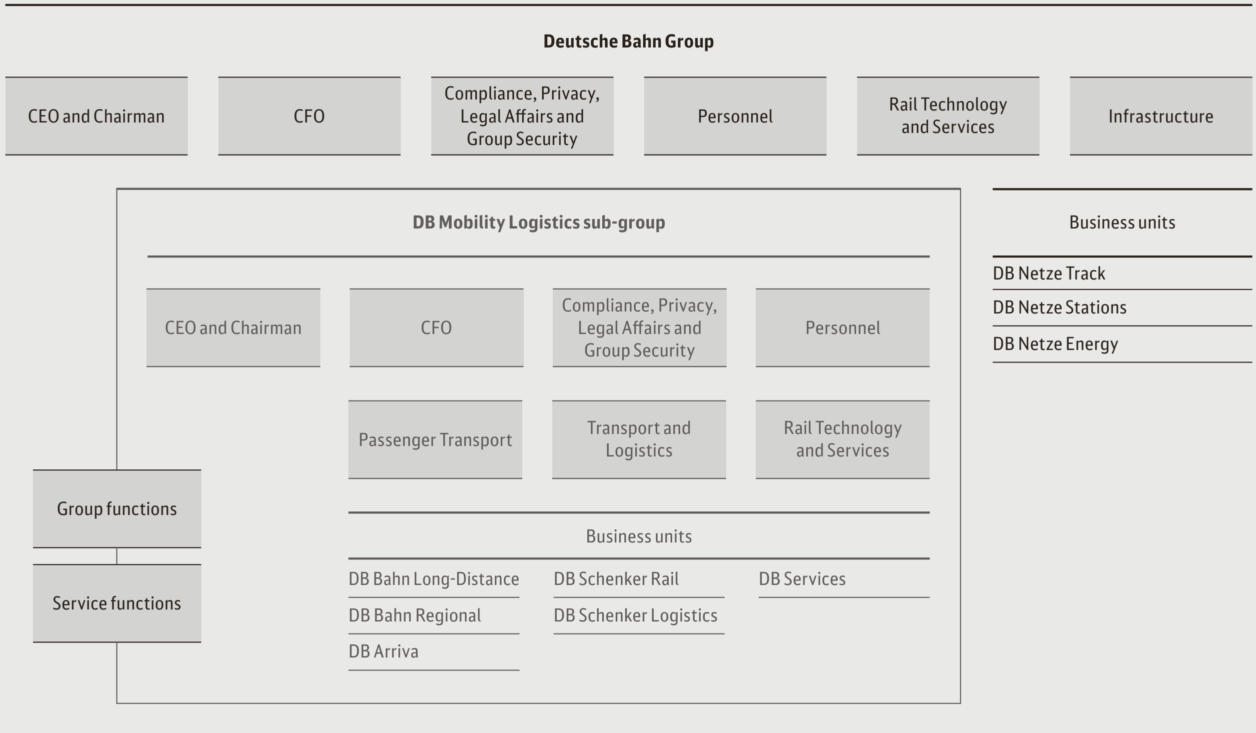
Mobility
Networks
Logistics

Our future:
Sustainably successful

Deutsche Bahn AG
2012 Management Report and Financial Statements

Organizational structure DB Group



DB2020 Strategy

Our three dimensions

Economic
Profitable market leader

Social
Top employer

Environmental
Eco-pioneer

Our four strategic directions

Customer and quality

Profitable growth

Cultural change / employee satisfaction

Resource preservation / emissions and noise reduction

Contents

Chairman's letter

Dear ladies and gentlemen,

For DB Group, the 2012 financial year was greatly shaped by our new strategic focus. In March, we revealed our targets for the years to come. By 2020, we want to be a profitable market leader with a focus on customer and quality. We want to be one of the top ten employers in Germany. And we want to be an eco-pioneer.

The new DB2020 strategy has been enshrined throughout the Group. At a complex group such as DB Group, this requires close communication as well as many changes to processes. We have adapted our target system to fit the new strategic focus and are in the process of overhauling our reporting processes accordingly. It was the hard work of all our executives and employees that made it possible to breathe life into the DB2020 strategy so quickly.

"In 2012, we were once again able to win over more customers with our range of products and services."

Our employees once again proved their extraordinary commitment, a high level of identification with the company and their willingness to make changes in 2012. The entire Management Board would like to thank all executives and employees for their support.

We have put a great deal of energy into making our strategic targets a reality. With record revenues of € 39.3 billion – almost 4 % more than in the previous year – we have made progress toward reaching our growth target. We were also pleased to see that the increase in revenues was broadly spread out over the business units.

We were able to increase our operating profit by roughly € 400 million to € 2.7 billion. Representing growth of 17.3 %, this is an excellent result, and one we are very proud of. We improved return on capital employed to 8.3 %, bringing us one step closer to our target of 10 %.

In 2012, we were once again able to win over more customers with our range of products and services. We transported some 2.7 billion passengers in Germany alone – more than ever before in the history of Deutsche Bahn. This performance was fueled by an expanded range of services as well as improved service and quality.

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

For instance, we expanded our international long-distance transport portfolio last year to include direct connections to Marseille and Gdansk. We made numerous technical improvements to customer information and ticketing in order to make rail travel more convenient and easier for our guests. And we made progress in modernizing our vehicles despite continued delays in the delivery of new trains. A total of 38 ICE 2 trains have now been thoroughly modernized. The first IC trains with completely new interior design have been in operation since December. Our customers clearly appreciate our commitment to improving service and quality: both passenger numbers and customer satisfaction indicators were higher in 2012 than in the previous year.

In regional transport, we continued to focus on growth across Europe. DB Arriva won tenders for bus transport services in the Netherlands and in Budapest, and is on the road to success throughout Europe.

We once again made large-scale capital expenditures in expanding and modernizing rail infrastructure in 2012 as a foundation for future growth in rail transport. We put 29 electronic interlockings into operation in 2012 alone. In December, we opened the Katzenberg tunnel, the third-longest rail tunnel in Germany and one of the most high-tech tunnels in Europe. The tunnel, located on Europe's most important freight corridor between Rotterdam and Genoa, makes rail transport on the southern part of the Rheintal line significantly faster and reduces the level of noise pollution for nearby residents. We renovated escalators, improved passenger information systems and accessibility of platforms at 260 train stations, bringing smiles to the faces of many passengers.

"We are getting ready to make billions in capital expenditures, especially in new trains and in modernizing infrastructure."

In freight transport, we have offered new connections to Lisbon, Porto and Paris since last year, and we have expanded services on the London – Wrocław corridor. DB Schenker Rail (UK) agreed on a strategic partnership with London Gateway. We will be the first rail freight operator to serve the new deepwater port and are driving the expansion of rail freight transport from London Gateway to Continental Europe via the Channel Tunnel.

At DB Schenker Logistics, where we look back on the best financial year in the company's history, we laid the foundation in 2012 for further growth by strengthening our presence in Northern Europe and building new logistics centers throughout the world.

The growth in our business units is on a solid footing. It is founded on a personnel policy that focuses on the future and decisive action on behalf of environmental conservation and climate protection. We need qualified and motivated employees to win over customers, and we need products that protect the environment. These are absolutely necessary prerequisites for sustainable business success.

The conclusion of a new type of demographic collective agreement, unique to the industry, in December 2012 was a milestone in this context. At its heart is a sustainable personnel policy that focuses more on the different life and career stages of individuals when it comes to working hours, training and other factors, making employment conditions more individual and more flexible. By doing so, we intend to make it possible for our employees to work at DB Group for their entire working lives.

However, employment conditions are one thing. Real-life corporate culture is another. To become a top employer, we are constantly working on evolving our corporate culture. In 2012, we conducted an employee satisfaction survey among nearly all employees worldwide for the first time. Around the world, 185,687 employees – or 61.4% – took part in this survey. Both the high participation rate and the findings show our employees' great interest in helping shape the company they work for.

"To become a top employer, we are constantly working on evolving our corporate culture."

We are also taking a new approach to recruiting employees. We are working closely with companies that are downsizing their workforces and have, for instance, also signed a partnership agreement with Germany's Federal Employment Agency. With our large-scale campaign entitled "Kein Job wie jeder andere" (No job like any other), we have shown the public that we are an employer that offers a wide variety of employment opportunities, garnering positive feedback throughout Germany.

We were able to continue increasing our number of employees in 2012. We hired some 11,000 new employees, and took on more than 4,100 new trainees and day-release students in Germany alone. This trend must continue in the years to come, and we plan on making it happen.

“With our efforts to go green in our long-distance transport portfolio, we have taken a giant leap toward 100 % CO_2-free rail transport.”

Our environmental measures are also contributing to our appeal as an employer. With our efforts to go green in our long-distance transport portfolio, which were unveiled in November 2012, we have taken a giant leap toward 100 % CO_2-free rail transport. We now offer every long-distance transport customer the option of climate-neutral travel, something that used to be reserved for business customers or passengers in small regional networks. Our BahnCard customers, for instance, will automatically travel CO_2-free in the future. As a result, our long-distance transport trains will use at least 75 % renewable energy.

The 2012 financial year was a game-changer for DB Group. Our positive performance gives us the leeway we need to implement our strategy consistently and with great energy. We are getting ready to make billions in capital expenditures, especially in new trains and in modernizing infrastructure. At the same time, we have to continue reducing our debt and raising our profitability. This is the only way we can secure our excellent rating, which we need to continue being able to finance the necessary capital expenditures in our customers’ interest in the future.

With this in mind, we remain fully committed to our path of growth for more satisfied customers and employees and for the benefit of the environment.

Sincerely yours,

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

Management report

Overview

> **NEW DB2020 STRATEGY PRESENTED**

> **DIFFICULT MARKET ENVIRONMENT FOR DB GROUP**

> **GOOD PERFORMANCE OF SUBSIDIARIES LEADS TO AN INCREASE IN NET INVESTMENT INCOME**

Deutsche Bahn AG (DB AG) has been a joint stock corporation 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 Deutsche Bahn Group (DB Group), with DB AG as the parent company, consists of nine business units.

The business units DB Netze Track, DB Netze Stations and DB Netze Energy are managed by DB AG directly. The remaining six business units are consolidated 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. 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.

DB2020, DB Group's new strategy focusing on sustainability, was presented during the year under review. With this strategy, DB Group has created a framework approach that combines economic, social and environmental factors in order to ensure the sustainable success and social acceptance of DB Group. In all three dimensions, DB Group has achieved positive results in the year under review.

The development of DB AG is significantly influenced by the level of net investment income generated by DB Group. Despite generally ***positive economic conditions (1)*** in Germany in comparison with the rest of Europe, volume sold only increased in rail transport. There was a decline in rail freight transport. A similar situation affected DB Group's global freight forwarding and logistics activities, with the exception of ocean freight.

DB AG benefited from DB Group's positive economic development. The ***income situation (2)*** improved, in particular due to a rise in investment income, which resulted in a higher year-on-year result from ordinary activities.

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DB Group

> **INTEGRATED GROUP STRUCTURE WITH TWO MANAGEMENT HOLDINGS**
> **ACTIVITIES IN OVER 130 COUNTRIES WORLDWIDE**
> **NO SIGNIFICANT CHANGES IN THE GROUP'S PORTFOLIO**

DB GROUP STRUCTURE

DB Group is a global company that has its headquarters in Berlin. Other important locations in Germany are Frankfurt am Main, Essen and Mainz. Internationally, we have offices in Sunderland/Great Britain, Singapore, New York/USA and Dubai/United Arab Emirates, among other locations.

The business portfolio of DB Group consists of nine business units organized into the four divisions of Passenger Transport, Transport and Logistics, Infrastructure, and Services, managed in an integrated way. The business units are responsible for conducting business operations. This 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.

DB AG manages the DB Netze Track, DB Netze Stations and DB Netze Energy business units directly. The remaining six business units are consolidated under the management of our wholly owned subsidiary DB ML AG. Within DB Group, DB AG and DB ML AG both function as management holding companies that lead the Group. The Group and service functions within the respective corporate management support the entire Group.

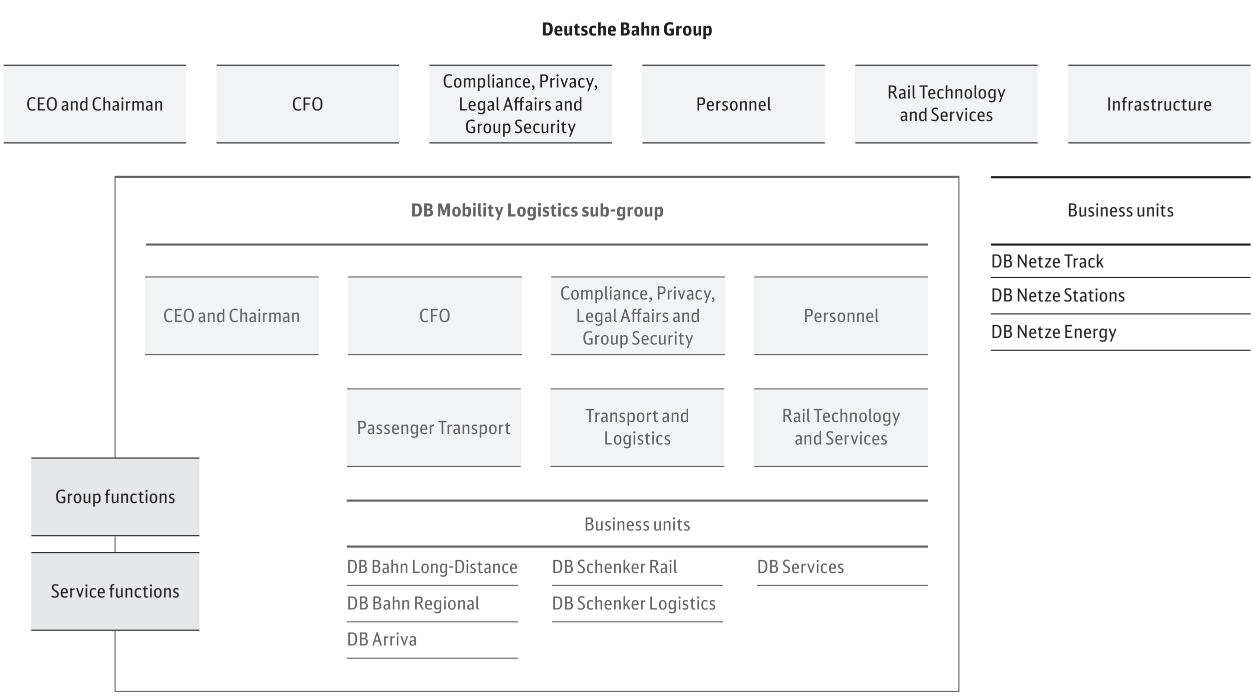
The Group functions (Legal Affairs, Strategy, Controlling and Treasury, amongst others) support the Management Board and ensure the unity of management within DB Group.

The service functions, including the ***DB Environment Center (1),*** assume supporting roles and offer services against payment.

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. Details of this can be found in the ***Corporate Governance report (2).***

An overview of the ***DB Group holdings (3)*** can be found in the Notes to the consolidated financial statements.

Organizational structure DB Group



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Rail Technology and Services division

The Rail Technology and Services division is responsible within DB Group for developing efficient technology, innovation and environmental strategies for the rail system based on its technological expertise.

By consolidating Group-wide purchasing requirements, DB Group strives to create and put into effect competitive advantages. Together with suppliers and the business units, the division increases the quality, reliability and safety of production resources. In addition, the Rail Technology and Services division supports Group-wide processes with the aid of a modern, user-friendly IT landscape and communication technology.

The Chief Technology Officer (CTO) and Chief Quality Officer (CQO) within the division have guideline authority for the entire Group within their respective areas of responsibility. The Chief Procurement Officer (CPO) is closely involved with the business units.

Development and implementation of the necessary strategies, processes and methods within the Rail Technology and Services division have been carried out as part of the Technology Optimization Program (TOP) since January 1, 2011. So far, the program has conducted 11 projects, five of which were completed by the end of the year under review. The results will subsequently be transferred into the control organization of DB Group.

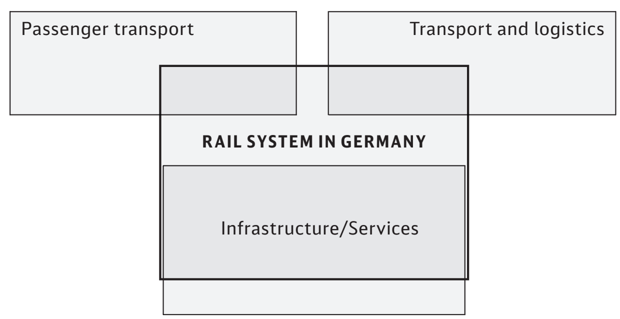
Coordination of the Technology division is carried out by the Division Control and Program Management department. Within the division, this department is responsible for controlling the strategic management process. In addition, it promotes the further development of the entire division.

BUSINESS PORTFOLIO

The rail system in Germany is an essential part of DB Group's business activities. Since the beginning of the new millennium, DB Group has also gradually expanded its business portfolio in order to meet the customers' needs more effectively and respond to new market demands.

Today, DB Group's passenger transport business activities are more diversified, comprising not only bus and rail transport, but also intelligent networks with other modes of transport. Furthermore, DB Group have business operations throughout Europe that enable DB Group to benefit from increasing market potential in opening bus and rail transport markets.

DB Group structure



Our business activities in the Transport and Logistics division have been conducted on an international level from very early on and cover all modes of transport. Rail freight and land transport are focused on Europe, while our ocean and air freight activities and 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 interest of our customers.

The four key factors in the positive development of DB Group are as follows:

> Entrepreneurial approach: in the course of the rail reform, DB Group has established itself as a commercial enterprise. Particularly worth mentioning in this context are the establishment of a modern and efficient organization and a value-based management approach aiming at a good standing in the capital market.

> Integrated Group: as a system integrator in Germany, DB Group optimizes the wheel-rail system, thereby serving as an important impetus to technology. The Group structure enables DB Group to achieve positive synergies and align its infrastructure to support efficiency, market orientation and profitability.
> International direction: due to DB Group's focus on Europe in passenger transport as well as its European and global orientation in the transport and logistics area, DB Group has an excellent position in the relevant markets. As a result, DB Group is responding to the increasing demand for cross-border solutions. At the same time, DB Group is best positioned to take advantage of growth opportunities.
> Intermodal transport solutions: DB Group's customers door-to-door mobility and logistics solutions are offered from a single source by intelligently linking various transport modes in an economical and environmentally friendly way. In addition, DB Group offers complementary products and services in the transport and logistics area.

RELEVANT MARKETS

DB Group provides national and international services, the target markets of which are reflected in DB Group's "Mobility–Networks–Logistics" brand image. DB Group operates worldwide in over 2,000 locations spread across more than 130 countries.

Passenger transport

In passenger transport, DB Group's primary objective is to maintain its strong market position in Germany in the long term while sustainably reinforcing its position in Europe. With the business units DB Bahn Long-Distance and DB Bahn Regional, DB Group is extremely well-positioned in the German rail and bus transport markets.

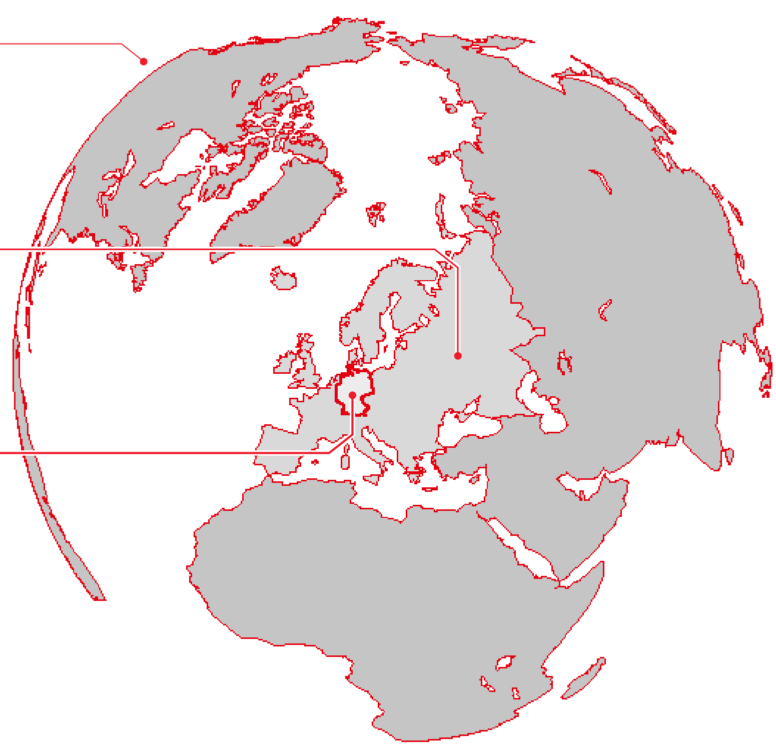
The European passenger transport market became even more important to DB Group following its acquisition of Arriva in 2010. More and more tenders for regional and urban transport contracts throughout Europe are being opened for bids, and DB Group wants to continue to benefit from this situation in the future. Through DB Arriva business unit, DB Group is now

Relevant markets

World
> Ocean freight
> Air freight
> Contract logistics
> International rail projects

Europe
> Land transport
> Rail freight transport
> Cross-border rail passenger transport
> Regional and urban transport

Germany
> Long-distance transport
> Rail infrastructure



successfully active in the regional bus and/or rail transport business in 12 European countries. This puts DB Group in a good position for continued growth.

The gradual opening of the passenger transport markets in Europe represents an important strategic opportunity for rail transport. The cross-border transport market has been open since 2010. DB Group wants to exploit the opportunities for growth generated by this opening with its own competitive services and with services offered in partnership with other railways. Together with other railways and partners in industry, DB Group also strives to advance technical standardization in order to make interfaces and processes between infrastructures and transport operators uniform, particularly throughout Europe.

The liberalization of the European passenger transport markets is, however, progressing at different speeds across Europe. Germany is at the forefront of liberalization of national long-distance rail passenger transport. In many other countries, the national long-distance market has not yet been opened to competition.

Transport and logistics

DB Group strategically positioned itself as the second-largest transport and logistics service provider worldwide early on in order to respond to current and future market demands. DB Schenker represents the international logistics capabilities of DB Group in worldwide air/ocean freight and contract logistics, as well as the dense network in European rail freight and land transport. DB Group wants to take advantage of the opportunities arising in high-growth markets in this sector.

The demand for international logistics services is rising due to increasing internationalization and the shift towards cross-border production structures and flows of goods in our customers' markets. DB Group is addressing these challenges with integrated industry solutions.

By developing efficient and international logistics networks in land transport, DB Group maintains contact with its customers and seizes new growth opportunities. The rail freight transport business unit also benefits from this, such as through intermodal transport chains and synergy effects.

DB Group is safeguarding the future of rail freight transport in Germany by integrating rail freight transport into high-performance, international logistics networks, thereby opening up new opportunities for growth. The European rail transport market has been completely open since 2007. DB Group serves all the important rail corridors within Europe and has its own subsidiaries or partnerships in all relevant countries.

Infrastructure

In Germany, DB Group has assumed dual responsibility for rail transport as a result of its integrated Group structure, making DB Group both the operator and primary user of the track infrastructure.

The resulting customer and efficiency focus in the infrastructure serves all train operating companies without discrimination. In addition to the Group's internal code of conduct, the competitive neutrality of the rail infrastructure is ensured by means of regulation that is considered strict by international standards. The goal of DB Group is to continue to develop the rail transport mode and thus strengthen the transport infrastructure that is vital for Germany as a business location. At the same time, DB Group is laying the foundations for coping with the increasing flow of traffic in Europe. Besides DB Group's responsibility for the rail network and passenger stations, the Group also takes care of the power supply for the train operating companies in Germany.

International rail projects

DB Group's expertise is increasingly in demand for the realization of rail projects worldwide. The subsidiary DB International is involved in rail projects in various functions. DB Group exports its know-how in building and operating high-performance and integrated transport systems all over the world. The business model is geared towards integrating the expertise gathered in technologically sophisticated infrastructure into projects worldwide. DB International operates in 41 countries worldwide.

CORPORATE GOVERNANCE REPORT

The Corporate Governance report is part of the Group management report in DB Group's Annual Report.

CHANGES IN DB GROUP

Changes in the executive bodies of DB AG

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

In the meeting on June 20, 2012, the Supervisory Board of DB AG reappointed Dr. Richard Lutz as a member of the Management Board of DB AG for a further five years with effect from April 1, 2013. Dr. Lutz remains in charge of the Finance and Controlling Board division.

Furthermore, in its meeting on December 12, 2012, the Supervisory Board of DB AG appointed Dr. Rüdiger Grube as a member of the Management Board for a further five years with effect from January 1, 2013 until December 31, 2017 and reelected Dr. Grube as Chairman of the Board.

Günter Kirchheim and Helmut Kleindienst resigned their positions on the Supervisory Board of DB AG as of June 20, 2012 and June 30, 2012 respectively. Jens Schwarz and Fred Nowka were appointed as their successors by court order with effect from August 30, 2012.

Professor Klaus-Dieter Scheurle also resigned from the Supervisory Board of DB AG as of October 10, 2012. Michael Odenwald was appointed as his successor in the Supervisory Board of DB AG with effect from October 11, 2012.

DB Schenker Rail completes restructuring of investment companies

In June 2012, DB Group reached an agreement with Hamburger Hafen und Logistik AG (HHLA), Hamburg, regarding the restructuring of the joint investment companies in the seaport's hinterland traffic. According to this agreement, DB Group will take over TFG Transfracht Internationale Gesellschaft für kombinierten Güterverkehr mbH & Co. KG, Frankfurt am Main. Previously, 50 % of the shares in the company were held by HHLA. In return, DB Group will award HHLA its shares in the companies Polzug Intermodal GmbH and Metrans a.s., based in Prague/Czech Republic. The transaction resulted in a net sale price of € 81 million.

Transfracht is DB Group's most important operator of seaport hinterland traffic.

DB Schenker Logistics strengthens position in land transport in Finland

In March 2012, the DB Schenker company operating in Finland, Oy Schenker East AB, Helsinki/Finland, purchased the entire share capital of Suomen Kiitoautot Oy, Kuopio/Finland. The purchase price was approximately € 21 million. The company was formerly part of Kiitoautot Yhtiöt Oy, Kuopio/Finland. DB Schenker will assume control of the entire operating business.

Suomen Kiitoautot Oy and Schenker Cargo Oy, Turku/Finland, a subsidiary of Oy Schenker East AB, make up two-thirds of the Kiitolinja chain, which specializes in domestic purchasing and distribution in Finland. The offered services include domestic land transport, parcel services and home delivery.

DB Schenker Logistics opens national subsidiary in Namibia

In May 2012, DB Schenker Logistics opened a national subsidiary in Namibia. Having already relied on the services of our partner Desert Logistics, Windhoek/Namibia, for many years, DB Group concluded an agreement for DB Schenker to acquire Desert Logistics in full. The purchase price was approximately € 1 million. Schenker Namibia (Pty) Ltd., Windhoek/Namibia, now represents the global network of DB Schenker Logistics in Namibia.

DB Schenker Logistics with joint venture in Oman

In May 2012, DB Schenker Logistics entered into a joint venture with its long-standing partner Khimji Ramdas Group in the Sultanate of Oman. DB Group now own 60 % of the new company, Schenker Khimji's LLC, Muscat/Sultanate of Oman, which provides comprehensive solutions for air and ocean freight, overland transport, contract logistics and supply chain management.

DB Arriva expands portfolio in Great Britain

In June 2012, DB Arriva acquired the British company Ambuline Limited, Birmingham/Great Britain. The purchase price was approximately € 1 million. With this acquisition, DB Arriva aims to expand its business with patient and social care transport services in Great Britain. DB Arriva and Ambuline have already worked together successfully in this area.

At the time of acquisition, Ambuline was already making up to 2,500 trips a day in various regions throughout England, including for the National Health Service and other public-sector clients. Ambuline was awarded several new tenders in the year under review, thereby increasing its service portfolio considerably.

Corporate strategy and management

> **SUSTAINABILITY AS THE BASIS FOR LONG-TERM SUCCESS**
> **STRATEGIC REALIGNMENT SUCCESSFULLY INITIATED**
> **NEW INTEGRATED TARGET SYSTEM DEVELOPED**

CORPORATE STRATEGY

Megatrends as drivers for sustainable company success

The megatrends that are relevant to DB Group – globalization, liberalization and demographic change, as well as climate change and the increasing scarcity of resources – are of great importance for the future of DB Group. The essential conditions governing sustainable business success for DB Group are major factors for the management of its business now and in the future:

- Advancing globalization increases demand above all for intelligently networked, cross-border mobility and logistics concepts that make the best possible use of resources. In this regard, DB Group is not focusing solely on long-distance transport routes.

  For DB Group, globalization also means that it serves the increasingly important regional transport flows in the emerging economies of Asia and Latin America. The aim of DB Group is to provide tailor-made logistics solutions around the world. However, the outlook for growth and returns in this globally expanding sector is making it increasingly competitive.
- The flourishing liberalization of transport markets in Europe is opening up access to markets that were previously inaccessible to DB Group. The expertise DB Group has gained in the very diverse markets in which it is already active is of great benefit to DB Group when entering these newly opening markets. The Europe-wide network expertise of DB Group in passenger and freight transport means it is in an optimum position to provide cross-border mobility and logistics solutions in a converging Europe. However, liberalization is also accompanied by increasing competition in DB Group's domestic market of Germany. DB Group is rising to this challenge by constantly improving its products.
- Demographic change is leading to substantial alterations in the population and age structure within society. While the populations of developing and emerging countries are increasing – bringing with it a rising need for future-oriented mobility solutions, particularly in cities – the Western world is faced with the reality of an aging population. Demographic change goes hand in hand with a lack of qualified workers, which can already be felt strongly in certain regions. In Germany alone, for example, DB Group will need some 5,000 to 7,000 new qualified employees each year in the future. The labor market is becoming an employee's market. This leads not only to concerted efforts to attract personnel, but also places an increasing focus on employee retention. Ensuring high levels of employee satisfaction and increasing employer attractiveness are essential for success in both these aspects.
- Climate change and the increasing scarcity of natural resources are still extremely relevant, topical issues today. Public pressure on the transport sector to contribute to climate protection is growing. In addition to this, environmental awareness among companies and consumers is increasing. DB Group therefore wants to build on our existing environmental advantages and ensure that DB Group is constantly making more efficient use of resources. The mobility and logistics solutions of DB Group, which ensure the conservation of resources and the climate, are a major contribution to a sustainable and economically viable society.

DB Group can benefit overall from the development of megatrends and their effects on the transport market, as these will further increase its competitive advantage over other modes of transport. It is the task and the goal of DB Group to seize the opportunities for growth and the potential for development that it sees, and to build on existing competitive advantages while also generating new ones.

The challenges and variety of developments that lie before DB Group call for a long-term approach. To achieve this, DB Group must focus its corporate management in equal measure on quality and on the customer, on ensuring that DB Group is highly attractive as an employer, and on the environmentally sound use of resources.

Sustainable DB2020 strategy as the answer to current and future challenges

At the end of March 2012, DB Group launched the new DB2020 strategy, which focuses on sustainability, as the new strategy to be applied throughout DB Group. In the year under review, DB Group also began incorporating DB2020 into the individual business unit strategies. As part of the implementation of the strategy, DB Group has developed a new target

Vision and goals of DB Group

Our vision: We are becoming the world's leading mobility and logistics company

Sustainable business success and social acceptance

Dimension	Economic		Social	Environmental
	Profitable market leader		Top employer	Eco-pioneer
	As a profitable market leader, we offer our customers first-class mobility and logistics solutions.		As top employer, we attract and retain qualified employees who are enthusiastic about working for DB Group and our customers.	As an eco-pioneer, our products set benchmarks for the efficient use of resources.
Strategic directions	Customer and quality	Profitable growth	Cultural change/employee satisfaction	Resource preservation/ emissions and noise reduction
Top goals	Customer satisfaction	Profitability	Employee satisfaction	Reduction of CO_2 emissions
	Product quality	Market position	Employer attractiveness	Noise reduction
	Innovation	Financial stability	Strength in the face of demographic change	Efficient use of materials/resources

and bonus system and incorporated the management of its ***sustainability activities (1)*** into DB Group's organization. DB Group has also begun to establish the necessary transparency and integration of all internal and external ***stakeholders (2)*** using broad-based communication methods.

The new strategy provides a framework approach that brings economic, social and environmental issues together in order to ensure sustainable company success and the acceptance of DB Group by society as a whole. To achieve DB Group's vision of becoming the world's leading mobility and logistics company, which DB Group is still firmly committed to, DB Group has set itself ambitious targets for all three of these dimensions. DB Group aims to become: a profitable market leader with a focus on customer and quality, a top employer and an eco-pioneer.

To develop the content of DB2020, DB Group has set out four strategic directions based on these three dimensions: customer and quality, profitable growth, cultural change/employee satisfaction and resource preservation/emissions and noise reduction. DB Group has developed an ***integrated target system (3)*** that will enable DB Group to measure progress in the implementation of the strategy.

ECONOMIC DIMENSION

As a profitable market leader, DB Group want to offer our customers first-class mobility and logistics solutions. Two strategic directions are essential if DB Group is to achieve this leadership goal: a renewed focus on customer and quality, and the continued pursuit of profitable growth.

Strategic direction: customer and quality

In the year under review, DB Group placed a particular emphasis on ensuring and improving customer satisfaction and product quality. DB Group initiated numerous measures aimed at improving customer focus and quality. DB Group successfully made significant progress in a number of fields within our ***customer and quality initiative (4)***. Of particular note is our success in stabilizing and improving the quality of German rail transport. The largest capital expenditures program in DB Group history, passed in the previous year, will also contribute to this in future. DB Group is making major reinforcements to its vehicle fleet through capital expenditures in modernization, such as the redesign of the ICE 2 trains, as well as additions to the fleet, such as the purchase of ICx and new ICE 3 trains. Customer satisfaction and improved product quality will remain the pillar of DB Group's activities in the future.

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Strategic direction: profitable growth

In recent years, DB Group has continually expanded its market positions through organic growth and by supplementing its portfolio. The intention of DB Group is to ensure that it continues on its path of further growth. With this in mind, DB Group will be focusing on the targeted development of its transport networks, the seizing of the opportunities resulting from liberalization of European passenger transport markets, and the continuous improvement of utilization and productivity. Part of this will involve making the most of the synergies available to DB Group thanks to the integrated Group structure. DB Group wants to make the most of market opportunities that emerge by providing new ranges of services, such as intelligent, integrated mobility and logistics solutions from a single source. A prerequisite for this is the continued consolidation, linking and, where there are still gaps, the national and international reinforcement of DB Group's network in line with transport flows. DB Group has adopted clear targets for revenues (as an indicator for the top target of market position) as well as for the value management key figures ROCE (as an indicator for the top target of profitability) and redemption coverage (as an indicator for the top target of financial stability).

SOCIAL DIMENSION

As a top employer, DB Group attracts and retains qualified employees who are enthusiastic about working for DB Group and its customers. To achieve this, DB Group wants to considerably increase employee satisfaction and its attractiveness as an employer while further strengthening its position in the face of demographic challenges.

Strategic direction: cultural change/ employee satisfaction

DB Group has already begun the process of changing its corporate culture with numerous central and regional dialogue events. Intensive dialogue with employees and executives is a central element of this change, alongside the global Group-wide employee survey, carried out for the first time in the year under review. In addition, DB Group is working on the targeted implementation of its management philosophy, as executives have a significant impact on employee satisfaction.

The growing need for qualified employees calls for even more concerted efforts aimed at employee retention and development. This means offering excellent prospects for every point in an employee's professional and personal life, among other things. In addition, the company's focus on a recruitment organization within DB is growing in importance. Against this backdrop, DB Group has introduced additional personnel recruitment activities and will continue to reinforce its actions in this area.

DB Group also wants to encourage the promotion of women within the company, due not least to empirical evidence showing that mixed teams perform better. In line with this, DB Group has set internal goals for increasing the proportion of women within DB Group to 25 % overall and to 20 % in management positions by 2015, and it introduced programs such as "Career and Kids."

ENVIRONMENTAL DIMENSION

As an eco-pioneer, the products of DB Group set benchmarks for the efficient use of available resources. Environmentally friendly activities are part of DB Group's brand and service promise. Rail already has a significant advantage in terms of environmentally friendly transport. DB Group wants to continue to build on its leading environmental position. During the year under review, DB Group focused in particular on the reduction of carbon emissions and energy consumption, as well as on reducing noise emissions.

Strategic direction: resource preservation/ emissions and noise reduction

The primary goal of DB Group is to increase the proportion of renewable energy in the traction current mix to 35 % by 2020. DB Group's aim is to offer entirely CO_2-free rail transport using purely eco-power by 2050.

DB Group's green products and services in the Passenger Transport and Transport and Logistics divisions have enabled DB Group to win additional customers while at the same time contributing to reducing CO_2 emissions. DB Group wants to generally establish its green products further and actively create demand through more intensive marketing activities.

In addition to this, DB Group strives to continuously promote energy efficiency through improvements in its operations and production and by renewing its vehicle fleet. We are committed to reducing specific CO_2 emissions by 20 % worldwide by 2020, across all modes of transport, taking figures for 2006 as our point of departure.

DB Group is also working on noise reduction with the implementation of a wide range of different measures. By 2020, DB Group wants to have reduced train noise by half, taking the year 2000 as the base year. The bundling of DB Group's activities into the new noise management project during the year under review places a stronger focus on the issue as part of the environmental activities of DB Group.

Social responsibility

As part of society, as well as expanding its social and environmental activities, DB Group is also intensifying the social responsibility activities, which are already a long-established tradition. DB Group aims to intensify social dialogue and increase the level of transparency when making business decisions. These activities are an investment in society that will serve future generations. This is why DB Group is involved in a wide range of activities and uses its opportunities as a mobility and logistics company to make a positive contribution to social development that goes beyond the business activities and responsibilities emerging from DB Group's core business.

With a view to further developing the ***social responsibility commitments (1)*** of DB Group, the activities and range of objectives in the year under review within the framework of the DB2020 strategy have been reviewed and finely tuned. In December 2012, DB Group started laying the groundwork for founding its own charitable organization (***Deutsche Bahn Stiftung gGmbH (2)***). In the future, DB Group plans to bundle a large part of its charitable social responsibility commitments within this organization.

As a globally active company with a strong regional presence and a history that stretches back many years, and as a major employer, DB Group is well aware of the connected nature of, and its interdependency on, the environment in which DB Group operates. In addition to initiatives and programs implemented by Group headquarters, numerous others were also carried out on a regional level within those countries with local DB sites. As a reliable partner, DB Group represents exemplary behavior and long-term solution approaches to meeting the challenges facing society today and in the long term. In this regard, the efforts of DB Group are focused above all on a number of areas that are critical for sustainable development: education and culture, integration and welfare, climate and nature protection, and humanitarian aid. DB Group's aim is to offer future prospects and to help shape these positively and sustainably on the basis of its key areas of expertise.

EDUCATION AND CULTURE

As a long-standing partner and member of the "Stiftung Lesen" (Reading Foundation), DB Group has contributed for more than 16 years to providing children and young people with educational prospects and promoting social integration through numerous projects and with its financial support.

Joint initiatives such as the Germany-wide "Vorlesetag" (Reading Aloud Day) and the reading promotion project "DB Vorlesekoffer" (DB Reading Aloud Suitcase) aim to introduce even very young children to reading. Their goal is to strengthen the culture of independent reading and reading aloud in Germany, thereby promoting an important prerequisite for being able to learn. On the ***ninth Vorlesetag (3)***, more than 48,000 people, including almost 800 DB employees, shared their enjoyment of reading (aloud) with hundreds of thousands of listeners, both young and old.

INTEGRATION AND WELFARE

Integration is a top priority both within and for the company. DB Group has been a sponsor of the ***Off Road Kids foundation (4)*** since 1994. This is the only nationwide charitable organization helping children and young people living on the streets in Germany. The foundation's aim is to support the integration of children and young people in need. DB Group provides mobility for the organization's street workers throughout Germany. Since DB Group began cooperating with the foundation, it has helped 2,700 young people find new prospects in life. Since 2007, the foundation has also organized the annual DB Kids Camp in collaboration with DB Group. This is an eventful week of vacation for children from care homes.

Since the year 2000, more than 8,000 DB Group trainees have participated in over 900 projects against xenophobia and in support of more tolerance as part of the "Bahn Azubis gegen Hass und Gewalt" (Bahn trainees against hate and violence) competition. In the year under review, 700 trainees tackled intolerance and racism in 90 different projects.

The social responsibility commitments of DB Group also include measures to promote sports, which encourages the enjoyment of exercise as well as values such as motivation and team spirit, fair play and social integration. During the ten-year commitment to the "Deutscher Behindertensportverband" (National Paralympic Committee Germany), DB Group has made a valuable contribution to the social integration of school pupils with disabilities, among other things. DB Group has also been the exclusive main sponsor of the "Jugend trainiert für Paralympics" (Youth Training for the Paralympics) project since 2010. In the year under review, DB Group also became the main sponsor of the national school sport competition "Jugend trainiert für Olympia" (Youth Training for the Olympics). This marks the expansion of DB Group's long-standing commitment since 1995 as official mobility partner of "Jugend trainiert für Olympia."

Both of these commitments provide a significant contribution to promoting school-level sports in Germany for children with and without disabilities, encouraging social integration and the long-term promotion of the next generation of skilled athletes.

(1) > www.db.de/csr (2) > Page 60 (3) > www.vorlesetag.de (4) > www.offroadkids.de

DB Group's commitment to soccer is a central pillar of its long-term promotion of new sporting talent. The soccer camps of DB Group are free projects for young people with a love of sports. In the setting of a Bundesliga match, DB Group offers young people the opportunity to take part in professional training sessions. The main priorities of the camps are the enjoyment of exercise and values such as readiness for action and team spirit.

Alongside other financial donations for social and cultural projects, DB Group also continued its voluntary commitment to the "Erinnerung, Verantwortung, Zukunft" (Remembrance, Responsibility and Future) foundation. This additional donation supported humanitarian projects helping victims of National Socialism in Eastern Europe. DB Group has donated a total of € 5.21 million to the Foundation since 2009.

CLIMATE AND NATURE PROTECTION

The social responsibility commitments of DB Group in regard to climate and nature protection are characterized by their wide-ranging and regional nature.

In Germany, DB Group supports projects aimed at protecting and preserving forests and natural spaces in partnership with the ***Bergwaldprojekt (1)*** association. One example of the activities undertaken within this project is the planting of native tree species. At the beginning of the year under review, the 100,000th tree was planted with the help of donations from DB Group and its ***bahn.bonus customers (2),*** which is a valuable contribution to protecting both nature and the climate. In the Czech Republic, DB Group honored its promise to mark the 20-year anniversary of the DB Schenker company operating in the Czech Republic by planting a tree for every Czech company employee in cooperation with the partnership foundation ***Nadace Partnerství (3)*** during the year under review. In Indonesia, DB Group supported a recycling project that helps preserve increasingly scarce raw materials and helps support disadvantaged children through the sale of products made from recycled plastics. In Poland, the fourth "Green Aid Time" volunteer program took place. The project selected ideas for environmental projects submitted as part of a competition.

Numerous employees and business partners of DB Group have participated in this project. The projects collected more than 28,000 liters of waste and planted 2,000 trees, among other activities.

HUMANITARIAN AID

The international subsidiaries of DB Group have supported global social projects for many years. Some examples are the "AdoptSchool" program in Malaysia and the commitment to the development and support of the deaf in South Africa through a project initiated by ***eDeaf (4).*** The deaf community is one of the groups most subject to social exclusion in South Africa. DB Group is committed to acting on behalf of this disadvantaged group and employs deaf people at its distribution and warehousing sites in South Africa. In addition to this, DB Group's subsidiaries support the transport of aid in crisis zones by providing logistics and transport services. For example, DB Group prepared a solar-powered water supply station for the sea voyage to Ethiopia on behalf of the Deutsche Welthungerhilfe e.V. charity and Celler Brunnenbau. As a logistics partner, DB Group supported this humanitarian activity.

Clear strategic focus in the operating divisions

The clear strategic focus is also reflected in the operating divisions within DB Group. This joint approach to the economic, social and environmental dimensions also shapes DB Group's decision-making and operating processes at division and business unit level.

OFFERING CONVINCING MOBILITY SERVICES THROUGHOUT EUROPE

DB Group has bundled its passenger transport services in Germany and in cross-border long-distance rail passenger transport under the DB Bahn brand. DB Group is present in the European passenger transport market outside of Germany with the Arriva brand. The passenger transport strategy is based on the three dimensions of the DB2020 strategy:

> Economic: Within the German passenger transport market, DB Group wants to further improve the performance of its rail transport services and makes continued progress in the integration of individual services within comprehensive mobility solutions. Taking the strong position in the German market as base, DB Group is further developing its core business and expanding internationally. DB Group has efficient, integrated regional and long-distance transport networks. Keeping customer requirements in mind, DB Group works continually on linking up networks and saving time by providing optimum travel connections. Close consultation with the customers is essential for this. It is only by ensuring this that DB Group can offer its customers a competitive and, at the same time, more environmentally friendly alternative to

(1) > www.bergwaldprojekt.de (2) > www.bahn.de/bahnbonus (3) > www.nadacepartnerstvi.cz (4) > www.edeaf.co.za

motorized individual transport and continental air transport options. In the year under review, DB Group again implemented numerous measures aimed at improving the product and performance quality of the services. DB Group is also continuing to invest extensively in its trains. Comprehensive modernization measures allow DB Group to improve comfort for its passengers. The liberalization of European passenger transport offers many opportunities for growth. DB Group is making the most of these opportunities by expanding cross-border long-distance transport services and the European regional service provided by DB Arriva, among other things.

> Social: DB Group is focusing on the development of initiatives aimed at retaining and attracting employees. To do this, DB Group is making further investments in employee satisfaction. The results of the employee survey carried out during the year under review will be critical for this.
> Environmental: Alongside the expansion of the green products, DB Group also wants to make access to its passenger transport mobility options even simpler. To do this, DB Group is further developing the BahnCard discount card, for example with the pilot project "BahnCard 25 mobil plus" in Berlin. This allows the customers of DB Group to also make use of the Flinkster and Call a Bike services. It also provides the opportunity to include a ticket for local public transport on the card. e-Flinkster is an environmentally friendly alternative to conventional car sharing. In bus transport, DB Group is making increasing use of hybrid buses, which helps reduce exhaust emissions, particularly within cities.

COMBINING EFFICIENT GLOBAL NETWORKS WITH PROVEN EXPERTISE IN LOGISTICS

DB Group has positioned itself under the DB Schenker brand name as one of the leading global transport and logistics service providers. This is on account of DB Group's dense networks in European rail freight transport, European land transport, and global air and ocean freight transport, as well as its industry-specific expertise in global contract logistics. This structure means that DB Group can meet its customers' growing expectations in regard to the unrolling of global transport services and integrated solutions. The DB Schenker strategy is based on the three dimensions of the DB2020 strategy:

> Economic: profitable growth through the constant optimization of core business, the development of DB Group's networks and the expansion of top-quality integrated services and industry solutions for DB Group's customers.
> Social: addressing demographic challenges by ensuring long-term employee satisfaction and strengthening their global identification with DB Schenker.
> Environmental: becoming the leading provider of green logistics services by reducing specific CO_2 emissions and noise emissions.

GUARANTEEING RELIABLE, AFFORDABLE INFRASTRUCTURE

The infrastructure business units provide the basis for secure, reliable and efficient rail transport in Germany. Their portfolio of products and expertise encompasses lines, facilities, stations and energy supply. In the provision of these services, they focus on the needs of their customers and those of passengers, train operating companies, trading and service companies and public transport authorities, designing the services provided and the associated pricing systems for infrastructure use on a non-discriminatory basis. DB Group's strategy in the infrastructure division is based on the three dimensions of the DB2020 strategy:

> Economic: The infrastructure business units operate as commercial enterprises. The integrated structure of DB Group is a significant factor contributing to the success of the track infrastructure in Germany, with activities based on an entrepreneurial approach. DB Group is fully responsible for the rail mode of transport and makes a major contribution to funding capital expenditures in infrastructure. Of the € 100 billion infrastructure capital expenditures since 1994, DB Group has funded € 18 billion itself, corresponding to almost € 1 billion per year. This was in addition to the redemption and repayment of interest-free loans and investment grants that amounted to a nominal total of more than € 12 billion. In the coming years, DB Group will also make significant contributions to infrastructure capital expenditures from its own funds. The dividend paid by DB AG is also increasingly used by the German Federal Government to stabilize infrastructure funding.
> Social: An awareness of employees' needs and the ability to retain employees in the long term using targeted measures is of vital importance to the future development of infrastructure. With this in mind, the first Group-wide employee survey was carried out in fall 2012. The imple-

mentation of follow-up measures and the regular repetition of the survey will ensure that DB Group becomes a top employer.

> Environmental: Noise reduction, CO_2 reduction and the conservation of resources are explicit goals of the Infrastructure division. Another is the increased use of renewable energy in the traction current mix. The construction materials used for network infrastructure are already recyclable to a great extent and are the main contribution made by the Infrastructure division to the preservation of resources.

CORPORATE MANAGEMENT

Group-wide target system introduced

DB Group has developed an integrated target system for DB Group and the business units for the four strategic directions with 12 top targets (three per strategic direction) in order to help DB Group design the content of the DB2020 strategy and to measure progress in its implementation. These provide the internal basis for both long-term orientation and management during the course of the year.

The target system is intended to enable the implementation of measures based on concrete targets; highlight conflicting targets in regard to DB Group's aim to take a joint approach to economic, social and environmental issues; and show the progress of implementation of DB2020.

DB GROUP TOP TARGETS BY STRATEGIC DIRECTION

Customer and quality
> Customer satisfaction
> Product quality
> Innovation

Profitable growth
> Profitability
> Market position
> Financial stability

Cultural change/employee satisfaction
> Employee satisfaction
> Employer attractiveness
> Strength in the face of demographic change

Resource preservation/emissions and noise reduction
> Reduction of CO_2 emissions
> Noise reduction
> Efficient use of materials/resources

The basic structure of this target system applies throughout the Group. In order to take into account the specific challenges facing the individual business units based on the "principle of internal differentiation," both the specific target values and the weighting of these vary for the different units.

DB Group has never had a target system of this breadth and scope in place before. As part of the annual planning process, the first target values were also set in the year under review for each part of the new target system, and these were then incorporated into the business units.

In the 2013 financial year, DB Group will continue to develop the target system with a focus on its goals, and DB Group will adapt and improve the relevant data collection processes required for this based on its early practical experience of the system.

In the future, elements of the new target system will also play a central role in determining performance-related pay. Alongside profit targets, customer and employee satisfaction and environmental results will also have a significant influence on compensation in the 2013 financial year.

Sustainability management

The concept of sustainability was incorporated into the whole organization of DB Group during the year under review. On the one hand, this marks an important step in the implementation of the DB2020 strategy. On the other hand, it is a central element of Group-wide sustainability management.

The Chief Sustainability Officer (CSO), appointed for the first time during the year under review, is responsible for all sustainability questions within DB Group. The position will be held by Dr. Karl-Friedrich Rausch (Board Member for Transport and Logistics in DB ML AG).

A sustainability competence center has been set up to support this function. The sustainability competence center acts within the framework set out by the Management Board and is managed by the head of Group strategy. It acts as a Group-wide body for the management and coordination of all topics and projects relating to sustainability, particularly those that span several divisions and business units. Its main function is to ensure that all of the relevant sustainability strategies and activities are based on a consistent approach. However, the individual departments and business units are responsible for implementing sustainability content. In addition to this, the competence center sets up specific topic-based work groups. The competence center is also responsible for internal and external sustainability reporting. In terms of Group strategy, DB Group has also set up the sustainability management department. DB Group has established our three-dimensional approach to sustainability not only throughout the structural organization of the Group and the Group and business unit target systems, but also within DB Group's ***guiding principles (1)*** and corporate policy.

Against this backdrop, all Management Board resolutions since the year under review will also encompass the social and environmental aspects of Group activity alongside the Board's opinion on financial and personnel effects.

STAKEHOLDER DIALOGUE

DB Group is, and considers itself to be, part of society as a whole and of public life. Broad acceptance throughout society is therefore essential for its actions and business success. Just as is the case within DB Group itself, it is subject to a large number of demands from a huge variety of ***stakeholders (2)*** in society as a whole. DB Group's central stakeholder groups include its customers, employees, suppliers, investors and its owner, alongside representatives from politics, associations and expert circles.

Important factors for the public perception of DB Group as a sustainable company include two-way dialogue and a trustworthy relationship with its stakeholders based on integrity, continuity and transparency. DB Group sees this exchange as an opportunity to create understanding for its position while gaining recognition and impetus for its sustainable and entrepreneurial business activities.

Charter for stakeholder dialogue developed

As a result, DB Group is further developing the dialogue with its stakeholders, within which DB Group is guided by Group-wide principles. DB Group has documented these principles in a ***charter for responsible dealings between DB Group and its stakeholders (3).***

Stakeholders are involved in any significant changes in direction of DB Group's strategy. DB Group discusses important strategic changes with the relevant stakeholders prior to coming to a final decision. This process is used, for example, when DB Group is developing Group strategy or climate and energy strategy, and is developing or introducing new products.

The first DB sustainability day

The first DB Group sustainability day took place on December 5 and 6, 2012, with around 100 external participants. DB Group's aim was to enter into a cross-sector, open, constructive dialogue with its stakeholders regarding sustainability topics and to discuss the main challenges, the milestones DB Group has reached and future-focused solutions. The event offered representatives of stakeholder groups and DB Group representatives the opportunity to provide inspiration and to be inspired by suggestions. DB Group's appreciation of exchanges with its stakeholders was emphasized by the participation of the Management Board.

SUSTAINABILITY REPORTING

The integration of sustainability into DB Group implies a constant process of change. DB Group is well aware of this. After the last sustainability report was published in 2009, DB Group worked intensively during the year under review on revising the way it produces sustainability reports within the framework of the implementation of the DB2020 strategy.

Based on this, DB Group has set out a development path that will enable DB Group to report on all of the dimensions of sustainability in the future in line with basic reporting standards. As the first step in this process, DB Group will publish another sustainability report in mid-2013. DB Group's future sustainability reporting will be based on the internationally recognized principles of the Global Reporting Initiative (GRI).

The medium-term aim is to combine DB Group's separate Annual Report and Sustainability Report within a single "integrated report."

DB Group also reports to the United Nations on the principles of the UN Global Compact, producing a yearly report in line with these principles. To do this, DB Group published a declaration in March 2012 on its progress in the implementation of the ten principles and the promotion of the goals and themes espoused by the United Nations (***Communication on Progress (4)***).

In December 2012, DB Group submitted its declaration of conformity with the ***German sustainability code (Deutscher Nachhaltigkeitskodex, DNK) (5).***

(1) > www.db.de/missionstatement (2) > www.db.de/stakeholderdialogue (3) > www.db.de/stakeholder-charta
(4) > www.unglobalcompact.org/COP/ (5) > www.nachhaltigkeitsrat.de/deutscher-nachhaltigkeitskodex

Business and overall conditions

> DIFFICULT ECONOMIC CLIMATE
> RECAST OF THE FIRST RAILWAY PACKAGE APPROVED
> RELEVANT MARKETS SHOW BROADLY POSITIVE DEVELOPMENT

ECONOMIC ENVIRONMENT

Weaker GDP growth

Change in gross domestic product (GDP) – %	2012	2011	2010
World [1]	+2.0	+2.7	+4.2
USA	+2.2	+1.8	+2.4
China	+7.8	+9.3	+10.4
Japan	+1.9	-0.5	+4.7
Europe	0.0	+1.9	+2.4
Great Britain	0.0	+0.9	+1.8
Eurozone	-0.5	+1.5	+2.1
Germany	+0.7	+3.0	+4.2
France	0.0	+1.7	+1.6

[1] Total of selected developed and emerging markets.
The data for 2010 to 2012 is based on information available on February 7, 2013.
Sources: Consensus Forecasts, FERI, German Federal Statistical Office, InnoZ.

WORLD

The global economy recorded moderate growth in 2012. Growth slowed slightly towards the end of the year, undermined, above all, by the unresolved debt problem in the Eurozone. The feelings of latent insecurity that went hand in hand with the economic crisis affected consumer and producer confidence.

Economic growth also slowed in the emerging countries in Asia, with China at the head. However, economic performance for this group of countries remained better than the global average for 2012. This meant that they were able to prop up global economic growth, emphasizing their increasing importance for the global economic situation. Growth in US gross domestic product (GDP), albeit at a moderate rate, also had a stabilizing effect on the global economy.

Global trade, which had already lost considerable momentum in the second half of 2011, continued to experience a progressive slowdown during the course of 2012. In 2012 overall, it expanded at a similar level to the global economy.

USA

The economic situation in the United States came to a head towards the end of the year under review. The ongoing conflict over the future management of the United States budget brought the country to the so-called "fiscal cliff," and the start of 2013 saw the threat of cutbacks and tax hikes in the billions. A last-minute agreement prevented automatic spending cuts, at least for the moment.

Despite the tense situation at the end of the year, economic growth in the United States settled in at a moderate rate over the course of the year. Growth in private consumption was the main factor underpinning the economic situation. Alongside signs of recovery in the labor market, the improved mood among consumers was also due to the decision made by the Federal Reserve to support the important mortgage market indefinitely. Fixed asset investment rose as part of the improving general economic conditions, with significant year-on-year growth. The negative net trade balance of previous years was reduced slightly as a result of stronger growth in exports.

CHINA

Asia remained the region with the strongest growth in 2012. The global economic slowdown nonetheless made itself felt there, too. The major economic downturn that had been feared for China did not materialize in 2012. Growth in GDP slowed, however, as was the case in 2011. At 7.8%, economic growth was nonetheless above average. The difference to the high growth rates in previous years can be traced back to the politically initiated downturn, necessary in order to prevent the economy from overheating and the creation of a property bubble, and to the sovereign debt crisis in the Eurozone. Worsening sales of Chinese products led to overproduction for export, which had a weakening effect on growth in production in the manufacturing sector. Positive wage development and economic stimulus programs propped up domestic consumption.

JAPAN

Following the major negative impact of the natural and nuclear disasters on economic activities in 2011, 2012 saw renewed economic growth. The government economic stimulus programs that had been implemented as a reaction to these exceptional burdens ran out mid-year, however. This meant that the economy lost momentum. Private consumption, which, at first, was also helping to support the country's economic recovery, slumped towards the end of the year. In addition, uncertainties regarding potential tax and subsidy policies set in motion by the elections, which had become necessary due to the debt problem, also subdued economic development. Japanese exports fell. This was due to reduced demand for imports among many European countries as well as the boycott of Japanese goods by the country's most important trading partner, China. This meant that net exports, which are essential to the country's economic growth, were very low in 2012.

EUROPE

The sovereign debt and confidence crisis had a strong impact on European economic growth in 2012. The extent of the impact varies among the different regions and countries, however. While GDP contracted slightly in Western Europe, economic output in Eastern Europe was relatively robust, driven forward mainly by countries such as Russia and Poland. Other countries in Eastern Europe were hit harder by the Eurozone crisis and worsening sales in Western Europe. The Czech Republic fell into recession in 2012, for example. While the domestic market has experienced weak growth for some time and private consumption remained lower than in the previous year against a backdrop of rising unemployment and falling income, the support that industrial production had previously provided to the economy also declined towards the middle of the year. Year on year, foreign trade growth rates fell by more than half. Production in the manufacturing industries, which in 2011 had grown by 7.7%, even dropped slightly.

Russia

In Russia, private consumption continued to increase, supported by the positive employment situation and rising disposable income. The country's domestic market is increasingly important for its overall economic development. Continuing high revenues from fossil fuel trading also made a positive contribution in this regard. Economic output rose by 3.4% overall in 2012.

Poland

Poland also recorded above-average overall economic growth in 2012 with an increase of 2.6%, although growth levels slowed markedly towards the end of the year. A slight improvement in unemployment rates and higher disposable income meant there was a moderate rise in private consumption in spite of the inflation rate, which jumped by 3.7%. Domestic demand was also dampened by increases in prices and taxes set by government bodies. The European Football Championship, in contrast, had a positive effect on economic development. A year-on-year rise in fixed asset investment also contributed positively to growth. In addition, the reduction in the foreign trade deficit had a positive effect on GDP growth. Production in the manufacturing industry only increased by around 1.4% (previous year: +7.5%).

Great Britain

The British economy stagnated in 2012, due to the fact that almost half of British exports are destined for EU member states, among other factors. Demand for imports declined this year throughout the EU.

Private consumption stabilized again as a result of improved employment figures and intervention by the Bank of England aimed at improving access to credit. However, this failed to provide tangible momentum. In addition, the savings rate increased, which can be linked to the private debt situation to some extent. Government spending increased sharply, despite the difficult debt situation. The Summer Olympics made a contribution to economic growth.

Eurozone

Economic output in the Eurozone in 2012 was negatively affected by uncertainty concerning the future development of the sovereign debt and confidence crisis. The economic outlook worsened over the course of the year. Overall economic value added sank in 2012 in comparison with the previous year. Markedly negative growth rates acutely affected the southern peripheral Eurozone nations the most. Many countries also faced difficulties in implementing reforms. In Greece, a de facto restructuring of the debt took place with the aim of checking the downward spiral of soaring sovereign debt and economic recession. The severity of the sovereign debt crisis has also become apparent in light of the developments in Spain, Italy and Portugal. Budgetary consolidation efforts in these countries have subdued overall economic development, stifled consumer confidence and led to a significant increase in unemployment figures.

Overall, private consumption and, in particular, fixed asset investment remained at a lower level than in the previous year throughout the Eurozone. There was some progress in terms of the reduction in the trade deficit and the drop in government spending. The growth of new borrowing in the crisis-hit countries fell as a result. The continuing poor economic outlook means that the situation in the Eurozone remains difficult.

Germany

Despite the fact that Germany enjoyed above-average economic growth in comparison to the rest of Europe in 2012, the sovereign debt crisis nonetheless made itself felt. Growth declined markedly over the course of the year, including in comparison to the two previous years. GDP growth was largely supported by foreign trade. The negative impact of reduced demand for imports from the rest of the Eurozone was almost offset by the rise in exports to countries outside the EU.

Private consumption increased somewhat in the year under review, making a significant contribution to a recovery in the domestic market. The situation in the labor market remained broadly stable throughout 2012. In absolute terms, the number of those in employment and those liable to pay social security contributions was higher than the previous year. This positive development tailed off over the course of the year, however. Real disposable incomes rose slightly against the backdrop of moderate price rises. The cost of living was affected by sharp price increases for mineral oil products, bringing it up to 2.0 % higher than in the previous year. Fuel prices increased year on year by a nominal value of 5.7 %.

Manufacturing industries experienced a notable slowdown in momentum in 2012. From the end of 2011 on, incoming orders remained below the level for the previous year, while production also remained below the previous year's level from April 2012. Development was very mixed for the individual economic sectors in 2012. While there was still moderate growth in the strongly export-focused automotive and mechanical engineering industries, other areas declined. The German chemical industry was particularly affected by the weak global economy and, above all, by a slump in sales in the rest of Europe. Against the backdrop of ongoing uncertainty regarding future economic development, many companies cut back on inventories and reduced production. The mining industry also recorded a major decline as a result of the weak development of potential sales markets. Steel production fell to its lowest level in more than ten years with the exception of the 2009 crisis.

France

GDP growth ground to a halt in France in 2012. Lower private consumption, higher unemployment figures, falling incomes and a swelling balance of trade deficit all contributed to this slowdown. Higher government spending and fixed asset investment made some contribution to offsetting this. Production in the manufacturing industries also stagnated. This can be traced back to both a deterioration in national and international markets and the reduced competitiveness of certain industries. Production in the automotive industry was particularly weak, recording a double-digit decline.

Energy markets experience major fluctuations

The oil market had to navigate a course between supply risks and weak demand in 2012. This was due to a global slump in economic activity. The crude oil market was generally well supplied. The Organization of the Petroleum Exporting Countries (OPEC) and Russia were producing at full tilt in the year under review. In the United States, production of shale oil in particular boomed. However, production in the North Sea was limited due to technical problems, and supply from Iran dropped sharply as a result of US sanctions.

The price difference between American-produced West Texas Intermediate (WTI) oil and the European standard Brent oil increased by up to USD 25/barrel. In contrast to crude oil, production stocks on both sides of the Atlantic experienced disproportionately low growth, leading to increased refinery margins in America. After starting the year at around USD 112/barrel, the price for Brent North Sea oil reached a high of more than USD 128/barrel. The decisive factor driving up prices was the nuclear conflict with Iran, which led to high risk premiums. The price collapsed to USD 88.50/barrel in the second quarter of 2012. This was caused by the intensification of the sovereign debt crisis and the slowdown that was looming for the Asian economies. New rescue packages and support measures introduced by central banks worked against this downward trend, so that the price of Brent increased by 30 % within two months. Unrest in the Middle East brought with it an interim high of USD 118/barrel. Following this, the price plateaued at USD 110/barrel. At the end of the year, the price of a barrel of Brent was USD 111.

The energy transition led to structural upheavals in the German electricity market in 2012. The ongoing large-scale expansion of renewable energy became noticeable in 2012. The priority supply of renewable energies is causing changes in the price structure. The weather-dependent, difficult-to-forecast production of this type of energy means that energy suppliers face major challenges. In addition to this, the necessary grid expansion has been delayed and end consumers are being saddled with responsibility for financial risks. The state-guaranteed remuneration for energy supply from renewable sources is also leading to the ousting of conventional base load power plants. At the same time, the demand for operating reserve energy continues to rise. As a result, the price for delivery of base load power in 2013 fell from € 53.30/MWh at the start of 2012 to € 44/MWh, although the bleak economic outlook also contributed to this drop in prices.

The price of CO_2 emissions certificates fluctuated greatly throughout the year under review. After the volume of certificates initially issued proved to be overly generous, speculation on the organization of the set-aside mechanism led to a further rise in prices. However, the official decision on amounts retained led to disappointment on the market. The price for emissions certificates fluctuated over the course of 2012 between € 6.00/t CO_2 and € 9.50/t CO_2.

The price of coal on the Rotterdam spot market fell due to the plentiful supply in Europe and the subdued mood of the global economy. After starting 2012 at USD 112/t, prices fell to USD 85/t.

Sovereign debt crisis continues to affect the foreign exchange markets

Sovereign debt was the main concern affecting foreign currency trading in both the Eurozone and the United States.

The resolution passed by the finance ministers of the Eurozone in April 2012 to continue operating the European Financial Stability Facility (EFSF) was seen as a positive sign. At this point, the euro reached its highest point of the year, at almost USD 1.35. As the year progressed, the problems in the Spanish banking sector became particularly noticeable. Spain was forced to join Cyprus in its request for use of the rescue facility. It also became clear that Greece was going to fall short of the requirements imposed by the European Central Bank (ECB), the International Monetary Fund (IMF) and the EU, requirements on which the payment of further credit installments were conditional. This meant that further concessions to Greece were called for. Against this backdrop, the euro fell to USD 1.20. In September 2012, the Federal Constitutional Court judged that the ratification of the European Stability Mechanism (ESM) was in line with the German constitution, which provided the euro with a boost. At the same time, the announcement of a third, even-larger program for the US Federal Reserve to buy up United States mortgage bonds hit the US dollar hard. In addition, the US dollar was also badly affected by the uncertainty surrounding the fiscal cliff. At the end of the year, the euro was worth USD 1.32.

In parallel to the US dollar, the European sovereign debt crisis had also pushed up the value of the pound sterling against the euro. However, at the end of 2012, similar problems facing Great Britain came more strongly into focus, which allowed the euro to increase in value again.

After the Swiss franc had increased hugely in value against the euro towards the end of 2011, acutely affecting the export economy of the Swiss confederation, the Swiss National Bank resolved to guarantee a minimum value of CHF 1.20 for the euro through foreign exchange market intervention. This price level was maintained throughout 2012.

Bond markets reflect the sovereign debt crisis

The weak creditworthiness of many Eurozone nations meant that German government bonds (German Bunds) were the focus of interest among euro investors in 2012. In mid-2012, yield from ten-year German Bunds fell to a low of under 1.2 %. Some short-term segments even reached negative interest rates. This meant that interest rates only remained above inflation rates for very long-term bonds. German Bunds were in particularly high demand when news relating to the sovereign debt crisis determined events. When the trend was positive, in contrast, German Bunds were sold in favor of higher-risk securities. Changing investor sentiment meant that the bond market was relatively volatile.

As government securities offer only limited yields, investors looked for different investment opportunities. Depending on investors' willingness to take risks and the relevant political constellations, demand grew for different loan qualities. Corporate bonds of all levels of creditworthiness were of particular interest to investors. Many issuers used market conditions to increase volume and negotiate longer terms.

POLITICAL ENVIRONMENT

Details of regulatory issues and the development of the European legal framework in the railway sector are also provided in the annual ***Competition Report (1)*** of DB Group.

Regulatory issues in Germany

The Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railway (BNetzA) and the Federal Railway Authority (EBA) continued to regulate access to railway structures in Germany and to monitor compliance with unbundling requirements for infrastructure and transport services throughout the year under review within the scope of their specific areas of responsibility.

DECISION ON USAGE FEES FOR TRACTION CURRENT LINES

The first review process for traction current grid fees based on the legal regulations governing the energy industry was concluded in February 2012. The BNetzA approved the usage fees for the years 2005 to 2008 but imposed cuts. DB Energie GmbH will be included in the incentive regulation system, retroactively to 2009. A revenue path was set out for the first regulation period from 2009 to 2013, defining a cap for annual revenues. Any additional revenues generated from the actual usage fees levied will be deducted from the approved revenues cap as of 2009. Following this decision by the relevant authority, DB Energie adjusted its full energy prices retroactively to January 1, 2012.

The revenue caps for the second regulation period from 2014 to 2018 are subject to a further ongoing review process.

TRAIN-PATH PRICING SYSTEM REVIEW PROCEEDINGS

As part of its overall review of the train-path pricing system (TPS), the BNetzA issued an advance ruling in May 2012 requesting information on internal accounting procedures and the completion of a data collection form prepared by the Federal agency, among other things. The form allowed DB Netz AG to provide detailed information on costs and quantities in recent years. As the Federal agency was of the opinion that not all of the questions were sufficiently cleared up, the TPS audit is to be continued in 2013. The BNetzA aims to use this procedure to resolve questions concerning the volume and limitation of costs to be considered and the way that these costs are passed on to network users.

FURTHER DEVELOPMENT OF THE STATION PRICING SYSTEM

The station pricing system (SPS) that has been in effect since January 1, 2011 was approved by the BNetzA under the condition that DB Station & Service AG was to provide additional explanations of the price factor concerning train length and to adjust the pricing system where required. Following in-depth discussions of the matter, the parties agreed in August 2012 to conclude the procedure by signing a public-law contract. In line with this contract, the train length factor was replaced as of January 1, 2013 with a volume sold factor (VLF) that makes a distinction between local and long-distance transport. The size of the VLF is based initially on the burdens on local and long-distance transport up to now. As of January 1, 2015, the VLF will reflect the costs of the specific volume sold or market sustainability. The contract also ends the proceedings on the station price list 2010, without then providing an assessment of the legal validity of this.

PROCEEDINGS ON THE TRANSFER OF PUBLIC FUNDS

At the end of 2011, the Federal Administrative Court (BVerwG) confirmed the legal validity of an advance ruling made by the EBA in 2008. This included questions on the use of public funds within DB Group. The proceedings of the supervisory authority were subsequently continued. DB Netz AG provided the evidence requested in the ruling. In June 2012, the EBA sent requests for further information both to DB Netz AG and DB Station & Service AG. Responses to these requests were sent in August 2012, which was within the stipulated time frame. The background to the proceedings is an audit of whether the companies have complied with the statutory unbundling regulations.

Regulatory issues in Europe

CANCELLATION OF TENDER PROCEEDINGS IN GREAT BRITAIN

In October 2012, the British Department for Transport (DfT) stopped all ongoing bidding processes for rail transport licenses due to the flawed invitation to tender for the West Coast Main Line franchise. The DfT responded by launching two independent investigations. The Laidlaw inquiry recommended introducing simpler and clearer structures for tender procedures and

(1) > www.db.de/competitionreport

suggested appointing a general director to be responsible for both rail policy and tender procedures. The Brown inquiry came to the conclusion that the licensing program should be restarted as quickly as possible since previous franchises had been a success and recommended that the conditions for each procedure should be adjusted to fit the respective circumstances and the tender volume.

The DfT plans to publish a program for future license tenders in early 2013 in due consideration of these recommendations. In late January 2013, it made public its plans for the three tenders that were suspended in October 2012. While the bidding process for the Essex Thameside and the Thameslink, Southern and Great Northern franchises are to be continued with the pre-qualified tenderers in 2013, the procedure for the Great Western franchise, in which DB Arriva, among others, participated, will be terminated. In this case, the agreement with the current provider will continue, initially until October 2013, and will then be extended for an additional two years. A decision on the further approach is scheduled for fall 2013.

FURTHER DEVELOPMENT OF RAIL TRANSPORT IN GREAT BRITAIN

The British government spelled out its strategy for rail transport in England and Wales in its "Government Command Paper – Reforming Our Railways: Putting the Customer First," published in early March 2013. The findings of the McNulty study also served as a basis for this paper. DB Group is involved in this development process as part of the ***Rail Delivery Group (1)*** established in May 2011 with one representative each from DB Arriva and DB Schenker Rail.

REFORM OF THE BUS MARKET IN GREAT BRITAIN

The DfT presented reforms for the improvement of bus transport services and regulations at the end of March 2012. By announcing these reforms, the DfT was reacting to the concluding report by the Competition Commission (CC) in December 2011 on its investigation on behalf of the British government into regional bus transport in Great Britain. The reforms were detailed in the publication "Green Light for Better Buses."

FURTHER DEVELOPMENT OF THE RELEVANT REGULATORY FRAMEWORK

Liberalization of long-distance bus transport in Germany

The legislative procedure for the amendment of the Passenger Transport Act (PBefG) was concluded at the end of 2012. Part of these proceedings included the liberalization of the long-distance bus market as of January 1, 2013. This means that long-distance bus transport services are permitted regardless of the existing transport services if the distance between stops is more than 50 kilometers and there is no regional rail service available between the two stops with a journey time of less than one hour. The obligation to operate the individual lines lasts for three months, during which time the timetable and fares can be adapted, provided that the regulatory authority is notified of this.

DB Group has prepared for the increase in competition and will monitor developments so that it can adapt its business activities flexibly as required.

Railway regulation bill

At the end of November 2012, the Federal Council (Bundesrat) issued its statement on the railway regulation bill. According to this, the Federal states still demand the tightening of numerous comprehensive points in the bill, including the termination of profit transfer agreements. The Federal Government is to publish its counterstatement at the start of 2013, before the bill is brought before the lower house of the German parliament (Bundestag).

The bill provides for the introduction of incentive regulations for train-path and station fees and intensified regulations on service facilities, among other things. Specific monitoring measures to prevent abuse in the sale of tickets and traction current are also to be introduced. An expansion of regulations to include switching services in service facilities is also planned. The BNetzA is also to be further reinforced by the extension of its competences and authority.

In DB Group's opinion, many of the proposals made in the bill go too far. For example, the planned expansion of regulation to include competitive areas such as the sale of tickets, traction current and switching services should be examined just as critically as an incentive regulation system for infrastructure fees that does not take sufficient account of the specific financing requirements of the railway sector.

(1) > www.raildeliverygroup.org

Recast of the first railway package

The reworking of the first railway package was concluded with the publication of the European recast of this package in the official journal of the EU on December 15, 2012. The member states have until June 15, 2015 to implement these guidelines in their national laws.

DB Group's opinion on the new regulations contained in this recast is positive. First, the regulations will help create a uniform European legal framework for rail transport. Second, in addition to clarifying and tightening the regulatory framework, they include the significant development of the role of rail regulatory bodies throughout Europe. Once the member states have implemented the new rules, the authority of the rail regulators will be on a broadly similar scale to that of the BNetzA in Germany.

Development of the fourth railway package

With the ***fourth railway package (1),*** the EU commission plans to implement a new European legislative initiative with the following aims:

> The complete liberalization of rail passenger transport, correcting existing "major" asymmetries in the opening up of European rail transport markets. In Germany, in contrast to numerous other EU member states, the rail passenger transport market has been open for several years, and foreign railway companies already compete successfully in the market.

> Changes to the legal framework for the organizational structure of railway companies in Europe. The package aims to further separate infrastructure within an affiliated group. This is, however, unnecessary, so the Federal Government opposes the plans. Other EU member states have also criticized the plans. Current economic studies show that the implementation of the separation model in Europe would lead to significant efficiency losses and additional costs worth billions each year. Member states that have already implemented a separate railway organization model have reported huge cost increases.

> Improving technical interoperability of rail transport in Europe. The approval process in Europe should be quicker and easier to predict. The removal of technical barriers to market entry is an important step in the creation of a uniform European railway market.

Further development of the trans-European transport network

As early as 2010, the EU Commission initiated a fundamental revision of its existing policy on the development of a trans-European transport network (TEN-T). The regulation proposals made in this regard on October 19, 2011 for new guidelines on establishing the trans-European network and the proposal for introducing a facility to help finance projects linked to transport, energy and digital networks are currently under study. The legislative procedure is expected to be concluded in 2013.

DEVELOPMENTS IN THE RELEVANT MARKETS

Passenger transport

GERMAN PASSENGER TRANSPORT MARKET

German passenger transport market — % based on volume sold	GROWTH RATE		MARKET SHARE	
	2012	2011	2012	2011
Motorized individual transport	-1.5	+1.6	83.7	84.1
Rail passenger transport	+3.9	+1.1	8.2	7.8
DB Group	+3.6	+0.5	7.5	7.1
Non-group railways	+7.0	+8.9	0.7	0.7
Public road transport	-1.5	-0.5	7.1	7.1
DB Group	-3.9	-3.4	0.8	0.8
Air transport (domestic)	-3.0	-0.4	1.0	1.0
Total market	**-1.1**	**+1.4**	**100.0**	**100.0**

Figures for the years 2011 and 2012 are based on information and estimates available on February 7, 2013. The market share for each mode of transport has been rounded up or down. Therefore, the total may not add up to 100.

Following strong growth in 2011, demand in the German passenger transport market as a whole dropped by at least 1% in 2012. Despite generally positive economic conditions in Germany in comparison with the rest of Europe, volume sold only increased in rail transport.

Motorized individual transport, the mode of transport that dominates the passenger transport market, did not successfully build on the strong positive growth recorded in the previous year. Volume sold dropped by at least 1.5%. This is attributable to both a statistical baseline effect following the mild winter the previous year and to further increases in fuel prices, which rose by 3.7% in real terms. The market share of motorized individual transport declined for the first time in four years.

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Following only moderate growth in the previous year, rail passenger transport recorded significantly higher growth in 2012, with an improvement of 1%. While every other mode of transport declined, intra-Group calculations suggest that volume sold in rail transport rose by 3.9%. This rise was supported by the positive economic effects of a stable labor market, a slight increase in real incomes and fuel price increases. In addition to this, the year under review also saw positive one-off effects such as the completion of major construction works on the railway network or the air transport strikes. At 8.2%, the market share of rail transport was highest since the start of the German Rail Reform Act in 1994.

The volume sold by DB Group's companies in the year under review was significantly higher than in the previous year. While the DB Bahn Regional business unit recorded an increase in demand of 2.5%, volume sold by DB Bahn Long-Distance rose by 5%. Non-Group railways continued to build on their positive development in the previous year with further performance gains. According to intragroup estimates, volume sold in non-Group railways increased by approximately 7% in the year under review.

The reduction in demand for public road passenger transport continued in 2012. Demographic developments leading to declining numbers of schoolchildren and trainees continued to hold back demand. Although the market share of public road passenger transport remained unchanged year on year, volume sold fell by some 1.5%, according to intragroup estimates.

Even at the start of 2012, demand for air transport within Germany was already below the previous year's level. Increasing cost pressure as a result of rising kerosene prices and the introduction in 2011 of air passenger duty and emissions certificates led in some cases to a reduction in services provided and a drop in demand. Development in the segment was also affected by unusual events such as the strikes in February, August and September. Volume sold dropped by around 3% in 2012 as a whole. However, the comparatively low volume in relation to other modes of transport meant that market share remained relatively stable year on year.

EUROPEAN PASSENGER TRANSPORT MARKET

The sovereign debt crisis weighed even more heavily on public-sector budgets, which were already under serious pressure. The labor market situation and income trends had a negative impact on the development of passenger transport in a number of European countries. Pressure on ordering organizations to cut costs was particularly strong. This acted as a further driver for liberalization in a number of countries. In the Czech Republic, for example, the first tender procedure for long-distance rail passenger transport was launched. The Spanish and Italian governments accelerated the opening up of their passenger transport markets with the introduction of new laws and the announcement of further legislative initiatives.

Demand in the rail passenger transport market declined in most European countries, with just a few exceptions, such as Germany, the Czech Republic and Finland. Overall, intragroup calculations suggest that volume sold in the European rail passenger transport market fell by around 1% in 2012, based on the first corporate data published by the International Union of Railways (UIC). However, it should be noted that data is not yet available for every railway. Initial estimates suggest that SNCF in France, Renfe in Spain, DSB in Denmark, the Italian company FS, PKP in Poland, Bulgaria's DBZ, CFR Calatori in Romania and SZ in Slovenia reported drops in volume sold. In the year under review, the markets that are most important for DB Group's business activities developed as detailed below:

Great Britain

Despite an overall economic downturn in Great Britain, passenger transport was not affected by the economic climate in 2012, in contrast to 2011. A drop in unemployment meant that the labor market situation improved, along with real income and private consumption. The Olympic Games also provided a boost to demand for transport. Overall, volume sold in rail passenger transport should be significantly higher than the figure for the previous year.

In October 2012, the British Department for Transport stopped all ongoing bidding processes for ***rail transport licenses (1).***

Conditions in the British bus market remained difficult in 2012. Local authorities reduced funding for bus services and fuel tax subsidies.

(1) > Page 26 f.

The Netherlands

Overall economic development declined in the Netherlands in the year under review. Both private consumption and real income sank again. This in turn affected the demand for transport. Volume sold in rail passenger transport remained significantly lower than the figure for the previous year. However, the cooperation of DB Group with the Dutch railway company NS for cross-border long-distance transport developed positively.

NS dominated the rail passenger transport market again in 2012. Its monopoly on the busiest main routes, the "Hoofdrailnet," is safeguarded by law until 2015. In local transport, Keolis consolidated its market position with its acquisition of Syntus.

DB Arriva is active in the Netherlands in rail passenger and bus transport. DB Arriva launched rail passenger transport operations in the Overijssel/Drenthe and Gelderland regions in the year under review. DB Arriva were also awarded two tenders in the bus segment, which secured its market position.

Denmark

The economic environment for passenger transport remained weak in Denmark in 2012. Rising unemployment and only minor growth in real income did not help stimulate demand for transport services. In local public transport services (bus and rail), there is a trend emerging of changes in tender procedures. The scarcity of funding and the desire to increase service quality mean that operators are given greater freedom within transport contracts. Operators must deal with rising cost pressure, as allowances from transport contracts are directly linked to overall economic development.

There were no invitations to tender in the rail passenger transport market in the year under review. Weak economic conditions and the resultant insecurity in relation to funding that will be available in the future mean that it is uncertain when the next invitations to tender will take place.

In the cross-border long-distance transport segment, DB Group provides links between Berlin/Hamburg and Copenhagen/Aarhus in cooperation with DSB. DB Arriva is one of the leading service providers in Denmark in both rail passenger transport and the bus transport market. DB Arriva's transport contract for the Vestbanen in West Jutland was extended for six years.

Sweden

Sweden did enjoy economic growth in 2012, but the growth rate slowed considerably. Employment figures, real income and private consumption rose again, but provided only a very weak boost to demand for transport, which meant that volume sold in rail passenger transport barely exceeded the year-on-year figure.

DSB subsidiary DSB Väst ceased operating in the Swedish transport market on May 1, 2012. DB Arriva is active in Sweden in both rail passenger transport and bus transport. The start of operations on the "E20" local transport project in Stockholm, the contract for which was awarded last year, meant the significant expansion of DB Arriva's activities in Sweden.

Italy

Economic conditions worsened considerably in Italy in 2012. The unemployment rate continued to grow, while real income and private consumption fell. Against this backdrop, demand for rail passenger transport also declined. According to figures from the International Union of Railways (UIC), volume sold by FS in the year under review was considerably lower year on year.

The government pressed on considerably with measures to open up the rail passenger transport market in 2012. Nuovo Trasporto Viaggiatori (NTV) entered the market in April 2012 as the first private high-speed rail provider in Italy. In addition to this, DB Group's cooperation with Austrian Railways (ÖBB) on the rail link from Munich to Verona, Bologna and Venice via Innsbruck and Bolzano developed positively in 2012.

The local public transport market was also characterized by the effects of the European debt crisis. Planned invitations to tender have not been launched as it is unclear whether funding will be available. There was also growing pressure to improve the efficiency and quality of transport services by selling off municipal passenger transport companies. In June 2012, the multimodal urban transport service in the city of Florence (ATAF) was acquired by a consortium in which the Busitalia bus company, owned by FS, is a major shareholder. In the year under review, DB Arriva successfully defended its position as one of the leading bus companies in Italian regional transport, particularly in the north of Italy.

Freight transport

THE GERMAN FREIGHT TRANSPORT MARKET

German freight transport market — % based on volume sold	GROWTH RATE		MARKET SHARE	
	2012	2011	2012	2011
Rail freight transport	– 3.0	+ 5.6	17.2	17.4
DB Group	– 6.3	+ 4.3	12.3	12.9
Non-group railways	+ 6.0	+ 9.6	4.9	4.5
Road freight transport	– 2.5	+ 5.6	71.3	71.8
Inland waterway	+ 5.0	– 11.6	9.0	8.4
Long-distance pipelines	+ 3.7	– 3.9	2.5	2.4
Total market	**– 1.8**	**+ 3.7**	**100.0**	**100.0**

Figures for the years 2011 and 2012 are based on information and estimates available on February 7, 2013. The market share for each mode of transport has been rounded up or down; therefore, the total may not add up to 100.

In the last quarter of 2011, the German freight transport market was already recording a weak development. This situation continued into late 2011 and early 2012, leading to a drop in demand during the year under review of almost 2 %. The development of the individual modes of transport was largely non-uniform in a generally weak economic setting and against a backdrop of rising costs and a highly competitive market. This situation can be traced back to a variety of economic effects resulting from the differing freight structures and to baseline effects from the previous year that counteract these. Inland waterway transport benefited in 2012 from positive baseline effects as a result of the previous year's weak development, which was due, above all, to the weather conditions. This meant that volume sold increased significantly again in this segment. The dominant segments of road and rail freight transport, in contrast, experienced a drop in volume sold following stronger-than-average growth in the previous year. Both segments partially or even fully lost the gains that they made in market share in 2011 due to the decline of inland waterway transport.

Rail freight transport has been stagnating since as far back as the last four months of 2011 as a result of the cooling-off of the economic climate. The situation continued to worsen until the third quarter of 2012 and did not stabilize until the end of 2012, at which point the positive baseline effects of the poor quarterly results in the respective quarter of 2011 meant it settled, albeit at a low level. Although foreign trade activities provided a faintly positive effect, the overall economic climate resulting from reluctance to invest and a drop in production across all industries meant that development was negative. This was particularly true for the iron, coal and steel (Montan) industry, which is of particular importance to rail freight transport. A sharp drop in transport of ore, metals and metal products, and secondary raw materials, in particular, had a strong negative impact. Combined transport, which had often emerged in the previous year as a motor for growth, recorded drops in volume sold in 2012. Alongside the effects of the economic climate, disruptions, sometimes on a very large scale, due to construction works and natural events in alpine transport also hindered performance. Overall, volume sold in rail freight transport dropped in 2012 by approximately 3 %. This meant that market share fell to 17.2 %.

Following a dynamic recovery in 2010 (+11.2 %) and a strong increase in 2011 (+ 4.3 %), volume sold among the companies of DB Group in the year under review dropped significantly by 6.3 %. The market share fell to 71.5 % (intramodal) and 12.3 % (intermodal).

Non-Group railways in turn maintained the above-average growth that they have enjoyed for more than ten years. Following an increase of 9.6 % in 2011, they recorded a rise in performance of 6 % in 2012. This growth was supported by a steep increase in container transport, which dominated total performance with a share of almost 45 %. Alongside a slight positive impetus from foreign trade, additional transports resulting from shifts in the mode of transport also contributed to this. The latter was in some cases supported by the clear increase in transports of cars, construction materials and chemical products. As a result of this, the intramodal market share increased 2012 by almost 2.5 percentage points to 28.5 %.

Following the strong momentum of the previous year (which, it should be noted, did weaken over the course of the year), development in road freight transport (both German and foreign trucking, including cabotage transports in Germany) declined in 2012. In a climate characterized by weak economic growth, increasing cost pressure (due, among other things, to increases in diesel prices and toll fees) and stiff competition, volume sold remained below the year-on-year level for almost the entire year. The expected seasonal peak in the fall was relatively moderate, as was the case in the previous year. Volume sold decreased by around 2.5 % in 2012 as a whole. The market share of road freight transport fell to 71.3 %.

There were again clear differences in the country of origin of trucks in 2012. While German trucking followed the previous year's growth of around 4 % with a decline of more than 4.5 %, the vehicles registered in other countries that dominate cross-border transport recorded growth in performance of around 1.5 % in 2012. According to toll statistics from the Federal Agency for Freight Transport, among the countries of the EU this growth can be (with the exception of Malta and Cyprus) attributed exclusively to truck transport from Central and Eastern Europe, particularly from Romania and Bulgaria. Among market participants from Western Europe, vehicles from Scandinavia, Italy, Belgium and Luxembourg, among others, experienced a double-digit decline. Trucking mileage from the Netherlands, which is the second-strongest nation after Poland, remained at least 6 % under the level for the previous year.

Inland waterway transport volume sold increased in 2012 by around 5.0 %. However, this is due solely to the positive baseline effect of the previous year's drop of 11.6 % following the closure of the Rhine after an accident in early 2011 and the weather-related restrictions throughout the year as a result of flooding and low water levels. The absence of economic motors stifled the recovery in 2012. Following a drop in market share in 2011 to a low of 8.4 % due to the decline in performance, inland waterway transport recorded an increase to 9.0 % again in 2012. However, it remained significantly below the high rate in 2010 of almost 10 %.

EUROPEAN RAIL FREIGHT TRANSPORT

Volume sold in European rail freight transport (EU 27, Switzerland and Norway) dropped in 2012 by more than 5 %, after two years of growth of more than 7 %. This development has been particularly marked since the second half of 2011. The drop in volume sold is due first and foremost to the economic downturn and the effects that this is having on sectors such as iron, coal and steel (Montan); automotive; chemical; and construction industries, all of which are important to the rail freight transport. Volume sold in the DB Schenker Rail European network also fell by more than 5 % as a result of negative market conditions. Negative market development was recorded in almost every country. Poland, Sweden, Spain, Romania and Bulgaria, among others, experienced higher-than-average negative effects. In Germany, the largest European market, growth failed to match the level of the previous year. Nonetheless, development was better than average in comparison to the other countries in Europe. In the year under review, development in the countries that are most important for the business activities of DB Group developed as detailed below:

Great Britain

Following double-digit growth in the previous year, the British market maintained year-on-year levels in 2012. Coal transport continued to record positive growth. Following declines in 2009 and 2010, a clear upward trend began in 2011. Since then, coal transport has almost recovered as far as the high levels of 2008. Volume sold by DB Group's subsidiary DB Schenker Rail UK, which is the market leader in Great Britain, dropped slightly.

Poland

Following two years of double-digit growth, transport services in the rail freight transport market in Poland declined sharply. Performance dropped by around 11 % in 2012. The essential reasons for this were high inventory levels of coal and the decline in international transport. As coal transport accounts for a high proportion of business for both the Polish state railway company PKP Cargo and for DB Schenker Rail Polska, both of these companies recorded an above-average drop in performance and lost market share. Rail freight transport was dominated as before by PKP Cargo, in spite of an almost 2 percentage point drop in market share for 2012 which brought this down to approximately 67 %.

France

France, which is the third-largest rail freight transport market in Europe, suffered a drop in volume of approximately 6 % in 2012 by intragroup estimates. The reason for this decline was a reduction in transport volume, particularly in the steel and automotive industries, as well as in intermodal transport. The poor development of industrial production and foreign trade meant that there was little economic momentum. The modal split for rail remained constant at 9 %, which is, however, considerably below the European average.

While the French state railway company Fret SNCF was faced with a considerable decline in performance in 2012, its competitors successfully increased their volume sold, bringing their market share to approximately 30 %, in spite of continuing operating and information barriers hampering entry to the market. The subsidiary of DB Group, Euro Cargo Rail, also increased volume sold thanks to new customer contracts, which meant its market share increased proportionally.

Spain

While rail freight transport recorded a performance increase of 7% in Spain in 2011, the difficult overall economic situation meant that it faced a sharp decline of approximately 8% in 2012, according to intragroup estimates. The modal split for rail remained considerably above the European average, at 3 to 4%.

The state-owned company Renfe Mercancías is market leader in Spain, with a market share of more than 90%. The subsidiary of DB Group, Transfesa, mainly provides freight forwarding services, with a focus on the automotive industry. Its performance more than doubled in 2012, making it a more important player in the Spanish rail freight transport market.

Romania

The rail freight transport market in Romania recorded a drop in volume sold of approximately 9% in 2012, according to intragroup estimates. The reason for this, against the backdrop of overall economic stagnation, was the weak performance of foreign trade and production in the manufacturing industries. The rail business failed to maintain its market position in intermodal terms, losing further market share to truck transport.

The Romanian rail freight transport market is dominated by the state-owned railway CFR Marfa, which has a market share of approximately 45%. The largest private rail freight company is Grup Feroviar Român (GFR), which increased its market share to over 30%. DB Schenker Rail Romania increased the volume sold by around 10%, bringing its market share up to more than 5%.

Bulgaria

A very modest increase in GDP meant that the market in Bulgaria developed at a rate below the average of the other Eastern European countries in 2012. Volume sold in rail freight transport dropped considerably, by 11% according to intragroup estimates. With a market share of at least 72%, the Bulgarian state railway company BDZ continued to dominate the Bulgarian rail freight transport market despite an above-average drop in performance. The largest private operator is the Bulgarian Railway Company (BRC), which has a market share of approximately 20%. The Romanian rail freight company GFR is the majority shareholder in BRC. DB Schenker Rail Bulgaria has significantly increased volume sold since it entered the market in 2010, increasing its market share to more than 10% in 2012.

EUROPEAN LAND TRANSPORT

The market situation in European land transport was generally difficult throughout 2012. Following a weak start to the year, demand peaked briefly in spring, but then lost a great deal of momentum. Demand remained comparatively low in the second half of the year.

Against this backdrop, capacity bottlenecks in the transport market were exceptions limited to single trade routes or regions. However, transport prices increased slightly throughout the year, which was due in particular to increased transport costs resulting from rising diesel prices. Many freight forwarders attempted to pass on increasing cost pressure to their customers, including by the energy-related insertion of price variation clauses. On the demand side, however, this led to increased price sensitivity, which made it considerably more difficult to implement the required significant price rises. In addition to this, increasingly stiff competition meant there was even less scope for the relevant price increases. This means that price levels in European land transport increased by only minimal amounts in 2012.

In spite of comparatively weak growth in demand, the European land transport market grew slightly in 2012, based on revenues. Against the backdrop of these reserved market conditions, DB Schenker Logistics increased its revenues year on year, which enabled it to maintain its position as the clear market leader.

AIR FREIGHT

The slightly negative market development in air freight that began in 2011 continued in 2012. Market statistics published by the International Air Transport Association (IATA) showed an overall drop in volume of 2.5%.

Growth rates were negative in the most important air freight regions in particular (America: –5%, Europe: –3% and Asia: –2%). The Africa and Middle East regions, in contrast, recorded growth of 4%. The decline in demand comes at the same time as an increase in transport capacity of 1%. This resulted in a continuing weak degree of utilization and a very low level of freight rates, in spite of minor increases in Asia as a result of the fall peak season.

Difficult market conditions in 2012 led to a drop in volume for DB Schenker Logistics of 5%, which can be attributed to the company's high market share in those industries or routes that have been hit particularly hard by the economic climate. In spite of this, DB Schenker Logistics was able to maintain its market position.

OCEAN FREIGHT

In spite of the difficult economic climate, global ocean freight recorded positive development in 2012. Volume increased by 3.5%. Development was, however, mixed. This was influenced to a great extent by an economic climate characterized by the sovereign debt crisis. The route from Northern Europe to Asia (+5%) and trans-Pacific transports (+3%) were the drivers of this growth. Some important routes recorded a drop in transport volume, however. Transport volumes from Asia to Europe declined by approximately 4% and from North America to Northern Europe by approximately 3%, for example.

The ocean freight market continued to be affected by excess capacity. The increase in tonnage introduced by shipping companies totaled 7% in 2012. Against this backdrop, the management of excess capacity was a dominant topic in the market. In spite of the price pressure resulting from this, shipping companies managed to increase freight rates several times. At the end of 2012, prices were considerably higher than the lows reached at the end of 2011.

With 8% growth year on year, the increase in volume for DB Schenker Logistics was again stronger than in the market as a whole in the year under review. This allowed DB Schenker Logistics to increase its market share and consolidate its market position.

CONTRACT LOGISTICS

The market for contract logistics/supply chain management recorded growth of approximately 6% in 2012, as in 2011. As well as rising outsourcing rates, this can also be attributed to the ongoing positive development of the core industries for contract logistics on the global markets (the automotive, consumer, electronics, industrial and healthcare industries), although their performance weakened over the course of the year.

However, overall there was again good capacity utilization and order levels for both the industry and trading segments. Production quantities in the core industries were higher than the previous year's value. Growth was recorded in every key country and region, particularly the emerging countries.

In this environment of intense competition, DB Schenker Logistics achieved an increase in revenues of 18%, which meant it was able to further increase its market share.

Rail infrastructure in Germany

Key figures — DB rail infrastructure in Germany	2012	2011	CHANGE absolute	CHANGE %
Train operating companies	395	385	+10	+2.6
DB Group	28	28	–	–
Non-Group railways	367	357	+10	+2.8
Train-path demand (million train-path km)	1,037	1,051	–14	–1.3
DB Group	807.1	830.9	–23.8	–2.9
Non-Group railways	230.0	219.8	+10.2	+4.6
Share of non-Group railways (%)	22.2	20.9	–	–
Station stops (million)	146.4	145.2	+1.2	+0.8
DB Group	119.8	120.5	–0.7	–0.6
Non-Group railways	26.6	24.7	+1.9	+7.7

Open access to the market in Germany since 1994 means that the track infrastructure of DB Group is now used by a large number of train operating companies. In 2012, as in the previous year, the number of non-Group train operating companies increased again. No other country in the EU has such a high level of competition in rail transport as Germany.

Following a 2% increase in train-path demand in 2011, this fell to a level below that of the previous year during the year under review. The reason for this was a decline in rail freight transport. The share of non-Group railways increased significantly in 2012, however.

The number of station stops rose year on year. Non-Group companies recorded significant growth in this regard, as in previous years. Station stops of intra-Group railways posted a slight decline for this period as a result of lost bids.

The development of retail and gastronomy revenues and the competitive situation of the range of goods and services offered in those stations that provide the full range of retail services are particularly relevant for DB Group stations. In this regard, both leasing opportunities and the revenues obtained from these are conditioned by the earnings of commercial tenants. Real retail revenues in Germany (excluding motor vehicles and gas stations) were slightly lower in 2012 than the previous year. Earnings from rental leases in stations developed favorably in the year under review.

Economic position

> POSITIVE DEVELOPMENT OF REVENUES AND PROFITS
> RATINGS CONFIRMED
> BALANCE SHEET STRUCTURE ALMOST UNCHANGED

DEVELOPMENT OF REVENUES

As in the previous year, DB AG generated no revenues in the year under review.

DEVELOPMENT OF PROFITS

Statement of income – € million	2012	2011	CHANGE absolute	CHANGE %
Revenues	0	-2	+2	+100
Other operating income	1,348	1,063	+285	+26.8
Cost of materials	-77	-48	-29	+60.4
Personnel expenses	-224	-201	-23	+11.4
Depreciation	-13	-7	-6	+85.7
Other operating expenses	-983	-781	-202	+25.9
Net investment income	1,430	1,267	+163	+12.9
Net interest income	15	47	-32	-68.1
Result from ordinary activities	**1,496**	**1,338**	**+158**	**+11.8**
Income taxes	-13	-112	+99	-88.4
Net profit for the year	**1,483**	**1,226**	**+257**	**+21.0**

Other operating income was up year on year due to, among other things, higher earnings from the reversal of provisions. This relates primarily to the reversal of provisions for ecological legacy issues and for provisions for reconveyance. Furthermore, provisions were impacted by earnings on account of the internal Group settlement for expenses due to the exercising of a call option for a rolling stock lease.

The cost of materials recorded for the year under review was higher than in the previous year – mainly due to a rise in costs for the maintenance of real estate. Personnel expenses were higher than the figure for 2011, reflecting wage increases and the greater number of employees.

Depreciation rose slightly as a result of increased capital expenditures in tenant installations and office equipment. Other operating expenses also increased due to expenses incurred by exercising a call option for a rolling stock lease, as well as a rise in expenses for services and for compensation of damages.

The increase in net investment income primarily resulted from the positive development of DB ML AG. Compared with the previous year, DB ML AG's earnings profited mainly from development of DB Fernverkehr AG and DB Dienstleistungen GmbH.

DB AG assumes responsibility for central Group-financing and passes on the funds from the bonds, which were issued by DB Finance and than transferred to DB AG, in the form of loans to the Group companies, generally with the same terms and conditions. Net interest income declined in the year under review. Higher interest income was more than offset by a rise in interest expenses due to the overall increase in bonds issued by DB Finance.

This led to a € 158 million, or 11.8 %, rise in the result from ordinary activities to € 1,496 million (previous year: € 1,338 million).

The taxes item improved to € –13 million following the non-recurrence of the previous year's subsequent tax payment of € 99 million (previous year: € –112 million).

Accordingly, net profit for the year rose by € 257 million, or 21.0 %, to € 1,483 million (previous year: € 1,226 million).

DERIVATION FROM THE PROJECTED FINANCIAL SITUATION

Developments in the year under review are in line with the forecast made for the 2012 financial year in the management report for the 2011 financial year.

FINANCIAL MANAGEMENT

As well as aiming for a sustained rise in enterprise value, DB Group's financial management focuses on maintaining a capital structure that will ensure a very good credit rating.

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 terms and conditions. Before obtaining funds from external sources, 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 Group companies as fixed-term deposits or loans within the context 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.

The ***debt-issuance program (1)*** put in place for long-term financing was updated in the year under review and increased from € 15 billion to € 20 billion. The program was utilized to the extent of € 14.0 billion as of December 31, 2012 (as of December 31, 2011: € 12.4 billion). 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, 2012. This had not been utilized as of December 31, 2012 (as of December 31, 2011: € 202 million). As of December 31, 2012, we also had guaranteed unutilized credit facilities of € 2.0 billion (as of December 31, 2011: € 2.5 billion). We adapted our approach to this in the year under review: the reduction of the credit facility volume was accompanied by the terms of some facilities being doubled to two years. In addition, credit facilities of € 1.5 billion were available for the operating business (as of December 31, 2011: € 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
Standard & Poor's	May 16, 2000	Dec 19, 2012	A-1+	AA	stable
Moody's	May 16, 2000	Jan 18, 2013	P-1	Aa1	negative
Fitch	Feb 17, 2009	Jul 11, 2012	F1+	AA	stable

The creditworthiness of DB AG is constantly monitored by the rating agencies Standard & Poor's (S&P), Moody's and Fitch. In the year under review, these ratings agencies conducted their annual rating reviews and subsequently reconfirmed DB AG's very good credit ratings. These have remained unchanged since they were first issued.

On December 8, 2011, S&P announced it would reevaluate DB AG's credit rating following the announced review of the German Federal Government's credit rating. As a result, the outlook for DB AG's rating was placed on CreditWatch negative, in line with the outlook for the Federal Government's rating. This was due to the fact that DB AG's credit rating is supported by that of the Federal Government. On January 17, 2012, S&P removed the negative CreditWatch listing and confirmed both DB AG's credit ratings as well as the stable outlook.

On July 24, 2012, Moody's revised its outlook for DB AG's long- and short-term ratings downward from stable to negative. The ratings remained unchanged at Aa1 (long-term rating) and P-1 (short-term rating). This was a direct result of Moody's changing its outlook for the German Federal Government's rating on July 23, 2012 due to DB AG's classification as a Government-Related Issuer (GRI) as per Moody's methodology, as the German Federal Government is the sole shareholder of DB AG. Moody's has made no fundamental changes to its assessments of DB AG.

Please see DB Group's Web site for additional information on ***Ratings (2)*** and the rating agencies' complete analyses for DB AG.

LIABILITIES

Liabilities as of Dec 31 – € million	2012	2011	CHANGE absolute	%
Liabilities to affiliated companies	11,319	10,099	+1,220	+12.1
Liabilities to companies in which a participating interest is held	728	1,165	-437	-37.5
Bonds	-	21	-21	-100
Trade payables	18	21	-3	-14.3
Liabilities due to banks	-	4	-4	-100
Other liabilities	163	341	-178	-52.2
Total	**12,228**	**11,651**	**+577**	**+5.0**

Liabilities to affiliated companies rose due to higher bond issues by DB Finance, which were passed on to DB AG in the form of loans.

The decline in liabilities to companies in which a participating interest is held primarily resulted from the repayment of two loans granted by EUROFIMA (€ 434 million).

(1) > www.db.de/mtn-e (2) > www.db.de/rating-e

CAPITAL EXPENDITURES

At € 22 million, gross capital expenditures in property, plant and equipment and intangible assets were on a low level, as was also the case in the previous year (€ 8 million). The focus in the year under review was on tenant installations.

BALANCE SHEET

Balance sheet as of Dec 31 – € million	2012	2011	CHANGE absolute	%
Total assets	31,558	29,727	+1,831	+6.2
ASSETS				
Fixed assets	26,510	25,674	+836	+3.3
Current assets	5,048	4,053	+995	+24.5
Prepayments and accrued income	0	0	–	–
EQUITY AND LIABILITIES				
Equity	15,912	14,954	+958	+6.4
Reserves	3,372	3,084	+288	+9.3
Liabilities	12,228	11,651	+577	+5.0
thereof interest-bearing liabilities	11,539	10,792	+747	+6.9
Accrued and deferred income	46	38	+8	+21.1

Balance sheet structure as of Dec 31 – %	2012	2011	CHANGE absolute	%
ASSETS SIDE				
Fixed assets	84.0	86.3	–	–
Current assets	16.0	13.7	–	–
Prepayments and accrued income	0.0	0.0	–	–
EQUITY AND LIABILITIES SIDE				
Equity	50.4	50.3	–	–
Reserves	10.7	10.4	–	–
Liabilities	38.8	39.2	–	–
thereof interest-bearing liabilities	36.6	36.3	–	–
Accrued and deferred income	0.1	0.1	–	–

There were no changes at DB Group during the year under review that impacted accounting. Effective December 31, 2012, DB AG arranged an assumption of debt with some of its subsidiaries against payment with a performance obligation in respect to the pension commitments of these subsidiaries to their current and former employees (as of December 31, 2012: € 685 million) that are not offset by committed and insolvency-protected assets held in trust (plan assets). As, in consequence of this, the subsidiaries' subsequent utilization of the pension obligations can be virtually ruled out, DB AG recognizes the pension provisions in question as provisions for liabilities. DB AG reports the asset value of the reinsurance policies assumed by DB ML AG in this regard (as of December 31, 2012: € 51 million) under other assets.

Total assets increased by € 1,831 million, or 6.2 % to € 31,558 million as of December 31, 2012. Assets amounted to € 26,510 million and were up 3.3 %, or € 836 million, year on year (as of December 31, 2011: € 25,674 million). This change was primarily driven by the increase in the loans granted to affiliated companies, from € 11,843 million as of December 31, 2011 to € 12,672 million as of December 31, 2012. Current assets increased by 24.5 %, or € 995 million, to € 5,048 million as of December 31, 2012 (as of December 31, 2011: € 4,053 million). This was due to the € 541 million rise in cash and cash equivalents as well as the € 454 million increase in receivables and other assets. This has resulted in a slight structural shift toward current assets.

The major changes noted on the equity and liabilities side of the balance sheet as of December 31, 2012 took place in the area of equity and liabilities. Equity increased by 6.4 %, or € 958 million, to € 15,912 million (as of December 31, 2011: € 14,954 million), primarily due to higher profits. Liabilities rose by € 577 million. Provisions increased by € 288 million due to the assumption of debt, and despite extensive reversals. Structurally, the equity and liabilities side was virtually unchanged.

Customer and quality

> CUSTOMER AND QUALITY INITIATIVE CONTINUES
> HIGH PUNCTUALITY FIGURES
> CUSTOMER SATISFACTION AND PRODUCT QUALITY INCREASED

With the DB2020 strategy, DB Group has created a framework approach that combines the parameters comprising economic, social and ecological factors in order to ensure sustainable success and social acceptance. As a profitable market leader, the goal of DB Group is to provide its customers with first-class mobility and logistics solutions. A key prerequisite for doing so is a continued strong focus on customer and quality, which is accordingly one of DB Group's four strategic directions.

DB Group has already initiated a number of measures aimed at improving customer and quality orientation. In the year under review, DB Group placed a particular emphasis on ensuring and improving customer satisfaction and product quality. As part of the new DB Group-wide target system, punctuality is the benchmark for product quality on the business-unit level.

CUSTOMER AND QUALITY INITIATIVE CONTINUES

The customer and quality initiative launched in 2010 was continued in the year under review. This initiative focuses on increasing both the operational stability of rail transport in Germany and customer satisfaction. DB Group spent roughly € 298 million on its customer and quality initiative (of which approximately € 150 million was for capital expenditures) in the year under review.

The projects aimed at improving quality in difficult operating conditions due to winter weather were completed during the year under review. A long-term improvement management system was established in order to stabilize the quality of a wide range of individual measures already in place within DB Group. The DB Group-wide philosophy developed within this context addresses all the dimensions and strategic directions of DB2020. The goal of DB Group is to reliably keep its product promise to the customers. To do so, DB Group intends to kick off a broad-based, lasting process of change. The business units have taken the lead in implementing this philosophy, while the specific development will take place within the framework of improvement management programs. One example of active implementation by the business units is DB Schenker Logistics' FLEX program. The customer and quality initiative advises the business units on their activities.

POSITIVE PUNCTUALITY PERFORMANCE

Product quality is one of the top three goals of the customer and quality strategic directive. The central indicator of this is punctuality performance in the individual business units. In passenger transport, the customers of DB Group measure quality first and foremost on the basis of punctuality. Connection quality is another important benchmark and one DB Group intends to reliably ensure for its customers.

To measure punctuality, DB Group always measures the scheduled arrival time in comparison to the actual arrival time for each train. DB Group summarizes the result for punctual trains and trains with a delay of up to a specified time period to calculate the degree of punctuality.

In the year under review, DB Group recorded an increase in the average degree of punctuality for all passenger trains in Germany to 94.6 %, compared to 92.9 % in the previous year and 91.0 % in 2010. As a result, the positive trend of increasing punctuality continued.

In long-distance transport, the annual average degree of punctuality in the year under review totaled 79.1 % (previous year: 80.0 %). DB Group was not quite able to match the previous year's punctuality level in the year under review in this area. The decline is mainly attributable to disruptions to infrastructure facilities and vehicles. Additionally, DB Group saw unusual events, such as the derailment of a train in Stuttgart in September 2012 and the defusing of an aerial bomb in Hamburg in September 2012.

In regional transport, punctuality improved to 95.1 % (previous year: 93.2 %).

The rate of people making their connections totaled 88.7 % (previous year: 89.9 %).

In the year under review, DB Group continued to pursue the projects launched in the previous year aimed at improving the quality of its services. For instance, DB Group constantly analyzes the reasons for delays and uses these to derive measures for improving punctuality and helping people make their connections.

The percentages seen here reflect the share of punctual stops in relation to all stops along the way and at the end of routes. A stop is considered punctual if the planned time of arrival has been exceeded by less than six minutes. The punctuality statistics comprise the more than 800,000 train runs every month. They include all stops of more than 20,000 long-distance train runs and the roughly 780,000 each month in local transport, including all S-Bahn lines.

Since January 2012, the punctuality statistics have included all local transport stops. In comparison to the previous analysis of a representative sample of several hundred test points at important nodes, the full measurement offers an even more precise database for calculating average punctuality. The change to the data-collection method led to an improvement of punctuality in local transport of 1.3 percentage points compared to previous years.

The punctuality rate of DB Group's rail passenger transport operations in Europe (Great Britain, Denmark, Sweden, the Netherlands and Poland) declined slightly in the year under review. The punctuality rate at DB Arriva fell from 93.6% in the previous year to 91.9%.

Rail freight transport

DB Group also measures the punctuality of its trains in rail freight transport in Europe. The punctuality rates improved in the year under review. Compared to the previous year, arrival punctuality at DB Schenker Rail went up by almost two percentage points.

INFRASTRUCTURE PRODUCT QUALITY

The product quality indicators in the infrastructure business units improved noticeably in the year under review. Overall punctuality for the products in Germany showed stable performance and totaled an average of 93.7% (previous year: 93.6%). The quality of facilities is calculated using a highly detailed evaluation and weighting scheme. In the year under review, this indicator improved slightly to an index value of 3.04 (previous year: 3.06). The security of supply at DB Netze Energy reached a rounded value of 100%.

A HIGH LEVEL OF CUSTOMER SATISFACTION

Passenger Transport

Regular systematic customer feedback is necessary to ensure adequate quality of DB Group's products and services.

As in the previous year, improving communication, both in general and in cases of irregularities and delays in particular, was a key issue for DB Group. To do so, DB Group focused on expanding its support services in stations, in trains and on the Internet and established a regular customer monitor as a short-term measuring instrument that gauges the quality of the products and services in rail passenger transport in a timely manner.

GERMANY

In 35 studies, DB Group surveys roughly 140,000 passengers and approximately 1,800 business partners in Germany every year regarding their perception of DB Group's services. DB Group differentiates between the individual process steps in the travel chain, from information and ticket booking to the customer's experience as a buyer, a passenger or someone picking up a traveler at the station, as well as their experience in trains, any necessary support at their destination station or in processing complaints. The studies and their analysis are conducted by independent market research institutes that take a structured approach to interpreting the studies' findings. As a result, DB Group is in a position to initiate targeted measures aimed at addressing problem areas.

The satisfaction index (SI), which is based on each customer's current long-distance train trip, totaled 74 in the year under review. Overall satisfaction with DB Fernverkehr AG reached an SI of 62 in the year under review – the same level as in the previous year. Customers of DB AutoZug GmbH were also asked about their overall satisfaction; this figure improved slightly in the year under review. SI for car transport services totaled 70. For night train services, SI came in at 72.

In the year under review, customers' satisfaction with their most recent trip with DB Regio AG resulted in an SI of 76 (previous year: 77).

Satisfaction with DB Bahn Regional rail services improved slightly in the year under review, resulting in an SI of 67 (previous year: 66).

EUROPE (EXCLUDING GERMANY)

In the DB Arriva business unit, customer satisfaction, compiled by ordering organizations, serves as an important factor for success. The slight improvement of SI – from 83 in the two previous years to 84 in the year under review – highlights DB Arriva's customer orientation.

Transport and Logistics

Customer satisfaction is an important success factor for DB Schenker Rail. It is therefore measured at regular intervals and slated for further improvement through targeted measures. In the year under review, SI improved slightly to 63 (previous year: 62). This corresponds to an overall grade of 4.8 (previous year: 4.7) based on a scale of 1 = completely dissatisfied to 7 = completely satisfied. The slight improvement was fueled in particular by positive developments in France, Poland and Spain. In Germany, customer satisfaction saw stable performance, resulting in an SI of 62 as in the previous year, or an overall grade of 4.7.

The first customer satisfaction study in DB Schenker Logistics' global network, scheduled for completion in the first half of 2013, kicked off in fall 2012. As a result, findings will not be available until the second half of 2013.

Infrastructure

DB Services ensures the cleanliness of DB Group's stations in line with 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 regular intervals. Within the scope of DB Group's "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, as in the previous year.

DB Group surveyed its business customers in all three Infrastructure business units during the year under review.

DB NETZE TRACK

In fall 2012, 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. The SI of 73 confirmed the good figures seen in the previous year. Above all, positive grades were received in the areas of service, communication and train-path allocation, especially in the network timetable.

DB NETZE STATIONS

The overall assessment of the DB Station&Service traffic stations was stable in the year under review, corresponding to an SI of 69. However, developments varied in the individual areas in question.

Satisfaction in connection with accessibility, safety, information on the platforms and service employees confirmed the previous year's values. Equipment, sales, gastronomy and retail business recorded positive development. However, opinions concerning the appearance of stations were more critical. Values for information counters in stations were also down slightly. Regional developments differ greatly. As a result, performance is not uniform on a nationwide basis.

In spring 2012, train operating companies and contracting transport authorities took part in a survey on their satisfaction with DB Netze Stations. This survey also covered aspects from the entire range of services, such as cleanliness, safety, equipment, signposting, information, service, pricing, invoicing and support. With an SI of 59, overall satisfaction improved year on year (previous year: 56).

In fall 2012, a survey of tenants in the stations was also conducted. Overall satisfaction recorded a stable SI of 73 (previous year: 74). 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 2012. 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. With an SI of 75, overall satisfaction in the core business areas of traction current and stationary energy fell slightly year on year (previous year: 78). The area of energy services recorded a marked increase in customer satisfaction, resulting in an SI of 81 (previous year: 75).

Social

> CULTURAL CHANGE CONTINUES
> FIRST WORLDWIDE EMPLOYEE SURVEY CONDUCTED
> INTERNATIONALIZATION OF HUMAN RESOURCES

With the DB2020 strategy, DB Group has created a framework approach that harmonizes economic, social and ecological factors in order to ensure sustainable success and social acceptance. In order to make DB Group's vision a reality, DB Group has set an ambitious goal in terms of social factors: DB Group wants to become a top employer.

DEVELOPMENT OF THE NUMBER OF EMPLOYEES

Employees – FTE as of Dec 31	2012	2011	CHANGE absolute	%
Employees	2,358	2,279	+79	+3.5
Trainees	12	2	+10	-
Total	**2,370**	**2,281**	**+89**	**+3.9**

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 measured in accordance with their share of the regular annual working time.

At the end of the year under review, the number of employees was 2,370 employees (as of December 31, 2011: 2,281 employees). This includes 12 trainees (previous year: two trainees). The annual average number of employees at DB AG was 2,323 (previous year: 2,247 employees).

BEING A RESPONSIBLE EMPLOYER AND MANAGING DEMOGRAPHIC CHANGE

DB Group is changing from an organization in restructuring into a growth organization. In the coming years, DB Group will lose a growing number of employees as they reach the age of retirement, increasing the need to hire new staff. At the same time, competition for young talents and well-educated specialists is getting stiffer.

Within Germany, the average age of DB Group employees is 46. Around 44% of the employees are over the age of 50. To meet the future staffing needs, DB Group will need to hire up to 7,000 new employees per year in the years to come. Additionally, DB Group must retain its employees in the long term. After all, well-qualified and enthusiastic employees are a prerequisite for satisfied customers and the long-term success of DB Group.

IMPLEMENTING THE DB2020 STRATEGY

Becoming one of the top ten employers in Germany is an integral part of the new DB2020 strategy. To do so, DB Group has defined three top goals:

- Increasing employee satisfaction: DB Group intends to increase its employees' satisfaction in the long term. DB Group has therefore been working for almost three years on further developing its corporate culture. In fall 2012, DB Group conducted the first-ever Group-wide employee survey in order to get the most comprehensive idea possible of the employees' satisfaction and derive specific measures for making improvements and changes.
- Strengthening DB Group's attractiveness as an employer: in order to continue winning over employees in the face of growing competition for specialists and executives, DB Group intends to position itself on the labor market at large as an appealing employer through a strong employer brand. To do so, DB Group has reorganized its personnel recruitment activities. A broad-based employer campaign additionally presents DB Group as a diverse, appealing and responsible company.
- Fostering strength in the face of demographic change: DB Group intends to orient employees' career development more strongly towards their individual professional and personal phases in order to make it possible for them to spend their entire working lives at DB Group. After all, in times of demographic change, it is becoming increasingly important to retain employees and keep their performance and employability within the Group for as long as possible.

The human resources strategy contributes to the implementation of the DB2020 strategy and helps make the Group fit for the future through the following six top HR projects: strategic personnel planning, personnel recruitment, personnel development, competitive and attractive employment conditions, further developing corporate culture, and optimizing/internationalizing HR in terms of strategy and operations.

Strategic personnel planning

In light of demographic change, strategic personnel planning is helping DB Group create transparency on future staffing and staffing needs for key employee groups in the railway business in Germany. Strategic personnel planning now covers approximately 85,000 employees on the basis of Group-wide standards, methods and jointly developed business scenarios that are valid on a Group-wide basis. With the help of simulation software, DB Group can shed light on future developments in terms of personnel capacities, age structures and qualification needs on a functional, regional and business unit basis. This enables DB Group to develop and analyze potential courses of action in a targeted manner.

The cross-unit approach makes it possible to take a consolidated look at the employee groups in question while ensuring that findings are known and accessible to use for all business units. This also makes it possible to identify comprehensive solutions and generate momentum for the other top HR projects.

Personnel recruitment

DB Group intends to hone its profile as an attractive employer on the labor market in order to win over employees.

For this reason, DB Group reorganized its personnel recruitment in summer 2012. In doing so, DB Group realigned the recruitment processes, the management of applications and the entry phase to better fit the needs of applicants, new employees and the individual business units and consolidated these activities in a new unit. This unit is in charge of DB Group's strategic employer branding and recruiting philosophy in Germany and ensures the operative implementation of these elements. Through targeted HR marketing and recruiting activities, seven regional recruiting teams provide a harmonious image of DB Group in the market, helping the Group fill open positions quickly.

The new employer campaign, "Kein Job wie jeder andere" (A job like no other), was launched in November 2012. In the campaign, DB Group focuses on its employees, showing them in typical working situations. By doing so, DB Group communicates its diversity and multifaceted nature as an employer with more than 500 different types of jobs and more than 50 types of trainee positions. DB Group's ***new careers Web site (1)*** is the focal point of the campaign. The online activities are rounded out by a presence on social media Web sites such as Facebook and Twitter. The campaign has generated extremely positive buzz on the labor market at large and has led to a pronounced increase in applications.

Additionally, DB Group approaches potential applicants at trade fairs and innovative recruiting events such as "Company Speed Dating" in order to arouse interest in the Group as an employer.

DB Group works closely with companies that are undergoing restructuring to recruit new employees and have, for instance, also signed a partnership agreement with Germany's Federal Employment Agency with the aim of working more closely together to search for employees and young talents and ensure their placement.

Furthermore, DB Group makes an early contribution to career orientation and positioning the Group as an attractive employer through its over 350 partnerships with schools and its cooperation agreements with selected national and international universities and universities of applied sciences. DB Group intends to continue expanding and strengthening its partnerships with institutes of higher education both in Germany and abroad in the future.

VOCATIONAL TRAINING

Not only is DB Group one of the largest employers in Germany, it is also one of the biggest providers of vocational training, with over 11,000 trainees, dual degree students and "Chance plus" participants. Vocational training and dual study programs are the foundation of DB Group's efforts to secure the recruitment of skilled employees.

Approximately 3,800 young people started vocational training with DB Group during the year under review, and another 300 began a dual study program within DB Group. DB Group has expanded its vocational training capacities and has opened new training workshops in Frankfurt and at other locations. As a result, the total number of workshops in Germany has grown to 30. DB Group made some 94% of the young people who completed their vocational training with the Group in the year under review an offer of employment for a job within DB Group.

(1) > www.db.de/karriere

As part of DB Group's "Chance plus" employment preparation program, it has offered school graduates with limited skills and qualifications more than 300 positions at ten locations throughout Germany in order to prepare them for the working world. The decline in the number of "Chance plus" participants in the year under review was attributable to changes in the (youth) labor market.

In addition to specialized knowledge and practical skills, a key element of DB Group's vocational training within the Group involves conveying service-based, social and methodological skills, such as entrepreneurial thinking, customer orientation, independence and team spirit.

Personnel development

DB Group secures its employees' expertise and commitment through strategically oriented and appealing personnel development. Throughout the process, DB Group focuses increasingly on developing skilled employees and management talent from within the company.

Documented paths of development give employees, executives and personnel management transparency and orientation for further career development. They show employees opportunities for development while supporting business units, departments and divisions when it comes to succession planning. In the year under review, DB Group continued to expand cross-unit paths of development for employees. A Web tool makes them more transparent and makes them accessible for all employees.

The conditions for in-service further education have been updated and aligned on a DB Group-wide basis. DB Group rounds out measures aimed at fostering talent on an individual level with targeted further education programs. An online further education compass offers information on the various options for in-service further education.

DB Group's executives have a decisive influence on the culture within the company. This is why DB Group launched the DB Group-wide development and establishment of a joint management philosophy with a stronger emphasis on "transformational" elements such as "setting an example," "providing intellectual stimulus" and "individual treatment of employees" in the year under review. These elements will play a larger role in filling management positions and fostering talents and young professionals in the future.

Since 2011, DB Academy has been in charge of training all of DB Group's approximately 7,000 executives. This helps DB Group ensure systematic and continual career support from one source. In the year under review, some 43 % of DB Group's executives benefited from the training program, which is constantly undergoing further development. DB Group reached roughly 8 % more through dialogue forums. DB Training – DB Group's partners in learning, development and change processes, who are also active outside the Group – is responsible for training employees. On behalf of customers, DB Group's training experts conducted almost 23,000 events, which were attended by a total of approximately 240,000 participants.

DB Schenker Logistics opened an academy for training employees in China in Beijing in October 2012. With approximately 4,600 employees in 57 cities in China, DB Schenker Logistics is one of the country's leading logistics service providers.

Competitive and attractive employment conditions

To retain employees in the long term, DB Group plans to offer them prospects for every phase of their professional and private lives. The goal is to reconcile individual needs with the company's demands.

Employment conditions must remain both attractive for groups with skills that are in demand and at the same time affordable, even in light of changing overall conditions. Wage agreements make an important contribution to these efforts.

DB Group reached an agreement with a term of 24 months during the most-recent wage negotiations with the German Train Drivers' Union (GDL) in summer 2012. As a result of this agreement, the wages and salaries spelled out in the nationally valid wage agreement for train drivers rose by 3.8 % effective July 1, 2012 and will rise by another 2.4 % effective November 1, 2013. Company pension benefits were also raised by one percentage point.

Industry-wide standards for wages and working hours for DB Group and its competitors in local rail passenger transport were agreed upon for the first time ever in the previous year. The Federal states' allocation policies increasingly take this fact into consideration due to corresponding laws demanding compliance with the standard terms of collective wage agreements.

On December 6, 2012, the Railway and Transport Workers Union (EVG) and the Mobility and Transport Services Association (Agv-MoVe) agreed on a new type of demographic collective agreement, unique for the industry. The agreement takes effect on April 1, 2013 and details the entire development, from vocational training and the stages of working life to the smooth transition to retirement. The employment conditions at DB Group are to become more individual and flexible. At its heart is a sustainable personnel policy that focuses more on individuals' stages in life and their careers when it comes to working hours, training and other factors. The agreement includes an unlimited offer of employment for all trainees who complete their training successfully, a demographic model for reducing the working hours of older employees and unlimited (conditional) employment security.

Employment conditions for executives and employees not subject to wage agreements are undergoing continuous development. Compensation policy and ancillary benefits will be more closely oriented towards DB Group's strategic targets. For instance, DB Group has decided to take the new ***Group target system into account when calculating end-of-year bonuses (1)*** for 2013.

To promote a better work-life balance, executives at DB Group have been able to take advantage of a pre-funded sabbatical of up to six months since January 1, 2012. The sabbatical enables executives to get a new outlook on life and helps keep up their ability to perform. This time-out is usually financed by the executive relinquishing a portion of his or her variable end-of-year bonus. Additionally, DB Group is also committed to supporting part-time employment options for executives and are expanding its childcare options for the children of DB Group employees in the form of nursery schools near the operating premises and with the help of cooperation partners. One example of this is the expansion of the "DB RasselBAHNde" vacation care program in the year under review. The program was offered for the second year in a row in Frankfurt am Main. The program took place for the first time in Berlin and will also be available in Munich in 2013.

Further developing corporate culture

Cultural change is an integral part of DB Group's DB2020 strategy, thereby increasing the level of accountability associated with the cultural development process even further. In order to push forward with the cultural change process initiated in 2010 and establish it more strongly in the business units and regions, DB Group had conducted 14 regional dialogues on the future as well as one international dialogue on the future in Barcelona by spring of the year under review, following the conferences on the future. At the events, the momentum for cultural development was passed on to the regions. Since then, the Group representatives for the Federal states and regional management have been active in their respective regions across business units and hierarchies. Some 850 "regional catalysts" are supporting them in the process. "Regional catalysts" are employees and executives who volunteered at the conferences and dialogues on the future to act as opinion leaders and agents of cultural change and implement measures of their own accord aimed at further developing corporate culture.

THE EMPLOYEES' OPINIONS COUNT

The DB Group-wide employee survey in fall 2012 was the next step in the cultural development process. The goal was to drive forward the process of involvement, questioning and change that was kicked off with the conferences and dialogues on the future.

The employee survey process

DB Group sees the comprehensive survey of employee satisfaction as a tool for realistically gauging the opinions of its employees and using the findings of the survey to develop specific measures for change and improvement in a mutual, local process. For the first time, nearly all of the approximately 300,000 employees of DB Group worldwide had the opportunity to tell the company how satisfied – or unsatisfied – they were with DB Group and their jobs.

A total of 185,687 employees of DB Group (61.4%) participated in the survey. According to GfK (Gesellschaft für Konsumforschung) Trustmark, the market research institute that conducted the survey, this is a remarkably high rate of participation for a first-time international survey in such a complex, diverse organization and indicates that DB Group employees are very interested in helping shape the company they work for.

Findings of the employee survey

Along with a large number of positive statements, the analysis of the 185,687 questionnaires showed that some employees also had critical words and recommendations for improvement. The survey reflected a "cautiously positive basic sentiment" within DB Group. On a scale from 1 ("completely disagree") to 5 ("completely agree"), employees satisfaction came in at 3.6. This finding is above the mean score of 3 and corresponds to the average score at other companies throughout the world.

According to the survey, DB Group employees are especially satisfied with their tasks and the content of their work, resulting in high scores in these areas. Employee identification with tasks and employee loyalty were relatively high. Two-thirds of those

(1) > Page 20

surveyed said they were proud to work for DB Group and were satisfied with their jobs. Most of those surveyed said their jobs matched their personal skills (82%). Approximately two-thirds enjoy working for their employer, and 56% would recommend their employer to their friends; 19% said they would not. Two-thirds take an optimistic view of DB Group's future.

At the same time, the survey also revealed that many employees throughout the Group would like to be more involved in decisions and would like open and transparent information. This area, which has a significant influence on satisfaction, was seen most critically by those surveyed. Less than 40% felt communication within DB Group was open and honest. Only one out of three employees believed their concerns were being taken into account in the decision-making process. The findings also show that the Group is not managing to take advantage of employees' existing motivation and willingness to get involved. One key goal is therefore to continue working on management culture in order to increase employee involvement in the future and take their ideas and suggestions into greater consideration.

Once they have received the reports for their areas of responsibility, executives will discuss the findings, identify areas of action and agree on measures for improvement together with their employees at 7,800 workshops in Germany alone. The processes that follow will determine whether the survey has turned out to be a lasting success and will show how serious the cultural development process is.

DB Group aims to conduct the employee survey every two years in the future. This will enable DB Group to identify changes that will become necessary in the medium to long term while sustainably increasing employee satisfaction and loyalty. In addition, the survey will reveal whether the process of cultural change is headed in the right direction and give it a steady rhythm.

Optimizing/internationalizing HR in terms of strategy and operations

DB Group is represented at more than 2,000 locations in 130 countries worldwide. More than 100,000 employees work outside Germany. At a globally active group, HR also needs a stronger global network. By developing an international HR manager network, DB Group intends to create the basis for a DB Group-wide working partnership between HR departments based on trust. In international project groups spanning various business units, DB Group continually works on the issues affecting DB's personnel strategy with their international implementation in mind.

In the year under review, DB Group agreed on cooperation on three of the top HR projects: strategic personnel planning, personnel development and developing corporate culture.

Pilot projects on strategic personnel planning were kicked off in Poland and Denmark. DB Group plans on launching and developing strategic personnel planning in these countries in 2013. In Great Britain, a first cross-unit development center was launched as a pilot project in connection with personnel development efforts. Various projects are currently being developed and launched with the aim of continuing to develop corporate culture on both a national and international basis. Among other things, DB Group is planning several cross-unit international and regional dialogues on the future.

EQUAL OPPORTUNITIES AND DIVERSITY

DB Group supports diversity and a cooperative spirit of partnership within the company. As part of the corporate culture, DB Group believes that every employee makes a contribution to the success of the Group through his or her individual skills and that a diverse workforce benefits the company. DB Group is therefore committed to putting the individual potential of its employees to good use.

One of DB Group's areas of action is to increase the proportion of women. DB Group intends to increase the proportion of women in Germany from 22.1% (as of December 31, 2012) to 25% by 2015. The proportion of women in executive positions is set to rise from 16.4% (as of December 31, 2012) to 20%.

In order to make this and other ambitious goals a reality, DB Group has expanded the diversity management and enshrined it within the organization. By expanding the partnerships with schools and institutes of higher learning, DB Group intends to get more girls and women interested in technical careers. As part of the project to encourage diversity in management, DB Group has launched several measures to make it easier for employees to strike a balance between their careers and their families.

The new "Career and Kids" mentoring program, for instance, is aimed at supporting executives and up-and-coming executives with children on their career paths.

Additionally, DB Group is closely involved in the European project "Women in Rail." The project aims to increase the proportion of women at Europe's railway companies.

DB Group is also involved in Fraunhofer-Gesellschaft's research project "Unternehmenskulturen verändern – Karrierebrüche vermeiden" (Change corporate cultures – avoid career interruptions).

Environmental

> POSITIVE INTERIM RESULTS FOR DB GROUP'S CLIMATE PROTECTION PROGRAM
> USE OF RENEWABLE ENERGY EXPANDED
> STARTING IN 2013, 75% OF ALL LONG-DISTANCE RAIL JOURNEYS WILL RUN 100% ON ECO-POWER

With the DB2020 strategy, DB Group has created a general framework that harmonizes economic, social and environmental aspects in order to guarantee sustainable corporate success and social acceptance. Environmental friendliness is part of DB Group's brand and performance pledge. That is why DB Group has set itself the ambitious goal of being an eco-pioneer.

As a leading international mobility and logistics company, DB Group assumes responsibility for environmentally friendly transport for both its customers and itself. DB Group sets its goals on the basis of the customers' requirements, environmental compatibility and social responsibility. With DB Group's actions, it is raising the bar in the sectors DB Group operates in.

ENVIRONMENTAL TARGETS AND MEASURES

A central component of the DB2020 strategy is the aim of becoming an eco-pioneer. In order to reach this goal, DB Group has defined three top targets:

> The current climate protection program of DB Group is aimed at reducing specific CO_2 emissions – in other words, those relating to volume sold – by 20% by 2020 in comparison to 2006 levels. To achieve this goal, DB Group wants to consistently expand the proportion of renewable energy in the traction current mix. In 2020, at least 35% of the traction current mix is to be drawn from renewable sources. By 2050, DB Group wants to source all traction current from renewable energies.
> The noise reduction targets of DB Group are no less ambitious. DB Group wants to halve noise pollution in Germany by 2020 compared with 2000 levels. The focus of DB Group's activities will be the continuation of the construction of noise abatement measures on existing rail lines, equipping goods wagons with low-noise composite brake shoes and implementing other innovative track and rail vehicle solutions. DB Group restructured the noise management team in the year under review to ready itself for these challenges. Aside from consolidating existing measures, this restructuring is to allow an integrated noise strategy to be developed with all project members and stakeholders.
> DB Group is making a further contribution to environmental protection through enhanced materials and resources efficiency. By intensifying reconditioning of the production resources (such as vehicles and track material), extending service life and regularly analyzing its material cycles, DB Group will reduce the material intensity in its value-added chain by a significant margin. Another ecological focal point is reducing pollution levels from the vehicles of DB Group and taking environmental protection issues into account in both its operations and its construction activities.

DB Group is in regular contact with its stakeholders when it comes to the issue of ecology. DB Group provides consistent and transparent information on relevant projects.

Within the scope of the restructuring of the Sustainability reporting, DB Group will be expanding reporting on targets and measures and continuing to provide more information about the examples and focuses detailed here.

ENVIRONMENTAL MANAGEMENT

DB Environment Center is responsible for environmental management at Group level. Furthermore, DB Environment Center also supports the Group and the individual business units in developing, implementing, monitoring and improving environmental strategies, targets and measures. DB Environment Center works closely together with DB Group's sustainability management team and the business units' specialist environmental departments.

The Group Environment Committee, consisting of representatives from DB Environment Center and all business units, ensures smooth cooperation and continual improvement in environmental issues across DB Group. The Committee's working groups and expert groups develop and approve the content and strategies of DB Group's environmental protection program as well as the Group's top targets. DB Group's environmental management system is ISO 14001-compliant and applies worldwide to all business units.

FURTHER PROGRESS IN CLIMATE PROTECTION

In the year under review, DB Group moved one step closer to its target of reducing Group-wide specific CO_2 emissions by 20 % by 2020 in comparison to 2006 levels. According to the latest data, DB Group was able to reduce CO_2 emissions by 11.9 % at the end of the year under review.

Energy consumption and CO_2 emissions reduced further in rail transport

Since 1990, the start of its first climate protection program, DB Group has been able to reduce specific CO_2 emissions in rail transport in Germany by a total of 45 %. Emissions of soot particles and nitrogen oxide from diesel vehicles also fell year on year in 2012.

Rail transport accounts for approximately 36 % of total DB Group CO_2 emissions. Around 21 % of emissions originate from air freight. Around 13 % and 17 % of total emissions can be attributed to road freight transport and ocean freight respectively. The remaining CO_2 emissions are from stationary systems and bus transport (including DB Fleet Management).

The ***data for DB Schenker Logistics (1)*** is a projection. The final data will be available in the second half of 2013.

Increased use of renewable energy in the traction current mix

In the year under review, DB Group further expanded the proportion of renewable energy in the traction current mix in Germany. The amount of energy generated from renewable sources rose by 2.2 percentage points in the year under review to 24.0 % and is therefore higher than the overall energy mix in Germany. Renewable energy sources mainly replaced electricity from nuclear power.

By 2020, the proportion of renewable energy in the traction current mix is to rise to at least 35 %. In order to achieve this goal, DB Group has concluded long-term supply contracts for traction current from renewable energy sources. In the previous year, DB Group concluded a contract with RWE to provide 900 million kilowatt hours (kWh) of eco-power from German hydropower stations from the year 2014. In the year under review, DB Group concluded a similar contract, this time involving 600 million kWh of eco-power. That corresponds to around 5 % of traction current procurement volume. This eco-power will come from E.ON hydropower stations on the Main, Danube, Lech, Isar and Inn rivers. The total of 1,500 million kWh of power from hydropower stations equates to the average energy consumption of 300,000 four-person households.

In addition, DB Energie GmbH also procures energy for DB Group's CO_2-free products. This amount of energy – 283 gigawatt hours in the year under review – is reflected in the customers' carbon footprints. This corresponds to around 2 % of total traction current consumption and is not included in DB Group's target of increasing the share of energy from renewable sources in the traction current mix to at least 35 %.

Green products reduce CO_2 emissions

PRODUCTS WITH 100 % ECO-POWER IN PASSENGER TRANSPORT

With the "trial BahnCard 25 with 100 % eco-power," DB Group offered its private customers the chance to travel CO_2-free and improve their own carbon footprint for the first time. The green trial BahnCard supplemented the "Environment Plus" product that DB Group has offered to corporate customers since 2009. "Environment Plus" is currently used by 120 business customers.

Around 17,000 green trial BahnCards were sold. Due to the significant demand, DB Group extended the period of sale by one month. The extension rate of 57 % after the expiry of the four-month trial BahnCard was significantly higher than for "normal" trial BahnCards (53 %).

Starting in April 2013, around 5 million BahnCard and season ticket holders as well as all corporate passengers registered at bahn.corporate will travel on 100 % eco-power in DB Group's ICE, IC and EC trains in Germany. At least 75 % of all long-distance journeys in Germany will then be powered in full by renewable energy. This means that DB Group is tripling the percentage of renewable energy in long-distance travel.

Furthermore, all rail business trips conducted by DB Group employees have been carbon-free since 2010 and powered by renewable energy. Together with the customers, DB Group has saved a total of 170,000 tons of CO_2 emissions in comparison to the conventional energy mix.

ECO SOLUTIONS FROM DB SCHENKER

DB Schenker offers its customers environmentally friendly transport and logistics solutions across the entire value-added chain in the form of Eco Solutions. Available products range from CO_2-free freight transport, low-CO_2 logistics services and

(1) > www.db.de/nachhaltigkeitskennzahlen

CO_2-neutral products through investment in gold-standard environmental projects. The portfolio is a fixed component of DB Schenker's logistical customer service system. The ECO₂PHANT of DB Group shows how much CO_2 a customer can save with DB Schenker. The ECO₂PHANT is DB Group's unit of measurement for environmental protection in transport and logistics and equates to five tons of saved CO_2 emissions – about the same as the weight of an elephant. With ECO₂PHANT, the customers of DB Group can not only choose how much CO_2 they wish to save, but also how they want to save. Emissions can be reduced, offset or even avoided completely.

This carbon accounting complies with the latest norms and standards, including ISO 14064-1, EN 16258 and French legislation on the documentation of transport emissions in accordance with Article L. 1431-3. DB Schenker pinpoints measures to reduce emissions using criteria such as air freight/routing/fleet deployment or the proportion of road and rail travel recorded with the carbon footprint. At DB Schenker, DB Group also offers its customers tailor-made programs.

Eight customers currently use the Eco Plus product of DB Group for rail freight. Since October 2012, DB Schenker Rail has been transporting new cars for Audi from Neckarsulm to Emden completely CO_2-free. This is the second route on which Audi uses the green Eco Plus product. DB Group purchases the volume of eco-power required for this product separately. DB Schenker Rail Automotive transports more than 90,000 vehicles from Neckarsulm to Emden on Audi's behalf every year. Switching the transport to Eco Plus will save over 3,420 tons of CO_2 compared to normal rail transport. Over the almost 700-km-long line, that equates to around 38 kg of CO_2 saved per transported vehicle.

EcoTransIT World

With the EcoTransIT World online tool, customers can find out the exact energy consumption, CO_2 emissions and information on CO_2 equivalents as well as other pollutants for any freight transport service. Together with an environmental review, customers can also compare transport on certain routes with alternative routes. This allows the customers to calculate their carbon footprint for selected routes across the world, including all alternative goods handling centers, means of transport and combined transport. They can also find out about alternative routings.

Together with the DB SCHENKERsmartbox, EcoTransIT World has been included as an innovation in the EU SuperGreen project to increase safety in container transport and across trans-Eurasian rail routes. The SuperGreen project was launched in 2009 and has been expanding ever since. The aim is to promote environmentally friendly development in European freight logistics.

Expansion of electromobility

In addition to the products and services in rail transport, DB Group also sees great potential for electric vehicles, particularly in urban transport. DB Group creates mobility concepts and products for its customers, which DB Group then systematically refines and optimizes.

NEW INTERMODAL BAHNCARD

DB Group is pressing ahead with the expansion of its intermodal product range by incorporating electric vehicles into a BahnCard product. In early December 2012, DB Group unveiled the "BahnCard mobil plus." Customers can now use all passenger long-distance and regional services together with Flinkster and Call a Bike with one single card. The new BahnCard is initially being trialed in Berlin.

E-FLINKSTER FLEET EXPANDED

In the year under review, DB Group upped the percentage of electric vehicles in the Flinkster car-sharing program in Berlin, Hamburg, Stuttgart and Frankfurt am Main. Electric vehicle usage was almost doubled in the year under review.

FIRST E-CAR-SHARING SERVICE

Alongside the stationary Flinkster service, DB Group developed a brand-new flexible e-car-sharing scheme in conjunction with Citroën. Since September, DB Group has been testing Germany's first-ever car-sharing service with pure-electric vehicles in Berlin under the Multicity brand. The first 100 Citroën C-Zeros of a planned total of 500 electric vehicles are available to customers within the Berlin S-Bahn ring. The vehicles can be hired at all public car parks and, thanks to the one-way hire system, can be returned to any other car-sharing point. As 100 % of the electricity that powers the vehicles is taken from renewable sources, CO_2 emissions are zero. DB Rent handles system management (Web site, apps, remote control management), the entire customer service process and operative management including service, deployment and maintenance. As a result, DB Group customers can hire and return vehicles in the metropolitan area for the first time. The number of Flinkster customers almost doubled in the year under review.

However, the incorporation of all modes of transport into a single, integrated service that includes fleets of electric vehicles remains a huge challenge from a technical, logistical and economic perspective. DB Group is therefore continuing with its development initiatives in conjunction with business partners from the areas of industry, science and politics.

OTHER PROJECTS

- Following the successful completion of the first phase of the BeMobility project, DB Group began the follow-up project "BeMobility 2.0" in the year under review. The Federal Ministry of Transport, Building and Urban Development (BMVBS) is funding the project for another two years.
- Furthermore, in the German government's "Electric Mobility Showcases" program, DB Group has been able to launch a number of other projects to optimize electric vehicle fleets. These projects also involve testing electric vehicles for use as additional storage capacity for renewable energy provision.

Investment in environmentally friendly logistics centers

In the year under review, the German Sustainable Building Council (Deutsche Gesellschaft für nachhaltiges Bauen e.V.; DGNB) awarded silver pre-certification to DB Schenker's 10,000 m² logistics center in Prologis Park, Augsburg. At the Augsburg location, DB Group has focused on resource-efficient innovations with an energy-efficient heating system and water-saving fittings. At the same time, DB Group only used low-pollutant materials and FSC (Forest Stewardship Council) certified wood materials from sustainable sources in the construction of the center. A modern energy-monitoring system oversees energy consumption.

DB Schenker also opened a brand-new logistics hub at the Berlin South freight traffic center (GVZ) in Großbeeren. The terminal has been equipped with a combination of geothermal energy generation and innovative air-conditioning technology. As a result, energy consumption for heating and ventilation has been reduced to a quarter of normal levels. Around € 9 million was invested in the new site. Another of its features is the efficient groundwater management system, which collects surface water, treats it and then channels it back into the groundwater.

In the year under review, DB Schenker Logistics concluded an agreement to lease an environmentally friendly logistics center in Tokyo/Japan for a period of ten years. The building is constructed on a 9,000 m² site and meets the highest standards of environmentally friendly construction with its photovoltaic units, LED lighting and rainwater collection system.

Modern vehicles reduce emissions

NEW LOCOMOTIVES WITH SOOT PARTICLE FILTERS FOR DB SCHENKER RAIL

In the year under review, 47 of a total of 130 Gravita locomotives with soot particle filters ordered were delivered to DB Schenker Rail Germany. That takes the number of environmentally friendly shunting locomotives in operation to 100. In total, DB Schenker Rail has invested around € 240 million in the new fleet of diesel locomotives. Around € 10 million of this investment volume has gone into special filters that filter out 97 % of soot particles, according to manufacturer specifications. DB Schenker Rail is therefore the first German company to deploy diesel locomotives with particle filters across its fleet.

DB SCHENKER INVESTS IN HYBRID VEHICLES

In the year under review, Mitteldeutsche Eisenbahn GmbH (MEG), a DB Schenker Rail subsidiary, commissioned four new hybrid shunting locomotives built by Alstom for its customer Dow. MEG is now the first company in Europe to operate a fleet of hybrid vehicles in rail freight transport. The new environmentally friendly vehicles are significantly quieter than normal locomotives and reduce both emissions and fuel consumption by 40 %.

DB Schenker Logistics has been using an environmentally friendly hybrid truck for urban freight transport in Melbourne/Australia since 2012. As these vehicles rarely travel faster than 60 km/h, the truck's primary power source is electricity.

FIRST HYBRID VEHICLES IN REGIONAL TRANSPORT

In a joint research project with Motoren- und Turbinen-Union Friedrichshafen GmbH (MTU), a VT 642 series diesel multiple unit was converted to hybrid technology. The new drive system developed by MTU – a hybrid power pack – can convert the kinetic energy generated during braking into electrical energy via a generator. This electrical energy is stored in batteries and then used for traction. The aim of this project is to reduce CO_2 emissions and fuel consumption by up to 25 %.

The multiple unit is also equipped with an environmentally friendly air-conditioning unit. This reduces energy consumption by up to 10 % and allows the use of less-pollutant coolants. DB Vehicle Maintenance managed the conversion of the vehicle. Once approval is granted by the Federal Railway Authority, the vehicle will be deployed in 2013 on the non-electrified line between Aschaffenburg and Miltenberg in Bavaria. This line is particularly suited to hybrid power due to the short distances between stations and the resulting frequency of acceleration and braking.

DB ARRIVA EXPANDS FLEET OF HYBRID AND BIOGAS BUSES

DB Arriva is expanding its fleet of environmentally friendly vehicles by purchasing 98 new buses. A total of 77 double-decker hybrid buses are to be supplied together with 21 biogas buses that run on CO_2-neutral biomethane.

Volvo's diesel-electric hybrid buses have 40 to 50 % lower emissions. Fuel consumption is also reduced by around a third in comparison with diesel buses. The buses will be on the road in Great Britain by March 2013. DB Arriva is investing around € 26.6 million in the € 32 million program, with the remaining € 5.4 million coming from the British government's "Green Bus" fund, which Arriva successfully applied for.

DB REGIO BUS INVESTS IN ENVIRONMENTALLY FRIENDLY BUSES

In the year under review, DB Group concluded a framework agreement with EvoBus and Iveco Irisbus for more than 300 buses worth over € 80 million. As Germany's largest bus transport company, DB Regio Bus will be ordering urban and intercity buses in 2013. All buses will be equipped with engines that comply with the strictest emissions standard currently in use – EEV (Enhanced Environmentally Friendly Vehicle). This standard goes beyond the current statutory Euro V standard. For orders after 2014, vehicles will be Euro VI-compliant.

ECO RAIL INNOVATION TAKES STOCK AND CONTINUES TO GROW

DB Group has been able to bring on board a number of new partners for the Eco Rail Innovation (ERI) project. The 16 partners now involved in the project develop innovative technologies in order to realize the goal of zero emissions by 2050. In May 2012, ERI launched an endowed chair for energy-efficient rail technology systems at the Brandenburg University of Applied Sciences. The aim of this is to identify research needs and provide impetus to research projects.

Current research includes alternative drives for shunting services in regional transport, known as H3 Hybridlok. Five locomotives are to be converted to hybrid power, resulting in the H3 Hybridlok vehicles being able to reduce fuel consumption by 50 %. In contrast to conventional shunting locomotives, they will also be practically silent. These locomotives are set to begin service in 2015.

FURTHER REDUCTIONS IN RAIL NOISE POLLUTION

Another major part of the environmental activities of DB Group is the aim of halving rail noise pollution between 2000 and 2020 across Germany. Noise reduction is one of the top targets within the framework of the new DB Group target system.

Noise management activities reorganized

The "Noise Management" project was launched on September 1, 2012. The aim of this project is to realize the noise reduction goals of DB Group. To do this, DB Group-wide activities to reduce rail noise pollution have been coordinated and consolidated into a DB Group-wide noise reduction plan. An accompanying communications concept is currently being developed and implemented in order to increase the political and public acceptance of the wide range of noise reduction activities.

During the restructuring of the noise reduction activities, DB Group appointed a Noise Abatement Officer for the first time in the year under review. The primary task of the Noise Abatement Officer is to develop binding implementation strategies for all business units. These are based on existing noise reduction programs such as noise abatement measures on existing rail lines or installing what are known as whisper brakes on freight cars.

Progress made with noise remediation program

The noise remediation of existing rail lines in Germany program (Lärmsanierung an bestehenden Schienenwegen des Bundes) launched by the German government in 1999 is a central element in DB Group's efforts to reduce rail noise pollution. An ***online interactive map (1)*** provides an overview of the noise abatement measures in individual Federal states. The map shows which measures are in the planning stage, which are currently being implemented and which have already been completed.

(1) > www.db.de/laermsanierung

In the year under review, DB Group made further progress with its noise remediation program. Measures included the completion of 55 km of noise protection walls, taking the overall length of all noise protection walls to around 442 km. All in all, DB Group equipped more than 2,000 homes with noise-reducing windows and soundproof ventilators in the year under review. For 2013, DB Group is planning to build a further 55 km of noise protection walls and install noise remediation measures in a further 2,500 homes.

Trial of innovative noise protection systems

Noise protection has been given a whole new dimension, thanks to subsidies from the German government's economic stimulus package II. Between 2009 and 2011, DB Group invested an additional € 80 million to trial innovative technologies. DB Netz AG installed 13 new technology forms in the shape of 82 individual projects. DB Group has focused its energies on the rail lines located in the Rhine valley. In the Middle Rhine Valley, for instance, DB Group has invested around € 13 million and realized 23 separate projects involving four different technologies.

The Federal Ministry of Transport, Building and Urban Development and DB Netz AG published a final report at the end of June 2012 containing the results of the tests involving noise- and vibration-reduction technologies. The report states that the vast majority of the pollution reduction technologies tested can achieve noise reductions of up to 8 dB.

Noise reduction in rail freight transport

DB Group also continues to focus on reducing noise pollution from freight vehicles. The EuropeTrain project was concluded at the end of 2012. The project is being spearheaded by DB Systemtechnik and DB Schenker Rail in conjunction with the International Union of Railways (UIC) and a further 28 European rail companies. During the project, one train consisting of 30 freight cars of varying models traveled a total of 200,000 km across Europe.

Most vehicles were equipped with modern low-noise composite brake shoes (LL brake shoes) instead of conventional braking gear. The LL brake shoe was therefore tested in terms of its effects on wheel wear and driving patterns in a broad range of topographical and climatic conditions, and on a wide variety of rail infrastructure. The project demonstrated that, in consideration of boundary conditions such as regular inspections to be defined by the UIC, LL brake shoes can be used safely. Just like the K brake shoe, the LL brake shoe can reduce the subjective noise of a passing train by around 50 % or by 10 dB(A). However, equipping freight vehicles with LL brake shoes is cheaper than equipping them with K brake shoes. For this reason, all parties are striving for the approval of the brake shoes on the basis of the "EuropeTrain" project report published at the end of 2012. This means that the new technology could soon be in use all over Europe.

As part of its "Leiser Rhein" (Quiet Rhine) project, the German government has ring-fenced € 7.5 million for the conversion of 1,250 of the freight cars of DB Group to low-noise composite brake shoes. Overall, 1,150 cars will be fitted with K brake shoes and 100 cars with LL brake shoes. The conversion of these cars, which are primarily deployed along the Rhine valley corridor, is set to deliver important findings for further noise reduction measures.

In the year under review, DB Group unveiled the first of 1,250 freight cars to be converted to low-noise composite brake shoes in Bingen am Rhein. All in all, 150 cars were equipped with K brake shoes in the year under review. For 2014 and 2015, DB Group is planning to convert around 10,000 cars. The only proviso is that the LL brake shoe is approved and available by the middle of 2013. By 2020, all DB Schenker Rail freight cars should be equipped with whisper brakes. DB Schenker Rail Germany has been procuring new freight vehicles with the approved K brake shoes since 2001. By the end of the year under review, DB Group increased the number of freight cars equipped with K brake shoes by 710 from around 6,890 to over 7,600.

CONSERVATION ACTIVITIES

Destination Nature expanded

Since 2001, DB Group has been committed to promoting sustainable tourism in cooperation with Germany's largest environmental associations – BUND (Friends of the Earth Germany), NABU (Nature and Biodiversity Conservation Union) and German transport association Verkehrsclub Deutschland (VCD). In the Destination Nature program, DB Group has promotes 20 national parks, conservation areas and biosphere reserves in Germany, Austria and Switzerland. The Bliesgau biosphere reserve in Saarland became ***Destination Nature's (1)*** 20th partner. Natural parks in the Black Forest were also added in early 2013.

(1) > www.fahrtziel-natur.de

Additional information

> PURCHASING VOLUME RISES TO € 29.4 BILLION
> DAMAGE CLAIMS AGAINST RAIL CARTEL
> SUPERVISORY BOARD INFORMED ABOUT DEVELOPMENTS IN THE STUTTGART 21 PROJECT

PURCHASING VOLUME UP

To support the business units' ability to compete, DB Group continued regularly working in so-called "potential groups" in Group Purchasing throughout all product groups. The working and reporting channels, which were previously structured as a project, were transferred to the regular organization.

Two trends will become apparent in the next few years in the procurement markets relevant to DB Group. First, weak economic growth should lead to easing pricing pressure. Second, consistently higher wage agreements – especially in Germany – indicate increasing pricing pressure, particularly when it comes to overwhelmingly local, labor-intensive and poorly tradable goods and services. This development is being amplified by pressure from commodity prices, which is once again on the rise. Against this backdrop, DB Group will continue working on measures aimed at optimization.

In the year under review, purchasing volume of DB Group increased to € 29.4 billion (previous year: € 28.5 billion). This is attributable to growth in construction services; the other key components saw comparatively stable development:

> Freight and freight forwarding services rose slightly from € 10.1 billion to € 10.3 billion.
> Industrial products declined from € 9.1 billion to € 8.7 billion.
> Construction and engineering services increased significantly from € 3.6 billion to € 5.1 billion, which was mainly attributable to the Stuttgart 21 project, with a construction services volume of € 1.3 billion.
> Third-party services saw sales volume remain at the previous year's level of € 2.9 billion.
> Cable-and-pipe-bound power and fuel fell from € 2.7 billion to € 2.4 billion.

Strategic focus further developed

A central, uniformly structured procurement policy generates added value for DB Group. As part of the Group strategy, DB Group continued and/or introduced key initiatives in Central Purchasing in the year under review:

> The supplier evaluation IT system rolled out in 2011 was optimized in 2012 and has been met with approval. More than 50 % of purchasing volume now undergoes the supplier evaluation process.
> To improve protection against supplier cartels, DB Group developed a cartel damage prevention system. Within the scope of the product group strategy, experts estimate the danger of cartels forming in each market and tailor the strategies accordingly. These include changes to damage compensation rules and/or indemnification as well as mandatory code of conduct clauses that are then applied to all suppliers in the market in question as part of the supplier qualification process. The system is gradually being incorporated into rules, strategic instruments and IT systems.

OTHER LEGAL ISSUES

STIFF FINE IMPOSED AGAINST RAIL CARTEL

In early July 2012, the Federal Cartel Office imposed fines totaling € 124.5 million against members of the so-called rail cartel consisting of ThyssenKrupp, Vossloh and Voestalpine. This confirms DB Group's opinion that it has systematically suffered losses for many years. DB Group therefore expects the companies involved in the cartel to provide full compensation for the losses involved. DB Group will assert its claims to damages on the basis of the fine notices. In this context, DB Group is also acting in the interest of the Federal Government, as most infrastructure projects receive public grants. The Federal Government will receive a percentage of the damages corresponding to the ratio of grants.

DB Group filed suit against those involved in the rail cartel with the District Court (Landgericht) in Frankfurt am Main in December 2012. The statement of claim covers damage claims against the companies in connection with illegal price collusion in sales of tracks to Deutsche Bahn.

This step became necessary because DB Group was unable to detect any constructive efforts towards reaching a settlement on behalf of the defendants. Some even broke off talks with DB Group. The defendants are group companies belonging to ThyssenKrupp, Moravia Steel and Vossloh, as well as the former owners of Vossloh subsidiary Stahlberg Roensch GmbH.

DB 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 to early April 2011 and in July of the same year. Written requests for information were subsequently submitted. The Commission formally opened the proceedings in June 2012. The proceedings focus in particular on the traction current pricing system of DB Energie GmbH, which has been in place since 2003. This system was deemed admissible in 2006 by the Higher Regional Court of Frankfurt am Main. DB Group has filed an appeal against these follow-up investigations with the Court of the European Union in Luxembourg.

Germany sued for improper implementation of the first railway package

On June 24, 2010, the EU Commission decided to file a complaint with the European Court of Justice (ECJ) against Germany and 12 other EU member states. The countries in question are accused of improper implementation of the first European railway package, particularly in relation to the ownership unbundling requirements. The EU Commission and the Federal Republic of Germany are the parties involved in the contract violation proceedings. The oral hearing was held in Luxembourg in May 2012. The German Federal Government has rejected all of the Commission's allegations.

DB Group agrees that the Commission's arguments do not hold up. DB Netz AG makes its own decisions on track access and track usage charges independently of other DB Group companies. The holding company structure in place in Germany is explicitly permitted under European railway law. In its conclusion, the ECJ's Advocate General concurred with the Federal Government's opinion and recommended dismissing the EU Commission's complaint. The ECJ is scheduled to make a decision in 2013.

Investigations at DB International

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 investigations are slated for completion in 2013. DB International must anticipate a fine as well as seizure of profits. At the same time, DB International is claiming damages from former decision makers at the company.

ADDITIONAL ISSUES RELATED TO OPERATIONS AND BUSINESS ACTIVITIES

Measures against non-ferrous metal theft

Non-ferrous metal theft continues to have a great impact on DB Group's customers by blocking lines and causing delays. In the year under review, DB Group saw a change in the trend concerning the frequency of non-ferrous metal theft. In the first half of the year, the number of incidents of metal theft fell by approximately 10 % compared to the first half of 2011 to around 1,400 cases.

DB Group has launched a series of measures aimed at preventing metal theft and are marking pieces of metal in troubled areas throughout Germany with artificial DNA.

Developments in the Stuttgart 21 project

The Management Board of DB AG presented the Supervisory Board with a revised cost estimate regarding the Stuttgart 21 project on December 12, 2012. A decision regarding future procedures will probably be made on March 5, 2013 in an extraordinary meeting of the Supervisory Board.

Should the forecast increase in costs materialize, it is expected that additional DB funds will be required.

If the project is discontinued, this would have a direct and major impact on the net assets, financial position and results of operations. These effects relate to the valuation of property, plant and equipment, obligations for repurchasing properties that were sold in previous years with the obligation to repay the agreed sales prices plus interest, the obligation to repay investment grants that have been received as well as claims for damages for the cancellation of construction services that have been ordered and the cancellation of planning agreements that have been concluded.

Risk report

> **INTEGRATED RISK MANAGEMENT ENSURES TRANSPARENCY**
> **KEY RISKS IN THE MARKET, PRODUCTION, TECHNOLOGY AND PROCUREMENT FIELDS**
> **PORTFOLIO WITHOUT ANY RISKS TO DB GROUP AS A GOING CONCERN**

The business activities of DB Group are associated with risks as well as opportunities. DB Group's business policy therefore aims to take advantage of opportunities through its ***opportunity management system (1)*** while also actively managing those risks identified within the framework of DB Group's risk management system. The information processing required for this takes place within DB Group's integrated risk management system. This system is based on the legal requirements of the Corporate Sector Supervision and Transparency Act (Gesetz zur Kontrolle und Transparenz im Unternehmensbereich, KonTraG) and is constantly being developed.

ASSESSMENT OF THE RISK SITUATION BY THE MANAGEMENT BOARD

The assessment of the current risk situation is based on the risk management system of DB Group. In the year under review, general economic risks – alongside market and operational risks – were key to the development of DB Group. A year-on-year comparison shows a slight reduction in the overall risk position during the year under review.

The analyses of risks, countermeasures, hedging and precautionary measures, together with the opinion of the Group Management Board based on the current risk assessment and DB Group's medium-term planning, indicate that there are no risks that, individually or jointly, could have an impact on the net assets, financial or earnings position of DB Group and would pose a threat to the Group as a going concern.

In terms of organization, DB Group has created all of the conditions necessary to enable the early identification of possible risks. The continuous risk management system and the active management of key risk categories help limit risks within DB Group.

RISK MANAGEMENT WITHIN DB GROUP

The principles of risk policy are set out by corporate management and implemented throughout DB Group. As part of the early-warning system for risks, quarterly reports are submitted to the Management Board and the Supervisory Board of DB AG. Major risks occurring outside of this reporting cycle must be reported immediately. Planned acquisitions are subject to additional specific monitoring.

The risk management system of DB Group maps all of the risks in a risk portfolio and also individually in detail, factoring in materiality thresholds. The risks considered within the risk management report are categorized and classified according to probability. Together with possible consequences, the analysis also takes into account the starting position and the cost of countermeasures. In organizational terms, Group controlling is the central coordination point for the risk management system of DB Group.

In conjunction with Group financing, with its strict focus on the operating business, Group Treasury is responsible for limiting and monitoring the resulting credit, market and liquidity risks. The centralized handling of the relevant transactions (money market, securities, foreign exchange and derivative transactions) by DB AG means that potential risks can be managed and limited centrally. Group Treasury is organized in line with the minimum requirements for risk management formulated for banks (Mindestanforderungen an das Risikomanagement, MaRisk), which means that it complies with the resulting criteria of the KonTraG.

Key characteristics of internal control and risk management with regard to Group accounting processes

The risk management system of DB Group is complemented by a Group-wide internal control system that also includes the accounting process.

This internal control system is based on the criteria set out by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its "Internal Control – Integrated Framework" guidelines. The COSO model is a widely recognized theoretical framework that classifies internal control systems into five levels for individual assessment. Based on this, the

(1) > Page 65

internal accounting-related control system centers on basic control mechanisms such as automated and manual reconciliation, the separation and clear definition of functions, and compliance with DB Group-wide guidelines and work processes.

In addition to the instruments listed above, the control mechanisms governing the accounting process include:

> A Group-wide, uniform reporting system based on standard Oracle Hyperion Financial Management (HFM) software for all of the consolidated companies that are documented in the company information system (Firmen Informations System, FIS).
> Systematic monitoring of changes to the accounting rules set out in the International Financial Reporting Standards (IFRS) and/or in the German Commercial Code (Handelsgesetzbuch, HGB).
> Regular, comprehensive updating of the relevant accounting directives and accounting systems.
> The use of a uniform item number plan.
> Appropriate training for staff members involved in reporting tasks.

The auditing activities of the intra-Group auditors, which represent a key element of DB Group's control mechanisms in the form of a process-independent monitoring instrument, are focused on evaluating the adequacy and effectiveness of the internal control system of DB Group. Property, plant and equipment as well as inventories are also audited.

In addition to these measures, the Audit and Compliance Committee and the Supervisory Board monitor the accounting process and the effectiveness of the internal control system.

In line with a binding schedule for producing the financial statements, the issues relevant to this are dealt with in the decentralized accounting departments, which for the most part use standard software in line with IFRS principles and in compliance with Group-wide, uniform procedures. These are then transmitted to the centralized HFM software.

The management of the companies included in the consolidated financial statements and of the individual business units verifies a number of points, including the correctness of data relevant to the financial statements, using a quarterly internal reporting process. Specific confirmation is given that the financial data for every key area gives an accurate view of the net asset, financial and earnings position of the reporting unit. Confirmation is also given that the managers responsible have implemented the centrally defined internal control systems for reporting and, where appropriate, have supplemented these with their own documented control and monitoring instruments.

KEY RISK CATEGORIES AND INDIVIDUAL RISKS

Particular key risks for the DB Group statement of income include:

General economic risks

Demand for DB Group's mobility services and, in particular, for the transport and logistics services of DB Group is dependent on overall economic development, among other things. Economic growth fuels the megatrends underlying DB Group's strategy in its operating markets. This means that macroeconomic shocks such as economic and financial crises can have a negative impact on the business of DB Group. Growth again slowed down during the course of 2012. Financial markets remain uncertain, particularly in Europe, and there is a risk that this uncertainty will be transferred to the real economy.

Passenger transport is particularly affected by the development of key economic parameters such as disposable income and unemployment levels. Risks resulting from the sovereign debt crisis could have a particularly negative effect on the international activities in the DB Arriva business unit, as DB Arriva could be directly affected by spending cuts in those countries with severe budgetary and sovereign debt problems.

The most important factor for the rail freight transport business is demand for the transport of consumer goods, goods related to iron, coal and steel (Montan), mineral oil products, chemical products and building materials. Demand for these goods is subject to economic fluctuations. Structural changes to the customers' production structures should also be taken into account, as the customers of DB Group are frequently faced with international competition.

The customers' economic development dictates the need for storage and transport services, which in turn affects DB Group's freight forwarding and logistics businesses.

Market risks

DB Group faces stiff intermodal and intramodal competition in the German passenger transport market, particularly from motorized individual transport, which is the main competitor of DB Group. In order to strengthen the competitive position, DB Group is continuously improving its service and performance. On the supply side, DB Group optimizes timetables and can in some cases offer shorter journey times (for example following the completion of infrastructure projects). In terms of performance, DB Group is implementing numerous measures to improve its services, such as through the customer and quality initiative. DB Group closely monitors its punctuality record and uses special offers as a means of improving its customers' perception of the prices. In the coming years, DB Group will also be investing heavily in its long-distance transport fleet.

There is intense intramodal competition in regional transport throughout Europe for securing long-term contracts. To succeed in this environment, DB Group is constantly working to optimize its tender management and its cost structure so that it can make attractive, yet profitable bids. In Germany, there will be major tender volumes at stake in the coming years, which presents considerable organizational challenges for all bidders.

There is extreme intramodal and intermodal competitive pressure in rail freight transport. This situation is exacerbated by the increasing importance of the market of low-cost truck fleets from the newer EU member states. Market risks for the rail freight transport market are therefore based on the need to adapt to increasing competitive pressure from all modes of transport and the margin losses that this implies. DB Group is reacting to the situation with measures aimed at further improving efficiency and lowering costs. DB Group is also optimizing its services and incorporating a comprehensive range of logistics services into its freight transport services.

DB Group freight forwarding and logistics activities are affected in particular by the very competitive nature of the market. DB Group is responding to this by further expanding its networks and improving its cost structures, services and IT infrastructure.

Throughout the Group, DB Group is responding to risks arising from changes in demand from its customers or from shifting transport flows by intensive market observation and the continuous expansion of the portfolio. In order to respond to market risks resulting from changing legal conditions on either a national or international level, DB Group takes an active part in the discussions and debate that take place ahead of this type of change.

Operating risks

DB Group's activities as a train operating company are based on a technologically complex, networked production system. Disruptions to operations and, in particular, the resulting negative impact on punctuality pose a risk to the activities of DB Group. If the punctuality of long-distance transport suffers, this has an impact on service quality and can lead to the loss of customers. In regional transport, there is the additional risk of penalties imposed by the relevant ordering organization if trains are canceled or punctuality targets are missed.

Sufficient availability of the vehicle fleet of DB Group is essential for its operations. Significant reductions in vehicle availability pose a threat to operating schedules. DB Group tries to minimize this risk by taking preventative actions and also by minimizing the consequences should it happen, such as by providing replacement vehicles or by organizing replacement transport services.

Punctuality is a key factor for rail freight transport customers when selecting a mode of transport. In addition to this, irregularities can occur during operations, such as customs violations and theft. DB Group combats these risks with measures such as employing qualified customs coordinators and using a system of immediate reporting for tax assessment notices. The decommissioning of the GKN I power plant and uncertainties regarding the future availability of power plants that generate traction current could lead to operational disruptions due to energy supply shortages at peak network times.

In general, DB Group tries to combat the risk of potential operational disruptions through regular maintenance and by taking on qualified employees, coupled with continuous quality assurance and improvement of its processes. The nature of rail transport as an open system means that certain factors (such as accidents, sabotage and theft) over which DB Group has only limited influence could have a negative impact on operations. The efforts of DB Group in such cases focus on minimizing the potential effects.

Technical risks

The range and quality of DB Group's services depend to a significant extent on the availability and reliability of the production resources used, intermediate services procured and the quality of the partners' services. DB Group is therefore closely involved in dialog with its suppliers and business partners on the subject of quality. This is of particular importance in the vehicle industry.

The technical production resources used in rail transport must comply with applicable standards and requirements, which are subject to change. As a result, DB Group may receive technical complaints concerning its vehicles. This leads to the risk that DB Group may only be permitted to use individual series or cars under certain conditions, such as limited speeds, shorter intervals between maintenance or reduced wheel set loads. In addition, DB Group cannot accept newly purchased vehicles that have flaws or for which the necessary vehicle certification has not been granted.

Delays in the arrival of new vehicles can lead to disruptions in operations, a reduction in service quality and increased burdens, such as those resulting from penalties imposed by ordering organizations.

Other important parameters for operations are standards and requirements regulating track infrastructure, which may be subject to change. Failing to comply with these can also lead to operational restrictions or prohibitions. To address these risks, DB Group has concentrated its activities in this area and is involved in active dialog with the relevant authorities.

Procurement risks

Purchase prices for raw materials, energy and transport services vary according to market conditions. This means that depending on the market conditions and DB Group's competitive situation, it may not be possible or may only be possible to a very limited extent to pass increased costs on to the customer in the short term. This in turn has a negative impact on margins.

DB Group responds to the risk of increasing energy prices by using appropriate derivative financial instruments.

Project risks

The modernization of the railway system involves not only huge capital expenditure volumes, but also a large number of highly complex projects. Changes in the legal framework, delays in implementation or necessary adjustments during these projects, which often last for several years, can lead to project risks. The networked production structure means that these can often affect a number of business units. Price increases for purchased services or construction services can also have a negative impact. DB Group keeps up to date with this by closely monitoring projects. This applies in particular to large, centrally managed projects.

Significant cost risks became clear during the year under review in conjunction with the Stuttgart 21 project. Further delays to the project may lead to additional expenses.

Infrastructure financing risks

A key element of the German Rail Reform Act is the Federal Government's constitutional obligation to finance rail infrastructure. The main criterion is the provision of sufficient amounts of funding, but also the ability to plan the financing available in the future. In addition to the risk of a lack of available funds for financing capital expenditures, there is also a risk of insufficient funds for the adequate maintenance of the existing network.

DB Group has a service and financing agreement with the Federal Government that sets out the financing of the existing network until 2013. For the follow-up agreement, valid from 2014, DB Group feels that an adequate minimum level for replacement capital expenditures must be agreed on and then be integrated into the contractual agreement.

However, to ensure the long-term competitiveness of rail as a mode of transport, sufficient financial means must be available to ensure systematic new construction and expansion as well as to eliminate bottlenecks (requirement plan capital expenditure). Government funding for these capital expenditures is factored into DB Group's multiyear business planning, although no final agreements have been made in this regard as yet. There is also the risk that the government could reclaim its funding on the basis of an audit of exactly how the Federal funds were used.

From DB Group's perspective, the economic sustainability of capital expenditures or financial contributions to capital expenditure projects funded with DB funds is essential if DB Group is to ensure its ability to invest in the long term.

Risks resulting from regional transport funding cuts

The amount of money available for ordering or supporting transport services is an essential factor in the development of the regional transport market in Europe. Therefore, a significant proportion of the revenues from the regional transport activities of DB Group in Europe generally comes from government or government-funded ordering organizations (primarily concession fees). This means that in view of efforts to cut public spending (particularly in countries with high levels of sovereign debt), there is a risk that available funding may be cut. DB Group aims to counter this risk by adapting its service portfolio appropriately and increasing its farebox revenues.

Financial risks

DB Group uses original and derivative financial instruments as one means of countering interest rate, currency and energy price risks. These instruments are discussed in the notes. There is a risk that these hedging measures will not pay off, or not in the way expected.

The expansion of the international business of DB Group brings currency risks with it, as cash flows in different currencies come into play. This is particularly relevant for the US dollar, the pound sterling and the Swedish krona.

Pensions and similar retirement benefit obligations are partially covered by plan assets from stocks, real estate, fixed-income securities and other investments. Value losses in these assets directly reduce the cover of pension obligations by plan assets, potentially resulting in the company having to provide additional cover.

The very favorable credit ratings of DB Group mean that it has excellent access to the capital markets. In order to ensure the solvency and financial flexibility of DB Group at all times, it has cash and cash equivalents at its disposal, as well as credit lines, a € 2 billion commercial paper program and a € 20 billion debt issuance program. A DB Group-wide cash pooling system is used to ensure that liquidity can be provided to Group companies as needed.

In order to minimize default risk from derivative transactions, DB Group has started using Credit Support Agreements (CSAs). These CSAs are agreements on the mutual provision of securities in cash by both parties. In the year under review, DB Group entered into eight CSAs with banks.

Legal and contractual risks

Legal risks exist in the form of damage claims and legal disputes, among other things. These often affect construction projects and real estate or environmental issues. The risk also exists that certain long-term transport contracts could become uneconomical to operate as a result of unforeseeable cost increases or other factors. DB Group is working to counteract this with cost-cutting and income-boosting measures.

Provisions have been made for legal and contractual risks based on an assessment of their probability of occurrence. Actual recourse to these provisions is dependent on whether the risks materialize to the extent foreseen in current estimates.

Political risks

Political risks particularly affect the tightening of existing standards and regulations affecting the railways.

Regulatory risks

Changes to the legal framework at national or European level could pose risks to DB Group's business. This general regulatory risk could result in tangible negative effects on revenues and profit.

DB Group provides rail transport services in a regulated market.

These regulations govern the individual components of the pricing systems, and general terms and conditions applied by DB Group rail infrastructure companies. Risks in this regard are complaints and intervention. Measures that threaten or even prevent DB Group from attaining reasonable returns in its infrastructure business fields (such as intervention in pricing systems) make it more difficult to control these activities from a business perspective and can therefore threaten financing contributions by DB Group to capital expenditures in infrastructure.

The structure of DB Group may also expose it to regulatory risks. These could arise on a national or a European level.

Personnel risks

Group employees and their skills are essential to the continued success of DB Group in the future. DB Group's compensation systems and staff development programs and measures aim to retain employees and motivate them to perform to the best of their abilities. Undesired employee turnover is at a very low level within DB Group. This reflects the efforts of DB Group to boost its employees' commitment to, and identification with, DB Group. It also demonstrates that DB Group is an attractive employer.

The current age structure within DB Group will mean a significant increase in staff requirements in the future. At the same time, demographic changes will make it harder to recruit new staff. Competition to attract highly qualified staff and managers is also increasing steadily. DB Group is rising to both of these challenges by maintaining close ties with schools and universities, and with specific recruitment measures that are further strengthened by the expansion of DB Group's recruitment organization.

Additionally, when acquiring new companies, DB Group endeavors to retain employees in key positions.

The staffing cost structure of DB Group in relation to that of the competitors is a crucial factor in allowing DB Group to remain competitive. Additional one-sided burdens, such as higher collective wage agreements than those negotiated by the competition, have a negative impact on the competitive position of DB Group. The conclusion of a collective agreement for the local rail passenger transport industry is an important factor here. This agreement means the implementation of industry-wide universal standards governing wages and working hours. Negotiations are also underway with the German Train Drivers' Union (GDL) to establish uniform working and wage conditions for train drivers.

Compliance risks

Compliance with current laws, corporate guidelines and recognized regulatory standards is the task and duty of every DB Group employee. It is the mission of the Compliance department of DB Group to ensure compliance with such criteria.

Large-scale capital expenditures mean that the Infrastructure division is exposed to a significant risk of becoming the target and victim of corruption, cartel agreements or fraud. One example of this is the rail cartel. In addition, the German Federal Government, as a third-party provider of financing, now has increased expectations and requirements concerning compliance activities in regards to infrastructure. This is clearly reflected in the German Federal Government's anti-corruption guidelines, which came into force recently and specifically affect DB Group. In order to provide managers and employees with targeted information on matters concerning compliance and raise their awareness of the matter, the Infrastructure division launched a special information campaign in December 2012.

IT risks

High-availability, secure IT systems are of fundamental importance to DB Group. The majority of Group business processes are IT-dependent, and this proportion will increase steadily in the future. The forward-looking IT management of DB Group ensures that the necessary security measures are in place for the IT-based business processes. An important method for this is IT risk management for applications, infrastructure and services. This systematically analyses, assesses and eliminates or minimizes the relevant risks. Residual risks are documented, reported to the competent department as applicable, and monitored. Examples of these risks would be interruptions in the availability of IT systems or unauthorized third parties accessing customer data.

In order to ensure high availability of IT operations, DB Group uses redundant operational and data backup systems distributed across different locations, fail-safe systems, outsourced tape backup and separate administration structures. DB Group's wide area network (WAN) in particular is redundantly designed wherever IT security and business continuity require this. These measures reduce the risk of IT system failures and avoid large-scale disruptions, ensuring that mission-critical business processes are operational at all times.

System architecture is also regularly inspected and hardware platforms are regularly upgraded. In the year under review, penetration tests were carried out on DB Group's in-house IT resources (communication networks, Web service and applications). Security loopholes (weak points) are resolved by means of security updates or other appropriate measures.

Collaboration and close cooperation with the authorities and other relevant organizations are required for networking purposes and for the exchange of information. To this end, DB Group works closely together with the German Federal Office for Information Security (Bundesamt für Sicherheit in der Informationstechnik; BSI) and the “Allianz für Cybersicherheit” (cyber-security alliance), among others. DB Group is also represented in the IT users' association “VOICE – Verband der IT-Anwender e.V.” and participates in CIP Implementation Plan exercises, which are coordinated by the Federal Ministry of the Interior (Bundesministerium des Innern).

The main contribution to IT security is made by employees with their careful, prudent use of IT systems. To be able to do this, users must be aware of and able to assess potential risks. Numerous communication campaigns were carried out in the year under review with the aim of raising employee and manager awareness of this issue.

A special group of professionals (IT Project Assurance Group) has been set up for risk management in IT projects. This group oversees all major IT projects with the aim of ensuring their success.

Management Board's report on relationships with affiliated companies

The Federal Republic of Germany holds all the shares in DB AG. In accordance with §312 AktG, the Management Board has prepared a report on relationships with affiliated companies, which concludes with the following statement: "We declare that our company has received appropriate compensation for every business transaction according to the circumstances known to us at the time that the relevant transactions were conducted.

No measures were taken or omitted at the instruction of or in the interest of the Federal Republic or any of its affiliated companies in the year under review."

Events after the balance sheet date

> **FOUNDATION ESTABLISHED TO UNITE MEASURES IN CONNECTION WITH COMMITMENT TO SOCIETY**
> **TWO BONDS PLACED**
> **DRAFT OF FOURTH RAILWAY PACKAGE PUBLISHED**

DEUTSCHE BAHN STIFTUNG FOUNDED

Deutsche Bahn Stiftung gGmbH was founded in January 2013. As an independent charitable organization, Deutsche Bahn Stiftung's goal is to support society as a whole through ideas and material donations. Its sponsorship activities will focus on the areas defined in our social commitment: education and culture, integration and welfare, climate and nature protection, and humanitarian aid. Christina Rau has pledged her patronage for Deutsche Bahn Stiftung gGmbH and will join the organization's advisory board.

TWO BONDS ISSUED AS PRIVATE PLACEMENTS WITH A VOLUME OF € 350 MILLION

In January 2013, DB Group issued two bonds with a total volume of € 350 million through its financing company, DB Finance. The two bonds with maturities of five and 15 years each were placed in Asia as private placements.

EU PUBLISHES DRAFT OF THE FOURTH RAILWAY PACKAGE

The EU Commission presented its recommendations on the ***fourth railway package (1)*** on January 30, 2013. It includes recommendations on the liberalization of rail passenger transport, the interoperability of the European rail system and the further separation of rail infrastructure. DB Group takes a positive view of the planned improvements of the overall technical and administrative conditions for the approval of rail vehicles in Europe. The Commission's recommendations could contribute to reducing market-access barriers and improving rail's intermodal competitiveness.

In contrast to the situation in many other EU member states, the market for rail passenger transport in Germany has long been open to competition. DB Group therefore welcomes the Commission's plans to open the rail passenger transport market in Europe. However, the envisioned date for opening the market is not until 2019, with a transitional period planned to last until 2023.

The German Federal Government and DB Group see no reason for a further separation of rail infrastructure and operations. Since the German Rail Reform Act of 1994, the integrated rail structure model in Germany has proven to be efficient and successful compared to the rest of Europe. This is also reflected in the positive development of competition in the German rail market.

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Outlook

> ECONOMIC GROWTH TO SLOW DOWN IN 2013
> FURTHER INCREASE IN REVENUES AND PROFITS EXPECTED
> OUTLOOK REMAINS CLOUDED BY UNCERTAINTY

At the time this report was created, there was still a high level of uncertainty surrounding worldwide economic developments. In particular, the outcome of the sovereign debt crisis and its possible consequences are not entirely predictable. DB Group expects economic growth to slacken in 2013 and even lead to recession in some countries.

ECONOMIC OUTLOOK

The outlook for economic development in 2013 is based on the assumption of generally stable geopolitical development. At the same time, considering the continued subdued economic outlook in the Eurozone and the associated risks of contagion, the following estimates are subject to high levels of uncertainty.

Anticipated development – %	2012	2013
GDP World [1)]	+2.0	>+2.0
World trade	+2.0	+2.5
GDP Eurozone	– 0.5	– 0.5
GDP Germany	+ 0.7	+ 0.5

1) Total of selected developed and emerging countries.
The data for 2012 is based on the information and estimates available on February 7, 2013. Expectations for 2013 are rounded off to the nearest half percentage point.

A significant upturn in global production is unlikely in 2013. There is still great uncertainty about the future state of the economy. The ongoing difficult situation in the Eurozone will continue to affect, but no longer determine, the development of the world economy. The gradual decoupling of the world economy from the events in the EU will boost growth expectations in most countries.

The developments in the USA will have a stabilizing effect in 2013, as solid GDP growth is expected there. The rise in private spending, the healthy financial position of American companies and improved manufacturing conditions could also bolster economic growth. On the other hand, increased consolidation efforts in the public sector will dampen growth prospects.

While the new Japanese government's decision to fight the country's deflationary trend improved growth prospects, it at the same time exacerbated the debt problem. Latent trade disputes, especially with China, expectations of weak private spending and moderate development of foreign trade activities worldwide remain factors of uncertainty. Overall, DB Group expects economic growth in 2013 to be marginal there.

Asia's emerging markets will continue to sustain global economic growth. Moreover, their importance for global economic output will become increasingly significant. Asia has already started to decouple from the developments in the Eurozone, and this is likely to continue. The need to reduce the impact of external shocks such as the sovereign debt crisis intensifies the desire for a stronger domestic economy and encourages structural reforms. However, this will not reduce uncertainties in the short term and will only have a limited positive impact on growth. In light of this, DB Group expects a continuation of the current trend in emerging Asian markets in 2013 along with moderate growth.

Global trade will continue to grow in 2013, although this positive trend is likely to be only a slight improvement on the previous year.

The sovereign debt crisis and lack of confidence in the Eurozone will continue to weigh on economic development. Given the tense situation on the labor market in several countries, which has contributed to a drop in private spending, and the persistent mood of uncertainty, which in turn has led to a postponement of investments, DB Group does not expect any impetus for growth. Furthermore, consolidation efforts by countries in the Eurozone will curb economic development, albeit to a lesser extent than in 2012. Only the foreign trade sector is likely to provide stimulus for economic growth due to the efforts to improve the competitiveness of domestic industries. However, the impact will not be enough to fuel growth of the Eurozone economy as a whole.

The implementation of monetary policy instruments alone can at best stabilize the situation, giving the countries time to forge ahead with their respective structural reforms. At the beginning of 2013, negative reports that the reforms cannot be implemented within the given time frame, growing discontent among the population and uncertainty about the future political course nevertheless seem likely to hinder economic development. Based on the assumption of continuing reform efforts, a slow improvement in the situation can be expected in the second half of 2013. These could then enable the Eurozone to take decisive steps to solve the sovereign debt crisis. It currently cannot be assumed, however, that the measures will be sufficient to lead the Eurozone out of recession in 2013.

Growth rates in the countries of Central and Eastern Europe will remain affected by the intensity of trade and capital ties with Western Europe. Despite the withdrawal of capital during the sovereign debt crisis, growth potential still exists, albeit to a lesser extent. So it is likely that the economic development in Eastern European will be above average.

The effects of the crisis in the Eurozone, which were also increasingly felt in Germany in 2012, are likely to continue for the time being. The situation on the labor market is expected to deteriorate slightly. Real income is expected to rise marginally, and private spending will continue to grow at a low pace, although this will not be a driving force for overall economic growth.

Pent-up investment capital being held back by companies in view of the general uncertainty will only gradually flow into the real economy. Investments in fixed assets are not expected to rise significantly in 2013. Due to the high proportion of equity required, the low interest rates provide little impetus for investment. The weakness in the European markets and the cooling-off of domestic demand will slow down both foreign trade and production in the manufacturing sector. Given all this, GDP growth in Germany for the whole year is expected to be only very weak.

ANTICIPATED DEVELOPMENT OF THE RELEVANT MARKETS

Anticipated development of the relevant markets – %	2012	2013
German passenger transport market (based on pkm)	-1.1	≤+0.5
European rail passenger transport market (based on pkm)	-1.0	<-0.5
German freight transport market (based on tkm)	-1.8	≥0.0
European freight transport market (based on pkm)	-5.2	≤0.0
European land transport (based on revenues)	+1.8	+1.0 to +3.0
Global air freight (based on t)	-2.5	0.0
Global ocean freight (based on TEU)	+3.5	+4.0
Global contract logistics (based on revenues)	+6.0	+5.5 to +6.0

The data for 2012 is based on the information and estimates available on February 7, 2013. Expectations for 2013 are rounded off to the nearest half percentage point.

Passenger Transport

In the German passenger transport market, the volume sold is expected to increase slightly in 2013. The development of motorized individual transport, which dominates the market, will play a pivotal role. Despite the continuing economic slowdown during the first months of the year and the generally stagnant labor market, the passenger transport market is likely to benefit from slightly declining fuel prices. This in turn should have a marginally positive impact on the volume sold, which decreased in 2012.

The beneficial statistical baseline effects in German domestic air transport will probably not be able to offset the losses resulting from a drop in demand in 2012. Owing to the slight reduction of scheduled flight services, however, domestic air transport should almost be able to attain the level of performance of the previous year.

Public road passenger transport will only be able to remain on a par with performance year on year if it is able to offset the demographically induced decline in passenger volume, such as in the wake of liberalization of long-distance bus services at the start of the year, of which the effects on demand are not currently foreseeable.

Due to the deteriorating underlying conditions in the market, rail passenger transport will not be able to repeat the marked rise in demand that was recorded in 2012. Growth here is expected to exceed the previous year's level only moderately.

Given the overall continued weak economic growth, the volume sold on the European rail passenger market is expected to decline further. Regional heterogeneity, which already made its mark in 2012, will continue to play a role here. However, regional convergence is expected to take place.

Government savings targets will still be reflected both in public spending as well as in ongoing public dissatisfaction. The risk of strikes remains high, imposing yet another potential burden on the demand for transport.

Transport and Logistics

In view of the ongoing economic slowdown and the significant decline in investments and incoming orders in 2012, transport demand on the German freight transport market in 2013 is expected to remain on a par with the previous year. It is still unclear how this situation will develop, as it largely depends on how rapidly the economic and fiscal policy situation in Europe will stabilize. If demand remains weak, both the intensity of competition and pricing pressure will endure. In light of this, 2013 will once again be a challenging year for all market participants.

Against the backdrop of persistently weak economic growth, the outlook for the European rail freight transport market in 2013 is only moderate. The economic recovery that is supposedly in sight for the second half of 2013 should serve to stabilize the demand for rail freight transport. Overall, performance development will greatly depend on the intensity and timing of the economic recovery. DB Group currently does not expect performance in this market to surpass the previous year's level.

Owing to the subdued economic outlook, growth in the European land transport market in 2013 will only be marginally better in comparison with the year under review. Accordingly, DB Group expects to see a continued tense market situation and strong margin pressure in 2013.

In the global air freight market, DB Group expects growth to stagnate in 2013 as a result of the general state of the economy. As new deliveries of passenger aircraft are also planned for 2013, which will also bring freight capacity onto the market, sufficient capacity will still be available. The low level of freight rates in the year under review is expected to continue in 2013.

DB Group expects a rise of roughly 4% in demand for ocean freight. The market environment in 2013 will continue to be determined by overcapacity. Measures undertaken by shipping companies in this regard, such as retiring or scrapping older vessels and reducing the speed of transports, could relieve the pressure on freight rates. In view of this, it is difficult to make an assumption about the development of freight rates.

Based on the anticipated increase in outsourcing rates in DB Group's most important industries as well as a continued economic growth in many core countries for contract logistics, DB Group expects a generally favorable development in the contract logistics/supply chain management market in 2013, most likely comparable with the growth recorded in the year under review.

The outlook in the key industries for contract logistics accordingly remains positive and stable. However, negative effects of the continuing difficult economic situation, especially in the Eurozone, are possible.

Infrastructure

In the passenger transport market in 2013, DB Group expects a slight decrease in the volume produced as measured in train-path kilometers. This is mainly attributable to cancellations in regional rail passenger transport. Due to the reserved economic outlook, DB Group also expects a slight drop in demand for rail freight transport. Owing to the increase in regular services, DB Group expects a moderate development for station stops. Leasing prospects have deteriorated as a result of the worsening market environment in the retail and food service sectors. Furthermore, retail sales in Germany are likely to continue to develop only modestly.

ANTICIPATED DEVELOPMENT OF THE FINANCIAL MARKETS

Issuing activity in government bonds expected to be high

The development of the sovereign debt crisis will continue to affect the financial markets to a large degree. Volatility on the markets, triggered by divergent political views and trends or alternating confidence in the capital market, will continue. An end to the crisis is not yet in sight. If the markets normalize and the debt situation of individual countries stabilizes, the trend towards high yield spreads that currently prevails in the Eurozone is likely to be reversed. If this happens, DB Group would expect interest rates to rebound in Germany.

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 (1)*** and preparations for the ***railway regulation act (2)*** in Germany may have a noticeable impact on DB Group's business operations. In view of the current plans, however, DB Group does not expect any concrete measures to be implemented during the 2013 financial year.

The framework for domestic ***long-distance bus services (2)*** in Germany changed with effect from January 1, 2013. DB Group intends to closely follow the developments here and align its activities accordingly.

ANTICIPATED INCOME AND FINANCIAL SITUATION

DB AG's business performance will again be significantly influenced by the performance of its subsidiaries and hence also the level of net investment income in the 2013 financial year. One of DB Group's overall goals is to improve profitability in the long term.

Following the positive development recorded in the year under review, we anticipate a slight increase in net investment income in the 2013 financial year. We therefore expect that the result from ordinary activities and the net profit for the year will exceed the level of the year under review.

Net capital expenditures by the subsidiaries of DB AG are expected to increase significantly in the 2013 financial year. As a result of delay effects from the year under review, it is not expected that the net capital expenditures of DB Group can be completely offset with internal financing despite the anticipated continued positive development of operating cash flow over the course of the year. As DB AG will once again pay a dividend to its owner for the 2012 financial year, the liabilities of DB AG as of December 31, 2013 are expected to be slightly higher as at the end of the year under review.

In the 2013 financial year, DB Group must redeem financial liabilities (excluding commercial paper and current bank liabilities) amounting to approximately € 1.5 billion (previous year: € 1.7 billion). DB Group 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, DB Group will approach its investors in Europe and Asia. Financial presentations in Europe and Asia are planned to coincide with the issue of bonds.

Based on the debt issuance and commercial paper programs for its capital market activities, DB Group still has sufficient scope for financing. The credit facilities in the amount of € 2 billion and a term of two years, which remain unused, serve as a fallback in case of restrictions in access to the capital market. DB Group's short- and medium-term liquidity supply is therefore secured in the 2013 financial year as well.

DB Group will continue its M&A activities in a selective and focused manner in the 2013 financial year. DB Group does not expect these activities to have any significant impact on the financial position in the 2013 financial year.

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OPPORTUNITIES REPORT

The opportunity management efforts of DB Group are mainly derived from the goals and strategies of its 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 DB Group-wide planning and controlling system. DB Group focuses intensely on detailed analyses of its markets and competitors, market scenarios, relevant cost drivers and critical factors for success, including those within its political and regulatory environment. Concrete opportunities for specific business units emerge from these efforts and are subsequently analyzed.

To secure the corporate strategy of profit-focused growth, DB Group implements comprehensive packages as part of DB Group-wide or specific programs for the business units, which it anticipates will ensure or improve its performance quality, efficiency and cost structures. Here, DB Group also sees opportunities for further growth. This will likely be reflected in the further improvement of DB Group's results and key financial ratios.

The strategic orientation of DB Group has proved to be successful in various economic cycles. Improving the long-term competitive position of DB Group is also a focus of its measures. Overall, DB Group is well positioned to benefit from opportunities arising from significant trends in its markets. For more details, please see the ***Corporate strategy (1)*** section. As part of DB Group's efforts to ensure the Group keeps its service pledge, DB Group launched a ***customer and quality initiative (2),*** in which it sees significant potential for improving customer reception.

The development of the relevant economic environment could on the whole be better than anticipated. 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.

DB Group also sees market-based opportunities in terms of its ability to actively shape consolidations in the market by leveraging its leading market positions. In doing so, DB Group wants to seize the opportunities offered by the ongoing globalization process. In addition, with DB Arriva, DB Group has a strong position in the European transport market. DB Group has also positioned itself in such a way that it is well prepared to use the opportunities posed by open or opening markets. As a result of the sovereign debt crisis in Europe, DB Group sees opportunities in increased tender procedure activities for bus and rail transport in countries where their governments are forced to implement austerity measures. DB Group could benefit from this development thanks to DB Arriva's excellent position in the market. 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 potentially have a positive impact on DB Group's financial result. Group Treasury therefore closely follows developments in the financial markets to identify and take advantage of possible opportunities.

FORWARD-LOOKING STATEMENTS

This management report contains statements and forecasts pertaining to the future development of DB AG, 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 the forecasts are based not materializing or due to the risks as presented in the Risk report actually occurring.

DB AG does not assume any obligation to update the statements made within this management report.

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Financial statements

Statement of income

Jan 1 through Dec 31 — € million	Note	2012	2011
Inventory changes		0	-2
Other internally produced and capitalized assets		0	0
Overall performance		**0**	**-2**
Other operating income	(16)	1,348	1,063
Cost of materials	(17)	-77	-48
Personnel expenses	(18)	-224	-201
Depreciation		-13	-7
Other operating expenses	(19)	-983	-781
		51	**24**
Net investment income	(20)	1,430	1,267
Net interest income	(21)	15	47
Result from ordinary activities		**1,496**	**1,338**
Taxes on income		-13	-112
Net profit for the year		**1,483**	**1,226**
Profit carried forward		3,406	2,705
Net retained profit		**4,889**	**3,931**

Balance sheet

ASSETS

€ million	Note	Dec 31, 2012	Dec 31, 2011
A. FIXED ASSETS			
Property, plant and equipment	(2)	30	23
Financial assets	(2)	26,480	25,651
		26,510	**25,674**
B. CURRENT ASSETS			
Inventories	(3)	1	1
Receivables and other assets	(4)	3,656	3,202
Cash and cash equivalents		1,391	850
		5,048	**4,053**
C. PREPAYMENTS AND ACCRUED INCOME	(5)	0	0
		31,558	**29,727**

EQUITY AND LIABILITIES

€ million	Note	Dec 31, 2012	Dec 31, 2011
A. EQUITY			
Subscribed capital	(6)	2,150	2,150
Capital reserves	(7)	5,310	5,310
Retained earnings	(8)	3,563	3,563
Net retained profit	(9)	4,889	3,931
		15,912	**14,954**
B. PROVISIONS	(10)	3,372	3,084
C. LIABILITIES	(11)	12,228	11,651
D. ACCRUED AND DEFERRED INCOME	(12)	46	38
		31,558	**29,727**

Statement of cash flows

Jan 1 through Dec 31 — € million	Note	2012	2011
Profit before taxes		1,496	1,338
Depreciation on property, plant and equipment		13	7
Changes to pension provisions (without intra-Group changes)		16	11
Cash flow before taxes		1,525	1,356
Changes to other provisions (without cumulative assumption of debt)		-415	-306
Gains/losses from disposal of property, plant and equipment		0	1
Gains/losses from disposal of financial assets		0	0
Changes to current assets (excluding cash and cash equivalents)		-87	-1,074
Changes to other liabilities (excluding financial debt)		41	-180
Taxes on income		-13	-112
Cash flow from operating activities		**1,051**	**-315**
Proceeds from gains of property, plant and equipment		3	1
Payments for purchases of property, plant and equipment		-22	-8
Proceeds from the disposal of financial assets		0	32
Payments for the purchases of financial assets		0	-33
Cash flow from investing activities		**-19**	**-8**
Distribution of profit to shareholder		-525	-500
Proceeds/payments from long-term Group financing		-16	-297
Proceeds/payments from short-term Group financing		-358	831
Proceeds from borrowings, bonds and commercial paper		0	164
Payments for the redemption of borrowings, bonds and commercial paper		-227	-46
Proceeds/payments for the transfer of provision obligations from/to Group companies (intragroup changes and cumulative assumption of debt)		635	-10
Cash flow from financing activities		**-491**	**142**
Net change in cash and cash equivalents		**541**	**-181**
Cash and cash equivalents at the beginning of the year	(23)	850	1,031
Cash and cash equivalents at the end of the year	**(23)**	**1,391**	**850**

Fixed assets schedule

€ million	ACQUISITION AND MANUFACTURING COSTS					DEPRECIATION					BOOK VALUE	
	As of Jan 1, 2012	Additions	Transfers	Disposals	**As of Dec 31, 2012**	As of Jan 1, 2012	Impairments	Transfers	Disposals	**As of Dec 31, 2012**	**As of Dec 31, 2012**	As of Dec 31, 2011
PROPERTY, PLANT AND EQUIPMENT												
1. Land, leasehold rights and buildings including buildings on land built by others												
a) Land and leasehold	3	0	0	-2	**1**	0	0	0	0	**0**	**1**	3
b) Commercial, official and other buildings	0	4	0	0	**4**	0	0	0	0	**0**	**4**	0
	3	**4**	**0**	**-2**	**5**	**0**	**0**	**0**	**0**	**0**	**5**	**3**
2. Track infrastructure, signaling and control equipment	0	0	0	0	**0**	0	0	0	0	**0**	**0**	0
3. Rolling stock for passenger and freight transport	0	0	0	0	**0**	0	0	0	0	**0**	**0**	0
4. Technical equipment and machinery and other than Nos. 2 and 3	2	0	0	0	**2**	-1	0	0	0	**-1**	**1**	1
5. Other equipment, operating and office equipment	40	17	0	-13	**44**	-21	-13	0	13	**-21**	**23**	19
6. Advance payments and construction in progress	0	1	0	0	**1**	0	0	0	0	**0**	**1**	0
	45	**22**	**0**	**-15**	**52**	**-22**	**-13**	**0**	**13**	**-22**	**30**	**23**
FINANCIAL ASSETS												
1. Investment in affiliated companies	13,766	14	0	-14	**13,766**	0	0	0	0	**0**	**13,766**	13,766
2. Loans to affiliated companies	11,843	1,555	0	-726	**12,672**	0	0	0	0	**0**	**12,672**	11,843
3. Investments in associated companies	42	0	0	0	**42**	0	0	0	0	**0**	**42**	42
4. Other loans	0	0	0	0	**0**	0	0	0	0	**0**	**0**	0
	25,651	**1,569**	**0**	**-740**	**26,480**	**0**	**0**	**0**	**0**	**0**	**26,480**	**25,651**
Total fixed assets	**25,696**	**1,591**	**0**	**-755**	**26,532**	**-22**	**-13**	**0**	**13**	**-22**	**26,510**	**25,674**

Notes to the financial statements

The annual financial statements of Deutsche Bahn AG (DB AG) have been prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch; HGB) and the German Stock Corporation Act (Aktiengesetz; AktG) in the currently valid version as well as the ordinance relating to the structure of the financial statements of transport companies. The balance sheet and the income statement items required by law have been combined to improve the overall clarity of presentation. The notes to the financial statements contain the necessary details and explanations.

(1) ACCOUNTING AND VALUATION METHODS

The accounting and valuation methods are unchanged compared with the previous year.

Purchased software which is of minor value in an individual case is recognized completely as expense in the year of acquisition. The option provided by Section 248 (2) HGB for capitalizing self-created intangible assets is not exercised in Deutsche Bahn Group (DB Group).

Property, plant and equipment are stated at acquisition or manufacturing costs less depreciation if subject to wear and tear. Fair value impairments are similarly recognized where applicable.

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

Depreciation is recognized on a pro-rata straight-line basis and reflects the normal useful life. The useful lives of the main groups are set out in the following table:

	years
Commercial, operating and other buildings	5 - 50
Track infrastructure	20 - 25
Superstructures and other constructions	10 - 50
Signaling equipment	20
Telecommunications equipment	5 - 20
Rolling stock	10 - 30
Machines and machinery equipment	8 - 15
Technical equipment, machinery and vehicles	5 - 25
Operating and business equipment	2 - 20

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

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

Inventories are stated at acquisition or production cost; the average method is mainly applied when valuing raw materials and supplies (please refer to the description of fixed assets for the components of production cost). Value adjustments are recognized to take account of inventory risks arising from a decline in economic usefulness, long storage periods, price changes in the market or any other decline in value.

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

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

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

At DB AG, the cover funds which are used to fulfill liabilities arising from retirement benefit obligations (contractual trust agreements; CTA) are netted with the corresponding pension obligation. The corresponding costs and income resulting from the compounding or discounting of pension obligations and also resulting from the valuation of the cover funds are also netted.

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

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

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

Pension provisions are measured using the projected unit credit (PUC) method taking account of future developments and the application of the general average market rate of the Deutsche Bundesbank for residual terms of 15 years (simplification rule). The 2005 G mortality tables of Prof. Dr. Klaus Heubeck have been applied for measuring the pension obligations.

The main actuarial parameters applied as of December 31, 2012 are set out in the following table:

	%
Discount rate	5.07
Expected wage and salary development	2.50
Expected pension development	2.00
Average expected fluctuation	2.67

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

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

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

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

Provisions with a remaining term of more than one year are discounted using the matching maturity average market rate of the past seven financial years of the Deutsche Bundesbank. Income and expenses attributable to changes in the discounting rate and interest effects of changes in estimated remaining terms are shown in net interest income.

Liabilities are shown in their settlement amount.

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

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

Assets, liabilities, pending transactions or transactions which are extremely likely to take place (underlyings) are combined with derivative financial instruments to form valuation units in order to compensate for opposite changes in value or cash flows arising from the occurrence of equivalent risks under the appropriate conditions. Derivative financial instruments are only permitted to be used in conjunction with underlyings (micro and portfolio hedges). The derivatives allocated to the underlyings are not shown in the balance sheet (so-called net hedge presentation method). Accordingly, Sections 249 (1), 252 (1) Nos. 3 and 4 and 256a HGB are not applied.

The fair value of financial instruments which are traded in an active market is derived from the market price applicable on the balance sheet date. In order to calculate the fair value of financial instruments which are not traded on an active market, common measurement methods such as option price or present value models are applied and assumptions which were appropriate as a result of the market conditions on the balance sheet date are made. If valuation-relevant parameters are not directly observable on the market, forecasts are used based on comparable financial instruments which are traded in an active market; these forecasts are then adjusted by premiums or discounts on the basis of historical data. The mean value of bid and offer rates are used.

The activities of allocated civil servants in DB Group are based on statutory allocation within the framework of the German Rail Restructuring Act (Eisenbahnneuordnungsgesetz; ENeuOG), Art. 2 §12. For the work of the allocated civil servants, DB AG reimburses to the Federal Railroad Fund (Bundeseisenbahnvermögen; BEV) those costs which would be incurred if an employee covered by collective bargaining arrangements were to be employed instead of the allocated civil servant (pro forma calculation). Consequently, the personnel expenses reimbursed to the BEV for the assigned civil servants are shown under personnel expenses due to the economic approach.

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

NOTES TO THE BALANCE SHEET

(2) Fixed assets

The development of fixed assets is shown in the fixed assets schedule (page 69).

(3) Inventories

€ million	Dec 31, 2012	Dec 31, 2011
Raw materials and supplies	0	0
Unfinished products, unfinished services	1	1
Total	**1**	**1**

(4) Receivables and other assets

€ million	Dec 31, 2012	Thereof with a remaining term of more than 1 year	Dec 31, 2011
Trade receivables	18	–	3
Receivables from affiliated companies	3,525	–	3,121
Receivables from companies in which a participating interest is held	0	–	0
Other assets	113	52	78
Total	**3,656**	**52**	**3,202**

The impairments recognized in relation to receivables and other assets amounted to € 1 million (previous year: € 1 million).

The receivables from affiliated companies comprise receivables from cash pooling (€ 1,529 million; previous year: € 1,214 million), financing (profit transfers, short-term loans and interest; a total of € 1,709 million; previous year: € 1,542 million), single entity deemed to exist for VAT purposes (€ 228 million; previous year: € 229 million) as well as trade receivables (€ 59 million; previous year: € 136 million).

The other assets mainly comprise receivables due from the fiscal authorities, reinsurance receivables, receivables due from the state as well as creditors with a debit balance and interest accruals.

(5) Prepayments and accrued income

This item mainly comprises the advance payment of the premium to the railway accident fund (Eisenbahnunfallkasse).

(6) Subscribed capital

The subscribed 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.

(7) Capital reserves

Capital reserves are unchanged at € 5,310 million.

(8) Retained earnings

The other retained earnings in accordance with Section 266 (3) HGB amounted to € 3,563 million (previous year: € 3,563 million).

(9) Net retained profit

In 2012, a dividend of € 525 million was paid out of the net retained profit of the previous year (€ 3,931 million). The figure of € 4,889 million shown for net retained profit as of December 31, 2012 includes profit brought forward of € 3,406 million.

(10) Provisions

€ million	Dec 31, 2012	Dec 31, 2011
Provisions for pensions and similar obligations	184	166
Tax provisions	104	100
Other provisions	3,084	2,818
Total	**3,372**	**3,084**

Last year, a figure of € 18 million was added to the provisions for pensions and similar obligations (previous year: € 6 million).

The similar obligations include provisions for deferred compensation of € 20 million (previous year: € 18 million).

On December 13, 2012, DB AG and DB ML AG concluded an agreement, with effect from December 31, 2012, regarding an internal agreement whereby DB AG agrees to the cumulative assumption of debt, as part of an arrangement which transfers the obligation to fulfill the pension commitments granted by DB Mobility Logistics AG (DB ML AG) to its employees. Accordingly, as of the balance sheet date, pension provisions of € 205 million for which there are no cover funds as well as pension provisions with cover funds of € 54 million were transferred to DB AG. In line with the latter pension obligations, cover funds of € 51 million have been transferred to DB AG.

At the same time, DB AG has also announced that it will also become a party to the liabilities with a fulfillment guarantee for the pension commitments awarded by further subsidiaries to their employees. Accordingly, pension provisions totaling € 426 million for which there are no cover funds were transferred to DB AG by the relevant subsidiaries as of the balance sheet date.

DB AG and DB ML AG as well as DB AG and the subsidiaries will in future be jointly and severally liable for all existing and future claims of the pension beneficiaries of the relevant companies. For the agreed arrangement involving the cumulative assumption of debt, DB ML AG has paid to DB AG, and the subsidiaries have paid to DB AG, a fee equivalent to the present value of the pension obligations established as of December 31, 2012. The companies which are obliged to pay the pensions will also bear the increases in the present value which occur after December 31, 2012 as a result of the future activity of the active employees.

The cover funds which exist in connection with pension provisions and obligations which are similar to pensions (€ 30 million) are netted with the corresponding obligations (€ 41 million). The fair value and the purchase costs of the cover funds amount to € 30 million in each case.

Other provisions are broken down as follows:

€ million	Dec 31, 2012	Dec 31, 2011
Personnel obligations	61	59
Restructuring measures	455	455
Ecological legacy issues	1,171	1,426
Return obligations	31	146
Provisions from the Aurelis agreement	80	121
Cumulative assumption of debt	685	-
Other risks	601	611
Total	**3,084**	**2,818**

The personnel obligations mainly comprise bonuses, indirect retirement benefit obligations as well as semi-retirement obligations.

Provisions for restructuring measures relate to an obligation to absorb losses with regard to DB JobService GmbH.

The provisions for ecological legacy issues mainly relate to the rehabilitation of the ecological legacy issues which arose before July 1, 1990 on the territory of the former Deutsche Reichsbahn. A provision of € 2.9 billion had already been created in the opening balance sheet of Deutsche Reichsbahn, and was transferred unchanged to the opening balance sheet of DB AG.

Provisions for potential return obligations have been created for risks arising from restitution claims for land in the territory of the former Deutsche Reichsbahn.

The other risks combine all other uncertain liabilities. They mainly comprise provisions for:

> Recultivation and decommissioning measures (shutting down installations)
> Obligations arising from the implementation of the property reallocation process
> Uncertain liabilities arising from deliveries and services which have not yet been billed
> The legal requirement to archive business documents for the main group companies (archiving costs)
> Litigation risks

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

(11) Liabilities

€ million	Dec 31, 2012	Thereof with a remaining term of: up to 1 year	1 to 5 years	more than 5 years	Dec 31, 2011
Bonds	–	–	–	–	21
Liabilities due to banks	–	–	–	–	4
Trade payables	18	18	–	–	21
Liabilities due to affiliated companies	11,319	1,459	2,385	7,475	10,099
Liabilities due to companies in which a participating interest is held	728	9	519	200	1,165
Other liabilities	163	120	17	26	341
thereof for taxes	8	8	–	–	8
thereof for social security	0	0	–	–	0
Total	**12,228**	**1,606**	**2,921**	**7,701**	**11,651**
thereof interest-bearing	11,539				10,792

The liabilities due to affiliated companies comprise loans due to Deutsche Bahn Finance B.V. (DB Finance), Amsterdam/the Netherlands (€ 10,610 million; previous year: € 9,363 million), liabilities under cash pooling (€ 208 million; previous year: € 248 million), financing (profit transfers, further loans and interest; a total of € 219 million; previous year: € 237 million), a single entity deemed to exist for VAT purposes (€ 164 million; previous year: € 194 million) as well as trade payables (€ 118 million; previous year: € 57 million).

The liabilities due to companies in which a participating interest is held include long-term interest-bearing loans of EUROFIMA European Company for the Financing of Railroad Rolling Stock, Basel/Switzerland (€ 719 million; previous year: € 1,153 million). Due to statutory reasons of EUROFIMA, these loans have to be secured by way of transfer of ownership of rolling stock. This has been achieved by transferring ownership of rolling stock of the subsidiaries DB Fernverkehr AG, DB Regio AG and DB Schenker Rail AG.

Other liabilities are not secured.

A summary of the financial debt and further related explanations are set out under note (15).

(12) Accrued and deferred income

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

(13) Contingencies

€ million	Dec 31, 2012	Dec 31, 2011
Warranty and guarantee obligations	5,985	5,557
thereof with regard to affiliated companies	5,960	5,531

DB AG has provided DB Finance with an unconditional and irrevocable guarantee for a € 2 billion multi-currency commercial paper program which was issued with the latter; this guarantee was stated as € 0 as of December 31, 2012 (previous year: € 202 million). In addition, DB AG provides a guarantee to DB Finance for repayment of loans of € 3,402 million extended to subsidiaries.

DB AG has issued unlimited guarantees for affiliated companies. These guarantees consist of letters of comfort and ultimate parent company guarantees as well as contract fulfilment guarantees. Because it is not possible to reliably calculate the obligation arising from the guarantees as of the reference date, a nominal value has been shown for the relevant guarantees as of the reference date.

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

(14) Other financial obligations

€ million	Dec 31, 2012	Dec 31, 2011
Ordering commitment for capital expenditures	5	12
Outstanding contributions	389	387
Obligations arising from rental agreements, leasing agreements and other third-party liabilities	1,963	1,990
thereof due to affiliated companies	104	110
Total	**2,357**	**2,389**

The outstanding contributions relate to EUROFIMA.

The obligations arising from rental agreements, leasing agreements and other third-party liabilities are recognized with their nominal values. The following two tables show a list of nominal and present values for these obligations (as of December 31, 2012), broken down according to maturity:

€ million	Nominal value	Present value
LEASING INSTALLMENTS		
due in less than 1 year	35	34
due between 1 and 5 years	90	82
due in more than 5 years	–	–
Total	**125**	**116**

In total, leasing installments of € 48 million were paid in the year under review (previous year: € 47 million).

€ million	Nominal value	Present value
RENTAL AGREEMENTS AND OTHER THIRD-PARTY LIABILITIES		
due in less than 1 year	217	212
due between 1 and 5 years	781	697
due in more than 5 years	840	599
Total	**1,838**	**1,508**

(15) Financial instruments

In its capacity as the Treasury Center of DB Group, DB AG is responsible for all financing and hedging transactions. In the work process 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). The Treasury Center operates on the 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.

A. NON-DERIVATIVE FINANCIAL INSTRUMENTS

As of December 31, 2012, DB Finance had extended loans totaling € 10,610 million to DB AG. The loans are refinanced by way of bond issues with a guarantee of DB AG.

The following bonds, which in previous years had been completely forwarded as loans to DB AG, were repaid in the year under review: one unlisted bond of DB AG (USD 20 million; € 21 million), three unlisted bonds of DB Finance which had become due for HKD 250 million (€ 33 million), CHF 75 million (€ 51 million) and JPY 5,000 million (€ 42 million) as well as one listed bond of DB Finance for € 500 million. All loans of DB AG which fell due in the year under review were repaid to DB Finance.

DB Finance issued eight new bonds in the year under review. These consist of one unlisted bond of € 98 million as well as seven listed bonds of CHF 150 million (€ 124 million), CHF 100 million (€ 83 million), €500 million, GBP 400 million (€ 495 million), GBP 300 million (€ 368 million), € 400 million and GBP 60 million (€ 75 million). In addition, the NOK bond which was issued last year was increased by NOK 750 million (€ 97 million) to NOK 2,000 million. Apart from an amount of GBP 300 million, the funds which were raised were forwarded in the form of loans to DB AG.

There are also long-term interest-bearing loans of EUROFIMA of € 719 million (previous year: € 1,153 million).

As of December 31, 2012, guaranteed credit facilities with a total volume of € 2,030 million (previous year: € 2,505 million) were available to DB AG as backup lines for the € 2 billion commercial paper program of DB AG and DB Finance. None of the backup lines had been drawn down as of December 31, 2012.

B. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are used for hedging interest, currency and energy price risks. All individual transactions correspond to on-balance-sheet or anticipated underlyings (for instance bonds, commercial paper or planned energy demand). Transactions for speculation purposes are not permitted. Internal guidelines are used to govern the use, processing and control of derivative financial transactions. Ongoing market and risk assessment takes place as part of risk management. Valuation units are always created if the relevant criteria are satisfied.

All hedging requirement within DB Group is handled via DB AG, which is responsible for arranging external cover. A distinction is therefore made between transactions of DB AG with external counterparties (banks) and the process of forwarding such external transactions within DB Group (mirror transactions).

Interest swaps and interest caps are taken out in order to hedge interest rate risks. At the end of the year, DB AG had only one transaction with a comparatively low volume (€ 60 million).

The foreign currency risks are attributable to financing measures and operating activities. Currency swaps/forwards are concluded in order to limit the risks arising from exchange rate fluctuations for future payments in foreign currency. Holdings of currency swaps/forwards have declined mainly as a result of a current financing arrangement being replaced by a non-current financing arrangement at a subsidiary in Great Britain and also as a result of an increase in current financing requirement. Because the Company's operations are also refinanced in currencies outside the Eurozone, these positions were translated directly into euro liabilities with the aid of cross-currency swaps in order to eliminate exchange rate risks. Internal foreign currency loans which DB AG hedges externally were also extended within the Group. In the year under review, the volume of cross-currency swaps increased as a result of a rise in issuing activities and foreign currency lending, which more than compensated for the effect of the repayment of expiring business.

Energy price risks arise mainly in conjunction with purchases of diesel fuel and power sourcing agreements linked to the price of coal and heating oil. The volume of diesel, heating oil and coal derivatives increased as a result of higher hedging requirements

The nominal volume of the hedges detailed in the following is the sum of all purchase and sale amounts underlying the transactions. In the case of transactions based on diesel, coal or heating oil, the relevant tonnage is specified. The extent of the nominal volume permits conclusions to be drawn with regard to the extent of the use of derivative financial instruments, but does not reflect the risk arising from the use of derivatives.

The market value of a financial derivative is equivalent to the price for reversing or replacing the transaction. Present-value models or Monte Carlo simulations in conjunction with appropriate interest rate structure curves are used for determining the value of the derivatives. The market data to be used for this purpose are taken from market information systems such as Reuters or Bloomberg. Opposite developments in value of the corresponding underlyings are not taken into consideration. On the other hand, the corresponding derivatives are not recognized in the process of accounting for the underlyings (no hedge accounting).

Credit risk is defined as potential loss of assets resulting from the non-fulfillment of contract partners ("default risk"). It is defined as the replacement costs (market values) of the transactions in which we have claims against our contract partners. The default risk is actively managed by way of strict requirements relating to the creditworthiness of the counterparty at the point at which the transactions are concluded and also throughout the entire life of the transactions, and also by way of defining risk limits. At present, DB AG is holding negotiations for hedging the counterparty risk arising from derivative transactions.

The following credit risk figures reflect the simple sum of all individual risks, and relate to external counterparties.

Nominal and market values of interest rate swaps and cross-currency swaps:

€ million	2012	2011
Nominal volume with external parties	4,025	3,675
Market value of derivatives (external)	–121	129
Nominal volume of mirror transactions	1,347	1,154
Market value of derivatives (mirror transactions)	80	51

On December 31, 2012, the portfolio consisted mainly of cross-currency swaps, mainly instruments with a remaining term of more than one year. The underlyings are included in the balance sheet items "Loans to affiliated companies" and "Liabilities due to affiliated companies." The maximum term is less than 12 years. The negative development in the values of the cross-currency swaps with external parties is due mainly to considerable shifts in international exchange rates, and in particular to the fact that the euro has gained ground against the Japanese yen. It was not necessary for a provision to be created for potential losses because the unrealized losses resulting from the valuation units which have been created are opposed by corresponding unrealized profits from the underlyings. These hedges exist in the form of micro hedges, and the maturities of the underlying and hedges are identical. The hedged exchange rate risks are fully compensated.

Nominal and market value of the currency swaps/forwards:

€ million	2012	2011
Nominal volume with external parties	1,755	2,418
thereof currency swaps	937	1,954
thereof currency forwards	818	564
Market value of derivatives (external)	5	5
thereof currency swaps	4	7
thereof currency forwards	1	–2
Nominal volume of mirror transactions	1,354	2,115
Market value of derivatives (mirror transactions)	–3	–2

The volume of currency hedging contracts in the portfolio as of December 31, 2012 mainly comprised currency forwards with a remaining term of less than one year. The underlyings are included in the balance sheet items "Receivables from affiliated companies" and "Liabilities due to affiliated companies." The maximum term is four years. Most of the transactions with external counterparties have been transmitted to DB ML AG. These hedges exist in the form of micro hedges, and the maturities of the underlying and hedges are identical. The hedged exchange rate risks are fully compensated.

Nominal and market value of energy derivatives:

Diesel fuel in t	2012	2011
Nominal volume with external parties	1,590,070	1,205,000
Market value of derivatives (external)	-14	49
Nominal volume of mirror transactions	1,590,070	1,205,000
Market value of derivatives (mirror transactions)	14	-49

Gas, heating oil in t	2012	2011
Nominal volume with external parties	265,200	187,000
Market value of derivatives (external)	0	9
Nominal volume of mirror transactions	265,200	187,000
Market value of derivatives (mirror transactions)	0	-9

Coal in t coal equivalents	2012	2011
Nominal volume with external parties	2,054,400	1,660,000
Market value of derivatives (external)	-18	-1
Nominal volume of mirror transactions	2,054,400	1,660,000
Market value of derivatives (mirror transactions)	18	1

As of December 31, 2012, the portfolio of energy price hedges comprised hedges with a term of less than one year as well as hedges with longer terms. The maximum term is four years. The transactions have been transmitted to DB Energie GmbH, or forwarded directly to subsidiaries of DB ML AG (mainly in the DB Arriva segment). The developments in the value of the external energy derivatives is mainly attributable to the expiry of favorable legacy hedging arrangements and the decline in coal prices in the course of the year. These hedges exist in the form of micro hedges, and the underlyings and hedges are identical. The hedged risks are fully compensated.

In the case of interest and cross-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 effectiveness is measured retrospectively as of each balance sheet date by means of a linear regression of the cash flows realized from underlyings and hedges.

Credit risk of interest, currency and energy derivatives with external parties:

€ million	2012	2011
Credit risk of interest, currency and energy derivatives	131	357

The reduction in credit risks compared with the previous year is mainly due to the development in the value of the cross-currency swaps. The largest individual risk – default risk in relation to individual contract partners – is € 64 million, and exists in relation to a contract partner with a Moody's rating of A2. For transactions with terms of more than one year, all contract partners which are exposed to a credit risk have a Moody's rating of at least Baa1.

NOTES TO THE STATEMENT OF INCOME

(16) Other operating income

€ million	2012	2011
Services for third parties and sales of material	319	316
thereof sales of material and energy	0	0
thereof other services for third-parties	319	316
Income from leasing and rental operations	320	291
Income from claims for damages and cost refunds	4	4
Income from creating fixed assets	18	11
Income from government grants	4	4
Income from the disposal of property, plant and equipment and intangible assets	1	0
Income from the disposal of financial assets	0	0
Income from the reversal of provisions (including other taxes)	463	316
Income from the reversal of impairments recognized in relation to receivables and payments received in relation to previously derecognized receivables	0	1
Currency gains	14	10
Other income	205	110
thereof income from third-party charges	0	0
thereof income from the rehabilitation of ecological legacy issues	15	14
thereof miscellaneous other income	190	96
Total	**1,348**	**1,063**
thereof attributable to other periods	464	317

The income from the reversal of provisions mainly relates to the provision for ecological legacy issues and the provision for return obligations.

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

(17) Cost of materials

€ million	2012	2011
Cost of raw materials and supplies and purchased products	10	6
thereof costs of energy	10	7
thereof other consumables and purchased products	3	1
thereof price adjustments and allowances for material	- 3	- 2
Costs of purchased services	39	31
thereof cleaning, security, disposal, winter service	10	9
thereof costs in connection with utilization of infrastructure	0	0
thereof other purchased services	29	22
Costs of maintenance and production	28	11
Total	**77**	**48**

The deliveries and services purchased for self-created installations are included in cost of materials. Items capitalized in fixed assets are recognized via other capitalized own work.

(18) Personnel expenses

€ million	2012	2011
WAGES AND SALARIES		
for employees	168	156
for assigned civil servants		
Payment to the BEV in accordance with Art. 2 Section 21 (1) and (2) ENeuOG	9	12
Directly paid ancillary compensation	1	1
Total	**178**	**169**
SOCIAL SECURITY, PENSION AND OTHER BENEFIT COSTS [1]		
for employees	44	29
for assigned civil servants	2	3
Payment to the BEV in accordance with Art. 2 Section 21 (1) and (2) ENeuOG		
Total	**46**	**32**
thereof for pensions	22	11
Total	**224**	**201**

[1] Also includes benefit payments, for instance to former employees or their surviving dependants.

(19) Other operating expenses

€ million	2012	2011
Costs of leasing and rental arrangements	295	280
Legal, consultancy and auditing fees	18	18
Fees and contributions	11	10
Costs of insurance	44	45
Costs of advertising and sales promotion	2	2
Costs of printed matter and stationery	2	2
Traveling and entertainment expenses	10	10
Research and development costs	0	0
Other purchased services	317	295
thereof purchased IT services	33	31
thereof other communication services	1	1
thereof other services	283	263
Costs of claims for damages	38	1
Impairments recognized in relation to receivables and other assets	0	0
Losses from the disposal of property, plant and equipment and intangible assets	2	1
Other operating taxes	0	1
Other costs	244	116
thereof other personnel-related expenses	17	11
thereof exchange rate losses	13	14
thereof miscellaneous other expenses	214	91
Total	**983**	**781**
thereof attributable to other periods	2	1

(20) Net investment income

€ million	2012	2011
Income from investments	8	29
thereof from affiliated companies	8	29
Income from associated companies	0	0
Income from profit transfer agreements	1,476	1,322
Expenses from loss absorption	- 54	- 84
Total	**1,430**	**1,267**

(21) Net interest income

€ million	2012	2011
Income from other long-term securities and loans	524	499
thereof from affiliated companies	524	499
Other interest and similar income	69	74
thereof from affiliated companies	44	54
Interest and similar expenses	- 578	- 526
thereof to affiliated companies	- 394	- 350
thereof from the compounding of provisions	- 82	- 65
thereof net interest from asset netting	- 1	- 1
thereof income from cover funds	1	1
thereof costs of compounding of corresponding provisions	- 2	- 2
Total	**15**	**47**

In the year under review, interest paid amounted to € 487 million (previous year: € 460 million) and interest received amounted to € 580 million (previous year: € 541 million). For the sake of simplicity, premiums and discounts have been included in the above figures.

(22) Taxes on income

The taxes on income include an amount of € 6 million for expenses attributable to other periods.

NOTES TO THE STATEMENT OF CASH FLOWS

The structure of the statement of cash flows is consistent with recommendations of the German Accounting Standard No. 2 (DRS 2) Cash Flow Statements developed by the German Standardization Council of the German Accounting Standards Committee e.V. (Deutsches Rechnungslegungs Standards Committee e.V.; DRSC).

The statement of cash flows is broken down into cash flows from operating activities, cash flows from investing activities and cash flows from financing activities. The cash flows from operating activities also include the cash flows before taxes.

(23) Cash and cash equivalents

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

OTHER DISCLOSURES

(24) Shareholdings

The complete list of shareholdings is set out on pages 84 to 100.

(25) Employees

	2012		2011	
FTE	Annual average	At year end	Annual average	At year end
Employees	2,119	2,166	2,026	2,071
Assigned civil servants	199	192	220	208
Subtotal	**2,318**	**2,358**	**2,246**	**2,279**
Trainees / apprentices	5	12	1	2
Total	**2,323**	**2,370**	**2,247**	**2,281**

In order to improve comparability, the number of employees within DB Group is expressed in full-time equivalents (FTE). Figures for part-time employees are converted into full-time equivalents using the ratio between their actual annual working hours and the collectively agreed annual working hours.

Civil servants have in general been assigned to DB AG at the point at which this company was registered in accordance with Art. 2 Section 12 ENeuOG ("assigned civil servants"). They work for DB AG, and their employer is the Federal Railway Fund.

(26) Members and compensation of the Management Board and the Supervisory Board

€ thousand	2012	2011
Total remuneration of the Management Board	8,700	7,933
thereof fixed	3,212	3,135
thereof variable	5,488	4,798
Remuneration of former members of the Management Board	3,693	3,246
Pension provisions for former members of the Management Board	52,193	52,977
Total remuneration of the Supervisory Board	843	910

The total renumeration of the Management Board consists of a fixed basic payment totaling € 3,083 thousand, a profit-linked annual bonus of € 3,922 thousand and a long-term incentive plan (€ 1,566 thousand). The total payment also includes the benefit commitments, the other commitments as well as incidental benefits.

No loans or 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.

MEMBERS OF THE MANAGEMENT BOARD IN THE YEAR UNDER REVIEW:

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) > Allianz SE (Advisory Board)
> 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 AG[1)]
> Schenker AG[1)]
> DB International GmbH[1)]
> DB Sicherheit GmbH[1)]
> DEVK Rückversicherungs- und Beteiligungs-Aktiengesellschaft
b) > DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn (Advisory Board)

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
Human Resources,
Member of the Management Board of DB Mobility Logistics AG,
Krefeld
a) > DB Schenker Rail AG[1)]
> Schenker AG[1)]
> DB Gastronomie GmbH[1)] (Chairman)
> DB JobService GmbH[1)] (Chairman)
> DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn
> DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn
> HDI-Gerling Industrie Versicherung AG
b) > DB Zeitarbeit GmbH[1)] (Advisory Board, Chairman)
> Sparda-Bank West eG

THE FOLLOWING PERSONS SERVED ON THE SUPERVISORY BOARD IN THE YEAR UNDER REVIEW:

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/Schweiz (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) > g.e.b.b. Gesellschaft für Entwicklung, Beschaffung und Betrieb mbH
> KfW IPEX-Bank GmbH

Christoph Dänzer-Vanotti
Lawyer,
Essen
a) > E.ON Energy from Waste AG
b) > RAG Stiftung

Patrick Döring
Member of the German Bundestag,
Hanover
a) > VIFG Verkehrsinfrastrukturfinanzierungs-gesellschaft mbH
b) > DFS Deutsche Flugsicherung GmbH (Advisory Board)

Dr.-Ing. Dr. E.h. Jürgen Großmann
Shareholder Georgsmarienhütte Holding GmbH,
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
> RAG Stiftung

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 AG,
Chairman of the Branch works Council of DB Mobility Logistics AG,
Hamm
a) > DB Schenker Rail 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
– up to June 20, 2012 –
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 Branch Works Council services of DB Group,
Chairman of the Works Council of DB Dienstleistungen GmbH,
Eppstein/Taunus
– up to June 30, 2012 –
b) > DB Dienstleistungen GmbH (Advisory Board)

Dr. Jürgen Krumnow
Former member of the Management Board of Deutsche Bank AG,
Wiesbaden
a) > DB Mobility Logistics AG
> Lenze SE (Chairman)
b) > Peek & Cloppenburg KG (Advisory Board)

Prof. Dr. Knut Löschke
Management consultant,
Leipzig
a) > Stratos Aktiengesellschaft
b) > Druck und Werte GmbH (Advisory Board, Chairman)
> Technische Universität Dresden
> Universitätsklinikum Leipzig, AÖR

Vitus Miller*
Chairman of the Central Works Council Regional/
Urban Transport of DB Group,
Stuttgart
a) > DB Regio AG

Fred Nowka*
Chairman of the Central Works Council of DB Netz AG,
Glinzig
– since August 30, 2012 –
b) > DEVK Lebensversicherungsverein a.G. (Advisory Board)

Michael Odenwald
State Secretary in the Federal Ministry of Transport,
Building and Urban Affairs,
Kleinmachnow
– since October 11, 2012 –
a) > DB Mobility Logistics AG
> DFS Deutsche Flugsicherung GmbH (Chairman)
> Fraport AG

Ute Plambeck*
Management Representative Deutsche Bahn of Hamburg/
Schleswig-Holstein,
Hamburg
a) > Autokraft GmbH (Chairman)
> 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 AG,
south-east branch,
Süptitz
a) > DB Schenker Rail 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 (Chairwoman)
> DEVK Allgemeine Versicherungs-AG
> DEVK Pensionsfonds-AG

Prof. Klaus-Dieter Scheurle
State Secretary in the Federal Ministry of Transport,
Building and Urban Affairs,
Bonn
– up to October 10, 2012 –
a) > DB Mobility Logistics AG
> Fraport AG

Jens Schwarz*
Chairman of the Group Works Council
of Deutsche Bahn AG,
Chemnitz
– since August 30, 2012 –
a) > DB-Fahrzeuginstandhaltung GmbH
b) > DEVK Allgemeine Lebensversicherungs-AG

Dr.-Ing. E.h. Dipl.-Ing. Heinrich Weiss
Chairman of the Management Board of SMS Holding GmbH,
Meerbusch-Büderich
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)
Alexander Kirchner
Sts Michael Odenwald
Jens Schwarz

Audit and Compliance Committee
Dr. Jürgen Krumnow (Chairman)
Jörg Hensel
Sts Michael Odenwald
Regina Rusch-Ziemba

Personnel Committee
Prof. Dr. Dr. Utz-Hellmuth Felcht (Chairman)
Alexander Kirchner
Sts Michael Odenwald
Jens Schwarz

Member of the mediation Committee according to §27 Section 3 of the German Codetermination Act (MitbestG)
Prof. Dr. Dr. Utz-Hellmuth Felcht (Chairman)
Alexander Kirchner
Sts Michael Odenwald
Jens Schwarz

* 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, 2012 or the time of leaving the services of the company in 2012. If appointed after December 31, 2012, the time of appointment is used.

(27) Auditor's fees

Information concerning the fees of the company's auditor has not been disclosed, because this information is included in the consolidated financial statements of DB AG.

(28) Events after the balance sheet date

Events after the closing date are detailed in the management report.

(29) Proposal for appropriation of profits

The following proposal is made to the shareholders' meeting: The cumulative profit reported as of December 31, 2012 (€ 4,888,856,318.48) should be used to pay a dividend of € 525,000,000.00, and the remainder of € 4,363,856,318.48 should be carried forward to the new account.

Berlin, February 20, 2013

Deutsche Bahn Aktiengesellschaft
The Management Board

List of shareholdings

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	6,117	100.00
DB European Railservice GmbH, Dortmund [2]	EUR	-42	100.00
DB Fernverkehr Aktiengesellschaft, Frankfurt am Main [2]	EUR	2,226,631	100.00
DB Reise & Touristik Suisse SA, Basel/Switzerland	CHF	690	100.00
DBAutoZug GmbH, Dortmund [2]	EUR	131,012	100.00
GERMAN RAIL UK LIMITED, London/Great Britain	GBP	-23	100.00
le train DB S.A.S i.L., Paris/France	EUR	1,481	100.00
AT EQUITY			
Alleo GmbH, Saarbrücken [2), 3)]	EUR	190	50.00
RailLink B.V., Amsterdam/the Netherlands [2), 5)]	EUR	12	25.00
Railteam B.V., Amsterdam/the Netherlands [2), 5)]	EUR	127	25.00
Rheinalp GmbH, Freiburg im Breisgau [2), 3)]	EUR	116	50.00
DB BAHN REGIONAL			
FULLY CONSOLIDATED			
A. Philippi GmbH, Querschied [2]	EUR	435	100.00
Autokraft GmbH, Kiel [2]	EUR	9,752	100.00
Bayern Express & P. Kühn Berlin GmbH, Berlin [2]	EUR	4,165	100.00
BBH BahnBus Hochstift GmbH, Paderborn [2]	EUR	2,277	100.00
BERLIN LINIEN BUS Gesellschaft mit beschränkter Haftung, Berlin	EUR	26	65.00
BRN Busverkehr Rhein-Neckar GmbH, Ludwigshafen am Rhein [2]	EUR	13,704	100.00
BRS Busverkehr Ruhr-Sieg GmbH, Meschede [2]	EUR	4,666	100.00
Busverkehr Märkisch-Oderland GmbH, Strausberg	EUR	6,042	51.17
Busverkehr Oder-Spree GmbH, Fürstenwalde	EUR	3,252	51.17
BVO Busverkehr OstWestphalia GmbH, Bielefeld [2]	EUR	11,921	100.00
BVR Busverkehr Rheinland GmbH, Düsseldorf [2]	EUR	4,391	100.00
DB Busverkehr Hessen GmbH, Weiterstadt [2]	EUR	1,982	100.00
DB Regio Aktiengesellschaft, Frankfurt am Main [2]	EUR	1,892,025	100.00
DB Regio Bus Bayern GmbH, Coburg [2]	EUR	1,056	100.00
DB Regio Bus Ost GmbH, Potsdam [2]	EUR	26	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
DB RegioNetz Verkehrs GmbH, Frankfurt am Main [2]	EUR	68,556	100.00
DB Verkehrsgesellschaft mbH, Leipzig	EUR	8,485	100.00
DB ZugBus Regionalverkehr Alb-Bodensee GmbH (RAB), Ulm [2]	EUR	25,691	100.00
Friedrich Müller Omnibusunternehmen GmbH, Schwäbisch Hall [2]	EUR	443	100.00
Haller Busbetrieb GmbH, Walsrode-Honerdingen [2]	EUR	125	100.00
Hanekamp Busreisen GmbH, Cloppenburg [2]	EUR	562	100.00
KOB GmbH, Oberthulba	EUR	910	70.00
NVO Nahverkehr OstWestphalia GmbH, Münster/Westphalia [2]	EUR	1,395	100.00
Omnibusverkehr Franken GmbH (OVF), Nuremberg [2]	EUR	14,053	100.00
ORN Omnibusverkehr Rhein-Nahe GmbH, Mainz [2]	EUR	5,385	100.00
RBO Regionalbus Ostbayern GmbH, Regensburg [2]	EUR	10,409	100.00
Regional Bus Stuttgart GmbH RBS, Stuttgart [2]	EUR	16,631	100.00
Regionalbus Braunschweig GmbH –RBB–, Brunswick [2]	EUR	7,182	100.00
Regionalverkehr Allgäu GmbH (RVA), Oberstdorf [2]	EUR	3,077	70.00
Regionalverkehr Dresden GmbH, Dresden	EUR	6,055	51.00
Regionalverkehr Kurhessen GmbH (RKH), Kassel [2]	EUR	15,494	100.00
Regionalverkehr Oberbayern Gesellschaft mit beschränkter Haftung, Munich [2]	EUR	12,111	100.00
RegioTram Betriebsgesellschaft mbH, Kassel	EUR	226	50.96
rhb rheinhunsrückbus GmbH, Simmern	EUR	165	48.69
Rheinpfalzbus GmbH, Ludwigshafen am Rhein [2]	EUR	228	100.00
Rhein-Westerwald Nahverkehr GmbH, Montabaur	EUR	59	61.36
RMV Rhein-Mosel Verkehrsgesellschaft mbH, Koblenz [2]	EUR	9,744	74.90
RVE Regionalverkehr Euregio Maas-Rhein GmbH, Aachen [2]	EUR	1,380	100.00
RVN Regionalverkehr Niederrhein GmbH, Wesel [2]	EUR	555	100.00
RVS Regionalbusverkehr Südwest GmbH, Karlsruhe [2]	EUR	7,330	100.00
Saar-Pfalz-Bus GmbH, Saarbrücken [2]	EUR	9,496	100.00
S-Bahn Berlin GmbH, Berlin [2]	EUR	171,383	100.00
S-Bahn Hamburg GmbH, Hamburg [2]	EUR	62,142	100.00
SBG SüdbadenBus GmbH, Freiburg im Breisgau [2]	EUR	7,184	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
Südwest Mobil GmbH, Mainz [2]	EUR	62	100.00
Verkehrsgesellschaft mbH Untermain -VU-, Aschaffenburg [2]	EUR	2,602	100.00
WB Westphalia Bus GmbH, Münster/Westphalia [2]	EUR	6,065	100.00
Weser-Ems Busverkehr GmbH (WEB), Bremen [2]	EUR	10,592	100.00
Zentral-Omnibusbahnhof Berlin GmbH, Berlin [2]	EUR	414	100.00
AT EQUITY			
"Steig ein" GmbH, Kempten [2), 4)]	EUR	17	23.33
Bodensee-Oberschwaben Verkehrsverbundgesellschaft mit beschränkter Haftung, Ravensburg [2), 4)]	EUR	99	25.31
Connect-Fahrplanauskunft GmbH, Hanover [2), 4)]	EUR	77	42.00
die linie GmbH, Kellinghusen [2), 4)]	EUR	1,073	25.00
ETP EURO TRAFFIC PARTNER GmbH, Chemnitz [2), 4)]	EUR	388	12.75
FahrBus Ostalb GmbH, Aalen	EUR	0	49.90
Filsland Mobilitätsverbund GmbH, Göppingen [2), 4)]	EUR	26	30.00
FSN Fahrzeugservice Neunkirchen GmbH, Neunkirchen [2), 3)]	EUR	162	47.50
Hövelhofer Ortsbus GmbH (HOB), Rheda-Wiedenbrück [2), 4)]	EUR	26	50.00
Kahlgrund-Verkehrs-Gesellschaft mit beschränkter Haftung, Schöllkrippen [2), 4)]	EUR	8,173	28.00
Kitzinger Nahverkehrsgemeinschaft (KiNG), Kitzingen	EUR	0	50.00
Kreisbahn Aurich GmbH, Aurich [2), 3), 4)]	EUR	1,169	33.33
Main-Spessart-Nahverkehrsgesellschaft mbH, Gemünden am Main [2), 4)]	EUR	107	25.00
Niedersachsentarif GmbH, Hanover [2), 4)]	EUR	25	8.33
NSH Nahverkehr Schleswig-Holstein GmbH, Kiel [2), 5)]	EUR	71	46.90
OWL Verkehr GmbH, Bielefeld [2), 4)]	EUR	54	28.70
RBP Regionalbusverkehr Passau Land GmbH, Bad Füssing [2), 4)]	EUR	73	33.33
Regionalverkehr Bayerisch Schwaben GmbH (RBS) i.L., Augsburg [2), 4)]	EUR	118	50.00
Regio-Verkehrsverbund Freiburg GmbH (RVF), Freiburg [2), 4)]	EUR	323	45.00
Rhein-Nahe Nahverkehrsverbund GmbH, Ingelheim am Rhein [2), 4)]	EUR	126	38.33
Saarländische Nahverkehrs-Service GmbH, Saarbrücken [2), 5)]	EUR	50	30.00
stadtbus Ravensburg Weingarten GmbH, Ravensburg [2), 4)]	EUR	25	45.20

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
TGO – Tarifverbund Ortenau GmbH, Offenburg [2), 4)]	EUR	218	48.50
Unternehmensgesellschaft Verkehrsverbund Rhein-Neckar GmbH (URN GmbH), Mannheim [2), 4)]	EUR	214	33.94
UVW Unternehmensverbund Westpfalz GmbH, Kaiserslautern [2), 4)]	EUR	43	61.67
Verkehrsgemeinschaft Aalen GmbH, Aalen [2), 4)]	EUR	70	26.67
Verkehrsgemeinschaft Mittelthüringen GmbH (VMT), Erfurt [2), 4)]	EUR	67	16.67
Verkehrsgemeinschaft Schwäbisch Gmünd GmbH (VSG), Schwäbisch Gmünd [2), 4)]	EUR	26	25.00
Verkehrsgesellschaft Landkreis Nienburg mbH (VLN), Nienburg an der Weser [2), 4)]	EUR	26	47.00
VerkehrsGesellschaft Main-Tauber mbH (VGMT), Lauda-Königshofen [2), 4)]	EUR	50	42.19
Verkehrsunternehmen Hegau-Bodensee Verbund GmbH (VH2), Constance [2), 4)]	EUR	30	34.00
Verkehrsunternehmens-Verbund Mainfranken GmbH – VVM, Würzburg [2), 4)]	EUR	28	19.82
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), 5)]	EUR	17	45.00
Verkehrsverbund Süd-Niedersachsen GmbH (VSN), Göttingen [2), 4)]	EUR	85	33.08
VGC Verkehrsgesellschaft Bäderkreis Calw mbH, Calw [2), 5)]	EUR	327	32.50
VHN Verkehrsholding Nord GmbH & Co. KG, Flensburg [2]	EUR	720	20.00
VHN Verwaltungsgesellschaft mbH, Flensburg [2]	EUR	617	20.00
VMS Verkehrs-Management und Service GmbH, Trier [2), 3)]	EUR	59	38.46
Völklinger Verkehrsgesellschaft mbH, Völklingen [2), 5)]	EUR	235	25.50
WNS Westpfälzische Nahverkehrs-Service GmbH, Kaiserslautern [2), 3)]	EUR	269	45.00
WTV Waldshuter Tarifverbund GmbH, Waldshut-Tiengen [2), 5)]	EUR	82	40.00
ZOB Zentral-Omnibus-Bahnhof GmbH, Bremen [2), 4)]	EUR	27	25.60
AT COST			
Regio Verkehrsverbund Lörrach GmbH (RVL), Lörrach [2), 4)]	EUR	202	54.00
Verkehrsverbund Rottweil GmbH (VVR), Rottweil [2), 4)]	EUR	82	70.20
vgf Verkehrs- Gemeinschaft Landkreis Freudenstadt GmbH, Waldachtal [2), 4)]	EUR	149	52.92

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
DB ARRIVA			
FULLY CONSOLIDATED			
A & T Motor Retailing Limited, Sunderland / Great Britain	GBP	1,525	100.00
ACTIJOVEN CONSULTING & TRAVELLING s.l., Madrid / Spain	EUR	530	100.00
AJ Transit Limited, Sunderland / Great Britain	GBP	0	100.00
Alliance Rail Holdings Ltd, York / Great Britain	GBP	- 660	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	0	100.00
Ambuline Limited, Birmingham / Great Britain	GBP	749	100.00
Ambuline Training Limited, Birmingham / Great Britain	GBP	1	100.00
APS (Leasing) Ltd, Sunderland / Great Britain	GBP	2,143	100.00
Arriva (2007) Limited, Sunderland / Great Britain	GBP	484,262	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	5,304	100.00
Arriva Beheer NV, Heerenveen / the Netherlands	EUR	3,858	100.00
Arriva Brabant BV, Heerenveen / the Netherlands	EUR	758	100.00
Arriva Bus & Coach Holdings Limited, Sunderland / Great Britain	GBP	29,345	100.00
Arriva Bus and Coach Finance Ltd, Sunderland / Great Britain	GBP	2,468	100.00
Arriva Bus and Coach Ltd, Sunderland / Great Britain	GBP	8,687	100.00
Arriva Bus and Coach Rental (1) Ltd, Sunderland / Great Britain	GBP	0	100.00
Arriva Bus and Coach Rental (2) Ltd, Sunderland / Great Britain	GBP	0	100.00
Arriva Bus and Coach Rental (3) Ltd, Sunderland / Great Britain	GBP	0	100.00
Arriva Bus and Coach Rental (4) Ltd, Sunderland / Great Britain	GBP	11,161	100.00
Arriva Busfleet NV, Heerenveen / the Netherlands	EUR	13,428	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
Arriva Cheshire Limited, Sunderland / Great Britain	GBP	0	100.00
Arriva Colchester Limited, Sunderland / Great Britain	GBP	0	100.00
Arriva Concessie BV, Heerenveen / the Netherlands	EUR	18	100.00
Arriva Coöperatie W.A., Heerenveen / the Netherlands	EUR	690,057	100.00
Arriva Croydon & North Surrey Limited, Sunderland / Great Britain	GBP	0	100.00
Arriva Cymru Limited, Sunderland / Great Britain	GBP	33,526	100.00
Arriva Danmark A/S, Kastrup / Denmark	DKK	1,689,455	100.00
Arriva DAV BV, Heerenveen / the Netherlands	EUR	3,169	100.00
Arriva Derby Limited, Sunderland / Great Britain	GBP	9,112	100.00
Arriva Durham County Limited, Sunderland / Great Britain	GBP	10,701	100.00
Arriva East Herts & Essex Ltd, Sunderland / Great Britain	GBP	1,926	100.00
Arriva Finance Holding BV, Heerenveen / the Netherlands	EUR	76,550	100.00
Arriva Finance Lease Limited, Sunderland / Great Britain	GBP	7,035	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	3,399	100.00
Arriva Holding Česká Republika s.r.o., Prague / Czech Republic	CZK	612,922	100.00
Arriva Hongarije Holding BV, Heerenveen / the Netherlands	EUR	33,468	100.00
Arriva HWGO BV, Heerenveen / the Netherlands	EUR	726	100.00
Arriva Insurance A/S, Kastrup / Denmark	DKK	56,597	100.00
Arriva Insurance Company (Gibraltar) Limited, Gibraltar / Gibraltar	GBP	5,179	100.00
Arriva International (2) Limited, Sunderland / Great Britain	GBP	31	100.00
Arriva International (7) Limited, Sunderland / Great Britain	GBP	212,025	100.00
Arriva International (Northern Europe) Limited, Sunderland / Great Britain	EUR	355,460	100.00
Arriva International (Southern Europe) Limited, Sunderland / Great Britain	EUR	355,460	100.00
Arriva International Finance Limited, Sunderland / Great Britain	EUR	297,331	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
Arriva International Limited, Sunderland/Great Britain	GBP	320,537	100.00
Arriva International Trains (Leasing) Limited, Sunderland/Great Britain	EUR	19,824	100.00
ARRIVA INVESTIMENTOS SGPS, SA, Almada/Portugal	EUR	216,875	99.99
Arriva Italia Rail S.R.L., Milan/Italy	EUR	-116	100.00
Arriva Italia s.r.l., Milan/Italy	EUR	188,310	99.99
Arriva Kent & Surrey Limited, Sunderland/Great Britain	GBP	69,681	100.00
Arriva Kent Thameside Limited, Sunderland/Great Britain	GBP	58,498	100.00
Arriva Leasing (UK) Limited, Sunderland/Great Britain	GBP	0	100.00
ARRIVA LISBOA TRANSPORTES SA, Almada/Portugal	EUR	7	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	99,951	100.00
ARRIVA LONDON SOUTH LTD, Sunderland/Great Britain	GBP	31,216	100.00
Arriva Malta Finance & Investments Limited, Valletta/Malta	EUR	587,206	99.99
Arriva Malta Holdings Limited, Valletta/Malta	EUR	597,754	100.00
Arriva Malta Limited, Qormi/Malta	EUR	-28,956	100.00
Arriva Manchester Limited, Sunderland/Great Britain	GBP	-109	100.00
Arriva Medway Towns Limited, Sunderland/Great Britain	GBP	7,646	100.00
Arriva Merseyside Limited, Sunderland/Great Britain	GBP	106,853	100.00
Arriva Midlands Limited, Sunderland/Great Britain	GBP	30,372	100.00
Arriva Midlands North Limited, Sunderland/Great Britain	GBP	50,517	100.00
Arriva Motor Holdings Limited, Sunderland/Great Britain	GBP	191,253	100.00
Arriva Motor Retailing Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva Multimodaal BV, Heerenveen/the Netherlands	EUR	18	100.00
Arriva Noroeste s.l., Ferrol/Spain	EUR	12,829	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
Arriva North East Limited, Sunderland/Great Britain	GBP	6,319	100.00
Arriva North West Limited, Sunderland/Great Britain	GBP	4,356	100.00
Arriva Northumbria Limited, Sunderland/Great Britain	GBP	15,119	100.00
Arriva Openbaar Vervoer NV, Heerenveen/the Netherlands	EUR	92,942	100.00
Arriva Östgötapendeln AB, Stockholm/Sweden	SEK	55,257	100.00
Arriva Passenger Services (International) Limited, Sunderland/Great Britain	GBP	-174	100.00
Arriva Passenger Services Limited, Sunderland/Great Britain	GBP	375,295	100.00
Arriva Passenger Services Pension Trustees Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva Personenvervoer Nederland BV, Heerenveen/the Netherlands	EUR	229,749	100.00
Arriva Plc, Sunderland/Great Britain	GBP	607,627	100.00
Arriva Poland Holding B.V., Heerenveen/the Netherlands	EUR	6,103	100.00
Arriva Polska Sp. z o.o., Warsaw/Poland	PLN	29,901	100.00
ARRIVA PORTUGAL – TRANSPORTES LDA, Guimaraes/Portugal	EUR	10,465	99.99
Arriva RP Sp. z o.o., Warsaw/Poland	PLN	5,998	100.00
Arriva Scotland West Limited, Inchinnan/Great Britain	GBP	2,001	100.00
Arriva Service s.r.o., Komárno/Slovakia	EUR	25,803	100.00
Arriva Slowakije Holding BV, Heerenveen/the Netherlands	EUR	19	100.00
Arriva Southend Limited, Sunderland/Great Britain	GBP	8,602	100.00
Arriva Southern Counties Limited, Sunderland/Great Britain	GBP	1,017	100.00
Arriva Sverige AB, Helsingborg/Sweden	SEK	541,103	100.00
Arriva Tag AB, Helsingborg/Sweden	SEK	27,069	100.00
Arriva Techniek BV, Heerenveen/the Netherlands	EUR	480	100.00
Arriva Tees & District Limited, Sunderland/Great Britain	GBP	1,221	100.00
Arriva Teesside Limited, Sunderland/Great Britain	GBP	1,412	100.00
Arriva the Shires Limited, Sunderland/Great Britain	GBP	61,628	100.00
Arriva Tog A/S, Kastrup/Denmark	DKK	363,565	100.00
Arriva Touring BV, Heerenveen/the Netherlands	EUR	2,008	100.00
Arriva Tours Ltd, Sunderland/Great Britain	GBP	0	100.00
Arriva Trains (Poland) Limited, Sunderland/Great Britain	EUR	691	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
Arriva Trains Merseyside Limited, Sunderland / Great Britain	GBP	0	100.00
Arriva Trains Northern Limited, Sunderland / Great Britain	GBP	0	100.00
Arriva Trains Scotrail Limited, Sunderland / Great Britain	GBP	0	100.00
Arriva Trains Wales Limited, Sunderland / Great Britain	GBP	56,562	100.00
Arriva Transport Solutions Limited, Sunderland / Great Britain	GBP	-1,350	100.00
ARRIVA TRANSPORTES DA MARGEM SUL, SA, Almada / Portugal	EUR	82,255	99.99
Arriva Trustee Company Limited, Sunderland / Great Britain	GBP	0	100.00
Arriva UK Trains Limited, Sunderland / Great Britain	GBP	176,969	100.00
Arriva vlaky s.r.o., Prague / Czech Republic	CZK	4,342	100.00
Arriva Wadden BV, Heerenveen / the Netherlands	EUR	2,417	100.00
Arriva Waterland Rivierenland BV, Heerenveen / the Netherlands	EUR	427	100.00
Arriva Watford Ltd, Sunderland / Great Britain	GBP	0	100.00
Arriva West Sussex Limited, Sunderland / Great Britain	GBP	4,331	100.00
Arriva Yorkshire Ltd, Sunderland / Great Britain	GBP	37,288	100.00
Arriva Yorkshire North Ltd, Sunderland / Great Britain	GBP	1,533	100.00
Arriva Yorkshire South Ltd, Sunderland / Great Britain	GBP	0	100.00
Arriva Yorkshire West Ltd, Sunderland / Great Britain	GBP	6,706	100.00
Arriva Zuid Europa Holding BV, Heerenveen / the Netherlands	EUR	570,350	100.00
Arrowline (Travel) Limited, Sunderland / Great Britain	GBP	0	100.00
At Seat Catering (2003) Limited, Sunderland / Great Britain	GBP	1	100.00
AUTOBUSES GREISI S.L., Madrid / Spain	EUR	340	100.00
AUTOCARES FRAY ESCOBA SLU, Madrid / Spain	EUR	644	100.00
Autocares Mallorca, s.l., Alcudia / Spain	EUR	4,863	100.00
Autoservizi F.V.G. S.P.A. - SAF, Udine / Italy	EUR	54,029	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

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
Bergamo Trasporti Ovest S.c.a.r.l., Bergamo / Italy	EUR	10	65.76
BOSAK BUS spol. s r.o., Dobris / Czech Republic	CZK	58,003	100.00
Botniatag AB, Stockholm / Sweden	SEK	4,202	60.00
British Bus (1993) Limited, Sunderland / Great Britain	GBP	0	100.00
British Bus (Properties) Limited, Sunderland / Great Britain	GBP	69,234	100.00
British Bus Group Limited, Sunderland / Great Britain	GBP	0	100.00
British Bus Limited, Sunderland / Great Britain	GBP	- 5,561	100.00
Broadwood Finance Company Limited, Sunderland / Great Britain	GBP	31,888	100.00
Bus Nort Balear s.l., Alcudia / Spain	EUR	499	100.00
BUSDAN 27 ApS, Kastrup / Denmark	DKK	39,875	100.00
BUSDAN 28 ApS, Kastrup / Denmark	DKK	16,892	100.00
BUSDAN 29 ApS, Kastrup / Denmark	DKK	16,802	100.00
BUSDAN 29.1 ApS, Kastrup / Denmark	DKK	18,988	100.00
BUSDAN 30 ApS, Kastrup / Denmark	DKK	44,186	100.00
BUSDAN 31 ApS, Kastrup / Denmark	DKK	34,100	100.00
BUSDAN 32 ApS, Kastrup / Denmark	DKK	28,643	100.00
Busdan 32.1 A/S, Kastrup / Denmark	DKK	234,440	100.00
BUSDAN 33 ApS, Kastrup / Denmark	DKK	174,885	100.00
BWS Cymru Cyfyngedig, Sunderland / Great Britain	GBP	0	100.00
Caserapid Limited, Sunderland / Great Britain	GBP	0	100.00
Chase Coaches Limited, Sunderland / Great Britain	GBP	0	100.00
Chiltern Railway Company Limited, London / Great Britain	GBP	- 41,425	100.00
Classic Buses (Stanley) Limited, Sunderland / Great Britain	GBP	0	100.00
Classic Coaches (Continental) Limited, Sunderland / Great Britain	GBP	483	100.00
Classic Trim Ltd, Sunderland / Great Britain	GBP	0	100.00
Clydeside Buses Limited, Sunderland / Great Britain	GBP	0	100.00
Cooperativa Bergamasca Trasporti a r.l., Bergamo / Italy	EUR	- 69	59.52
County Bus Holdings Ltd, Sunderland / Great Britain	GBP	0	100.00
Cowie Aviation Limited, Sunderland / Great Britain	GBP	0	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1)]	Ownership in %
Cowie Contract Hire Limited, Sunderland/Great Britain	GBP	0	100.00
Cowie Lease Limited, Sunderland/Great Britain	GBP	0	100.00
Crosville Bus Limited, Sunderland/Great Britain	GBP	0	100.00
Curtis Coaches Limited, Sunderland/Great Britain	GBP	0	100.00
DB Regio Tyne and Wear Limited, London/Great Britain	GBP	-2,399	100.00
DB Regio UK Limited, London/Great Britain	GBP	-3,462	100.00
Derby City Transport Limited, Sunderland/Great Britain	GBP	0	100.00
Derby Omnibus Limited, Sunderland/Great Britain	GBP	0	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	131,227	100.00
ESFERA BUS SLU, Madrid/Spain	EUR	1,774	100.00
ESFERA UNIVERSAL SLU, Madrid/Spain	EUR	25,127	100.00
Estacion de autobuses de Ferrol S.A., Ferrol/Spain	EUR	295	80.14
ET Trains Limited, Sunderland/Great Britain	GBP	0	100.00
EUROBUS-INVEST Regionális Közlekedésfejlesztési Zrt, Budapest/Hungary	HUF	3,438,582	100.00
Eurocare Travel Ltd, Sunderland/Great Britain	GBP	302	100.00
Excel Gatwick Limited, Sunderland/Great Britain	GBP	0	100.00
Excel Passenger Logistics Limited, Sunderland/Great Britain	GBP	0	100.00
Fareway Passenger Services Limited, Sunderland/Great Britain	GBP	0	100.00
Fickling Investments Limited, Sunderland/Great Britain	GBP	0	100.00
Flight Delay Services Limited, Sunderland/Great Britain	GBP	0	100.00
Foxhound Limited, Sunderland/Great Britain	GBP	0	100.00
GCRC Holdings Limited, Bristol/Great Britain	GBP	46,489	100.00
Grand Central Railway Company Limited, Bristol/Great Britain	GBP	-37,356	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1)]	Ownership in %
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
Green Travel Limited, Sunderland/Great Britain	GBP	0	100.00
Greenline Travel Ltd, Sunderland/Great Britain	GBP	8	100.00
Grey Green Ltd, Sunderland/Great Britain	GBP	0	100.00
Guildford & West Surrey Buses Limited, Sunderland/Great Britain	GBP	0	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	0	100.00
Horsham Buses Limited, Sunderland/Great Britain	GBP	0	100.00
Hylton Castle Motors Limited, Sunderland/Great Britain	GBP	0	100.00
JTL 2004 ApS, Kastrup/Denmark	DKK	10,129	100.00
JTL 2009 ApS, Kastrup/Denmark	DKK	23,783	100.00
K Line Travel Ltd, Sunderland/Great Britain	GBP	0	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	0	100.00
Liverline Travel Services Limited, Sunderland/Great Britain	GBP	0	100.00
LJ Transit (Southern) Limited, Sunderland/Great Britain	GBP	0	100.00
London & Country Ltd, Sunderland/Great Britain	GBP	0	100.00
London and North Western Railway Company Limited, Sunderland/Great Britain	GBP	2,655	99.97
London Country Bus (North West) Ltd, Sunderland/Great Britain	GBP	0	100.00
London Pride (Bus Sales) Ltd, Sunderland/Great Britain	GBP	0	100.00
London Pride Bus and Coach Sales Ltd, Sunderland/Great Britain	GBP	0	100.00
London Pride Engineering Ltd, Sunderland/Great Britain	GBP	0	100.00
London Pride Group Ltd, Sunderland/Great Britain	GBP	0	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
London Pride Sightseeing Ltd, Sunderland/Great Britain	GBP	3,389	100.00
Londonlinks Buses Limited, Sunderland/Great Britain	GBP	0	100.00
M40 Trains Limited, London/Great Britain	GBP	41,339	100.00
Maidstone & District Advertising Limited, Sunderland/Great Britain	GBP	0	100.00
Maidstone & District Motor Services Ltd, Sunderland/Great Britain	GBP	0	100.00
Maldencrest Limited, Sunderland/Great Britain	GBP	0	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	0	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	9,830	100.00
Moor-dale Coaches Limited, Sunderland/Great Britain	GBP	500	100.00
Motor Coach Holdings Limited, Sunderland/Great Britain	GBP	0	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	29,325	100.00
MTL Transport Limited, Sunderland/Great Britain	GBP	0	100.00
MTL Transport Services Limited, Sunderland/Great Britain	GBP	0	100.00
MTL Trust Holdings Limited, Sunderland/Great Britain	GBP	0	100.00
NETOSEC SLU, Madrid/Spain	EUR	250	100.00
Network Colchester Limited, Sunderland/Great Britain	GBP	335	100.00
New Enterprise Coaches (Tonbridge) Limited, Sunderland/Great Britain	GBP	-159	100.00
North British Bus Limited, Sunderland/Great Britain	GBP	0	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
North East Bus Limited, Sunderland/Great Britain	GBP	0	100.00
North East Bus Properties Limited, Sunderland/Great Britain	GBP	0	100.00
North Western Road Car Company Limited, Sunderland/Great Britain	GBP	0	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	0	100.00
Northern Spirit Trains Limited, Sunderland/Great Britain	GBP	0	100.00
Northern Spirit Transport Limited, Sunderland/Great Britain	GBP	0	100.00
Northumbria Motor Services Limited, Sunderland/Great Britain	GBP	0	100.00
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	0	100.00
OFJ Ground Services Limited, Sunderland/Great Britain	GBP	0	100.00
OSNADO spol. s.r.o., Svoboda nad Úpou/Czech Republic	CZK	43,683	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	0	100.00
RDS bus s.r.o., Babylon/Czech Republic	CZK	-1,131	100.00
Regional Railways North East Limited, Sunderland/Great Britain	GBP	0	100.00
RIVIERA TRASPORTI LINEA S.P.A., Imperia/Italy	EUR	590	79.99
Runway Motors (Bristol) Limited, Sunderland/Great Britain	GBP	0	100.00
S.A.B. AUTOSERVIZI S.R.L., Bergamo/Italy	EUR	31,461	99.99
S.A.L. Servizi automobilistici Lecchesi S.R.L., Lecco/Italy	EUR	6,764	99.99
S.I.A. Societa Italiana Autoservizi S.P.A., Brescia/Italy	EUR	41,764	99.99

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
SAB Piemonte S.r.l. a socio unico, Grugliasco (TO)/Italy	EUR	6,554	99.99
SADEM – SOCIETÀ PER AZIONI, Turin/Italy	EUR	18,173	99.99
SAIA TRASPORTI S.P.A., Brescia/Italy	EUR	20,950	99.99
Selby and District Bus Company Limited, Sunderland/Great Britain	GBP	0	100.00
SERVICIOS INTEGRALES BUS & TRUCK S.A., Madrid/Spain	EUR	395	100.00
Slovenská autobusová doprava Michalovce, a.s., Michalovce/Slovakia	EUR	9,828	60.14
Slovenská autobusová doprava Nove Zamky, a.s., Nove Zamky/Slovakia	EUR	8,011	60.36
South Lancashire Transport Company Limited, Sunderland/Great Britain	GBP	0	100.00
Stevensons Bus Services Limited, Sunderland/Great Britain	GBP	0	100.00
Stevensons of Uttoxeter Limited, Sunderland/Great Britain	GBP	465	100.00
T.Cowie Property Developments (Sheffield) Limited, Sunderland/Great Britain	GBP	0	100.00
Teesside Bus Services Ltd, Sunderland/Great Britain	GBP	0	100.00
Teesside Motor Services Limited, Sunderland/Great Britain	GBP	0	100.00
Tellings Golden Miller Limited, Sunderland/Great Britain	GBP	-828	100.00
TGM (Holdings) Limited, Sunderland/Great Britain	GBP	9,797	100.00
TGMGroup Limited, Sunderland/Great Britain	GBP	4,144	100.00
The Beeline Buzz Company Limited, Sunderland/Great Britain	GBP	0	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	6,953	100.00
The Original Passenger Picture Show Limited, Sunderland/Great Britain	GBP	0	100.00
The Proudmutual Transport Group Limited, Sunderland/Great Britain	GBP	0	100.00
TL Trains Limited, Sunderland/Great Britain	GBP	0	100.00
Transcare Solutions Limited, Sunderland/Great Britain	GBP	-14	100.00
TRANSCENTRUM bus s.r.o., Kosmonosy/Czech Republic	CZK	64,519	100.00
Transportes Sul do Tejo S.A., Almada/Portugal	EUR	4,171	99.99
TRANSURBANOS DE GUIMARAES TP, LDA, Guimaraes/Portugal	EUR	323	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
TUF-TRANSPORTES URBANOS DE FAMALICAO, LDA, Vila Nova de Famalicao/Portugal	EUR	-360	66.66
U Drive Rental Limited, Sunderland/Great Britain	GBP	0	100.00
UCPLUS A/S, Kastrup/Denmark	DKK	23,783	100.00
United Automobile Services Limited, Sunderland/Great Britain	GBP	13,085	100.00
Upperchance Limited, Sunderland/Great Britain	GBP	0	100.00
Viking Tours and Travel Limited, Sunderland/Great Britain	GBP	0	100.00
West Riding Automobile Company Limited, Sunderland/Great Britain	GBP	0	100.00
XC Trains Limited, Sunderland/Great Britain	GBP	67,427	100.00
Yorkshire Bus Group Ltd, Sunderland/Great Britain	GBP	38,544	100.00
Yorkshire Bus Holdings Ltd, Sunderland/Great Britain	GBP	0	100.00
Yorkshire Woollen District Transport Co Limited, Sunderland/Great Britain	GBP	0	100.00
AT EQUITY			
Aquabus BV, Heerenveen/the Netherlands [2), 3)]	EUR	4,439	50.00
Barraqueiro SGPS SA, Lisbon/Portugal [3)]	EUR	193,164	31.50
Bergamo Trasporti Sud Scarl, Bergamo/Italy [2), 3)]	EUR	10	25.57
Bus Point Srl, Lallio (BG)/Italy [2), 3)]	EUR	151	30.00
Centrebus Holdings Limited, Leicester/Great Britain [2), 4)]	GBP	172	40.00
Estacion Autobuses de Pobra, Ferrol/Spain [5)]	EUR	9	33.33
Explotacion Gasoleos de la Coruna, s.l., Ferrol/Spain [2), 3)]	EUR	83	40.00
EXTRA.TO S.c.a.r.l., Turin/Italy [2), 4)]	EUR	100	30.01

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
Garda Trasporti Scarl, Desenzano del Garda (BS)/Italy [2), 3)]	EUR	20	23.00
Great Park Bus Company Limited, Sunderland/Great Britain	GBP	0	50.00
Intercambiador de Transportes Principe PIO S.A., Madrid/Spain [2), 3)]	EUR	-10,099	30.00
KM S.P.A., Cremona/Italy [3)]	EUR	4,926	49.00
London Overground Rail Operations Limited, London/Great Britain [2), 3)]	GBP	11,858	50.00
Omnibus partecipazioni S.R.L., Milan/Italy [2), 3)]	EUR	6,862	50.00
Prometro S.A., Porto/Portugal [2), 3)]	EUR	3,831	20.00
PTI (South East) Limited, Sunderland/Great Britain [8)]	GBP	238	20.00
Rodinform – Informatica Aplicada aos Transportes, SA, Lisbon/Portugal [2), 4)]	EUR	99	20.00
S.I.T. VALLEE SOC. CONS. AR.L., Charvensod (AO)/Italy [2), 4)]	EUR	100	20.00
S.T.I. Servizi Transporti Interregionali SpA, Cordenons PN/Italy [2), 4)]	EUR	962	9.81
TPL FVG Scarl s.r.l., Gorizia/Italy [2), 3)]	EUR	81	15.00
Trieste Trasporti S.P.A., Trieste/Italy [2), 3)]	EUR	45,643	39.94
Union Ferrolana de Transportes S.A., Ferrol/Spain [2), 5)]	EUR	2	50.00
Veroercombinatie Noord B.V., Heerenveen/the Netherlands [2), 5)]	EUR	37	33.00
Viajeros del Eo, Ferrol/Spain [2), 6)]	EUR	11	50.00
VT-Transman Személyszállító és Szolgáltató Kft, Szekesfehervar/Hungary [3)]	HUF	2,185,792	49.91
WSMR (Holdings) Limited, London/Great Britain [2), 3)]	GBP	0	50.00
DB SCHENKER RAIL			
FULLY CONSOLIDATED			
Activa Rail S.A., Madrid/Spain	EUR	263	77.32
ATG Autotransportlogistic Sp. z o. o., Malaszewicze/Poland	PLN	11,423	100.00
Autologistic Poland Sp. z o. o., Tychy/Poland	PLN	2,480	51.00
Auxiliar Logística de Vehiculos S.L., Saragossa/Spain	EUR	50	65.28
Axiom Rail (Cambridge) Limited, Doncaster/Great Britain	GBP	657	100.00
Axiom Rail (Stoke) Limited, Doncaster/Great Britain	GBP	-6,888	100.00
Axiom Rail Components Limited, Doncaster/Great Britain	GBP	-2,691	100.00
Axiom Rail SAS, Paris/France	EUR	-742	100.00
Boreal & Austral Railfreight Ltd, Doncaster/Great Britain	GBP	67,500	100.00
Compañía Aragonesa de Portacoches S.A., Saragossa/Spain	EUR	13,424	65.28
Container Szállítmányátrakó Állomás Kft., Györ/Hungary	EUR	106	100.00
Container-Terminal Púchov s. r. o., Púchov/Slovakia	EUR	94	100.00
Corridor Operations NMBS/SNCB DB Schenker Rail N.V., Brussels/Belgium	EUR	1,222	51.00
DB Intermodal Services GmbH, Mainz [2)]	EUR	3,924	100.00
DB Polska Acquisition Sp. z.o.o, Warsaw/Poland	PLN	414,763	99.85
DB PORT SZCZECIN Sp. z o.o., Stettin/Poland	PLN	10,003	96.65
DB Schenker BTT GmbH, Mainz [2)]	EUR	2,075	100.00
DB Schenker Nieten GmbH, Freilassing [2)]	EUR	3,988	100.00
DB Schenker Rail (UK) Limited, Doncaster/Great Britain	GBP	188,114	100.00
DB Schenker Rail Aktiengesellschaft, Mainz [2)]	EUR	651,972	100.00
DB Schenker Rail Automotive GmbH, Kelsterbach [2)]	EUR	11,785	100.00
DB Schenker Rail Bulgaria EOOD, Sofia/Bulgaria	BGN	3,062	100.00
DB Schenker Rail Corridor Operations GmbH, Mainz [2)]	EUR	47	100.00
DB Schenker Rail Danmark Services A/S, Taastrup/Denmark	DKK	360	100.00
DB Schenker Rail Deutschland Aktiengesellschaft, Mainz [2)]	EUR	50	100.00
DB Schenker Rail Hungaria Kft., Györ/Hungary	HUF	593,025	100.00
DB Schenker Rail Italia S.r.L., Alessandria/Italy	EUR	13,498	100.00
DB Schenker Rail Italia Services S.r.l., Milan/Italy	EUR	855	100.00
DB Schenker Rail Nederland N. V., Utrecht/the Netherlands	EUR	8,265	100.00
DB Schenker Rail Polska S.A., Zabrze/Poland	PLN	550,666	99.85
DB Schenker Rail Romania S.R.L., Timişoara/Romania	RON	29,488	100.00
DB Schenker Rail Scandinavia A/S, Taastrup/Denmark	DKK	315,528	51.00
DB Schenker Rail Switzerland GmbH, Opfikon/Switzerland	CHF	1,195	100.00
DB Schenker Rail Spedkol Sp. z o.o., Kędzierzyn-Koźle/Poland	PLN	32,940	99.85
DB Schenker Rail Tabor S.A., Rybnik/Poland	PLN	18,249	99.85
Deutsche TRANSFESA GmbH Internationale Eisenbahn-Spezial-Transporte, Kehl am Rhein	EUR	1,751	77.32
Doker-Port Sp. z o.o., Stettin/Poland	PLN	-173	60.41

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
DUSS Italia Terminal s.r.l., Verona/Italy	EUR	101	80.00
East & West Railway Ltd, Doncaster/Great Britain	GBP	0	100.00
English Welsh & Scottish Railway Holdings Ltd, Doncaster/Great Britain	GBP	195,565	100.00
English Welsh & Scottish Railway International Ltd, Doncaster/Great Britain	GBP	-15,188	100.00
Euro Cargo Rail S.A., Madrid/Spain	EUR	0	100.00
Euro Cargo Rail SAS, Paris/France	EUR	30,611	100.00
EW&S Trustees Ltd, Doncaster/Great Britain	GBP	0	100.00
EWS Information Services Ltd, Doncaster/Great Britain	GBP	683	100.00
Guga B.V., Amsterdam/the Netherlands	EUR	5,664	77.32
Infra Silesia S.A., Rybnik/Poland	PLN	3,703	99.85
LGP Lagerhausgesellschaft Pfullendorf mbH, Pfullendorf	EUR	362	49.08
Loadhaul Ltd, Doncaster/Great Britain	GBP	16,131	100.00
Locomotive 6667 Ltd, Doncaster/Great Britain	GBP	0	100.00
Logística Sanmival S.L., Burgos/Spain	EUR	334	57.99
Mainline Freight Ltd, Doncaster/Great Britain	GBP	21,266	100.00
Marcroft Holdings Ltd, Doncaster/Great Britain	GBP	-3,132	100.00
MDL Distribución y Logistica S.A., Madrid/Spain	EUR	12,879	77.32
Mitteldeutsche Eisenbahn GmbH, Schkopau [2]	EUR	1,565	80.00
New Locomotive Finance Ltd, Doncaster/Great Britain	GBP	0	100.00
NordCargo S.r.l, Milan/Italy	EUR	10,070	60.00
OOO Railion Russija Services, Moscow/Russia	RUB	69,065	100.00
Rail Express Systems Ltd, Doncaster/Great Britain	GBP	29,502	100.00
Rail Service Center Rotterdam B. V., Rotterdam/the Netherlands	EUR	4,580	100.00
Rail Terminal Services Limited, Doncaster/Great Britain	GBP	-2,342	100.00
Railway Investments Ltd, Doncaster/Great Britain	GBP	970	100.00
RBH Logistics GmbH, Gladbeck [2]	EUR	40,497	100.00
RES December Ltd, Doncaster/Great Britain	GBP	16,048	100.00
TFG Transfracht Internationale Gesellschaft für kombinierten Güterverkehr mbH & Co. KG, Frankfurt am Main	EUR	107	100.00
TFG Verwaltungs GmbH, Frankfurt am Main	EUR	127	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
TGP Terminalgesellschaft Pfullendorf mbH, Pfullendorf	EUR	247	75.50
Transervi France S.A.S., Cerbère/France	EUR	301	77.32
Transervi S.A., Madrid/Spain	EUR	2,470	77.32
Transfesa Benelux S.P.R.L., Brussels/Belgium	EUR	248	77.32
Transfesa France SAS, Gennevilliers/France	EUR	1,760	77.32
Transfesa Maritimo Terrestre, S.L., Cantabria/Spain	EUR	-430	46.39
Transfesa Portugal Lda., Lisbon/Portugal	EUR	308	77.32
Transfesa UK Ltd., Rainham (Essex)/Great Britain	GBP	368	77.32
Transportes Ferroviarios Especiales S.A., Madrid/Spain	EUR	191,153	77.32
AT EQUITY			
"Cross-Baltic Terminaloperators" Sp. z o. o. i.L., Stettin/Poland	PLN	0	48.33
ATN Auto Terminal Neuss GmbH & Co. KG, Neuss [2), 4)]	EUR	5,026	50.00
Autoterminal Slask Logistic Sp. z o. o., Dąbrowa Górnicza/Poland [4]	PLN	16,644	50.00
Autotrax Limited, Lufton/Great Britain [2), 3)]	GBP	1,616	24.00
baymodal Bamberg GmbH, Bamberg [2), 5)]	EUR	133	25.10
BLS Cargo AG, Bern/Switzerland [2), 4)]	CHF	90,773	45.00
Cererail A.I.E., Madrid/Spain [3]	EUR	27	25.77
Container Terminal Dortmund GmbH, Dortmund [2), 4)]	EUR	3,507	30.00
CTS Container-Terminal GmbH Rhein-See-Land-Service, Cologne [2]	EUR	1,421	22.50
DAP Barging B.V., Rotterdam/the Netherlands [4]	EUR	2,297	55.00
DCH Düsseldorfer Container-Hafen GmbH, Düsseldorf [2]	EUR	476	51.00
Doerpener Umschlaggesellschaft für den kombinierten Verkehr mbH (DUK), Dörpen [2), 4)]	EUR	3,827	35.00
Hansa Rail GmbH i. L., Frankfurt am Main [5]	EUR	222	50.00
Hispanauto-Empresas Agrupadas A.E.I.E. ©, Madrid/Spain [3]	EUR	0	58.04
INTERCONTAINER – INTERFRIGO SA i.L., Brussels/Belgium [2), 9)]	EUR	-5,874	36.20
Intermodal Sea Solutions, S.L., Orejo-Cantabria/Spain	EUR	27	11.48
Kombiverkehr Deutsche Gesellschaft für kombinierten Güterverkehr mbH & Co. Kommanditgesellschaft, Frankfurt am Main [2), 4)]	EUR	16,850	50.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
Lokomotion Gesellschaft für Schienentraktion mbH, Munich [2), 4)]	EUR	7,662	30.00
OFP La Rochelle Maritime Rail Services SAS, La Rochelle/France	EUR	0	24.90
Omfesa Logistica S.A., Madrid/Spain [3]	EUR	3,066	38.66
OPTIMODAL NEDERLAND B.V., Rotterdam/the Netherlands [2), 6)]	EUR	280	24.34
PKV Planungsgesellschaft kombinierter Verkehr Duisburg mbH, Duisburg [2), 3)]	EUR	1,268	50.00
Pool Ibérico Ferroviario A.I.E., Madrid/Spain [3]	EUR	0	9.02
Railmax B.V., Nimwegen/the Netherlands [3]	EUR	88	38.66
Railmax C.V., Nimwegen/the Netherlands [3]	EUR	0	38.28
SLASKIE CENTRUM LOGISTYKI S.A., Gliwice/Poland [2), 4)]	PLN	42,899	21.83
Sociedad de Estudios y Explotacion Material Auxiliar de Transportes, S.A. ("SEMAT"), Madrid/Spain [3]	EUR	3,821	48.56
Stifa S.A. i.L., Malveira/Portugal [3]	EUR	- 85	38.66
Terminal Singen TSG GmbH, Singen [2), 4)]	EUR	720	50.00
Trans-Eurasia Logistics GmbH, Berlin [4]	EUR	984	30.00
Xrail S.A., Brussels/Belgium [2), 4)]	EUR	117	32.00
ZAO Eurasia Rail Logistics i.L., Moscow/Russia [2), 7)]	RUB	1,675	34.90
DB SCHENKER LOGISTICS			
FULLY CONSOLIDATED			
Air Terminal Handling S.A., Tremblay-en-France/France	EUR	- 4,575	94.50
ALB Automative Logistica LTDA, Juiz de Fora - MG/Brazil	BRL	3,076	51.00
Anterist + Schneider Zeebrugge B.V., Zeebrugge/Belgium	EUR	1,345	100.00
AS Schenker, Tallinn/Estonia	EUR	9,538	100.00
ASIMEX Anterist + Schneider Import - Export SAS, Stiring-Wendel/France	EUR	364	100.00
ATLANTIQUE EXPRESS SAS, Montaigu Cedex/France	EUR	303	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	- 3,152	100.00
BAX Global (Pty.) Ltd., Johannesburg/South Africa	ZAR	48	100.00
BAX Global (Thailand) Limited, Bangkok/Thailand	THB	391,317	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
BAX Global (UK) Limited, London/Great Britain	GBP	7,979	100.00
BAX Global Holding, S.L.U., Barcelona/Spain	EUR	20,317	100.00
BAX Global Holdings Pty Ltd., Alexandria/Australia	AUD	0	100.00
BAX Global Inc., Irvine/USA	USD	71,487	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	108,708	100.00
BAX Global Logistics Sdn.Bhd., Petaling Jaya/Malaysia	MYR	91,435	100.00
BEMI JOYAU SCI, Montaigu Cedex/France	EUR	126	99.94
Bischof Betriebsführungsgesellschaft mbH, Vienna/Austria	EUR	110	100.00
BTL AB, Göteborg/Sweden	SEK	2,354,887	100.00
BTL Nord GmbH, Lübeck [2]	EUR	19,662	100.00
BTL Reinsurance S.A., Luxembourg/Luxembourg	SEK	43,408	100.00
DB Schenker FLLC, Minsk/Belarus	BYR	691,810	100.00
DP Schenker, Kiev/Ukraine	UAH	- 19,273	100.00
DVA Marine Re S.A., Luxembourg/Luxembourg	EUR	7,752	65.00
ELAG Emder Lagerhaus und Automotive GmbH, Emden [2]	EUR	1,444	100.00
ELSPED Speditions-Gesellschaft m.b.H., Hamburg [2]	EUR	3,725	100.00
Engelberg Transportes Internacionales C.A. (Entra), Caracas/Venezuela	VEF	13,310	100.00
EVAG Emder Verkehrs und Automotive Gesellschaft mbH, Emden [2]	EUR	1,153	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	10,885	100.00
Fertrans AG, Buchs SG/Switzerland	CHF	1,313	100.00
HANGARTNER Terminal AG, Aarau/Switzerland	CHF	1,309	100.00
HANGARTNER Terminal S.r.l., Verona/Italy	EUR	580	100.00
HB Zolldeklarationsservice GmbH, Vienna/Austria	EUR	57	100.00
Heck Slovensko s.r.o., Bratislava/Slovakia	EUR	28	100.00
Herber Hausner Süd-Ost Speditions-gesellschaft m.b.H., Vienna/Austria	EUR	351	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
Herber Hausner Szállitmányozási Kft., Budapest / Hungary	HUF	21,387	100.00
I.C.S. "Schenker" S.R.L, Chisinau / Moldova	MDL	- 492	99.46
Intertec Asia Limited, Sheung Wan / Hong Kong	HKD	5,600	100.00
Intertec GmbH, Landau in der Pfalz [2]	EUR	26	100.00
INTERTEC Polska Sp.zo.o., Nardarzyn / Poland	PLN	276	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	3,097	96.69
Joyau S.A., Montaigu Cedex / France	EUR	15,981	99.94
Karpeles Flight Services (H.K.) Limited, Hong Kong / Hong Kong	HKD	539	100.00
Karpeles Flight Services GmbH, Frankfurt am Main [2]	EUR	1,637	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 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

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
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 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
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	349	100.00
Kiinteistö Oy Helsingin Metsäläntie 2 – 4, Helsinki / Finland	EUR	4,379	100.00
Kiinteistö Oy Kaakon Terminaali, Lappeenranta / Finland	EUR	117	100.00
Kiinteistö Oy Porin Kiitolinja, Björneborg / Finland	EUR	150	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
Kiinteistö Oy Reininkatu 9, Vaasa/Finland	EUR	-33	100.00
Kiinteistö Oy Seinäjoen Kiitolinja-asema, Seinäjoki/Finland	EUR	151	100.00
Kiinteistö Oy Tampereen Rahtiasema, Tampere/Finland	EUR	420	100.00
Kiinteistö Oy Tir-Trans, Joentaustankatu/Finland	EUR	484	100.00
Kiinteistö Oy Turun Nosturinkatu 6, Turku/Finland	EUR	1,167	100.00
Kiinteistö Oy Varastohotelli, Vantaa/Finland	EUR	7,767	100.00
Kiinteistömaaliikenne Oy, Helsinki/Finland	EUR	1,788	54.70
Langtradaren i Jämtland AB, Göteborg/Sweden	SEK	5,779	100.00
Luxembourger Transport Logistik Diekirch S.A., Wilwerdange/Luxembourg	EUR	415	100.00
Oy Schenker East AB, Helsinki/Finland	EUR	75,656	100.00
PT. Schenker Petrolog Utama, Jakarta/Indonesia	USD	15,493	71.00
Rengaslinja Oy, Helsinki/Finland	EUR	331	100.00
Romtrans Holiday Ltd., Eforie Sud, Constanţa/Romania	RON	-204	99.46
Scanspol Sp.zo.o., Warsaw/Poland	PLN	2,040	99.85
Scantrans SAS, Rouen/France	EUR	1,014	100.00
SCHENKER & Co. AG, Vienna/Austria	EUR	141,481	100.00
Schenker (Asia Pacific) Pte. Ltd., Singapore /Singapore	SGD	393,401	100.00
Schenker (BAX) Europe Holding GmbH, Essen [2]	EUR	21,525	100.00
Schenker (BAX) Holding Corp., Delaware/USA	USD	129,462	100.00
Schenker (H.K.) Ltd., Hong Kong/Hong Kong	HKD	134,065	100.00
Schenker (Ireland) Ltd., Shannon/Ireland	EUR	11,094	100.00
Schenker (L.L.C), Dubai/United Arab Emirates	AED	26,333	60.00
Schenker (NZ) Ltd., Auckland/New Zealand	NZD	14,013	100.00
Schenker (Thai) Holdings Ltd., Bangkok/Thailand	THB	54,223	100.00
Schenker (Thai) Ltd., Bangkok/Thailand	THB	1,350,655	100.00
Schenker A.E., Athens/Greece	EUR	-40	100.00
Schenker A/S, Hvidovre/Denmark	DKK	121,062	100.00
Schenker AB, Göteborg/Sweden	SEK	488,514	100.00
Schenker Akeri AB, Göteborg/Sweden	SEK	201,299	100.00
Schenker Aktiengesellschaft, Essen [2]	EUR	905,703	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
Schenker Argentina S.A., Buenos Aires/Argentina	ARS	5,026	100.00
Schenker AS, Oslo/Norway	NOK	637,175	100.00
Schenker Australia Pty. Ltd., Alexandria/Australia	AUD	265,044	100.00
Schenker B.V., Tilburg/the Netherlands	EUR	18,294	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	1,044	70.00
Schenker BITCC Logistics (Beijing) Co., Ltd., Beijing/China	CNY	69,089	70.00
Schenker Cargo Oy, Turku/Finland	EUR	20,609	100.00
Schenker Chile S.A., Santiago/Chile	CLP	5,301,710	100.00
Schenker China Ltd., Pudong, Shanghai/China	CNY	1,482,780	100.00
Schenker Consulting AB, Göteborg/Sweden	SEK	12,793	100.00
Schenker Customs Agency B.V., Rotterdam/the Netherlands	EUR	3	100.00
Schenker d.d., Ljubljana/Slovenia	EUR	16,864	100.00
Schenker d.o.o., Belgrade/Serbia	RSD	66,027	100.00
SCHENKER d.o.o., Sarajevo/Bosnia-Herzegovina	BAM	863	100.00
Schenker d.o.o., Zagreb/Croatia	HRK	18,111	100.00
Schenker Dedicated Services AB, Göteborg/Sweden	SEK	17,319	100.00
Schenker Dedicated Services Germany GmbH, Essen [2]	EUR	25	100.00
Schenker Deutschland AG, Frankfurt am Main [2]	EUR	56	100.00
Schenker do Brasil Transportes Internacionais Ltda., São Paulo/Brazil	BRL	36,795	100.00
SCHENKER DOOEL, Skopje/Macedonia	MKD	42,021	100.00
Schenker Egypt Ltd., Cairo/Egypt	EGP	4,490	60.00
SCHENKER EOOD, Sofia/Bulgaria	BGN	9,412	100.00
Schenker Equipment AB, Göteborg/Sweden	EUR	3,835	100.00
Schenker Filen 8 Aktiebolag, Göteborg/Sweden	SEK	4,208	100.00
Schenker High Tech Logistics B.V., Rotterdam/the Netherlands	EUR	21,669	100.00
Schenker Holdings (NZ) Limited, Auckland/New Zealand	NZD	20,954	100.00
SCHENKER INDIA PRIVATE LIMITED, New Delhi/India	INR	1,864,121	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC 1)	Ownership in %
Schenker International (HK) Ltd., Hong Kong/Hong Kong	HKD	2,012,170	100.00
Schenker International (Macau) Ltd., Macau/Macau	HKD	31,783	100.00
SCHENKER INTERNATIONAL AKTIENGESELLSCHAFT, Essen 2)	EUR	56	100.00
Schenker International B.V., Rotterdam/the Netherlands	EUR	17,062	100.00
Schenker International S.A. de C.V., Mexico/Mexico	MXN	244,816	100.00
Schenker Ireland Holding Limited, Dublin/Ireland	EUR	23,694	100.00
Schenker Italiana S.p.A., Peschiera/Italy	EUR	54,679	100.00
Schenker Khimji's LLC, Maskat/Sultanate of Oman	OMR	279	60.00
Schenker Korea Ltd., Seoul/South Korea	KRW	35,965,050	100.00
Schenker Limited, London/Great Britain	GBP	31,752	100.00
Schenker Logistics (Chengdu) Co., Ltd., Chengdu/China	CNY	7,441	100.00
Schenker Logistics (Chongqing) Co. Ltd, Chongqing/China	CNY	11,095	100.00
Schenker Logistics (Guangzhou) Company Ltd., Guangzhou/China	CNY	71,837	100.00
Schenker Logistics (Malaysia) Sdn Bhd., Kuala Lumpur/Malaysia	MYR	113,861	100.00
Schenker Logistics (Shanghai) Co., Ltd., Shanghai/China	CNY	19,530	100.00
Schenker Logistics (Shenzhen) Co. Ltd., Shenzhen/China	CNY	40,548	100.00
Schenker Logistics (Suzhou) Company Ltd., Suzhou/China	CNY	107,759	100.00
Schenker Logistics (Xiamen) Co. Ltd., Xiamen/China	CNY	50,476	100.00
Schenker Logistics AB, Göteborg/Sweden	SEK	27,986	100.00
Schenker Logistics Inc., Calamba City/Philippines	PHP	12,556	100.00
Schenker Logistics LTD, Lod/Israel	ILS	0	100.00
Schenker Logistics, Inc., Greensboro, NC/USA	USD	31,566	100.00
Schenker Ltd., Nairobi/Kenya	KES	-242,294	100.00
SCHENKER Luxembourg GMBH, Leudelange/Luxembourg	EUR	571	100.00
Schenker Malaysia Sdn. Bhd., Kuala Lumpur/Malaysia	MYR	200	100.00
Schenker Maroc S.a.r.l., Casablanca/Morocco	MAD	9,723	100.00
Schenker Mauritanie SAS, Nouakchott/Mauritania	MRO	-1,463,251	100.00
Schenker Mauritius (Malaysian Holdings) Ltd., Port Louis/Mauritius	USD	36,038	100.00
Schenker Mauritius (Thai Holdings) Ltd., Port Louis/Mauritius	USD	33,177	100.00
Schenker Metafores A.G. i. L., Athens/Greece	EUR	786	100.00
Schenker Middle East FZE, Dubai/United Arab Emirates	AED	16,713	100.00
SCHENKER N.V., Antwerp/Belgium	EUR	41,066	100.00
Schenker Namibia (Pty) Ltd., Windhoek/Namibia	NAD	8,106	100.00
Schenker Nederland B.V., Rotterdam/the Netherlands	EUR	9,112	100.00
Schenker Nemzetközi Szállítmányozási és Logisztikai Kft., Budapest/Hungary	HUF	3,691,851	100.00
Schenker North AB, Göteborg/Sweden	SEK	849,063	100.00
Schenker of Canada Ltd., Toronto/Canada	CAD	57,047	100.00
Schenker OY, Helsinki/Finland	EUR	26,947	100.00
Schenker Peru S.R.L., Lima/Peru	PEN	5,932	100.00
Schenker Philippines, Inc., Makati City/Philippines	PHP	596,910	100.00
Schenker Privpak AB, Borås/Sweden	SEK	2,876	100.00
Schenker Privpak AS, Oslo/Norway	NOK	-1,555	100.00
Schenker Property Sweden AB, Göteborg/Sweden	SEK	150,578	100.00
Schenker Re Limited, Dublin/Ireland	EUR	51,318	100.00
Schenker Romtrans S.A., Bucharest/Romania	RON	379,106	99.46
Schenker Russia LLC, Moscow/Russia	RUB	316	100.00
Schenker S.A., Guatemala City/Guatemala	GTQ	-11,284	100.00
SCHENKER s.r.o., Bratislava/Slovakia	EUR	1,811	100.00
Schenker SA, Gennevilliers/France	EUR	98,524	100.00
Schenker Saudi Arabia LLC, Riad/Saudi Arabia	SAR	17,720	100.00
Schenker Switzerland AG, Zurich/Switzerland	CHF	85,469	100.00
Schenker Shared Services (Nanjing) Co.Ltd., Nanjing/China	CNY	3,643	100.00
Schenker Singapore (PTE) Ltd., International Forwarders, Singapore/Singapore	SGD	163,593	100.00
Schenker South Africa (Pty) Ltd., Isando/South Africa	ZAR	176,963	100.00
Schenker Sp. z o.o., Warsaw/Poland	PLN	630,574	99.85
SCHENKER spol. s r.o., Prague/Czech Republic	CZK	231,509	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC 1)	Ownership in %
Schenker Transitarios, S.A., Loures/Portugal	EUR	2,192	100.00
Schenker Transport Aktiebolag, Göteborg/Sweden	SEK	70,869	100.00
Schenker Transport Groep B.V., Tilburg/the Netherlands	EUR	1,057	100.00
Schenker Vietnam Co., Ltd., Ho Chi Minh City (Saigon)/Vietnam	USD	10,543	100.00
Schenker, Inc., New York/USA	USD	86,729	100.00
Schenker-Arkas Nakliyat Ve Tic. A.S., Zincirlikuyu/Turkey	TRY	36,409	55.00
Schenker-Gemadept Logistics Vietnam Company Limited, Province Binh Duong/Vietnam	USD	-31	51.00
SCHENKER-JOYAU SAS, Montaigu Cedex/France	EUR	18,250	99.94
Schenkerocean Ltd, Wanchai/Hong Kong	HKD	5,856	100.00
Schenker-Seino Co. Ltd., Tokyo/Japan	JPY	4,891,974	60.00
SIA Schenker, Riga/Latvia	LVL	2,727	100.00
SIA Sky Partners, Riga/Latvia	LVL	26	100.00
Sky Partners OÜ, Tallinn/Estonia	EUR	955	100.00
SPAIN-TIR Transportes Internacionales S.A., Barcelona/Spain	EUR	136,500	100.00
Star Global International (HK) Ltd., Hong Kong/Hong Kong	HKD	-6,165	100.00
Star Global Services Limited, Hong Kong/Hong Kong	HKD	4,529	100.00
Stinnes (UK) Limited, Feltham, Middlesex/Great Britain	GBP	22,086	100.00
Stinnes Immobiliendienst GmbH & Co. KG, Mülheim an der Ruhr	EUR	6,265	100.00
Suomen Kiitoautot Oy, Kuopio/Finland	EUR	19,343	100.00
SW Zoll-Beratung GmbH, Wees	EUR	2,568	100.00
TEGRO AG, Schwerzenbach/Switzerland	CHF	13,029	90.00
TLS Transa Logistik & Service GmbH, Offenbach am Main 2)	EUR	268	100.00
Trafikaktiebolaget NP Kagström, Göteborg/Sweden	SEK	2,020	100.00
TRANSA Spedition GmbH, Offenbach am Main 2)	EUR	13,018	100.00
Transorient SA, Bucharest/Romania	RON	2,419	53.71
Transport Gesellschaft mbH, Hamburg	EUR	526	96.70
Transworld Asig - Broker de Asigurare Ltd., Bucharest/Romania	RON	342	99.46

Subsidiary — Name and domicile	Currency	Equity in TLC 1)	Ownership in %
UAB "Schenker," Vilnius/Lithuania	LTL	4,479	100.00
Viktor E. Kern Gesellschaft m.b.H., Vienna/Austria	EUR	1,421	100.00
ZAO Schenker Russija, Moscow/Russia	RUB	5,744	100.00
ZAO Schenker, Moscow/Russia	RUB	115,098	100.00
Zweite Kommanditgesellschaft Stinnes ImmobiliendienstGmbH & Co., Mülheim an der Ruhr	EUR	100,747	100.00
AT EQUITY			
ATS Air Transport Service AG, Zurich/Switzerland 4)	CHF	5,586	26.00
Autoport Emden GmbH, Emden 2), 3)	EUR	90	33.30
Bäckebols Akeri AB, Hisings Backa/Sweden 2), 4)	SEK	55,566	35.00
BTU - Bilspedition Transportörer Utvecklings AB, Solna/Sweden 2), 3)	SEK	957	50.00
DASH Global Logistics SAS, Saint Julien/France 3)	EUR	36	50.00
Express Air Systems GmbH (EASY), Kriftel 2), 4)	EUR	4,006	50.00
Gardermoen Perishables Center AS, Gardermoen/Norway 3)	NOK	6,243	33.30
Germans Corbalan & Alvarez, S.L., Manresa (Barcelona)/Spain 2)	EUR	654	20.00
Halmstadsakarnas Fastighets AB, Halmstad/Sweden 2), 3)	SEK	18,878	31.44
I.M. "Moldromukrtrans" S.R.L., Chisinau/Moldova 2), 3)	MDL	17,016	33.15
Immo Fumeron S.A.R.L., Arnage/France 2), 4)	EUR	352	27.98
LogCap-IR Grundverwertungsgesellschaft mbH, Vienna/Austria 3)	EUR	4,784	49.00
Speditionsbau und Verwertungsgesellschaft m.b.H., Salzburg/Austria 2), 3)	EUR	48	25.00
Titan Containers Romania SRL, Constanța/Romania 2), 3)	RON	121	19.89
Trans Jelabel S.L., Aldeamayorde S Martin/Spain 2)	EUR	230	20.00
Transatlantic Shipping and Trading SRL, Bucharest/Romania 2), 3)	RON	5,629	49.73
Värnamo Akeri AB, Värnamo/Sweden 2), 3)	SEK	15,595	50.00
Volla Eiendom AS, Oslo/Norway 2)	NOK	13,827	50.00
DB SERVICES			
FULLY CONSOLIDATED			
DB Dienstleistungen GmbH, Berlin 2)	EUR	618,646	100.00
DB Fahrzeuginstandhaltung GmbH, Frankfurt am Main 2)	EUR	198,011	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC 1)	Ownership in %
DB FuhrparkService GmbH, Frankfurt am Main 2)	EUR	3,600	100.00
DB Kommunikationstechnik GmbH, Berlin 2)	EUR	3,643	100.00
DB Rent GmbH, Frankfurt am Main 2)	EUR	30	100.00
DB Services GmbH, Berlin 2)	EUR	10,666	100.00
DB Sicherheit GmbH, Berlin 2)	EUR	2,171	100.00
DB Systel GmbH, Frankfurt am Main 2)	EUR	215,978	100.00
DB Waggonbau Niesky GmbH, Niesky	EUR	13,471	100.00
DB NETZE TRACK			
FULLY CONSOLIDATED			
DB Bahnbau Gruppe GmbH, Berlin 2)	EUR	27,035	100.00
DB Fahrwegdienste GmbH, Berlin 2)	EUR	2,659	100.00
DB Netz Aktiengesellschaft, Frankfurt am Main 2)	EUR	7,375,084	100.00
DB RegioNetz Infrastruktur GmbH, Frankfurt am Main 2)	EUR	2,079	100.00
Deutsche Umschlaggesellschaft Schiene – Straße (DUSS) mbH, Bodenheim am Rhein 2)	EUR	2,869	87.50
THG Terminal Heilbronn GmbH, Heilbronn	EUR	214	65.71
AT EQUITY			
EEIG Corridor Rotterdam-Genoa EWIV, Frankfurt am Main 2), 4)	EUR	0	33.33
Güterverkehrszentrum Entwicklungs-gesellschaft Dresden mbH, Dresden 2), 3)	EUR	2,111	24.53
MegaHub Lehrte Betreibergesellschaft mbH, Hanover 2), 4)	EUR	317	29.17
TKN Terminal Cologne-Nord GmbH, Cologne 2), 4)	EUR	21	42.88
TriCon Container-Terminal Nürnberg GmbH, Nuremberg 2), 4)	EUR	1,039	21.88
DB NETZE STATIONS			
FULLY CONSOLIDATED			
DB BahnPark GmbH, Berlin	EUR	3,545	51.00
DB Station & Service Aktiengesellschaft, Berlin 2)	EUR	1,493,259	100.00
AT COST			
Immobilien-Vermietungsgesellschaft Schumacher & Co. Objekt Bahnhöfe Deutschland KG, Düsseldorf 2), 3)	EUR	–19,940	100.00
TUDO Grundstücks-Vermietungs-gesellschaft mbH & Co. Objekt Bahnhöfe KG Düsseldorf, Düsseldorf 2), 3)	EUR	–1,589	100.00
DB NETZE ENERGY			
DB Energie GmbH, Frankfurt am Main 2)	EUR	636,012	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC 1)	Ownership in %
OTHER SUBSIDIARIES			
FULLY CONSOLIDATED			
AMEROPA-REISEN GmbH, Bad Homburg v. d. Höhe 2)	EUR	2,874	100.00
DB (UK) Investments Limited, Sunderland/Great Britain	GBP	918,098	100.00
DB (UK) Logistics Holdings Limited, Doncaster/Great Britain	GBP	1,880,054	100.00
DB Belgie Holding BVBA, Antwerp/Belgium	EUR	37,394	100.00
DB Czech Holding s.r.o., Rudna/Czech Republic	CZK	184	100.00
DB Danmark Holding ApS, Hvidovre/Denmark	DKK	209,435	100.00
DB Dialog GmbH, Berlin 2)	EUR	1,091	100.00
DB France Holding SAS, Gennevilliers Cedex/France	EUR	539,546	100.00
DB Gastronomie GmbH, Frankfurt am Main 2)	EUR	1,237	100.00
DB Hungaria Holding Kft., Budapest/Hungary	HUF	11,081,947	100.00
DB International Brasil Servicos de Consultoria Ltda., Rio de Janeiro/Brazil	BRL	286	100.00
DB International GmbH, Berlin 2)	EUR	32,526	100.00
DB International USA, Inc., Delaware/USA	USD	–120	100.00
DB JobService GmbH, Berlin 2)	EUR	3,334	100.00
DB Media & Buch GmbH, Kassel 2)	EUR	26	100.00
DB Mobility Logistics AG, Berlin 2)	EUR	2,654,216	100.00
DB Nederland Holding B.V., Utrecht/the Netherlands	EUR	170,943	100.00
DB Polska Holding Sp.z.o.o, Warsaw/Poland	PLN	1,368,030	100.00
DB ProjektBau GmbH, Berlin 2)	EUR	25,719	100.00
DB Switzerland Holding AG, Zug/Switzerland	CHF	88,655	100.00
DB Services Immobilien GmbH, Berlin 2)	EUR	770	100.00
DB Systemtechnik GmbH, Minden	EUR	8,425	100.00
DB UK Holding Limited, Doncaster/Great Britain	GBP	1,883,359	100.00
DB US Corporation, Tarrytown/USA	USD	438,383	100.00
DB US Holding Corporation, Tarrytown/USA	USD	463,144	100.00
DB Vertrieb GmbH, Frankfurt am Main 2)	EUR	9,870	100.00
DB Zeitarbeit GmbH, Berlin 2)	EUR	105	100.00
Deutsche Bahn Aktiengesellschaft, Berlin	EUR	16,868,506	100.00
Deutsche Bahn Finance B.V., Amsterdam/the Netherlands	EUR	42,732	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
Deutsche Bahn France Voyages & Tourisme SAS, Paris/France	EUR	249	100.00
Deutsche Bahn Iberica Holding, S.L., Barcelona/Spain	EUR	179,336	100.00
Deutsche Bahn Romania Holding S.R.L., Bucharest/Romania	RON	255	100.00
Deutsche Industrieholz GmbH, Essen	EUR	975	29.15
DVA Deutsche Verkehrs-Assekuranz-Vermittlungs-GmbH, Bad Homburg [2]	EUR	1,488	65.00
DVA REINSURANCE LIMITED, Dublin/Ireland	EUR	5,787	65.00
Engineering Support Group Ltd, Doncaster/Great Britain	GBP	595	100.00
Frank & Schulte GmbH, Essen	EUR	26	100.00
Grundstückspool Potsdam Center GbR mbH, Berlin	EUR	0	70.00
HD ocel s.r.o., Prague/Czech Republic	CZK	-11,848	100.00
HEROS GmbH & Co KG (3. Tranche), Vienna/Austria	EUR	0	100.00
HEROS Rail Rent GmbH, Fürth [10]	EUR	2,380	2.00
Mataki Kemi AB, Malmö/Sweden	SEK	19,113	100.00
Precision National Plating Services, Inc., Delaware/USA	USD	-17,119	100.00
Railway Approvals Ltd, Doncaster/Great Britain	GBP	276	100.00
Schenker International AB, Göteborg/Sweden	SEK	906,287	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	427	53.00
Stinnes Logistics GmbH, Essen [2]	EUR	4,071	100.00
Stinnes Montan Gesellschaft mit beschränkter Haftung i.L., Essen	EUR	182	100.00
Stinnes ocel s.r.o., Prague/Czech Republic	CZK	1,988	100.00
UBB Polska Sp.z o.o., Swinemünde/Poland	PLN	449	100.00
UBB Usedomer Bäderbahn GmbH, Heringsdorf [2]	EUR	2,555	100.00
Unterstützungskasse der Firma H.M. Gehrckens Gesellschaft mit beschränkter Haftung, Hamburg	EUR	147	100.00

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
AT EQUITY			
BahnflächenEntwicklungsGesellschaft NRW mbH, Essen [2), 4)]	EUR	251	49.90
Beijing HuaJing DeBo International Engineering Consulting Co., Ltd, Beijing/China [2), 4)]	CNY	6,049	25.00
BwFuhrparkService GmbH, Troisdorf [2), 4)]	EUR	135,227	24.90
CD-DUSS Terminal, a.s., Lovosice/Czech Republic [2), 4)]	CZK	6,281	49.00
Elevator-Gesellschaft mit beschränkter Haftung, Hanover [2), 3)]	EUR	225	50.00
EUROFIMA Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial, Basel/Switzerland [2]	CHF	1,532,778	22.60
Innovationszentrum für Mobilität und gesellschaftlichen Wandel (InnoZ) GmbH, Berlin [2), 4)]	EUR	114	50.40
Rail Technology Company Limited, Jeddah/Saudi Arabia [2), 4)]	SAR	-1,612	24.90
SSG Saar-Service GmbH, Saarbrücken [2), 4)]	EUR	1,464	25.50
AT COST			
TREMA Grundstücks-Vermietungs-gesellschaft mbH & Co. Objekt Bahnhöfe West KG, Berlin [2), 3)]	EUR	4,147	94.00
TRENTO Grundstücks-Vermietungs-gesellschaft mbH & Co. Objekt Bahnhöfe Ost KG, Düsseldorf [2), 3)]	EUR	-504	100.00

1) IFRS data.
2) Local GAAP data.
3) Preliminary data.
4) Data: 2011 financial year.
5) Data: 2010 financial year.
5) Data: 2009 financial year.
7) Data: 2008 financial year.
8) Data: Interim balance sheet August 31, 2010.
9) Data: Final liquidation balance sheet as of September 30, 2010.
10) Inclusion in the consolidated financial statements according to SIC-12 (Consolidation – Special Purpose Entities).

Auditor's report

> **TO DEUTSCHE BAHN AKTIENGESELLSCHAFT, BERLIN**

NOTE ON THE FINANCIAL STATEMENTS

We have audited the appended annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, of Deutsche Bahn Aktiengesellschaft, Berlin, for the business year from January 1 to December 31, 2012.

Responsibility of the Management Board for the financial statements

The Management Board of Deutsche Bahn Aktiengesellschaft is responsible for the bookkeeping and the preparation of these annual financial statements. This responsibility includes ensuring that the financial statements are prepared in accordance with German commercial law and that they give a true and fair view of the net assets, financial position and results of operations of the company in compliance with the (German) principles of proper accounting. The Management Board is also responsible for the internal controls that are regarded as necessary in order to enable the preparation of financial statements that are free from significant, intentional or unintentional false representation.

Responsibility of the auditor

Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system based on our audit. We conducted our audit of the annual financial statements in accordance with Section 317 HGB ("Handelsgesetzbuch:" "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and with due regard to the International Standards on Auditing (ISA). Those standards require that we plan and perform the audit such that sufficient certainty is obtained that the financial statements are free from significant false representation.

An audit comprises the execution of audit activities in order to obtain audit proof concerning the values included in the annual financial statements and other disclosures. The selection of the audit activities lies within the obligatory discretion of the auditor. This includes an assessment of the risks of significant, intentional or unintentional false representations in the annual financial statements. For an assessment of these risks, the auditor takes into account the internal control system that is relevant for the preparation of the annual financial statements that give a true and fair view of the company. The goal is to plan and perform the audit activities that are reasonable under the given circumstances, but not to issue an audit opinion on the effectiveness of the internal control system of the company. An audit also comprises an assessment of the appropriateness of the applied accounting principles and the justifiability of the estimated amounts determined by the Management Board in the accounting and the assessment of the overall presentation of the annual financial statements.

We believe that the audit proof which we obtained is sufficient and suitable to serve as a basis for our audit opinion.

Audit opinion

In accordance with Sec. 322 (3) Clause 1 HGB, we establish that our audit of the annual financial statements did not lead to any objections.

According to our opinion, based on the findings of our audit, the annual financial statements comply, in all significant matters, with the legal requirements and give a true and fair view of the net assets and financial position of the company as of December 31, 2012, and of the results of operations for the financial year ending on this date, in accordance with (German) principles of proper accounting.

NOTE ON THE MANAGEMENT REPORT

We have audited the enclosed management report of Deutsche Bahn Aktiengesellschaft for the financial year from January 1 to December 31, 2012. The Management Board of Deutsche Bahn Aktiengesellschaft is responsible for the preparation of the management report in accordance with the German statutory provisions. We conducted our audit in accordance with Section 317 (2) HGB (“Handelsgesetzbuch:” “German Commercial Code”) and German generally accepted standards promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) for the audit of the management report. Accordingly, the audit of the management report is to be planned and performed such that sufficient certainty is obtained that the management report is consistent with the annual financial statements and the findings of our audit, and gives a true and accurate view of the position of the company and appropriately represents the opportunities and risks of future development.

In accordance with Sec. 322 (3) Clause 1 HGB, we establish that our audit of the management report did not lead to any objections.

In our opinion based on the findings of our audit of the annual financial statements and the management report, the management report is consistent with the annual financial statements and as a whole provides a suitable view of the company’s position and suitably presents the opportunities and risks of future development.

Berlin, February 26, 2013

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Thomas Kieper	Rainer Kroker
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Report of the Supervisory Board

Report of the Supervisory Board

In view of the integrated Group management structure, the report of the Supervisory Board of Deutsche Bahn AG (DB AG) also includes, for information purposes only, the report of the Supervisory Board of DB Mobility Logistics AG (DB ML AG).

In the year under review, the Supervisory Boards of DB AG and DB ML AG observed all of the responsibilities incumbent upon them by virtue of the law, the company's Articles of Association and its bylaws. The Supervisory Boards extensively advised and supervised the respective Management Board in the management of the companies and their business operations. The Management Boards reported regularly, without delay and in detail to the Supervisory Boards regarding corporate planning and the business, strategic and financial development of DB AG and its subsidiaries respectively DB ML AG and its subsidiaries. All significant business events were discussed by the Supervisory Boards and the responsible committees based on Management Boards' reports. Significant deviations in the actual business development were explained by the respective Management Board and examined by the respective Supervisory Board. The Chairmen of the Supervisory Boards of DB AG and DB ML AG maintained close contact at all times with the Management Board Chairman of DB AG and DB ML AG, who regularly reported on the latest business developments at DB AG and/or DB ML AG, upcoming business decisions and risk management.

SUPERVISORY BOARD MEETINGS

DB AG

The Supervisory Board of DB AG was involved in all decisions of fundamental significance for DB AG.

In the year under review, the Supervisory Board of DB AG met for four ordinary meetings and one strategy meeting. Three Supervisory Board members fully participated in less than half of the meetings held in the year under review. In four 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 meetings of the Supervisory Board of DB AG.

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 expenditures, equity investment and divestment projects. The Supervisory Board also discussed the strategy of Deutsche Bahn Group (DB Group) and the Group divisions at its meetings and at a special strategy meeting. The Supervisory Board devoted several meetings to addressing the situation concerning the major Stuttgart 21 project and the progress of costs associated with the project. Furthermore, the Supervisory Board extensively addressed the late delivery of previously ordered rolling stock for regional and long-distance transport, the resulting operational and financial consequences for rail passenger transport, and damages in connection with potential collusion among rail suppliers and the potential damage claims. In December, the Supervisory Board discussed DB Group's mid-term planning for the years 2013 to 2017 and approved the DB Group budget for the 2013 financial year and its capital expenditure planning.

DB ML AG

The Supervisory Board of DB ML AG was involved in all decisions of fundamental significance for DB ML AG.

In the year under review, the Supervisory Board of DB ML AG met for four ordinary meetings and one strategy meeting. One Supervisory Board member fully participated in less than half of the meetings held in the year under review. In four 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 expenditures, equity investment and divestment projects. The Supervisory Board also discussed the strategy of DB ML Group and of the Group divisions at its meetings and at a special strategy meeting. The Supervisory Board extensively addressed the late delivery of previously ordered rolling stock for regional and long-distance transport, the resulting operational and financial consequences for rail passenger transport, and damages in connection with potential collusion among rail suppliers and the potential damage claims. In December, the Supervisory Board discussed DB ML Group's mid-term planning for the years 2013 to 2017 and approved the DB ML Group budget for the 2013 financial year and its capital expenditures planning.

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

MEETINGS OF THE SUPERVISORY BOARD COMMITTEES

DB AG

The Supervisory Board of DB AG has established four permanent committees to efficiently facilitate its work. The Supervisory Board's Executive Committee met four times in the year under review and held one teleconference, 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 four times during the year under review and held one 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 2012 and DB Group mid-term planning for the years 2013 to 2017. The Audit and Compliance Committee discussed the continuation of the major Stuttgart 21 project and the progress of costs associated with the project, as well as the business situation in the DB Schenker Rail business unit. The committee also heard reports on the situation at EUROFIMA and the business development of acquisitions. Furthermore, it addressed changes to corporate governance necessitated by the German Accounting Law Modernization Act (BilMoG) as well as changes in accounting principles and to the internal controlling system. The Audit and Compliance Committee also received regular information on compliance-related investigations and internal audit findings. In addition, the committee discussed the hiring of an auditor for the financial statements and the progress of the auditing process. 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 five times in the year under review to prepare Management Board-related matters for discussion by the Supervisory Board. In particular, the Personnel Committee discussed the compensation system for the Management Board members and prepared the reappointment of Dr. Grube and Dr. Lutz, which was approved in 2012. Furthermore, the committee prepared data concerning the attainment of performance targets by Management Board members for 2011 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.

DB ML AG

The Supervisory Board of DB ML AG has established four permanent committees to efficiently facilitate its work. The Supervisory Board's Executive Committee met four times in the year under review and held one teleconference, 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 four times during the year under review and held one teleconference, addressing, in particular, the quarterly and half-year financial statements, and the review findings concerning these. Other issues included the forecast for 2012 and DB ML Group mid-term planning for the years 2013 to 2017. The Audit and Compliance Committee discussed the business situation in the DB Schenker Rail business unit in particular. The committee also heard several reports on the situation at EUROFIMA and the business development of acquisitions. Furthermore, it addressed changes to corporate governance necessitated by the German Accounting Law Modernization Act (BilMoG) as well as changes in accounting principles and to the internal controlling system. The Audit and Compliance Committee also heard regular reports on compliance-related investigations and internal audit findings. In addition, the committee discussed the hiring of an auditor for the financial statements and the progress of the auditing process. 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 five times in the year under review to prepare Management Board-related matters for discussion by the Supervisory Board. In particular, the Personnel Committee discussed the compensation system for the Management Board members and prepared the reappointment of Dr. Grube, Dr. Lutz and Dr. Rausch, which was approved in 2012. Furthermore, the committee prepared data concerning the Management Board members' performance target attainment for 2011 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 Boards and Supervisory Boards of DB AG and DB ML AG 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 sets forth internationally and nationally recognized standards for proper and responsible corporate governance. The Supervisory Boards of DB AG and DB ML AG dealt with application of the Public Corporate Governance Code within DB Group and adopted the necessary resolutions.

ANNUAL FINANCIAL STATEMENTS

DB AG

The annual financial statements and management report for DB AG as prepared by the Management Board and the consolidated financial statements and Group management report for the period ending on December 31, 2012 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 early warning 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 15, 2013 and was discussed in full at the Supervisory Board's financial statements meeting held on March 20, 2013, 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 2012 financial year were approved and thereby adopted.

The auditor additionally reviewed the report on relationships 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.

DB ML AG

The annual financial statements and management report for DB ML AG as prepared by the Management Board and the consolidated financial statements and Group management report for the period ending on December 31, 2012 were audited and awarded an unqualified audit opinion by 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 15, 2013 and was discussed in full at the Supervisory Board's financial statements meeting held on March 20, 2013, 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 ML 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 ML AG financial statements for the 2012 financial year were approved and thereby adopted.

The auditor additionally reviewed the report on relationships 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

DB AG

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

At the meeting on June 20, 2012, the Supervisory Board of DB AG reappointed Dr. Richard Lutz to the Management Board for another five-year term, effective April 1, 2013. Dr. Lutz will continue to chair the Finance and Controlling division.

On December 12, 2012, the Supervisory Board appointed Dr. Rüdiger Grube to the Management Board and once again named him Chairman of the Management Board for another five-year term, to expire on December 31, 2017, effective January 1, 2013.

Günter Kirchheim and Helmut Kleindienst resigned from the Supervisory Board of DB AG effective June 20, 2012 and June 30, 2012 respectively. A court of law appointed Jens Schwarz and Fred Nowka as their successors effective August 30, 2012.

Professor Klaus-Dieter Scheurle also resigned from the Supervisory Board effective October 10, 2012. Michael Odenwald was seconded as his successor to the Supervisory Board of DB AG effective October 11, 2012.

DB ML AG

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

At the meeting on June 20, 2012, the Supervisory Board of DB ML AG reappointed Dr. Richard Lutz to the Management Board for another five-year term, effective April 1, 2013. Dr. Lutz will continue to chair the Finance and Controlling division.

Furthermore, at the meeting on June 20, 2012, the Supervisory Board reappointed Dr. Karl-Friedrich Rausch to the Management Board of DB ML AG, effective June 1, 2013 until December 31, 2015. Dr. Rausch will continue to head the Transport and Logistics Board division.

At the meeting on December 12, 2012, the Supervisory Board appointed Dr. Rüdiger Grube to the Management Board and once again named him Chairman of the Management Board for another five-year term, to expire on December 31, 2017, effective January 1, 2013.

Professor Klaus-Dieter Scheurle also resigned from the Supervisory Board effective October 10, 2012. Michael Odenwald was elected by the Annual General Meeting as his successor to the Supervisory Board of DB ML AG effective October 11, 2012.

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 2013
For the Supervisory Board

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

Imprint

Concept Deutsche Bahn AG, Investor Relations > **Design Concept, Typesetting** Studio Delhi, Mainz > **Proofreading** AdverTEXT, Düsseldorf > **Lithography** Koch Lichtsatz und Scan, Wiesbaden > **Printing** ColorDruck Leimen, Leimen > **Photography consulting** Max Lautenschläger, Berlin

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