347103

ARRIVA PLC

Annual report and financial statements

for the year ended 31 December 2012

Company Information

Directors	M D Cooper M J Hibbert R W Holland U Homburg R Lutz D R Martin M Rudhart C Bohl
Company secretary	K M Carlaw
Company number	347103
Registered office	1 Admiral Way Doxford International Business Park Sunderland Tyne and Wear SR3 3XP
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 89 Sandyford Road Newcastle upon Tyne NE1 8HW

Contents

Directors' report
for the year ended 31 December 2012

The directors present their report and the audited financial statements for the year ended 31 December 2012

Principal activities

The principal activities of the company continue to be that of a holding company and provider of central support services for its subsidiary companies, which operate bus and train services in the UK and mainland Europe There have not been any significant changes in the company's principal activities in the year and the directors are not aware, at the date of this report, of any significant changes in the company's activities expected in the next year

Business review

The combination of Arriva and Deutsche Bahn ("DB") in 2010 created one of the leading passenger transport groups in Europe and puts Arriva in a strong position as DB's division for growth in regional passenger transport outside Germany

The directors consider the state of the company's affairs to be satisfactory and there have been no material changes since the balance sheet date

The company's profit and loss account on page 7 shows a loss on ordinary activities before taxation of £14,807,000 (2011 profit £9 857,000) The reason for the movement from a profit on ordinary activities before taxation in 2011 to a loss on ordinary activities in 2012 is primarily due to no dividends received from group undertakings in 2012 (2011 £15,000,000) and an increase in the underlying cost base of the company

Results and dividends

The loss for the year, after taxation, amounted to £10,512,000 (2011 - profit £14,088,000)

The company did not pay a dividend during the year (2011 £Nil)

Directors

The directors who served during the year and up to the date of signing the financial statements were

M D Cooper
R W Grube (resigned 1 January 2012)
D T C Evans (resigned 30 November 2012)
M J Hibbert
R W Holland
U Homburg
R Lutz
D R Martin
M Rudhart
J A Blank (appointed 1 January 2012, resigned 9 April 2013)
C Bohl (appointed 9 April 2013)

Political and charitable contributions

During the year the company made charitable donations, for a variety of charitable purposes, amounting to £14,863 (2011 £15,950)

Directors' report
for the year ended 31 December 2012

Principal risks and uncertainties

An annual assessment is performed to review the scale and probability of the principal risks faced by Arriva plc and its subsidiaries As part of its ongoing programme of risk assessment and management, the following actual and potential risks have been identified as those which the directors believe could have a material impact on the long-term value generation of the group The factors described below are not intended to form a definitive list of all risks and uncertainties faced by the group In particular the list excludes generic risks common to many companies such as terrorism, pandemics and succession planning

1 Market risks

1a Changes in national public sector transport budgets
A considerable proportion of the group's income is derived directly or indirectly from national public transport budgets Changes in these budgets can have positive or negative impacts on the group's prospects The group continues to monitor national public transport budgetary policies in the countries where it operates and ensures it is strategically aware in order to understand possible changes, be in a position to influence them, where possible, and react in a timely fashion

1b Changes in public transport legislation or regulation
Our UK and mainland European management actively engage with local authorities, national governments and EU institutions regarding the formulation and implementation of transport-related legislation and we continue to work with industry partners to represent the best long-term interests of the industry and its customers

2 Operational risks

The Board recognises the importance to the business, as a public transport operator, of maintaining high standards of safety and the consequences of failing to do so The group needs to ensure that standards are maintained and necessary policies are complied with to meet its related obligations The safety committee reports to the group executive committee and oversees the group's health and safety policy and the arrangements for its implementation and reporting Monitoring of environmental performance is carried out by a sustainability committee which includes senior representatives of all group businesses and reports to the group executive committee The Arriva environmental management system holds a senior manager in each business accountable for compliance with group policies and local legislation

3 Commercial risks

3a Uncertainty over the ongoing impact of economic volatility
The impact of ongoing economic uncertainty to the group is likely to be in the area of patronage/financial performance Arriva's balanced portfolio of operations, between bus and rail, and between different countries, reduces its exposure to any downturn in individual market sectors

3b Acquisitions, franchise/tender bid costing and revenue forecasting
Errors or inaccurate assumptions in tenders or acquisitions represent a risk to the business A number of procedures are in place to mitigate this risk In accordance with delegated authority limits, the board approves all significant business acquisitions, disposals and tenders Standard tender models are in use across the business Significant bus and train tender contracts are compared with current experience to identify weaknesses and potential improvements in the tender process Post-investment appraisals are carried out through quarterly business review meetings

Acquisitions of businesses are an important part of Arriva's growth strategy It could be damaging financially to Arriva if material new acquisitions were made at excessive values or with material hidden liabilities Arriva has clearly defined guidelines for due diligence work and approval of potential acquisitions, which require the monitoring of such items by the executive directors subject to delegated authority limits Sale and purchase agreements generally include price adjustment mechanisms and warranties, as appropriate

4 Financial risks

Following the acquisition of Arriva by DB, the DB group is the principal source of funding for Arriva and its subsidiaries The group's financial risks, including liquidity risks and those arising from interest rates, commodity prices and currency fluctuations are managed by the DB treasury function For further details relating to financial risk management please refer to the Deutsche Bahn 2012 Annual Report

Increased retirement benefit obligations may require additional contributions to be made by companies to state or other schemes Such contributions could have a material impact on the group The company undertakes regular pension strategy reviews with the group's pension advisors, and monitors developments in group pension schemes and local governments/state schemes where we operate

5 Compliance risks

The Board recognises the importance of a strong compliance framework to ensure it adheres to the relevant legislation and avoids the financial and reputational risk of failing to do so This is underpinned by clearly defined programmes in data protection, anti-bribery and competition legislation A compliance structure is in place with the aim of ensuring that effective compliance processes are in operation, that all relevant staff are trained and that effective compliance reporting is in operation

Key performance indicators

The executive committee manages the Arriva group's operations on a divisional basis The company's directors have determined key performance indicators for the Arriva group which are reported monthly to enable an understanding of the development, performance or position of the business of the Arriva group

For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Arriva plc

Company's policy for payment of creditors

The company's policy regarding the payment of suppliers is either to agree terms of payment at the start of business with each supplier or to ensure that the supplier is made aware of the company's standard payment terms, and in either case to pay in accordance with its contractual or other legal obligations At 31 December 2012, the company's trade creditors outstanding represented approximately 22 days' purchases (2011 19 days)

Directors' report
for the year ended 31 December 2012

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

This report was approved by the board on 12 June 2013 and signed by order of the board

K M Carlaw

K M Carlaw
Company Secretary

Independent auditors' report to the members of Arriva plc

We have audited the financial statements of Arriva plc for the year ended 31 December 2012 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors
As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditors' report to the members of Arriva plc

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Bill MacLeod

Bill MacLeod (Senior statutory auditor)

for and on behalf of
PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

89 Sandyford Road
Newcastle upon Tyne
NE1 8HW

19 June 2013

Profit and loss account
for the year ended 31 December 2012

	Note	2012 £000	2011 £000
Administrative expenses		**(27,856)**	(19,361)
Other operating income		**10,705**	8,484
OPERATING LOSS	2	**(17,151)**	(10,877)
Income from shares in group undertakings		**-**	15,000
Interest receivable and similar income	6	**2,546**	8,073
Interest payable and similar charges	7	**(704)**	(3,530)
Other finance income	8	**502**	1,191
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**(14,807)**	9,857
Tax on (loss)/profit on ordinary activities	9	**4,295**	4,231
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	17	**(10,512)**	14,088

All amounts relate to continuing operations

The notes on pages 11 to 23 form part of these financial statements

There is no material difference between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the financial year stated above and their historical costs equivalents

Statement of total recognised gains and losses for the year ended 31 December 2012

	Note	2012 £000	2011 £000
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		**(10,512)**	14,088
Actuarial loss related to pension scheme	19	**(2,723)**	(4,944)
Deferred tax attributable to actuarial loss	19	**630**	1,305
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		**(12,605)**	10,449

The notes on pages 11 to 23 form part of these financial statements

Balance sheet
as at 31 December 2012

	Note		2012 £000		2011 £000
FIXED ASSETS					
Tangible assets	10		**6,983**		7,179
Investments	11		**622,005**		622,005
			628,988		629,184
CURRENT ASSETS					
Debtors amounts falling due after more than one year	12	**292,382**		434,782	
Debtors amounts falling due within one year	12	**12,889**		8,522	
Cash at bank		**219**		17,981	
		305,490		461,285	
CREDITORS amounts falling due within one year	13	**(24,354)**		(167,526)	
NET CURRENT ASSETS			**281,136**		293,759
TOTAL ASSETS LESS CURRENT LIABILITIES			**910,124**		922,943
CREDITORS amounts falling due after more than one year	14		**(280,957)**		(282,417)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			**629,167**		640,526
Defined benefit pension scheme liabilities	19		**(1,734)**		(488)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			**627,433**		640,038

Balance sheet (continued)
as at 31 December 2012

	Note	2012 £000	2011 £000
CAPITAL AND RESERVES			
Called up share capital	16	**10,220**	10 220
Share premium account	17	**34,861**	34,861
Other reserves	17	**60,882**	60,882
Profit and loss account	17	**521,470**	534,075
TOTAL SHAREHOLDERS' FUNDS	18	**627,433**	640,038

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 June 2013

M J Hubbert
Director

The notes on pages 11 to 23 form part of these financial statements

Notes to the financial statements for the year ended 31 December 2012

1 ACCOUNTING POLICIES

1 1 Basis of preparation of financial statements

The financial statements. have been prepared on a going concern basis under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom The principal accounting policies, which have been applied consistently throughout the year, are set out below

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006 These financial statements, therefore present information about the company as an individual undertaking and not about its group

1 2 Cash flow statement

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost of fixed assets less their estimated residual value, over their expected useful lives on the following bases

Freehold property	-	straight line over 50 years
Plant and machinery	-	straight line over 3 to 10 years

1.4 Investments

Investments held as fixed assets are shown at cost less provision for impairment Investments are reviewed annually for any indicator of impairment

1 5 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1 6 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

Notes to the financial statements for the year ended 31 December 2012

1 ACCOUNTING POLICIES (continued)

1 7 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year The assets of the scheme are held separately from those of the company in an independently administered fund

The company also operates a defined benefit pension scheme The deficit recognised in the balance sheet in respect of the company's defined benefit pension plan is the fair value of the plan assets at the balance sheet date less the present value of the defined obligation, together with adjustments for unrecognised past service costs The defined benefit obligation is calculated using the projected unit credit method Formal actuarial valuations are carried out by an independent actuary on a triennial basis, with updated calculations being prepared at each balance sheet date by qualified independent actuaries The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability The cost of providing future benefits (service cost) is charged to the profit and loss account as required The return on scheme assets and interest obligation on scheme liabilities comprise a pension finance adjustment which is included in other finance income Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the statement of total recognised gains and losses in the period they arise

1 8 Related party transactions

As permitted under FRS8, 'Related party disclosures', the company has taken advantage of the exemption not to disclose transactions between group companies

There were no significant transactions with associates during the year

1 9 Dividend income and payments

Dividend distributions to the company's shareholders are recognised in the company's financial statements in the period in which the dividends are received from subsidiaries or paid to shareholders

1 10 Deferred income

Deferred income, which relates to licenses issued by the company to subsidiaries for the use of the Arriva brand name, is recognised in the profit and loss account over the licence period of up to 15 years

1 11 Other operating income

Other operating income is derived from licences for the use of the Arriva brand name, management charges, rental income, and other services excluding value added tax It is recognised in the profit and loss account on an accruals basis

Notes to the financial statements
for the year ended 31 December 2012

2. OPERATING LOSS

The operating loss is stated after charging

	2012 £000	2011 £000
Depreciation of tangible fixed assets		
- owned by the company	**280**	278

3. AUDITORS' REMUNERATION

	2012 £000	2011 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	**71**	84
Fees payable to the company's auditor and its associates in respect of All other services	**414**	157

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2012 £000	2011 £000
Wages and salaries	**12,675**	12,220
Social security costs	**787**	822
Other pension costs (Note 19)	**374**	122
	13,836	13,164

The average monthly number of employees, including the directors, during the year was as follows

	2012 Number	2011 Number
Administrative	**118**	123

5 DIRECTORS' EMOLUMENTS

	2012 £000	2011 £000
Emoluments	3,809	3,533
Company contributions to defined benefit pension schemes	74	91

During the year retirement benefits were accruing to 4 directors (2011 - 4) in respect of defined benefit pension schemes

The highest paid director received remuneration of £1,593,000 (2011 - £1,505,000)

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2012 £000	2011 £000
Interest receivable from group companies	2,529	8,017
Bank interest receivable	17	56
	2,546	8,073

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £000	2011 £000
On bank loans and overdrafts	342	2,607
Other interest payable	-	269
Interest payable to group undertakings	362	654
	704	3,530

8 OTHER FINANCE INCOME

	2012 £000	2011 £000
Expected return on pension scheme assets	2,906	3,758
Interest on pension scheme liabilities	(2,404)	(2,567)
	502	1,191

9 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2012 £000	2011 £000
Analysis of tax credit in the year		
Current tax (see note below)		
UK corporation tax credit on (loss)/profit for the year	**(3,711)**	(3 833)
Adjustments in respect of prior years	**(107)**	203
Total current tax	**(3,818)**	(3,630)
Deferred tax		
Origination and reversal of timing differences	**(338)**	1,175
Adjustments in respect of prior years	**(139)**	(1,776)
Total deferred tax (see note 15)	**(477)**	(601)
Tax on (loss)/profit on ordinary activities	**(4,295)**	(4,231)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 24 5% (2011 - 26 5%) The differences are explained below

	2012 £000	2011 £000
(Loss)/profit on ordinary activities before tax	**(14,807)**	9,857
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24 5% (2011 - 26 5%)	**(3,628)**	2,612
Effects of		
Expenses not deductible for tax purposes	**287**	311
Capital allowances for year more than depreciation	**(4)**	(10)
Adjustments to tax charge in respect of prior years	**(107)**	203
Non-taxable income	**(935)**	(5,746)
Other timing differences	**569**	(1,000)
Current tax credit for the year (see note above)	**(3,818)**	(3,630)

Factors that may affect future tax charges

During 2012 the UK Government announced that the UK Corporation Tax rate applicable from 1 April 2013 would be 23%, and that the UK Corporation Tax rate applicable from 1 April 2014 would be 21%

On 20 March 2013 the UK Government made a further announcement that the UK Corporation Tax rate applicable from 1 April 2015 would be 20%

Notes to the financial statements for the year ended 31 December 2012

10. TANGIBLE FIXED ASSETS

	Freehold property £000	Plant and machinery £000	Total £000
Cost			
At 1 January 2012	9,277	2,048	11,325
Additions	-	84	84
At 31 December 2012	9,277	2,132	11,409
Accumulated depreciation			
At 1 January 2012	2,383	1,763	4,146
Charge for the year	172	108	280
At 31 December 2012	2,555	1,871	4,426
Net book value			
At 31 December 2012	6,722	261	6,983
At 31 December 2011	6,894	285	7,179

11 FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2012 and 31 December 2012	636,705
Impairment	
At 1 January 2012 and 31 December 2012	14,700
Net book value	
At 31 December 2012	622,005
At 31 December 2011	622,005

Notes to the financial statements
for the year ended 31 December 2012

11. FIXED ASSET INVESTMENTS (continued)

Subsidiary undertakings

The following are the principal subsidiary undertakings of the company

Name	Class of shares	Holding
TGM (Holdings) Limited	Ordinary	100 %
Arriva Passenger Services Limited	Ordinary	100 %
Arriva Motor Holdings Limited	Ordinary	100 %
MTL Services Limited	Ordinary	100 %
Arriva International Limited	Ordinary	100 %
Arriva Insurance Company (Gibraltar) Limited	Ordinary	100 %

Name	Business	Registered office
TGM (Holdings) Limited	Investment company	England and Wales
Arriva Passenger Services Limited	Investment company	England and Wales
Arriva Motor Holdings Limited	Investment company	England and Wales
MTL Services Limited	Investment company	England and Wales
Arriva International Limited	Investment company	England and Wales
Arriva Insurance Company (Gibraltar) Limited	Insurance services	Gibraltar

The directors believe that the carrying value of the investments is supported by their underlying value

A full list of investments held indirectly in subsidiary companies can be found in the annual report of the ultimate parent company, Deutsche Bahn AG, a company registered in Germany

12 DEBTORS

	2012 £000	2011 £000
Due after more than one year		
Amounts owed by group undertakings	**292,382**	434,782

	2012 £000	2011 £000
Due within one year		
Trade debtors	**597**	1,080
Group relief receivable	**3,711**	3,833
Other debtors	**5,549**	1,483
Prepayments and accrued income	**234**	80
Deferred tax asset (see note 15)	**2,798**	2,046
	12,889	8 522

Notes to the financial statements for the year ended 31 December 2012

13 CREDITORS·
Amounts falling due within one year

	2012 £000	2011 £000
Bank overdrafts	-	100,164
Trade creditors	357	311
Amounts owed to group undertakings	-	42,894
Social security and other taxes	1,695	1 458
Other creditors	4,619	4,300
Accruals and deferred income	17,683	18,399
	24,354	167,526

14 CREDITORS
Amounts falling due after more than one year

	2012 £000	2011 £000
Amounts owed to group undertakings	263,677	267,354
Accruals and deferred income	17,280	15,063
	280,957	282,417

Creditors include amounts not wholly repayable within 5 years as follows

	2012 £000	2011 £000
Repayable other than by instalments	263,677	267,354

15. DEFERRED TAX ASSET

The movement in the deferred tax asset, excluding deferred tax on the pension deficit, during the year was as follows

	2012 £000	2011 £000
At 1 January	2,046	546
Credit during the year	752	1,500
At 31 December	2,798	2,046

Notes to the financial statements for the year ended 31 December 2012

15 DEFERRED TAX ASSET (continued)

The deferred tax asset, excluding deferred tax on the pension deficit, is made up as follows

	2012 £000	2011 £000
Accounting depreciation in excess of capital allowances	67	74
Other timing differences	2,731	1,972
	2,798	2,046

The deferred tax balance, including deferred tax on the pension deficit, consists of the tax effect of timing differences in respect of	2012 £000	2011 £000
Accounting depreciation in excess of capital allowances	67	74
Other timing differences	2,731	1 972
Deferred tax excluding that relating to pension deficit	2,798	2,046
Deferred tax relating to pension deficit	518	163
Total deferred tax asset	3,316	2,209

The movement in the deferred tax asset, including deferred tax on the pension deficit, during the year was	2012 £000	2011 £000
At 1 January	2,209	303
Deferred tax credited to the profit and loss account (Note 9)	477	601
Deferred tax credited to the statement of total recognised gains and losses	630	1,305
At 31 December	3,316	2,209

16. CALLED UP SHARE CAPITAL

	2012 £000	2011 £000
Allotted, called up and fully paid		
204,390,900 Ordinary shares of £0 05 each (2011 204,390,900)	10,220	10,220

Notes to the financial statements for the year ended 31 December 2012

17 RESERVES

	Share premium account £000	Other reserves £000	Profit and loss account £000
At 1 January 2012	34,861	60,882	534,075
Loss for the financial year			(10,512)
Actuarial loss related to pension scheme net of tax			(2,093)
At 31 December 2012	34,861	60,882	521,470

OTHER RESERVES

Other reserves includes a capital redemption reserve of £1,757 000 which represents the cumulative par value of all shares bought back and cancelled by the group and is not distributable There is also a special reserve of £59,125,000 which was created in 1997 when an application to transfer the share premium account into a special reserve was granted by the High Court, and is not distributable

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012 £000	2011 £000
Opening shareholders' funds	640,038	629,589
(Loss)/profit for the financial year	(10,512)	14,088
Other recognised gains and losses during the year	(2,093)	(3,639)
Closing shareholders' funds	627,433	640,038

19 PENSION COMMITMENTS

At 31 December 2012 the company operated both defined benefit and defined contribution schemes, which are financed through separate Trustee administered funds managed by independent professional fund managers on behalf of the Trustees Contributions to the defined benefit funds are based upon actuarial advice following the most recent of a regular series of valuations of the funds by their representative independent actuaries

The total pension cost for the company was £0 1 million credit (2011 £2 4 million credit) The pension costs in respect of the company's defined contribution scheme was £0 3 million (2011 £0 2 million)

FRS 17 'Retirement Benefits'

The calculations used to assess the FRS17 liabilities of the retirement benefit scheme are based on the most recent actuarial valuations, updated to 31 December 2012 by qualified independent actuaries, KPMG LLP The scheme's assets are stated at their market value at 31 December 2012

Notes to the financial statements for the year ended 31 December 2012

19 PENSION COMMITMENTS (continued)

The amounts recognised in the Balance sheet are as follows

	2012 £000	2011 £000
Present value of funded obligations	**(55,305)**	(49,113)
Fair value of scheme assets	**53,053**	48,462
Deficit in scheme	**(2,252)**	(651)
Related deferred tax asset	**518**	163
Net liability	**(1,734)**	(488)

The amounts recognised in the profit and loss account are as follows

	2012 £000	2011 £000
Current service cost	**(92)**	(109)
Interest on obligation	**(2,404)**	(2,567)
Expected return on scheme assets	**2,906**	3,758
Past service credit	**-**	1,512
Total	**410**	2,594
Actual return on scheme assets	**6,245**	(975)

Movements in the present value of the defined benefit obligation were as follows

	2012 £000	2011 £000
Opening defined benefit obligation	**49,113**	49,928
Current service cost	**92**	109
Interest cost	**2,404**	2,567
Actuarial loss	**6,062**	211
Past service credit	**-**	(1,512)
Benefits paid	**(2,438)**	(2 249)
Member contributions paid	**72**	59
Closing defined benefit obligation	**55,305**	49,113

Notes to the financial statements for the year ended 31 December 2012

19 PENSION COMMITMENTS (continued)

Changes in the fair value of scheme assets were as follows

	2012 £000	2011 £000
Opening fair value of scheme assets	48,462	50,829
Expected return on assets	2,906	3,758
Actuarial gains/(losses)	3,339	(4,733)
Total contributions	784	857
Benefits paid	(2,438)	(2,249)
	53,053	48,462

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses was £1,968,000 gain (2011 - £4,691,000 gain)

The company expects to contribute £0 7 million to its defined benefit pension scheme in 2013

The major categories of scheme assets as a percentage of total scheme assets are as follows

	2012	2011
Equities	71.00 %	69 00 %
Bonds	29.00 %	30 00 %
Other	- %	1 00 %

Principal actuarial assumptions at the Balance sheet date

	2012	2011
Discount rate at 31 December	4.40 %	5 00 %
Expected return on scheme assets at 31 December	6.30 %	6 30 %
Future salary increases	3 50 %	4 00 %
Future pension increases	2 10 %	2 00 %
Inflation rate	2 80 %	3 00 %

The directors' assessment of the expected returns is based on historical return trends the forward looking views of financial markets (suggested by the yields available) and the views of investment organisations

The average life expectancy for members aged 65 are male 17 years (2011 17 years) and female 19 years (2011 19 years)

The average life expectancy at 65 for members aged 45 are male 18 years (2011 18 years) and female 20 years (2011 20 years)

19 PENSION COMMITMENTS (continued)

Amounts in relation to defined benefit pension schemes for the current and previous four periods are as follows

Defined benefit pension schemes

	2012	2011	2010	2009	2008
	£000	£000	£000	£000	£000
Defined benefit obligation	**(55,305)**	(49,113)	(49,928)	(48,566)	(45,136)
Scheme assets	**53,053**	48,462	50,829	46,050	40,430
(Deficit)/surplus	**(2,252)**	(651)	901	(2,516)	(4,706)
Experience adjustments on scheme liabilities	**(6,062)**	(211)	(2,749)	(3 146)	11,020
Experience adjustments on scheme assets	**3,339**	(4,733)	2 388	5,212	(14,518)

20 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

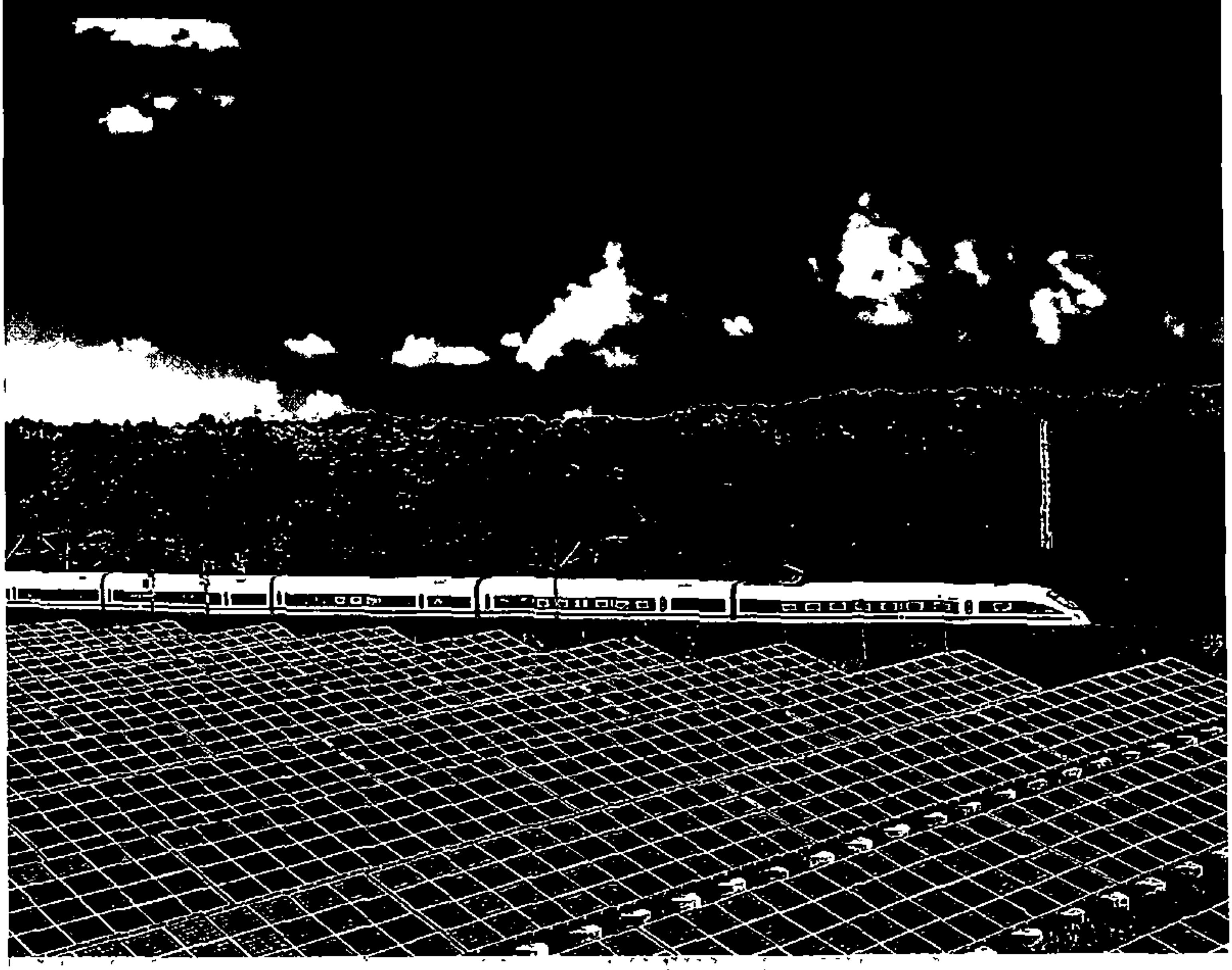
The ultimate parent company and ultimate controlling party is Deutsche Bahn AG, a company registered in Germany, which has prepared group accounts incorporating the results of Arriva plc Copies of these accounts can be obtained from Potsdamer Platz 2, 10785 Berlin

Deutsche Bahn AG is the largest group to consolidate the financial statements and DB Mobility Logistics AG is the smallest

Information on Arriva plc can be obtained from their registered address 1 Admiral Way, Doxford International Business Park, Sunderland, Tyne and Wear, SR3 3XP

Transactions with other companies in the Deutsche Bahn Group are not specifically disclosed as the company has taken advantage of the exemption available under FRS 8 'Related party disclosures' for wholly-owned subsidiaries

DB Mobility Networks Logistics



Our future:
Sustainably successful

Deutsche Bahn
2012 Annual Report

At a glance

Selected key figures	2012	2011	CHANGE absolute	CHANGE %
KEY FINANCIAL FIGURES – € MILLION				
Revenues adjusted	39,296	37,901	+1,395	+3.7
Revenues comparable	38,567	37,900	+667	+1.8
Profit before taxes on income	1,548	1,359	+189	+13.9
Net profit for the year	1,477	1,332	+145	+10.9
EBITDA adjusted	5,601	5,141	+460	+8.9
EBIT adjusted	2,708	2,309	+399	+17.3
Non-current assets as of Dec 31	44,206	44,059	+147	+0.3
Current assets as of Dec 31	8,284	7,732	+552	+7.1
Equity as of Dec 31	15,934	15,126	+808	+5.3
Net financial debt as of Dec 31	16,366	16,592	–226	–1.4
Total assets as of Dec 31	52,490	51,791	+699	+1.3
Capital employed as of Dec 31	32,691	31,732	+959	+3.0
Return on capital employed (ROCE) (%)	8.3	7.3	–	–
Redemption coverage (%)	22.1	20.5	–	–
Gearing (%)	103	110	–	–
Net financial debt/EBITDA	2.9	3.2	–	–
Gross capital expenditures	8,053	7,501	+552	+7.4
Net capital expenditures	3,487	2,569	+918	+35.7
Cash flow from operating activities	4,094	3,390	+704	+20.8
KEY PERFORMANCE FIGURES				
Passengers[1] (million)	4,181	2,738	+1,443	+52.7
RAIL PASSENGER TRANSPORT				
Passengers[2] (million)	2,035	1,981	+54	+2.7
thereof in Germany	1,974	1,925	+49	+2.5
Volume sold[2] (million pkm)	82,366	79,228	+3,138	+4.0
Volume produced (million train-path km)	760.2	759.8	+0.4	+0.1
RAIL FREIGHT TRANSPORT				
Freight carried (million t)	398.7	411.6	–12.9	–3.1
Volume sold (million tkm)	105,894	111,980	–6,086	–5.4
RAIL INFRASTRUCTURE				
Train kilometers on track infrastructure (million train-path km)	1,039	1,051	–12	–1.1
thereof non-Group railways	230.6	219.9	+10.7	+4.9
Share of non-Group railways (%)	22.2	20.9	–	–
Station stops (million)	146.4	145.2	+1.2	+0.8
thereof non-Group railways	26.6	24.7	+1.9	+7.7
BUS TRANSPORT				
Passengers[2] (million)	725.4	756.3	–30.9	–4.1
Volume sold[2] (million pkm)	8,421	8,763	–342	–3.9
Volume produced (million bus km)	1,424	1,481	–57	–3.8
FREIGHT FORWARDING AND LOGISTICS				
Shipments in European land transport (thousand)	95,325	95,836	–511	–0.5
Air freight volume (export) (thousand t)	1,095	1,149	–54	–4.7
Ocean freight volume (export) (thousand TEU)	1,905	1,763	+142	+8.1
OTHER FIGURES				
Order book passenger transport as of Dec 31 (€ billion)	79.5	78.5	+1.0	+1.3
Length of line operated	33,505	33,576	–71	–0.2
Passenger stations	5,645	5,685	–40	–0.7
Employees as of Dec 31 (FTE)	287,508	284,319	+3,189	+1.1
Rating Moody's/Standard & Poor's/Fitch	Aa1/AA/AA	Aa1/AA/AA	–	–

[1] Previous year excluding Arriva (2012 excluding Arriva: 2,760 million, +0.8%)

[2] Excluding Arriva

World-wide presence

DB Bahn Long-Distance

EUROPE
Austria Belgium, Czech Republic Denmark France Germany Hungary the Netherlands Poland Switzerland

DB Bahn Regional

EUROPE
Germany

DB Arriva

EUROPE
Czech Republic Denmark Great Britain, Hungary, Italy Malta the Netherlands Poland Portugal Slovakia, Spain, Sweden

DB Schenker Rail

EUROPE
Albania Austria, Belarus, Belgium, Bosnia Bulgaria, Croatia, Czech Republic, Denmark, Estonia Finland France Germany, Great Britain Greece, Hungary, Italy, Latvia Lithuania Luxembourg Macedonia the Netherlands, Norway Poland Portugal, Romania Russia Serbia, Slovakia, Slovenia Spain Sweden, Switzerland Turkey

DB Schenker Logistics

EUROPE
Albania Austria, Belarus Belgium Bosnia Bulgaria Croatia Cyprus Czech Republic Denmark Estonia, Finland France Georgia Germany Great Britain Greece Hungary Iceland Ireland, Italy Latvia, Lithuania Luxembourg Macedonia, Malta Republic of Moldova, the Netherlands Norway, Poland, Portugal Romania, Russia Serbia, Slovakia Slovenia, Spain, Sweden, Switzerland Turkey Ukraine

ASIA/PACIFIC
Armenia Australia, Azerbaijan Bahrain, Bangladesh Cambodia, China Hong Kong, India, Indonesia Iran, Iraq Israel Japan Jordan Kazakhstan, Kirgistan Korea, Kuwait, Laos Lebanon, Macau, Malaysia, Maldives Mauritius, Mongolia Myanmar, Nepal, New Zealand, Oman Pakistan Palestinian areas Philippines, Qatar Saudi Arabia, Singapore Sri Lanka, Syria Taiwan Tajikistan Thailand Turkmenistan United Arab Emirates Uzbekistan, Vietnam Yemen

AFRICA
Algeria, Angola Botswana Djibouti Egypt Ethiopia Ghana Kenya, Lesotho Madagascar, Malawi Mauretania Morocco, Mozambique Namibia Nigeria, Senegal South Africa Sudan Tunisia Uganda United Republic of Tanzania Zambia, Zimbabwe

AMERICAS
Argentina, Aruba, Barbados Bolivia, Brazil Canada, Chile, Columbia Costa Rica, Cuba Curaçao, Dominican Republic, Ecuador El Salvador, Guatemala Guyana, Honduras, Mexico Nicaragua Panama, Paraguay Peru, Trinidad and Tobago, Uruguay USA, Venezuela

DB Services

EUROPE
Germany

DB Netze Track

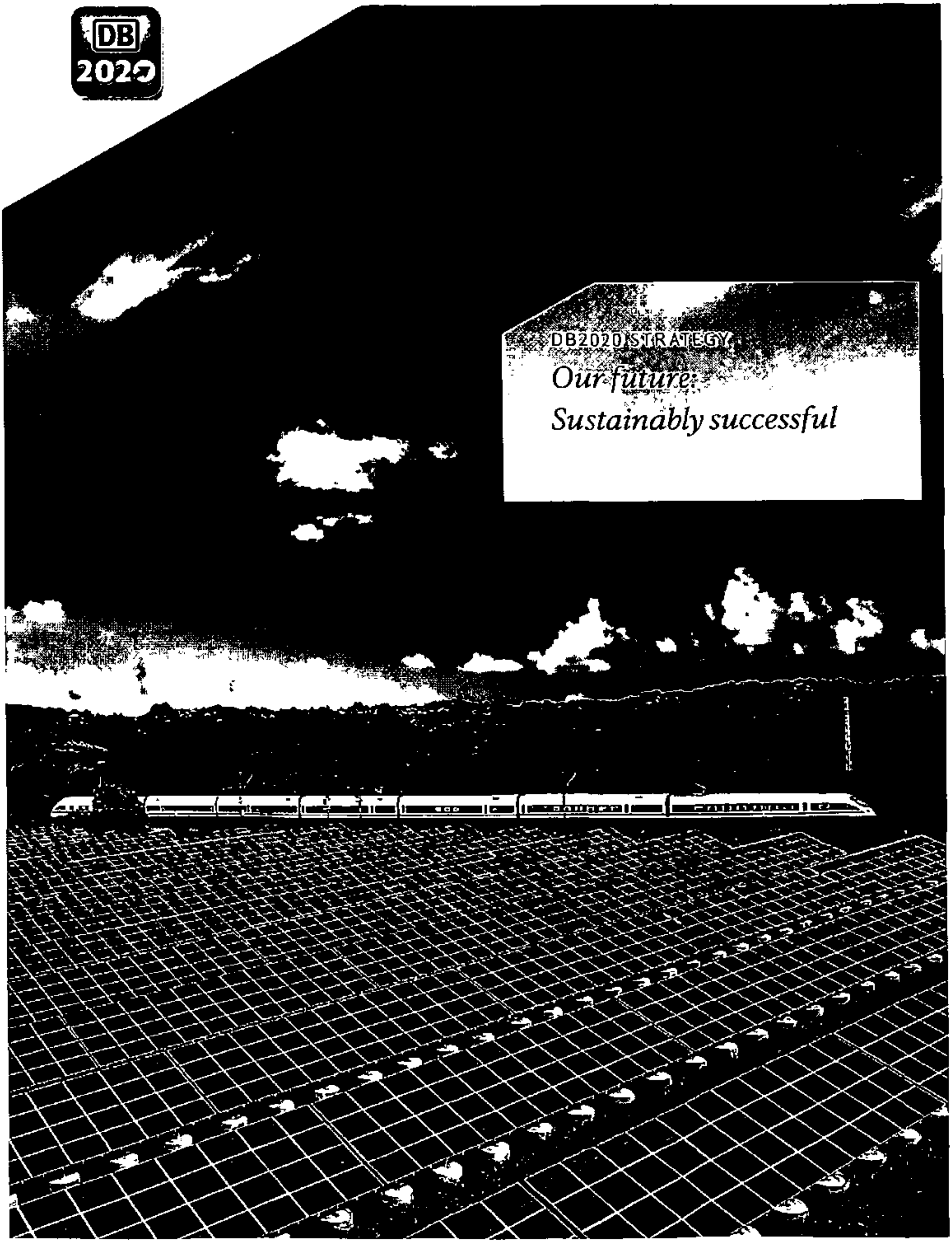
EUROPE
Germany

DB Netze Stations

EUROPE
Germany

DB Netze Energy

EUROPE
Germany



DB2020 STRATEGY

Our future: Sustainably successful


As an **eco-pioneer**, our products set benchmarks for the efficient use of resources.
As a **top employer**, we attract and retain qualified employees who are enthusiastic about working for DB Group and our customers.
As a **profitable market leader**, we offer our customers first-class mobility and logistics solutions.

Sustainable

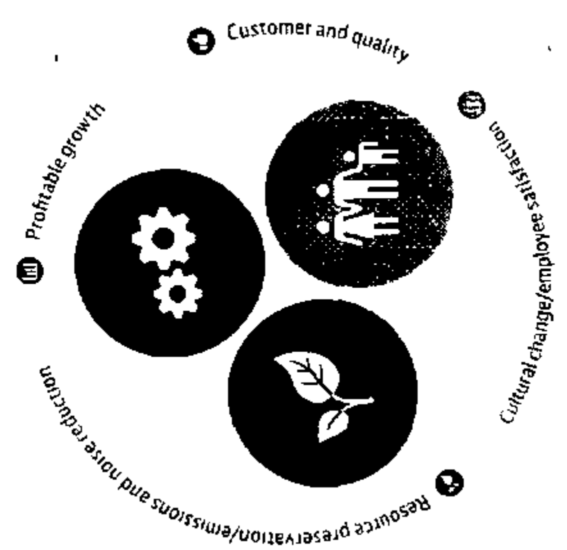
strategy

DB2020

Strategy

Tackling economic, social and environmental issues together

Our vision is to become the world's leading mobility and logistics company. If we want to ensure long-term business success, it is essential to adopt a harmonized approach to tackling economic, social and environmental issues. We aim to become a profitable market leader with a strong focus on quality and the customer, taking on a leading position in all of our markets. If we are to attain this goal, we need employees who work enthusiastically for the company and our customers. We want to attract and retain these employees by being a top employer. As environmentally friendly activities are part of our brand and service promise, we have an ambitious goal: We want to be eco-pioneers. This is because we know that our business can only be successful in the long term if our environment is kept safe.



Customer and quality
Cultural change/employee satisfaction
Resource preservation/emissions and noise reduction
Profitable growth

Economic

As a profitable market leader, we offer our customers first-class mobility and logistics solutions.

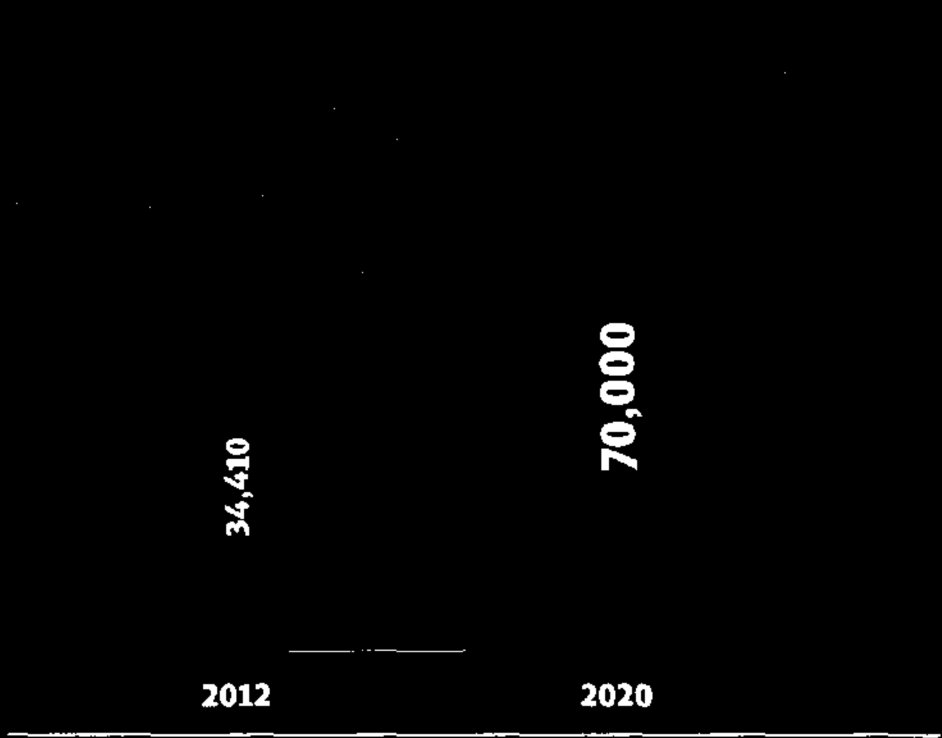
Economic

Taking on leading positions in our markets as a profitable market leader

Being a profitable market leader means that we win over our customers with our first-class range of top-quality services. In the year 2020, we want to achieve revenues of € 70 billion, which would mean doubling revenues within ten years. Ensuring reasonable profitability and the financial stability of the company are the central pillars of this goal for us. Our aim is to ensure a return on capital employed of a minimum of 10 % and redemption coverage of a minimum of 30 % (redemption of financial debt based on cash generated from operating activities within three years). Our focus in this regard is to take advantage of market opportunities and to consistently and sustainably develop high-quality businesses.

DB2020 goals

Doubling of revenues by 2020
(base year: 2010; figures in € million)



Social

As a top employer, we attract and retain qualified employees who are enthusiastic about working for DB Group and our customers.

Social

Taking up leading positions nationally and internationally as a top employer

As a leading mobility and logistics service provider, people are the linchpin of our business. We feel that satisfied employees are a prerequisite for satisfied customers, which makes them essential to our long-term business success. With this in mind, we want to be one of Germany's top 10 employers by 2020, as well as taking up leading positions internationally. To achieve this, we have decided to increase our attractiveness as an employer, improve employee satisfaction in the long term and strengthen our position in the face of demographic challenges. We therefore want to ensure that our employees can enjoy working within DB Group throughout their entire career, no matter what point they are at in their professional and personal life.

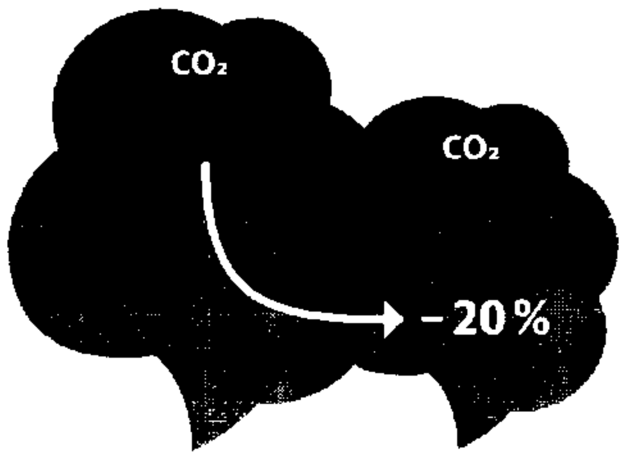
Environmental

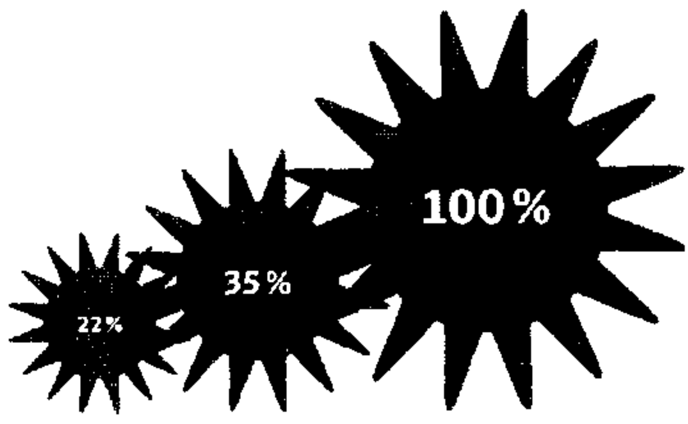
As an eco-pioneer, our products set benchmarks for the efficient use of resources.

Environmental

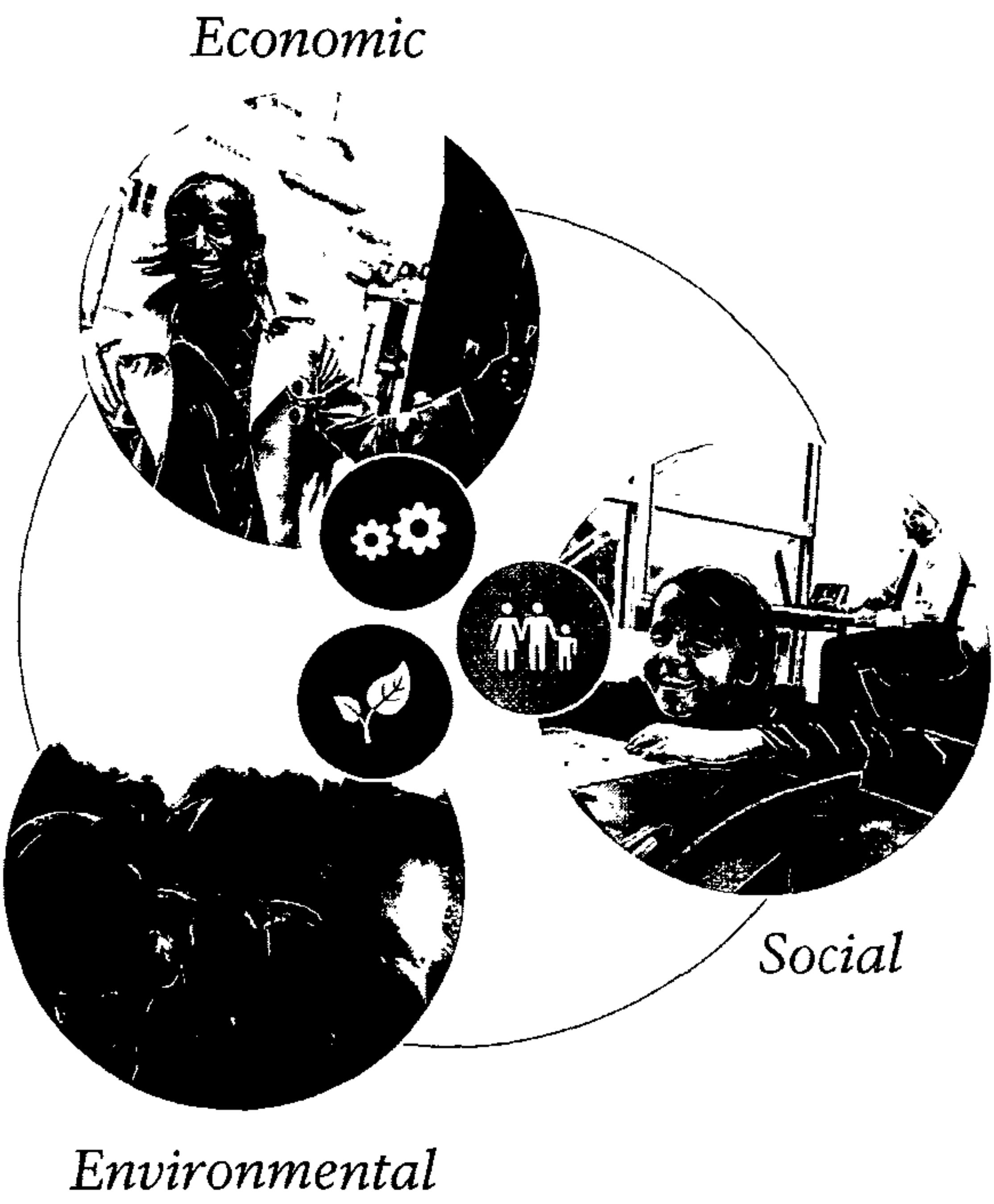
Building on our leading environmental position as an eco-pioneer

As a leading international mobility and logistics company, we are responsible for environmentally friendly transport. Environmentally friendly activities are part of our brand and service promise.
Rail transport is already miles ahead of other means of transport in environmental terms. Environmentally friendly services will, in the future, be an – if not the – essential factor behind the purchasing decisions of more and more customers. Our major business customers have ambitious climate protection goals, which means demand for transport services with lower CO_2 emissions is growing. Our aim is to offer a wide variety of greener products and services, with the specific goal of reducing carbon emissions by 20% by 2020. Our rail transport activities in Germany are to be operated with 100% eco power by 2050. Another focal point is our target to cut the rail noise in Germany by half by 2020.


CO₂
CO₂
– 20 %


22 %
35 %
100 %

We're on the right track




Believe It
or Not!

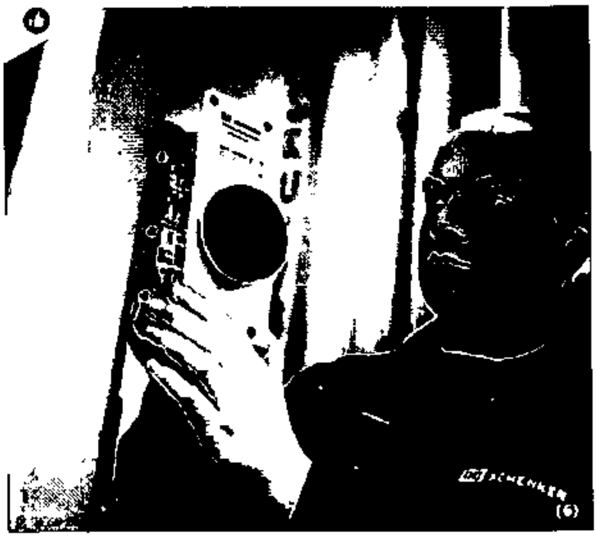
Economic: improving performance and quality

In order to become a profitable market leader, we want first and foremost to invest in our business – our networks, our infrastructure and our fleets – to make sure that our customers are satisfied Our strategic direction "Customer and quality" is based on service and product quality To achieve this, we are continually launching new improvement processes with aims such as expanding the provision of customer information in order to offer the best possible service Our Group portfolio provides interesting potential for growth across all of the business units, something that our strategic direction "Profitable growth" aims to exploit to the full, whether by providing new routes and winning new transport contracts in the Passenger Transport division, or by expanding our services and winning new customers in the Transport and Logistics division We also intend to work towards the targeted extension of our business

Improving access: expanding online services (1)

The expansion of our online services was a major focal point in 2012 At "My Bahn," our customers can request up-to-the-minute information on their train journey by e-mail The new DB Tickets app makes it easier to buy tickets The DB Navigator makes sure that real-time information is always available Since December, we have provided an individual graphic seat choice option during the booking process for most of our ICE trains We have simplified the booking process at bahn de and have also improved operability on tablets

(1)



(6)

Offering smart solutions: shipment tracking optimized (6)

Our new Advanced Air & Ocean Tracking system allows customers using the DB SCHENKERsmartbox service to track their container shipments in real time around the clock A number of sensor parameters can also be viewed, such as moisture, acceleration force, movement and vibrations An automated function provides the customer with the relevant preset information by e-mail when their shipment reaches specific milestones or if the parameters of the shipment have changed

Investing in infrastructure: station modernization program underway (5)

As part of our infrastructure improvement acceleration program, large numbers of stations are undergoing modernization The station at Bad Reichenhall in Bavaria was the first to be completed The renovation included modernizing the platforms and fitting them with new roofs

(5)

Building on our strengths: transport through the Channel Tunnel expanded (3)

We expanded our services between Poland and Great Britain in response to growing demand In doing so, we established a new transport corridor within our Europe-wide DB Schenker Rail network The train is the second regular transport service to travel the High Speed 1 route The route links the Channel Tunnel with London and is the only track in Great Britain that is compatible with European loading gauges

(3)

Expanding networks: new connections established (2)

The new direct connection between Frankfurt am Main and Marseille, on which we have begun operations in conjunction with SNCF, shortens the journey time by 90 minutes Thanks to this achievement, we have yet again made rail travel in Europe a little bit more customer-focused and international

(4)

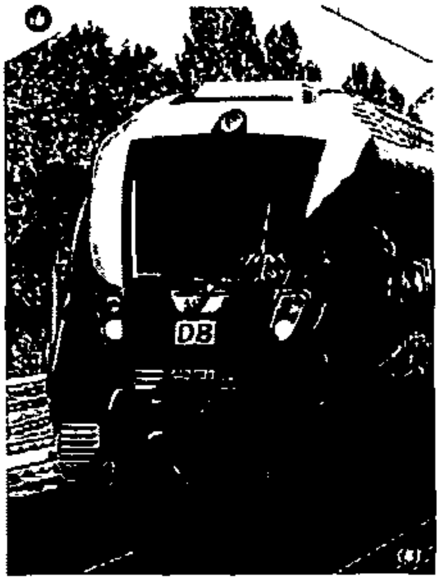
Achieving growth: new international transport services launched (4)

A particular challenge in 2012 was the start of operations on numerous newly awarded transport service contracts August saw the start of the first phase of the largest intermodal transport contract in Sweden A total of 82 trams and 255 buses were brought into service as part of a complex integrated transport system In the second phase, which started in early January, another 183 trams and 484 buses were added to the fleet In the Netherlands, DB Arriva began operations on four transport contracts it had been awarded These contracts take in bus and rail services using almost 400 new buses and 38 new trains

Expanding the range of services: optimum linkage of modes of transport using the new BahnCard (7)

The new BahnCard 25 mobil plus, initially being trialed in Berlin, combines four mobility types on one discount card for the first time. It also includes the Flinkster and Call a Bike services. The use of the local public transport network in Berlin can additionally be booked by e-ticket. This is an important milestone for tailor-made carbon-neutral urban mobility with a focus on the future.

(7)



(8)

Increasing comfort: investments made in new trains (8)

A significant milestone in 2012 was the long-awaited delivery of the first Talent 2 trains. The interior design uses modern colors, and, with air-conditioning and displays for passengers showing information such as the next connections, comfort is key in these new trains.

Improving the ride: trains modernized (12)

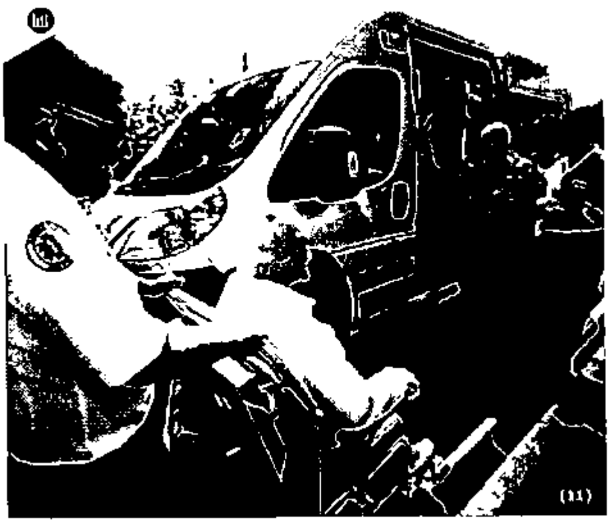
For our long-distance customers, we are putting both the ICE 2 fleet and our IC and EC trains through an extensive redesign process. A total of 38 of our 44 ICE 2 trains have already been modernized and are back on the rails. In December 2012, the first overhauled IC cars were also brought back into service. The new design for the IC and EC trains is based on our ICEs. New seats have been installed, and the wall paneling, tables and carpets have been replaced. All cars are now also fitted with electrical sockets at the seats. The bistro car and the parent-and-child compartment in the service car were also modernized.


(12)

(9)

Ensuring growth: new transport contracts concluded throughout Europe (9)

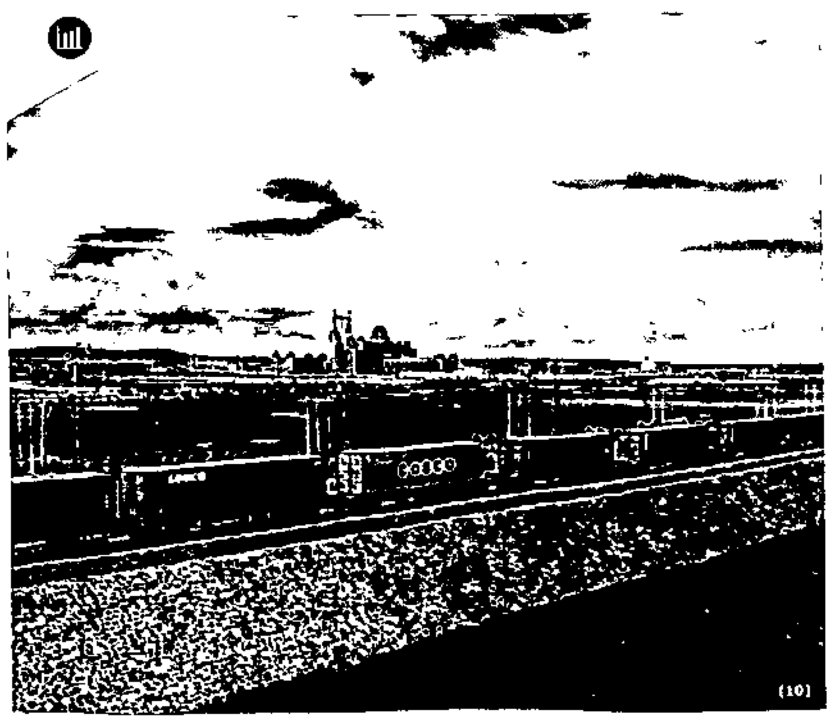
DB Arriva and DB Bahn Regional successfully competed for major transport contracts again in 2012 Despite a highly competitive market, we were awarded contracts for a large number of transport services in Germany, the Netherlands, Great Britain, Hungary, Italy and Denmark In some cases, this equated to a significant increase in our market share in the different countries



(11)

Making our vision come true: rail freight transport as far as China established (10)

We have expanded the rail freight transport service to China that was launched in 2011 With the introduction of a common consignment note, we will have a major tool that will help us further improve the competitiveness of our transport services



(10)

Extending our portfolio: acquisition of patient transport service provider Ambuline (11)

As the leading bus operator in Great Britain, DB Arriva has acquired the British patient transport specialist Ambuline With this acquisition, we aim to expand our business in the patient transport and social care transport service businesses in Great Britain DB Arriva and Ambuline jointly won a series of tenders for patient transport services in 2011 that began operating in early July 2012

Social: becoming a top employer

To ensure that we achieve our goal of becoming a top employer, we aim to attract qualified employees who work with enthusiasm for DB Group and our customers. However, in all our efforts to attract new employees, we must not forget to take very good care of those who already work for us. We are therefore working hard to foster working relationships within DB Group, with an increased focus in our employment conditions on the specific, individual professional and personal periods in the lives of our employees. We are also committed to promoting diversity within DB Group. With this in mind, we have set ourselves the goal of increasing the number of women employed throughout DB Group and in management positions in the long term, among other things.

Attracting new employees: employer branding relaunched (1)

Competition for young talent and skilled employees will continue to get stiffer in the future Our employees are at the heart of the campaign, presenting the diversity and multifaceted nature of DB Group as an employer We have also undertaken a comprehensive overhaul of our online presence as an employer with our new careers Web site (www db de/karriere) and social media activities

(1)


(5)

Promoting young talent: expansion of training opportunities (5)

With some 3,700 trainees and 350 dual degree students, we again took on more new talent than in the previous year in 2012 We also built on our existing capacity with the opening of a new training workshop As one of the largest employers in Germany, we train employees for more than 25 professions in 20 locations, and offer day-release apprentice positions in 23 specialist areas

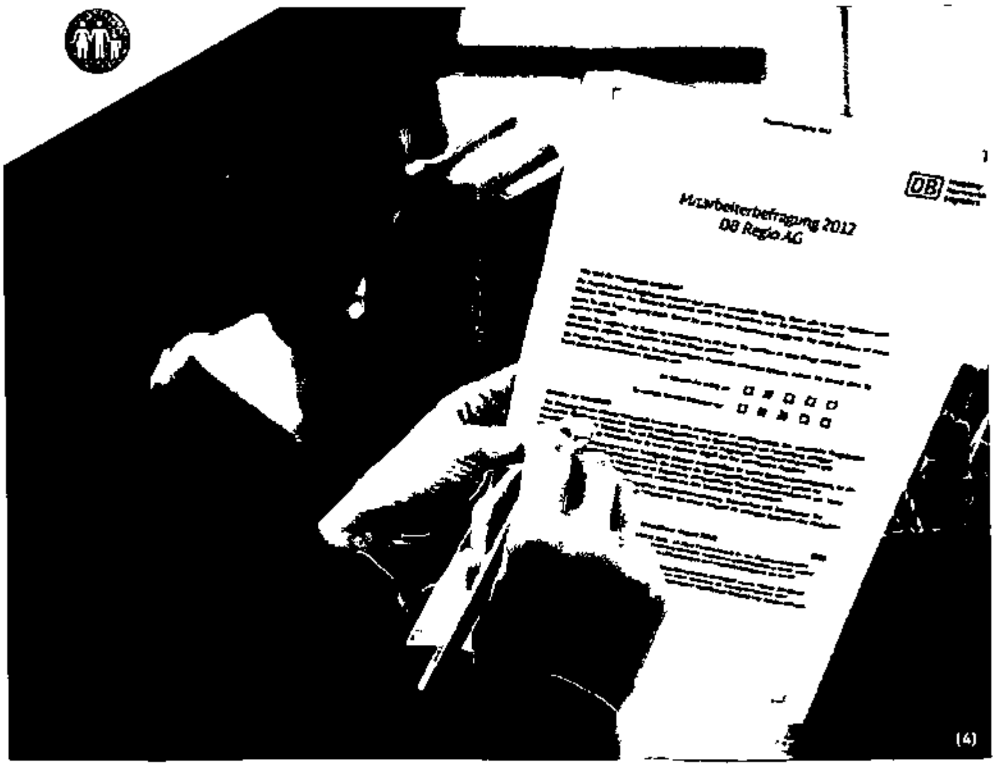
(2)

Working on our company culture: pressing on with change (2)

Further progress was made on the process of developing our company culture in 2012. In order to consolidate it more strongly in the business units and the regions, we carried out 14 regional dialogues and one international dialogue on the future in March 2012. An important aim of this process of cultural change is to strengthen the sense of community and belonging.

Improving organization of working hours: solution reached through discussion (3)

During operational work projects, employees who work shifts agree on solutions with their managers and the works council that allow working hours to be better adapted to their individual needs. Our aim with this project is to help some 90,000 employees find a better balance between their work and family life.



(4)

Involving every employee: Group-wide employee survey carried out (4)

The Group-wide employee survey that we carried out in fall 2012 for the first time marks the next systematic step forward in the cultural development process. Our approximately 300,000 employees around the globe were asked to give us their opinion, and more than 61% took the opportunity to do so. Both the participation level and the results show major interest on the part of employees in becoming actively involved and taking part in shaping company culture.

Preparing for the future: demographic collective agreement concluded (6)

We have reached an agreement with the Railway and Transport Workers Union on a new type of demographic collective wage agreement This enables us to design our employment conditions on a more individual and flexible basis with the aim of being able to better adapt personnel policy to the specific professional and personal periods in the lives of our employees 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

(6)

Promoting work-life balance: a wider range of options for our employees (10)

In order to improve the balance between work and personal life, we have introduced a six-month sabbatical and part-time employment options for our managers We are also expanding our childcare options for the children of our employees, in the form of nurseries near our operating premises and by utilizing the help of cooperation partners One example of this is the expansion of the "DB RasselBAHNde" holiday childcare program in 2012

(10)

Improving management: working on cooperation (7)

Our managers have a decisive influence on the culture within the company. In 2012, therefore, we launched the Group-wide development and establishment of a joint management philosophy with a stronger emphasis on elements such as "setting an example," "providing intellectual stimulus" and "individual treatment of employees."

Improving employee qualifications: logistics academy founded in China (9)

DB Schenker has founded an employee training academy in China, as the need for qualified personnel is growing in that country. The academy is an internal training and development program that contributes to the targeted development of professional and personal skills. The program is aimed first and foremost at operational managers in the field of contract logistics.

Making day-to-day work easier: tablet PCs introduced for train drivers (8)

From now on, our DB Schenker Rail train drivers will be using modern mobile tablet PCs for all of their timetable documents, directions and guidelines. This gives them quicker access to information. This investment in tablet PCs not only improves their working conditions, but also saves paper and time. Some 5,000 tablet PCs will be purchased by the end of 2013.

Environmental: setting benchmarks

We are working in a large number of areas to make sure we achieve our environmental goals. The increased purchase of renewable energy ensures that this will make up a considerably larger proportion of the traction current mix in the future. Another focal point is the development and marketing of green products. Following the introduction of Eco Solutions, our green transport and logistics solutions, the green long-distance transport service that we will offer starting in April 2013 is another milestone. The use of a larger number of electric cars and the simple linking of mobility services will enable us to gradually expand and improve our existing provision of entirely carbon-free mobility chains. We are also investing in vehicles using alternative fuels, such as hybrid buses. The efficient use of resources, vehicle noise reduction and noise reduction along railway lines, and nature and species conservation are other key topics for us. In Hanau, we supported the return of wild horses to their original habitat.

Avoiding carbon emissions: long-distance transport "goes green" (1)

Starting on April 1, 2013, around 5 million customers with BahnCard discount cards and travel passes, as well as our bahn corporate customers, will be able to travel long-distance routes within Germany powered entirely by eco-power, without paying extra This initiative will see around 75% of all long-distance journeys transferred to renewable energy We will meet the cost for this The direct procurement of eco-power (mainly hydroelectric power) will prevent CO_2 emissions on these long-distance routes right from the word go

(1)

(5)

Using space sensibly: new photovoltaic plants connected to the grid (5)

Since 1997, we have provided unused surfaces for the installation of photovoltaic plants In Wittenberge/Brandenburg last August, we celebrated the opening of the largest, most powerful solar power plant to date A total of 3 3 million kilowatt-hours of electricity will be produced here each year that will then be fed into the public grid

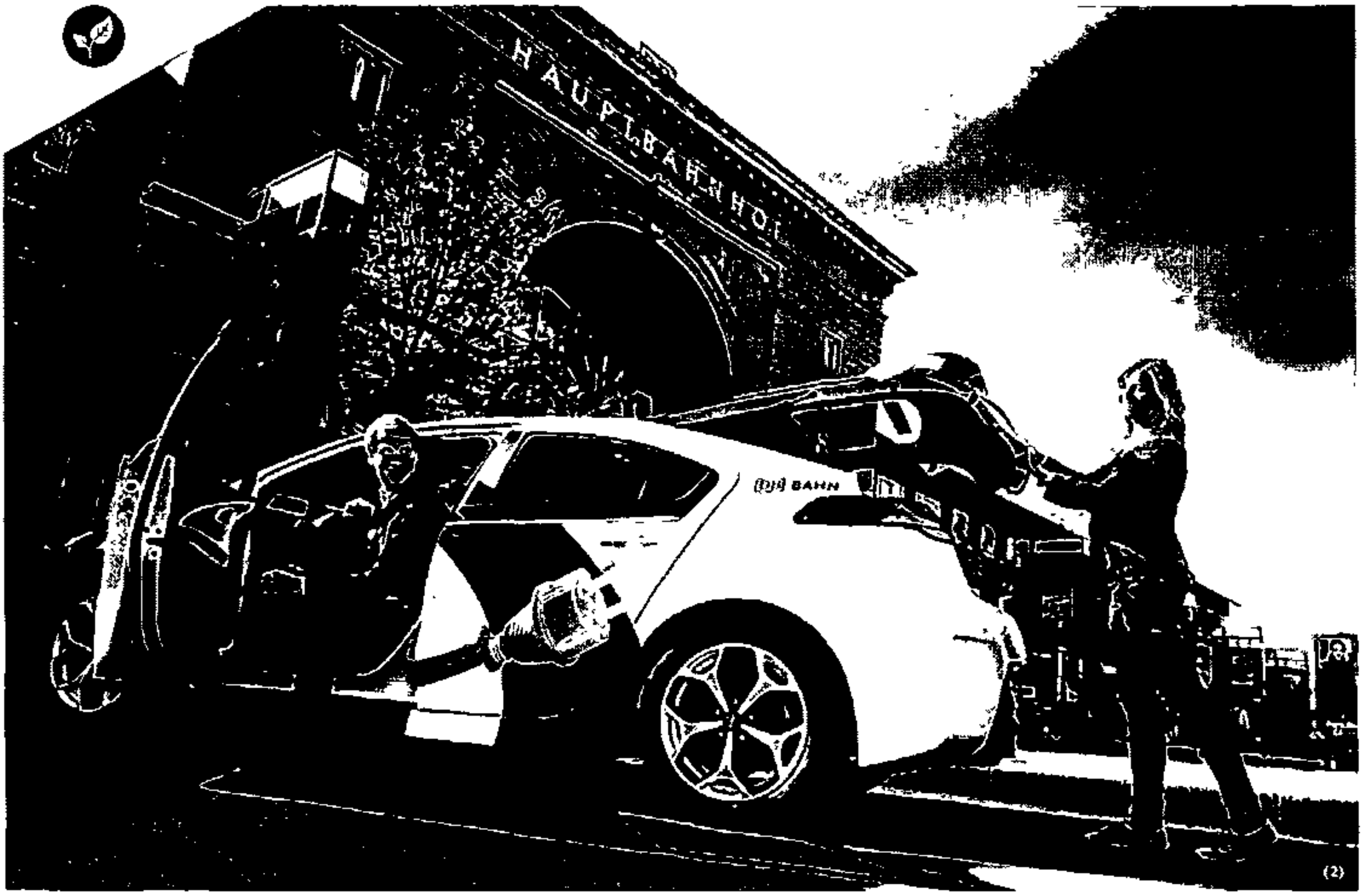
Reducing noise: numerous measures implemented (4)

We are taking a number of steps to halve train noise by 2020 In the freight transport segment, we are using whisper brakes to halve rolling noise, gabion noise barriers to provide noise insulation from the tracks, and rail web dampers to reduce rail web vibrations and cut noise emissions

(4)

Expanding e-mobility: new services launched (2)

The future belongs to carbon-free mobility chains In terms of coverage, e-mobility is of particular importance in cities We further expanded our e-Flinkster car-sharing fleet in 2012 and established the first fully electric car-sharing system, in collaboration with Citroën, in Berlin We are also increasingly using eco-powered electric cars for business purposes We have identified the most suitable operational areas for this For example, the Opel Ampera hybrid car has been used as the official vehicle of the fleet management service since the end of 2012



(2)

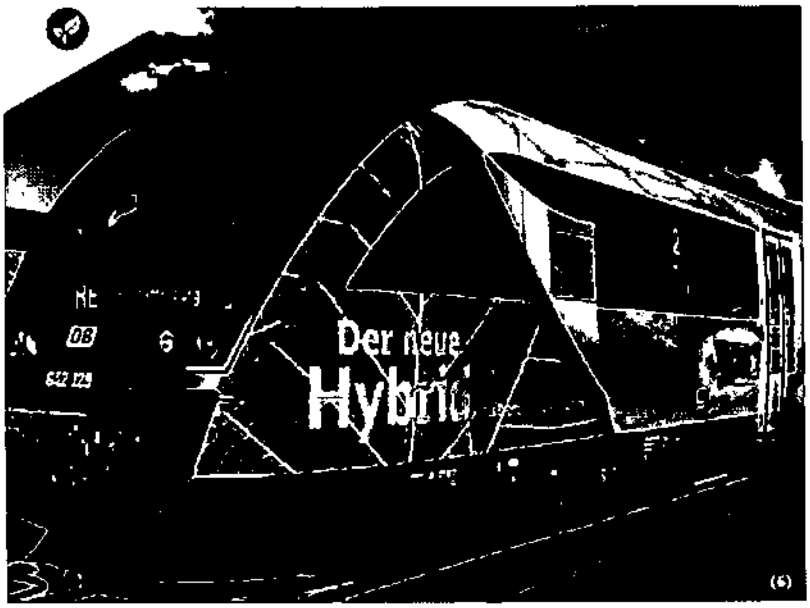
(3)

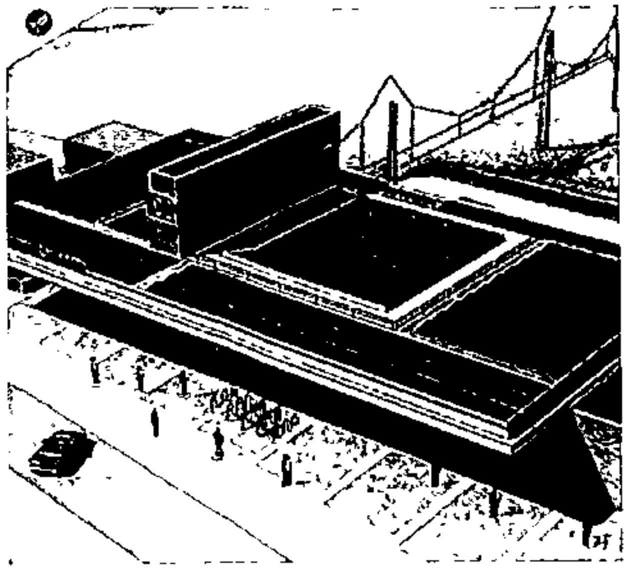
Offering green logistics solutions: operations started in energy-efficient logistics centers (3)

DB Schenker Logistics has opened a particularly environmentally friendly site at London Heathrow that is also the largest British air freight hub The building has a rainwater recovery system and a ventilation system with heat recovery The lighting is controlled by light-sensor-based movement sensors that reduce carbon emissions

Promoting innovation: first hybrid vehicle for local transport services tested (6)

An upgraded power car from the VT 642 series using a hybrid system with an innovative air-conditioning system has been undergoing trials since February The vehicle is powered by a hybrid system consisting of a diesel-mechanical drive with additional electrical machines and energy storage





Optimizing infrastructure: construction of the first green station underway (7)

The first green station is under construction in Kerpen-Horrem The heating and cooling systems are to be regulated by a geothermal system, electricity will be provided by a photovoltaic plant installed on the roof, and warm water will be produced from solar energy All this will result in the station operating without producing any carbon emissions

Preventing emissions: carbon-free freight transport expanded (11)

Eco Plus enables rail freight to be transported with zero carbon emissions We purchase the required amount of eco-power in advance and feed it into the traction current grid, where the usual electricity is replaced by this renewable energy Demand is growing constantly more than a dozen DB Schenker Rail customers now use Eco Plus, including Audi, Mondelez International, Lanxess and Vinnolit

Saving energy: using the potential in our infrastructure (8)

We place a particularly strong focus on saving energy To do this, we are constantly on the lookout for weak points that we then improve Regular energy measurements in our stations are part of this process Intelligent lighting control concepts and more economical lighting solutions, such as LED panels, help us to reduce energy consumption

(8)

(9)

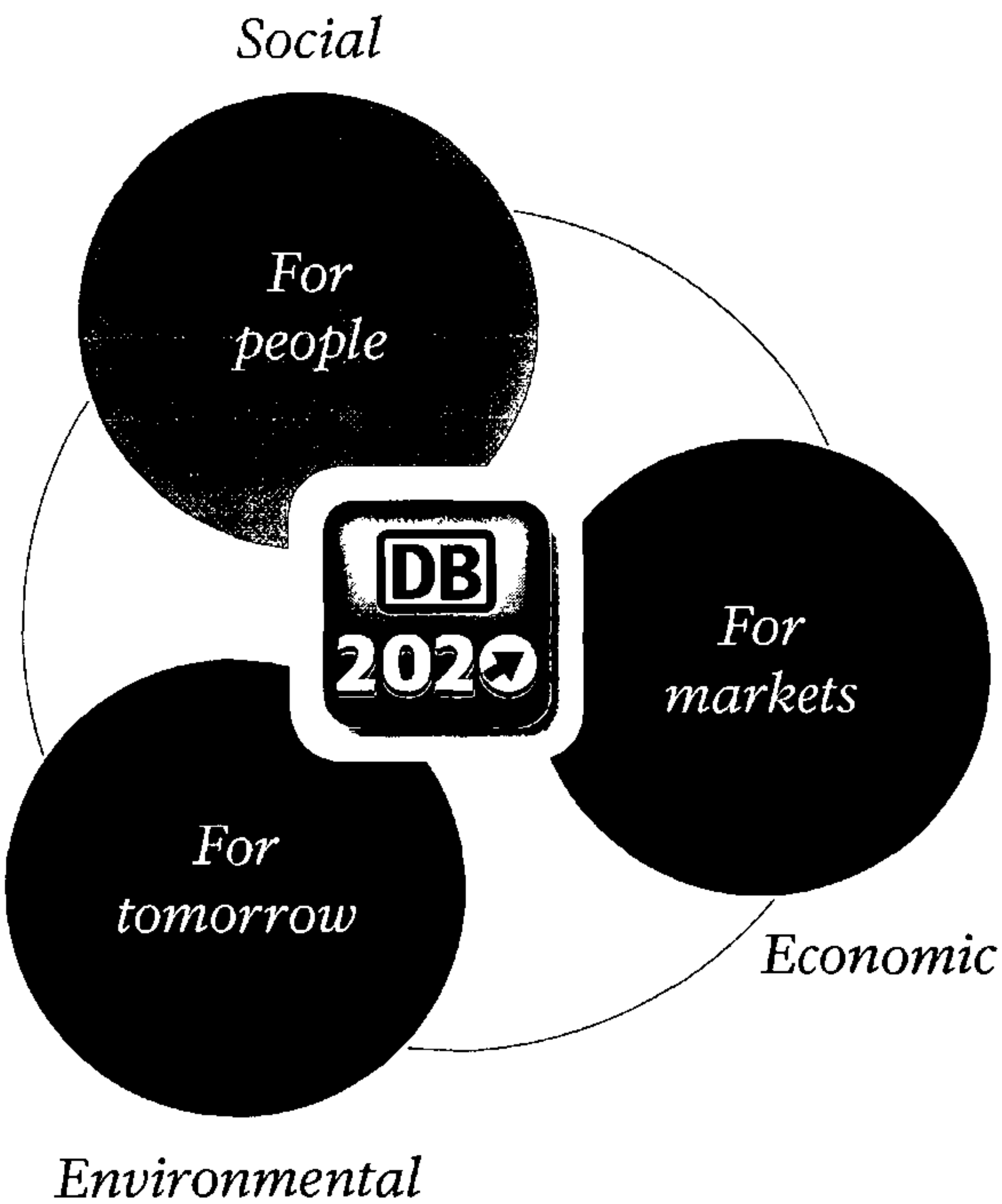
Creating new green services: Call a Bike service extended (10)

Alongside e-Flinkster vehicles, we also offer our customers an e-Call a Bike service These bikes, also known as pedelecs, are characterized by motorized pedal assistance The electric motor is charged at charging stations, but can also be charged during travel using an energy recovery system

(10)

Using alternative propulsion: new hybrid buses purchased (9)

We have started using alternative forms of propulsion for buses in many countries, and we again significantly enlarged our green fleet in 2012 The most prominent new addition is the successor to London's legendary red double-decker Routemaster bus, the "New Bus for London " This new bus is impressive not just due to its traditional design and the open rear platform that allows passengers to board and alight at any time, but also for its environmentally friendly operation The bus uses the newest diesel-electric drive technology, thereby reducing carbon emissions


Social
For people
For markets
Economic
For tomorrow
Environmental

To our stakeholders

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

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

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

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

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

renovated escalators, improved passenger information systems and accessibility of platforms at 260 train stations, bringing smiles to the faces of many passengers

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.

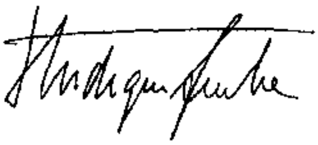
Our environmental measures are also contributing to our appeal as an employer. With our efforts to go green in our long-distance transport portfolio, which were unveiled in November 2012, we have taken a giant leap toward 100% CO_2-free rail transport. We now offer every long-distance transport customer 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.

"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."

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

DR KARL-FRIEDRICH RAUSCH
Transport and Logistics
Born in 1951
Appointed until 2015
Since 2001 in
Deutsche Bahn Group
> DB Mobility Logistics AG

GERD BECHT
Compliance, Privacy, Legal Affairs and Group Security
Born in 1952
Appointed until 2014
Since 2009 in
Deutsche Bahn Group
> Deutsche Bahn AG
> DB Mobility Logistics AG

DR RICHARD LUTZ
CFO
Born in 1964
Appointed until 2018
Since 1994 in
Deutsche Bahn Group
> Deutsche Bahn AG
> DB Mobility Logistics AG

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

DR. RÜDIGER GRUBE
CEO and Chairman
Born in 1951
Appointed until 2017
Since 2009 in
Deutsche Bahn Group
> Deutsche Bahn AG
> DB Mobility Logistics AG

ULRICH HOMBURG
Passenger Transport
Born in 1955
Appointed until 2014
Since 2000 in
Deutsche Bahn Group
> DB Mobility Logistics AG

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

ULRICH WEBER
Human Resources
Born in 1950
Appointed until 2014
Since 2009 in
Deutsche Bahn Group
> Deutsche Bahn AG
> DB Mobility Logistics AG

MANDATES OF THE MEMBERS OF THE MANAGEMENT BOARD

Deutsche Bahn AG

MANAGEMENT BOARD

Dr Rüdiger Grube
Chief Executive Officer and Chairman of the Management Board, Chief Executive Officer and Chairman of the Management Board of DB Mobility Logistics AG,
Gechingen
a) > DB Netz AG[1] (Chairman)
> DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a G Betriebliche Sozialeinrichtung der Deutschen Bahn
> DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a G Betriebliche Sozialeinrichtung der Deutschen Bahn
b) > 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

DB Mobility Logistics AG

MANAGEMENT BOARD

Dr Rüdiger Grube
Chief Executive Officer and Chairman of the Management Board, Chief Executive Officer and Chairman of the Management Board of Deutsche Bahn 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 Deutsche Bahn 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)

Ulrich Homburg
Passenger Transport, Glashütten
a) > DB Fernverkehr AG [1] (Chairman)
> DB Regio AG [1] (Chairman)
> DB Vertrieb GmbH [1] (Chairman)
> DEVK Allgemeine Lebensversicherungs-AG
b) > Arriva Plc, Sunderland/Great Britain [1] (Board of Directors)

Dr Volker Kefer
Rail Technology and Services, Member of the Management Board of Deutsche Bahn 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 Deutsche Bahn AG, Hoppegarten (Mark)
a) > DB Netz AG [1]
b) > Arriva Plc, Sunderland/Great Britain [1] (Board of Directors)

Dr. Karl-Friedrich Rausch
Transport and Logistics, Weiterstadt
a) > DB Schenker Rail AG [1] (Chairman)
> Schenker AG [1] (Chairman)
> DEVK Allgemeine Versicherungs-AG
> DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a G Betriebliche Sozialeinrichtung der Deutschen Bahn
b) > DB US Holding Corporation, Tarrytown/USA [1] (Board of Directors)

Ulrich Weber
Human Resources, Member of the Management Board of Deutsche Bahn 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

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

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

MEMBERS OF THE SUPERVISORY BOARD

DB AG

- ***Prof Dr Dr Utz-Hellmuth Felcht***
  Chairman of the Supervisory Board
- ***Alexander Kirchner****
  Deputy Chairman of the Supervisory Board
- Dr Hans Bernhard Beus
- Christoph Dänzer-Vanotti
- Patrick Döring
- Dr-Ing Dr E h Jürgen Großmann
- Dr Bernhard Heitzer
- Jörg Hensel*
- Klaus-Dieter Hommel*
- Wolfgang Joosten*
- Dr Jürgen Krumnow
- Prof Dr Knut Löschke
- Vitus Miller*
- Fred Nowka*
- Michael Odenwald
- Ute Plambeck*
- Mario Reiß*
- Regina Rusch-Ziemba*
- Jens Schwarz*
- Dr-Ing E h Dipl-Ing Heinrich Weiss

* Employee representative

DB ML AG

- ***Prof Dr Dr Utz-Hellmuth Felcht***
  Chairman of the Supervisory Board
- ***Wolfgang Zell****
  Deputy Chairman of the Supervisory Board
- Dr Hans Bernhard Beus
- Wolfgang Erler*
- Horst Hartkorn*
- Dr Bernhard Heitzer
- Margarita Kiefer*
- Alexander Kirchner*
- Dr Jürgen Krumnow
- Michael Odenwald
- Helmut Polzer*
- Dr-Ing E h Dipl-Ing Heinrich Weiss

* Employee representative

Corporate Governance report

- THE CORPORATE GOVERNANCE REPORT IS A COMPONENT OF THE GROUP MANAGEMENT REPORT
- GOOD CORPORATE GOVERNANCE IS FUNDAMENTAL TO THE SUCCESS OF THE COMPANY
- COMPLIANCE WITH RECOMMENDATIONS OF THE PUBLIC CORPORATE GOVERNMENT CODE WITH ONE EXCEPTION

Corporate governance rules are intended to ensure good, responsible, value-focused company management On July 1, 2009, the German Federal Government adopted the Public Corporate Governance Code (PCGK) regulating the principles of good corporate and investment management The PCGK sets out the essential provisions of applicable law governing the management and monitoring of non-listed companies in which the Federal Republic of Germany holds a majority stake, while outlining the internationally and nationally acknowledged principles of good and responsible corporate governance The objective of the PCGK is to make the management and oversight of companies more transparent and easier to understand as well as to establish more precisely the role of the Federation as a shareholder in such companies Concurrently, the intention is to increase awareness of good corporate governance

We are convinced that good corporate governance is fundamental to the success of DB Group Our aim is to sustainably increase the value of the company so as to promote the interests of customers, business partners, investors, employees and the public, while maintaining and expanding trust in DB Group

STATEMENT OF COMPLIANCE

The Management Board and the Supervisory Board of DB AG hereby issue the following joint statement "Since the last statement of compliance was published on March 28, 2012, DB AG has complied with the recommendations adopted by the Federal Government on July 1, 2009, concerning the PCGK, with the exception of point 3 3 2 (deductible when taking out financial loss (D&O) liability insurance for the Supervisory Board), although a precautionary exception of point 5 1 2 (reappointment of a member of the Management Board more than a year before the end of the appointment term) has also been declared DB AG will continue to comply with the regulations with the exception mentioned above in the future, until a decision is reached concerning deductibles for the D&O insurance for the Supervisory Board

On December 12, 2012, the Supervisory Board voted unanimously to relieve Dr Rüdiger Grube of his position as Chairman of the Management Board by mutual agreement, effective from December 31, 2012, and to reappoint Dr Rüdiger Grube to the Management Board and to the position of Chairman of the Management Board for the period from January 1, 2013 until December 31, 2017 The decision by the Supervisory Board to reappoint Dr Rüdiger Grube more than a year prior to the end of the appointment term (April 30, 2014) reflects the Supervisory Board s confidence in Dr Rüdiger Grube's ability to manage the company and ensures that Dr Rüdiger Grube will remain in a position to guide the company successfully along the course he has set out for the coming five years The Supervisory Board is of the opinion that the reasons cited above are sufficient justification for this early reappointment, but as a precaution, it has also declared a one-off temporary exception from point 5 1 2 should these reasons not be recognized as "compelling reasons" in line with the abovementioned point

A Supervisory Board member appointed at the instigation of the Federal Government exceeds the recommended number of a total of three memberships of supervisory bodies at one time, in non-compliance with point 5 2 1 (2) of the PCGK This exceeding of recommendations is based on organizational and functional reasons that can be attributed to the Federal Government The Supervisory Board member will not be prevented from fulfilling his duties as a member of the Group s Supervisory Board by this, as the Supervisory Board member has sufficient time to exercise his roles within DB AG "

A statement of compliance was also issued by the Management Board and Supervisory Board of DB ML AG for DB ML AG with the same exceptions

DB AG and DB ML AG intend to continue to comply with the other recommendations of the Public Corporate Governance Code in future

COOPERATION BETWEEN THE MANAGEMENT BOARD AND SUPERVISORY BOARD

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

In the interests of optimum company management, we see it as very important for the Management Board and the Supervisory Board to maintain continuous dialog with each other and to work together efficiently and in an atmosphere of mutual trust for the benefit of the company. The Management Board provides the Supervisory Board with regular, prompt, comprehensive information on all matters relevant to the company, particularly those concerning planning, business, development, the risk position and risk management, as well as the internal control system.

An overview of the ***members of the Management Board and Supervisory Board (1)*** of DB AG including the mandates they hold is provided in the notes to the consolidated financial statements.

Management Board

The Management Board is solely responsible for managing the company. It is required to safeguard the interests of the company and is committed to achieving sustainable growth of company value. It specifies the corporate objectives and defines the strategies to be implemented in order to attain these objectives. The Management Board is responsible for making decisions on all matters of fundamental and key importance for the company.

The Management Board of DB AG consists of six divisions. As well as the division of the CEO, the Management Board also encompasses the following divisions: Finance/Controlling, Personnel, Infrastructure, Compliance, Data Protection, Legal and Group Security, and Rail Technology and Services.

The Management Board of DB ML AG consists of seven divisions. As well as the division of the CEO, the Management Board also encompasses the following divisions: Finance/Controlling, Personnel, Passenger Transport, Transport and Logistics, Compliance, Data Protection, Legal and Group Security, and Rail Technology and Services.

The Management Board members must discuss any conflicts of interest with the Supervisory Board immediately and must also notify their colleagues on the Management Board of these. There were no conflicts of interest during the year under review. In order to ensure integrated Group management, the meetings of the Management Board of DB AG are generally held jointly with those of the Management Board of DB ML AG.

Supervisory Board

The Supervisory Board advises and monitors the Management Board in its management of the company.

In line with the requirements of the German Co-Determination Act (MitbestG), the Supervisory Board of DB AG consists of 20 members, of whom ten members are shareholders' representatives and ten members are employees' representatives. Some of the shareholders' representatives are seconded to the Supervisory Board and some are elected at the Annual General Meeting. The employees' representatives on the Supervisory Board are elected in line with the requirements of the Co-Determination Act. There are currently two women serving on the Supervisory Board of DB AG.

In line with the requirements of the German Co-Determination Act, the Supervisory Board of DB ML AG consists of 12 members, of whom six members are shareholders' representatives and six are employees' representatives. The shareholders' representatives are elected at the Annual General Meeting. The employees' representatives on the Supervisory Board are elected in line with the requirements of the Co-Determination Act. One woman is currently serving on the Supervisory Board.

The Chairman of the Supervisory Board of DB AG and DB ML AG is Professor Dr. Dr. Utz-Hellmuth Felcht. ***Personal or business relationships (2)*** of individual Supervisory Board members of each company are listed in the notes to the consolidated financial statements.

The Supervisory Board members must discuss any conflicts of interest with the Supervisory Board immediately and must also provide the Supervisory Board with information about these. There were no conflicts of interest during the year under review.

Transactions of fundamental importance and other Management Board decisions with a major impact on the business activities and on the asset position, financial position or profit situation of the company require the authorization of the Supervisory Board. The Management Board reports to the Supervisory Boards of DB AG and DB ML AG on the development of business and the position of the Group at least once every quarter. The Management Board also reports to the Supervisory Board regularly on all measures implemented within the company that are intended to ensure compliance with laws and corporate regulations (compliance). In addition to the auditing and approval of the company's annual financial reports, the tasks of the Supervisory

(1) » Management Board: Page 30, Supervisory Board: Page 274 ff. (2) » Page 256

Board include auditing the company's management report, the Group consolidated financial reports and the Group management report The Supervisory Board also monitors the accounting process, the effectiveness of the internal control system, the risk management system and the internal revision system, as well as the process of auditing the financial statements

In addition, the Chairman of the Supervisory Board is in regular contact with the Management Board and specifically the Chairman of the Management Board to discuss company strategy, business development and risk management The Chairman of the Supervisory Board receives regular reports from the Chairman of the Management Board on all events that are of key importance for assessing the company's situation and development, as well as for its management

There were no consultancy agreements or other comparable service agreements or contracts for services between the members of the Supervisory Board and DB AG or between the members of the Supervisory Board and DB ML AG in the 2012 financial year

JOINT SUPERVISORY BOARD MEETINGS

The Supervisory Board of DB AG and the Supervisory Board of DB ML AG meet regularly with the aim of increasing the efficiency of the consultation process Resolutions of the respective Supervisory Board are adopted by their members The possibility still exists for separate Supervisory Board meetings to be held

SUPERVISORY BOARD COMMITTEES

In order to enable the Supervisory Board to carry out its monitoring activities to the best of its abilities, the Supervisory Boards of DB AG and DB ML AG have made use of the option of setting up further committees in addition to the the Mediation Committee, which has to be set up in accordance with the Co-Determination Act The Supervisory Boards have each created an Executive Committee, an Audit and Compliance Committee and a Personnel Committee A list of the ***members of these committees (1)*** can be found in the notes to the consolidated financial statements The Supervisory Board reports on the ***work of the committees (2)*** in the year under review in its report Details of the ***functions of the individual committees (3)*** can be found on our Web site

TRANSPARENCY

All of the important information regarding the consolidated and annual financial statements, the interim report, the financial calendar and information on reportable security transactions can be found on ***our Web site (4)*** In addition, we provide regular information on current developments within the framework of our investor relations activities and corporate communication

RISK MANAGEMENT

Good management also encompasses a responsible approach to the risks and opportunities arising in connection with business operations The early identification and limitation of business risks is therefore of paramount importance to the Management Board and the Supervisory Board

The Management Board is responsible for ensuring adequate risk management and the monitoring of this within the company, and for continuously improving both of these things The German Accounting Law Modernization Act (Gesetz zur Modernisierung des Bilanzrechts, BilMoG) precisely defines the responsibilities of the Supervisory Board with regard to monitoring the accounting process and ensuring the effectiveness of the internal control system, the risk management system and the internal audit system For the Supervisory Board to be able to discharge this responsibility, it must be provided with suitable information based on which it can form an opinion on the adequacy and effectiveness of the systems Regular reports are made to the Audit and Compliance Committee concerning the adequacy and effectiveness of the internal control system In addition, the Management Board reports to the Audit and Compliance Committee regarding risks of major importance to the Group companies and the handling of these risks by the Management Board It also monitors whether the early-warning risk system complies with the requirements of section 91 (2) of the German Stock Corporation Act (Aktiengesetz, AktG)

(1) > Page 276 (2) > Page 33 f (3) > www db de/committees (4) > www db de/ir e

COMPLIANCE

Compliance management within DB Group is responsible for ensuring Group-wide compliance with laws and rules. It is a key element of our corporate culture. The company's activities are subject to national and international legal requirements alongside values and rules established by the company itself. The corporate values of the Group are collated in a code of conduct applicable throughout the Group. The aim of this code of conduct is to support DB Group executive bodies and employees in their compliance with and implementation of rules regarding society, competitors, officials and business partners, and the owner, and in their dealings with each other. Our employees and senior executives receive training on the content of the code of conduct and on the relevant laws and rules within the framework of our various training programs in line with a risk-based approach. The senior executives of the corporate divisions and the relevant organizational units are responsible for ensuring that they themselves, and their employees, comply with the relevant regulations.

In order to ensure that corporate organization is consistent with the relevant regulations, the compliance management system has been further developed with a clear focus on prevention, particularly in regard to the decentralized structures in place in the business units and subsidiaries. Additional information on the topic of ***Compliance (1)*** can be found on our Web site.

ACCOUNTING AND AUDITING

On March 28, 2012, the Annual General Meetings of DB AG and DB ML AG appointed PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PwC), Berlin, as auditor for the 2012 financial year. The Audit and Compliance Committees prepared the proposal to the Supervisory Boards regarding the election of auditor and, following the election of the auditor by the Annual General Meeting, defined the key audit aspects in conjunction with the auditor. Once again this year, it was agreed with the auditor that the Chairman of the Audit and Compliance Committee will be notified of any possible reasons for exclusion or prejudice that emerge in the course of the audit, if these cannot be resolved immediately. It was also agreed that the Chairman of the committee will be notified immediately by the auditor of any separate findings and any irregularities in the statement of compliance.

EFFICIENCY AUDIT OF THE SUPERVISORY BOARD

The Supervisory Board regularly monitors the efficiency of its activities. An efficiency audit is carried out every two years. The last efficiency audit took place in 2011.

COMPENSATION REPORT

The compensation report outlines the compensation system and lists the individual compensation of the members of the Management Board and the Supervisory Board.

Compensation system of the Management Board

The compensation system for the Management Board of DB AG and DB ML AG aims to provide appropriate compensation to the Management Board members in accordance with their duties and areas of responsibility, while at the same time directly taking into account the performance of each Management Board member and the success of the company.

The appropriate level of compensation is reviewed regularly using a comparison process. This review examines the level of Management Board compensation both in comparison to the external market (horizontal appropriateness) and in comparison to other levels of compensation within the company (vertical appropriateness). If the review shows a need to adjust the compensation system or the level of compensation, the Personnel Committee of the Supervisory Board submits its proposals in this regard to the Supervisory Board for approval. The most recent review of the adequacy of compensation took place in the first half of 2011.

(1) > www.db.de/compliance

COMPENSATION COMPONENTS

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

Fixed basic compensation is cash compensation linked to the financial year It is based on the scope of responsibility and the experience of each Management Board member The individually defined fixed income is paid out in 12 equal installments

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

The performance factor reflects success in meeting personal targets The target fee corresponds to the annual director's fee paid to the Management Board member in a "normal financial year" for fully meeting performance goals (meeting targets) If company profits do not meet planned objectives, the director's fee factor can in extreme cases be reduced to zero, regardless of personal performance This means that the annual director's fee can be zero If planned objectives are sufficiently exceeded and the maximum performance factor is also achieved, the annual director's fee can amount to 2 6 times the target director's fee

The business and personal targets of the Management Board members are decided by the Supervisory Board each year based on recommendations from the Personnel Committee, and are then agreed in writing with the Management Board members Together with the plan adopted by the Supervisory Board, the personal targets form the basis for assessing the annual director's fee This means that all of the key parameters for total compensation are established at the beginning of the financial year

At the end of each financial year, the director's fee and the personal performance factor are calculated for each Management Board member based on Group results Target income is attained if both Group and individual targets have been met in full The final decision on this matter is made by the Supervisory Board and is prepared by the Personnel Committee

The long-term incentive element is determined based on the sustained increase in the value of the company This basis for calculation rewards the attainment and/or exceeding of mid-term operational profit targets and the effects of these on the company's value After the end of each planning period, the increase in value achieved in comparison to the company's original planning, and the payment amount, are calculated A peer-group comparison is then used to adjust the payout ratio of the long-term incentive to reflect the external performance of the company compared with a peer group The term of each plan is four years

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

The Management Board members are entitled to an appropriate severance fee if their contract is terminated before the stipulated termination date provided that there is no material cause for which the Management Board member is personally responsible The severance fee is based on the remaining term of the contract, the agreed target compensation and, where applicable, the pension benefits already owed by DB AG or DB ML AG for the remainder of the contract

In accordance with the recommendations of the PCGK, a severance fee cap is included in all contracts of members of the Management Boards of DB AG and DB ML AG This cap means that payments made to a Management Board member due to premature termination of Management Board duties cannot, without good cause as defined by section 626 of the German Civil Code (Burgerliches Gesetzbuch, BGB), exceed the value of two years' salary, including variable compensation components, and must not provide compensation for more than the remaining term of the employment agreement

Management Board members do not receive any additional compensation for mandates exercised in control bodies of Group companies or affiliated companies

PENSION ENTITLEMENTS

The Supervisory Boards of DB AG and of DB ML AG have set a general retirement age of 65 for Management Board members After leaving the company, Management Board members are entitled to pension payments A Management Board member is entitled to a lifelong pension if the term of employment ends due to permanent invalidity or if the contract is terminated before the agreed termination date or is not extended, where there is no material cause for this, or if the Management Board member refuses to continue the contract under the same or more beneficial conditions

Company pension commitments are based on a percentage of basic compensation depending on the length of time that the Management Board member has been with the company Pension commitments include lifelong retirement and surviving dependent benefits There is no lump-sum payment option

In addition, for Management Board member contracts entered into before January 1, 2009, a reinsurance policy was concluded to cover company pension benefits

CONTRACTUAL ANCILLARY BENEFITS

The contractual ancillary benefits for members of the Management Board include a company car with driver for business and personal use, a personal BahnCard 100 First free travel card and standard insurance coverage A housing allowance is provided for second homes where these are required for business purposes Where these non-cash benefits cannot be granted on a tax-free basis, they are taxed as non-monetary benefits for which the Management Board members are fully responsible Management Board members, like any other member of the Group's executive staff, can choose to take part in the company's deferred compensation program

The members of the Management Board are covered by liability insurance against financial losses incurred due to working for DB AG and/or DB ML AG (D&O insurance) In the 2012 financial year, this insurance was offered as a Group insurance policy with a legally established deductible It provides coverage for potential financial losses that could arise from carrying out Management Board activities The insurance cover of the existing D&O insurance policy is valid for a period of five years after termination of activities as a member of the Management Board

COMPENSATION FOR THE 2012 FINANCIAL YEAR

DB AG Management Board

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

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

Total compensation of the Management Board – € thousand	Fixed compensation	VARIABLE COMPENSATION Short-term [1]	Long term [2]	Other [3]	Total
MANAGEMENT BOARD MEMBERS OF DB AG AS OF DEC 31, 2012					
Dr Rüdiger Grube	900	1 241	495	25	**2,661**
Gerd Becht	650	767	315	37	**1,769**
Dr Volker Kefer	483	587	235	32	**1,337**
Dr Richard Lutz	400	536	206	26	**1,168**
Ulrich Weber	650	791	315	9	**1,765**
Total	**3,083**	**3,922**	**1,566**	**129**	**8,700**

[1] Pending decision by the Supervisory Board

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

[3] Non cash benefits accruing from travel benefits, usage of company cars, and insurance and housing allowances

DB ML AG Management Board

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

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

Total compensation of the Management Board – € thousand	Fixed compensation	VARIABLE COMPENSATION Short term [1]	Long term [2]	Other [3]	Total
MANAGEMENT BOARD MEMBERS OF DB ML AG AS OF DEC 31, 2012					
Dr Rüdiger Grube [4]	–	–	–	–	–
Gerd Becht [4]	–	–	–	–	–
Ulrich Homburg	525	613	240	29	1,407
Dr Volker Kefer [4]	–	–	–	–	–
Dr Richard Lutz [4]	–	–	–	–	–
Dr Karl-Friedrich Rausch	650	767	315	18	1,750
Ulrich Weber [4]	–	–	–	–	–
Total	**1,175**	**1,380**	**555**	**47**	**3,157**

[1] Pending decision by the Supervisory Board
[2] Long term variable compensation refers to additions to provisions for long-term incentives
[3] Non cash benefits accruing from travel benefits usage of company cars, and insurance and housing allowances
[4] Dr Grube Mr Becht Dr Kefer, Dr Lutz and Mr Weber did not receive separate compensation for their activities within DB ML AG

No member of the Management Board of DB AG or DB ML AG received any benefits or promises of benefits from third parties related to his activities as a Management Board member during the 2012 financial year

Pension benefits of the Management Board in the 2012 financial year

DB AG Management Board

During the year under review, an amount totaling € 2,729 thousand was added to the pension provisions

Additions to pension provisions (service costs) – € thousand	2012
MANAGEMENT BOARD MEMBERS OF DB AG IN THE 2012 FINANCIAL YEAR	
Dr Rüdiger Grube	918
Gerd Becht	691
Dr Volker Kefer	206
Dr Richard Lutz	59
Ulrich Weber	855
Total	**2,729**

Pension provisions for former members of the Management Board are shown in total in the notes to the consolidated financial statements

DB ML AG Management Board

During the year under review, an amount totaling € 505 thousand was added to the pension provisions

Additions to pension provisions (service costs) – € thousand	2012
MANAGEMENT BOARD MEMBERS OF DB ML AG IN THE 2012 FINANCIAL YEAR	
Dr Rüdiger Grube [1]	–
Gerd Becht [1]	–
Ulrich Homburg	139
Dr Volker Kefer [1]	–
Dr Richard Lutz [1]	–
Dr Karl-Friedrich Rausch	366
Ulrich Weber [1]	–
Total	**505**

[1] Dr Grube Mr Becht, Dr Kefer Dr Lutz and Mr Weber do not receive separate pension commitments for their activities within DB ML AG

Pension provisions for former members of the Management Board of DB ML AG are shown in total in the notes to the consolidated financial statements of DB ML Group

Compensation of the Supervisory Board for the 2012 financial year

DB AG SUPERVISORY BOARD

Compensation of the Supervisory Board of DB AG was most recently regulated by the Annual General Meeting decision of September 21, 2010 In addition to being reimbursed for their cash outlays and the value-added tax due on their compensation and cash outlays, the Supervisory Board members each receive fixed annual compensation of € 20,000 plus performance-linked annual compensation The performance-linked compensation is calculated based on the relationship between operational results (EBIT) for the financial year compared to the previous year's figures, and the attaining of specific operational performance figures Performance-linked compensation is limited to a maximum of € 13,000 The Chairman of the Supervisory Board receives double this amount, while his deputy receives one and a half times the above figure This compensation is increased by a quarter for every position held on a committee by the individual Supervisory Board member Compensation increases by 100% for being Chairman of the Executive Committee or the Audit and Compliance Committee, and by 50% for being Chairman of the Personnel Committee This does not include membership or chairmanship of the committee that is required under the terms of section 27 (3) of the MitbestG

In addition, the members of the Supervisory Board of DB AG receive an attendance fee of € 250 for each meeting of the Supervisory Board and its committees at which they are present Supervisory Board members can also choose between a personal BahnCard 100 First and five free train tickets

The members of the Supervisory Boards of both companies are covered by liability insurance against financial losses incurred by risks arising from the business activities of DB AG (D&O insurance) This insurance is designed as a Group insurance policy with no deductible and provides coverage for financial losses that may occur during the performance of Supervisory Board activities There is also a Group accident insurance policy in place for members of the Supervisory Board The relevant company pays the premiums for these policies

Supervisory Board members who have only been members for part of the financial year in question receive a twelfth of the total compensation (equivalent to the amount payable per month) for each month or part of a month of their membership This rule also applies to the increase in compensation for the Chairman of the Board and his or her deputy, and to the increase in compensation for membership and chairmanship of a Supervisory Board committee

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

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

Supervisory Board members currently hold no shares in the company, nor do they hold options entitling them to purchase shares in the company

Subject to the approval of the activities of the Supervisory Board by the Annual General Meeting on March 22, 2013, the members of the Supervisory Board of DB AG will receive the following compensation for their activities during the year under review

Total compensation of the Supervisory Board – € thousand	ANNUAL INCOME 2012				
	Fixed compensation	Variable compensation	Attendance fees	Incidental payments	Total[1]
SUPERVISORY BOARD MEMBERS OF DB AG AS OF DEC 31, 2012					
Prof Dr Dr Utz-Hellmuth Felcht	70 0	30 8	2 8	-	103 6
Alexander Kirchner	40 0	17 6	2 5	1 0	61 1
Dr Hans Bernhard Beus	20 0	8 8	2 0	-	30 8
Christoph Dänzer-Vanotti	20 0	8 8	1 3	6 9	36 9
Patrick Döring	20 0	8 8	1 3	-	30 1
Dr Ing Dr E h Jürgen Großmann	20 0	8 8	1 0	6 9	36 7
Dr Bernhard Heitzer	20 0	8 8	1 3	-	30 1
Jörg Hensel	21 7	9 5	1 5	1 0	33 7
Klaus Dieter Hommel	20 0	8 8	1 3	6 9	36 9
Wolfgang Joosten	20 0	8 8	1 3	6 9	36 9
Dr Jürgen Krumnow	40 0	17 6	2 3	1 0	60 8
Prof Dr Knut Löschke	20 0	8 8	1 3	6 9	36 9
Vitus Miller	20 0	8 8	1 3	1 0	31 0
Fred Nowka	8 3	3 7	0 5	-	12 5
Michael Odenwald	8 8	3 9	1 0	1 0	14 6
Ute Plambeck	20 0	8 8	1 3	-	30 1
Mario Reiß	20 0	8 8	1 3	6 9	36 9
Regina Rusch Ziemba	25 0	11 0	2 3	-	38 3
Jens Schwarz	11 7	5 1	1 0	1 0	18 8
Dr Ing E h Dipl Ing Heinrich Weiss	20 0	8 8	1 0	6 9	36 7
SUPERVISORY BOARD MEMBERS THAT LEFT THE SUPERVISORY BOARD OF DB AG DURING THE YEAR UNDER REVIEW					
Günter Kirchheim	15 0	6 6	1 0	1 0	23 6
Helmut Kleindienst	12 5	5 5	1 3	1 0	20 2
Prof Klaus Dieter Scheurle	29 2	12 8	2 8	1 0	45 7
Total[1]	**522 1**	**229 7**	**34 0**	**56 8**	**842 6**
Supervisory Board compensation from subsidiaries					97 5
Total					**940 1**

[1] Possible differences are due to rounding

No pension commitments exist for Supervisory Board members

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

DB ML AG SUPERVISORY BOARD

Compensation of the Supervisory Board of DB ML AG is set out in Article 15 of the Articles of Association and was most recently regulated by the Annual General Meeting decision on September 21, 2010. In addition to being reimbursed for their cash outlays and the value-added tax due on their compensation and cash outlays, the Supervisory Board members each receive fixed annual compensation of € 5,000. The Chairman of the Supervisory Board receives double this amount, while his deputy receives one and a half times the above figure. This compensation is increased by a quarter for every position held on a committee and by half for each chairmanship of a committee. This does not include membership or chairmanship of the committee that is required under the terms of section 27 (3) of the MitbestG.

In addition, the members of the Supervisory Board of DB ML AG receive an attendance fee of € 250 for each meeting of the Supervisory Board and its committees at which they are present.

The members of the Supervisory Boards of both companies are covered by liability insurance against financial losses incurred by risks arising from the business activities of DB ML AG (D&O insurance). This insurance is designed as a Group insurance policy with no deductible and provides coverage for financial losses that may occur during the performance of Supervisory Board activities. There is also a Group accident insurance policy in place for members of the Supervisory Boards of both companies. The relevant company pays the premiums for these policies.

Supervisory Board members who have only been members for part of the financial year in question receive a twelfth of the total compensation (equivalent to the amount payable per month) for each month or part of a month of their membership. This rule also applies to the increase in compensation for the Chairman of the Board and his or her deputy and to the increase in compensation for membership and chairmanship of a Supervisory Board committee.

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

Taxes due on compensation received are the individual responsibility of each Supervisory Board member.

Supervisory Board members currently hold no shares in the company, nor do they hold options entitling them to purchase shares in the company.

Subject to the approval of the activities of the Supervisory Board by the Annual General Meeting on March 20, 2013, the members of the Supervisory Board of DB ML AG will receive the following compensation for their activities during the year under review.

Total compensation of the Supervisory Board – € thousand	ANNUAL INCOME 2012				
	Fixed compensation	Variable compensation	Attendance fees	Incidental payments	Total[1]
SUPERVISORY BOARD MEMBERS OF DB ML AG AS OF DEC 31, 2012					
Prof Dr Dr Utz Hellmuth Felcht	15.0	-	2.8	-	17.8
Alexander Kirchner	7.5	-	2.5	-	10.0
Dr Hans Bernhard Beus	5.0	-	2.0	-	7.0
Wolfgang Erler	6.3	-	2.3	-	8.5
Horst Hartkorn	5.0	-	1.3	-	6.3
Dr Bernhard Heitzer	5.0	-	1.3	-	6.3
Margarita Kiefer	6.3	-	2.3	-	8.5
Dr Jürgen Krumnow	7.5	-	2.3	-	9.8
Michael Odenwald	2.2	-	1.0	-	3.2
Helmut Polzer	5.0	-	1.3	-	6.3
Dr Ing E h Dipl-Ing Heinrich Weiss	5.0	-	1.0	-	6.0
Wolfgang Zell	10.0	-	2.3	-	12.3
SUPERVISORY BOARD MEMBERS THAT LEFT THE SUPERVISORY BOARD OF DB ML AG DURING THE YEAR UNDER REVIEW					
Prof Klaus-Dieter Scheurle	7.3	-	2.8	-	10.0
Total[1]	**87.1**	-	**25.8**	-	**111.7**
Compensation for membership in Supervisory Boards/Advisory Boards of DB Group companies					0.8
Total					**112.5**

[1] Possible differences are due to rounding

No pension commitments exist for members of the Supervisory Board of DB ML AG.

The members of the Supervisory Board of DB ML AG did not receive any compensation in the year under review for any personally provided services.

Financial communication

> INVESTOR RELATIONS WORK STEPPED UP
> RATINGS CONFIRMED IN THE YEAR UNDER REVIEW – MOODY'S ADJUSTED OUTLOOK
> EIGHT BONDS ISSUED AND ONE BOND INCREASED FOR A TOTAL VALUE OF € 2.2 BILLION

INVESTOR RELATIONS

An essential goal of our investor relations work is to ensure targeted, sustained communication with investors, analysts and ratings agencies. With this in mind, we provide regular, comprehensive, timely information on our financial activities and the development of DB Group.

We further stepped up our investor relations activities in the year under review. Events and individual meetings took place in Europe and Asia during which we were involved in active dialog with existing and potential new investors.

In preparation for our first bond issued in pounds sterling and the bond issued in November 2012 with an unusually long maturity of 60 years, we focused in particular on investors in Great Britain during the year under review.

This laid the foundations for the successful issue of eight bonds plus the increase of an existing bond during the year under review. All of these bonds met with great interest from international investors.

We found new focal points within the regional structure of our investors during the year under review as a result of our first bond issue in pounds sterling and a lack of opportunities in Asia, but also due to changes in ratings among French issuers. Demand for our bonds during the year under review came mainly from investors in Great Britain, Switzerland and Germany. In the previous year, the regional focal points for investors were in France, Germany, Switzerland and Japan.

Our investor relations work during the year under review also paid close attention to the development of our investor relations Web presence. We publish all of our annual and interim reports online. Our investor relations Web site also contains comprehensive information on DB Group, corporate presentations, FAQs, and extensive details of our capital market activities and our ratings. A special newsletter provides automatic, up-to-the-minute information by e-mail.

You will find information on how to contact us on the back page of this report or on our ***investor relations Web site (1)***.

RATINGS

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

As of February 19, 2013

The creditworthiness of DB Group is subject to constant monitoring by rating agencies Standard and Poor's (S&P), Moody's and Fitch. Credit ratings provide an independent, up-to-date assessment of a company's creditworthiness. When calculating ratings for DB AG, the ownership structure means that the rating agencies take into account not only the quantitative and qualitative analysis of the company, but also an assessment of the relationship to our owner, the Federal Republic of Germany, and the potential support that DB AG could receive from the German Federal Government. This means that the ratings given to the Federal Republic of Germany are also significant for the ratings given to DB AG.

On December 8, 2011, S&P announced that it put DB AG's credit rating on CreditWatch negative as a consequence of the announced review of the credit rating of the Federal Republic of Germany. When the result was obtained, S&P removed the CreditWatch that had been placed on DB AG during the review process and confirmed DB AG's rating and its stable outlook.

On July 24, 2012, Moody's changed the outlook for the long- and short-term rating of DB AG from stable to negative. The company's rating remained unchanged. The change in the outlook was a direct result of Moody's outlook change for the ratings of the Federal Republic of Germany published on July 23, 2012. There was no change made to the fundamental assessment of DB AG by Moody's.

There were no changes to the Fitch assessment of DB AG during the year under review.

Further information on the subject of ***ratings (2)*** and the complete analyses made of DB AG by the rating agencies can be found on our Web site.

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

BOND ISSUES

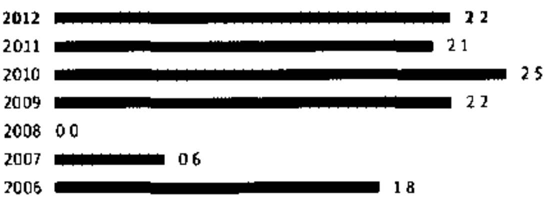
Through our financing subsidiary Deutsche Bahn Finance B V (DB Finance), Amsterdam/the Netherlands, we issued eight new bonds and increased one bond for a total value of € 2 2 billion These bonds were used among other things to refinance five maturing bonds for a total of more than € 650 million, and to repay loans from EUROFIMA and the German Federal Government

An existing NOK bond was raised again by a further NOK 750 million at the start of the year, bringing the total value of the issue up to NOK 2 billion The security was sold to Swiss investors, as was the case with both of the previous tranches In Switzerland, two bonds of CHF 150 million and CHF 100 million were also issued With different maturities of 5 5 and 12 years, these appealed to different types of investors

While EUR benchmark bonds were sold mainly to France in the previous years, in the year under review, distortions resulting from the Euro sovereign debt crisis meant that the focus of investment shifted to the German-speaking countries and to Great Britain There is also growing demand from Asia for this type of transaction A long-term transaction worth € 98 million was also sold to an individual investor in the Far East in the form of a private placement We began bond activities on the pound sterling market for the first time This was preceded by long-standing contact with investors that was again stepped up in anticipation of the planned bond issue There was a great deal of interest in the placements, with a total value of GBP 700 million and maturities of ten and later five years This, in combination with the general interest in very long maturities, prompted us to issue a 60-year bond at the end of the year, not least to emphasize our long-term commitment to the transport and capital markets in Great Britain This bond was the longest-maturing corporate bond that has ever been issued in pounds sterling up to now

In order to avoid exchange rate risks, interest rate/currency swaps with the same maturity were agreed for the NOK and CHF bonds, while revenues from the GBP bonds covered original financing needs of British subsidiary companies and were passed on accordingly

Bond issues – € billion



Bond issues 2012

ISIN	Issuer	Currency	Volume (million)	Coupon	Maturity	Term (years)
XS0669864976	Deutsche Bahn Finance B V	NOK	750	3 375	Sep 2016	4 6
CH0143838412	Deutsche Bahn Finance B V	CHF	150	0 750	Aug 2017	5 5
CH0143838396	Deutsche Bahn Finance B V	CHF	100	1 500	Feb 2024	12
XS0741130529	Deutsche Bahn Finance B V	EUR	98	3 440	Dec 2025	13 9
XS0753143709	Deutsche Bahn Finance B V	EUR	500	3 000	Mar 2024	12
XS0794224369	Deutsche Bahn Finance B V	GBP	400	2 750	Jun 2022	10
XS0849509392	Deutsche Bahn Finance B V	GBP	300	1 375	Oct 2017	5
XS0856032213	Deutsche Bahn Finance B V	EUR	400	2 000	Feb 2023	10 3
XS0858672024	Deutsche Bahn Finance B V	GBP	60	4 500	Nov 2072	60

Compliance report

> COMPLIANCE REPORT IS A COMPONENT OF THE GROUP MANAGEMENT REPORT
> RESTRUCTURING AND EXPANSION OF THE COMPLIANCE ORGANIZATION IMPLEMENTED SUCCESSFULLY
> EXPANSION OF INTERNATIONAL DATA PROTECTION INITIATED

COMPLIANCE – UNDERSTANDING AND PRINCIPLES

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

Our compliance activities focus on preventing corruption and other corporate crime, and the consistent fight to combat these. Mandatory compliance policies are intended first and foremost to protect the company, our employees, executives and the responsible committees. They create a reliable framework for making the right decisions on difficult issues in our day-to-day operations.

Raising awareness among staff and managers is also of great importance, because employees can only recognize and successfully avoid risks if they are sufficiently risk-aware.

The Audit and Compliance Committee (PCA) of the Supervisory Board has defined compliance as a key area for the monitoring of the internal control system. Building on this, an audit was carried out of the compliance organization in the year under review that confirmed the adequacy and effectiveness of existing controls.

Reorganization of the central compliance structure and expansion of decentralized compliance structures

As of January 1, 2012, the compliance structure was realigned with a stronger focus on the needs of our customers in order to enable us to further expand support in the business units and Group functions. Our customer service teams are based in Frankfurt am Main and Berlin. The central functions such as compliance processes, compliance risk analysis, whistle-blowing management, the compliance helpdesk hotline and compliance policies and principles remain in place. The positive responses we have received from the operating units demonstrate that this realignment was a success and will make a long-term contribution to further quality assurance and improvements within our compliance work. The stronger focus on customer needs was accompanied by the expansion of the decentralized compliance structure. It is our aim to establish compliance at the business management and operations levels. This will enable measures to be tailored to the individual business units or companies.

Compliance risk analysis as an effective instrument

Compliance risk and compliance process analyses were a focus in the year under review. Awareness-raising concepts were further developed and the new contribution policy was implemented. The latter measure led to a reduction in administrative expenses and to broad harmonization of regulations for the different employee groups.

Our IT-supported compliance risk analysis enables the accurate, systematic analysis of our compliance risks associated with individual DB Group companies or processes. Targeted risk minimization measures were agreed in line with the results. Implementation in Germany and abroad will be carried out in cooperation with the business unit managements with a view to continuing to deter corporate crime, conflicts of interest, anti-competitive practices and other risks.

Employee information and awareness-raising

As part of our prevention work, we have further developed and expanded our comprehensive awareness-raising program for employees in Germany and elsewhere. This encompasses both e-learning and on-site training sessions.

The effectiveness of these events was reflected in the results of the study carried out by Prof. Dr. Kai Bussmann (Halle-Wittenberg University). DB Group was the first company to participate in this study on the effectiveness of anti-corruption programs at preventing criminal activity. The study focused among other things on the evaluation of training sessions and acceptance of the program. The results show that more effective preventative measures could be implemented and existing mechanisms could be further refined.

To ensure that compliance information is interesting and relevant to its audience, "Portal C" was launched on the DB Intranet during the year under review. "Portal C" collates information on every area of the Compliance division. Policies, contact people and practical examples from everyday operations are some of the topics that have been included in this easily understandable site.

Compliance offensive infrastructure

As part of the compliance offensive infrastructure, the year under review saw the implementation of a collection of complementary measures implemented in all of the business units and service centers in the Infrastructure Division, DB International and the Central Purchasing department. The aim is to protect DB Group from corruption, fraud and damages resulting from anti-competitive activity. A number of core business-specific risk and process analyses were carried out alongside targeted, tailored awareness-raising measures and a review of typologies for preventative assessment. This approach was expanded by means of a communication campaign with a compliance guide, a compliance film and a series of posters. A compliance infrastructure summit was also held, attended by high-ranking participants from both within and outside the company.

Collaboration with business partners

Successful long-term compliance work requires the careful selection of business partners and suppliers who must then be informed of the DB Group values and commit to collaboration based on shared values. In this regard, a code of conduct has been developed for business partners, which is to be implemented Group-wide from 2013. In certain business units the first steps were already taken in the year under review towards the implementation of a systematic business partner check (due diligence). Selected business partners were trained in line with our requirements by DB Group Compliance.

Compliance whistle-blowing management

Whistle-blowing management was strengthened by the appointment of further ombudspersons in Berlin and Munich. This provides whistle-blowers with further opportunities for making contact and receiving support on the ground. The ombudspersons are in particular available as points of contact for external whistle-blowers on matters of corruption, fraud and antitrust questions that would have a negative impact on DB Group. As attorneys, they are legally bound to maintain confidentiality.

Focus on compliance with antitrust law

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

Managers and employees attend ongoing awareness-raising and training sessions as part of a Group-wide antitrust law seminar program. The format of training sessions is tailored to suit each business unit. This type of training is aimed at all managers and employees who have contact with competitors or who are in positions that are sensitive from a competition perspective or for any other reason. In the year under review, more than 15,000 employees also took part in a Web-based e-learning program that explained the most relevant antitrust laws for each specific business unit.

Our antitrust compliance experts provide employees from all Group companies with ongoing advice on specific antitrust issues, for example partnership development or the formulation of commercial terms and conditions. Our compliance team conducts compliance risk analyses of business practices and the competitive landscape in areas of the company that are particularly affected by antitrust legislation. These allow for the early identification of potential problems and for effective measures to be taken against these.

DATA PROTECTION – UNDERSTANDING AND PRINCIPLES

Our data protection structure provides the core element for compliance with data protection regulations, making it a key part of Group governance. It is responsible for setting a high level of data protection as a quality benchmark and for ensuring that DB Group is associated with trust, respect, transparency and integrity in regard to data protection by employees, customers and business partners.

Data protection firmly established within the Group

Following the successful expansion of the data protection structure, the decentralized and central data protection structures jointly coordinate compliance with data protection regulations governing form and procedure, and ensure a benchmark data protection level throughout the Group that is based on the protection of personality rights as a corporate objective. This reliable support and practical experience in turn makes a contribution to DB Group's economic success.

Further development of professional certification

During the year under review, the data protection structure focused on ensuring employees held professional certification. Alongside awareness-raising by means of communication campaigns such as relevant articles in the internal media, employee training was a strong feature: some 8,000 employees attended around 700 training sessions. Alongside topics focusing purely on data protection law, these sessions also dealt with specific issues in relation to IT security.

Cooperation between Group data protection and IT governance expanded

In 2012, the cooperation between Group data protection and IT governance was consolidated. As part of the permanent representation on the Information and Communication Technology security body, there was an exchange of information on policies governing IT security. The clear definition of the role of data protection within the risk analysis process for IT applications is a topic in this field that is critical to business success.

Advice ensures employee data protection also anchored in Group works agreements

A high level of data protection was ensured for employees in the updated Group works agreement for telephony and IT services with the support of the Group data protection unit. Advice of the employee data protection unit was also an issue with regard to employee survey and the compliance whistle-blowing management. The numerous individual questions on data protection topics showed just how strong awareness is of the importance of exemplary data protection to DB Group. There was also a focus on support provided for the expansion of the company's employer profile as a top employer in social media, in full compliance with data protection requirements.

The market advantage of exemplary customer data protection

Professional consultancy provided effective support and helped secure the development of innovative, future-focused market and service options such as Touch&Travel and the social media within our customer service area, in full compliance with customer data protection measures. The principles of high-quality, easily accessible customer information that were developed form the basis for a reliable data protection concept. The subsequent application of this information helps reduce obstacles to the use of rail passenger transport, making it important for long-term market success. A high level of trust on the part of the customer in the security and protection of their data is of course the basis for long-term customer loyalty and customer relationships.

Widespread response to online data protection monitoring

The continuous monitoring of the Group-wide data protection level was a core element of Group data protection again in 2012. A particular focal point was the piloting of the Data Protection Online Monitoring (DOM) self-auditing tool, which was rolled out throughout the Group in May 2012. More than half of managers surveyed took part in it. The high participation level showed that managers see data protection as an important task within their area of responsibility.

Expansion of international data protection

Inventories and analyses were carried out in the year under review for the international Group companies and the data protection laws in the countries in which DB Group operates, in order to guide the further development of international data protection in terms of both content and organization, and to provide the basis for advising foreign DB Group companies. Based on this, the future need to restructure Group data protection in order to support DB Group companies operating in different countries in the area of international data protection could be calculated and coordinated.

The Data Protection Advisory Board as an important initiator

Over the last three years, the Data Protection Advisory Board has been an important initiator for developments in data protection within DB Group. Continuous consultation on the topic of future-focused, correct data protection is also setting an example for a lively, specialist stakeholder dialog concerning the sustainability of the process. The subject of data protection will continue to be of major public interest in the future. The constantly changing framework conditions for data protection mean it is a very demanding area. The interdisciplinary expertise brought together within the Data Protection Advisory Board, the first-class quality of consultation and the continuous nature of the work done in this field was secured for a further three years through the renewed appointment of the Board members by the DB Group Management Board.

Group management report

Overview

> PRESENTATION OF NEW DB2020 STRATEGY
> OVERALL POSITIVE DEVELOPMENT IN ALL THREE DIMENSIONS OF THE DB2020 STRATEGY
> POSITIVE OUTLOOK FOR THE 2013 FINANCIAL YEAR DESPITE HIGH UNCERTAINTIES

At the end of March 2012, we presented our new DB2020 strategy, which focuses on sustainability With this strategy, we have created a framework approach that combines economic, social and environmental factors in order to ensure the sustainable success of our company and social acceptance of DB Group In all three dimensions, we have achieved positive results in the year under review

ECONOMIC

Selected key figures – € million	2012	2011	CHANGE absolute	%
Passengers (rail) (million)[1]	2,035	1 981	+54	+2 7
thereof in Germany	1,974	1,925	+49	+2 5
Passengers (bus) (million)[1]	725 4	756 3	-30 9	-4 1
Passengers (rail and bus) (million)	4,181	2,738[1]	+1 443	+52 7
Volume sold passenger transport (rail) (million pkm)[1]	82,366	79,228	+3,138	+4 0
Volume sold passenger transport (bus) (million pkm)[1]	8,421	8 763	-342	-3 9
Volume sold rail freight transport (million tkm)	105 894	111 980	-6,086	-5 4
Train kilometers on track infrastructure (million train-path km)	1 039	1 051	-12	-1 1
Shipments in European land transport (thousand)	95,325	95,836	-511	-0 5
Air freight volume (export) (thousand t)	1 095	1 149	-54	-4 7
Ocean freight volume (export) (thousand TEU)	1,905	1,763	+142	+8 1
Revenues adjusted	39 296	37 901	+1,395	+3 7
Revenues comparable	38 567	37 900	+667	+1 8
EBITDA adjusted	5,601	5,141	+460	+8 9
EBIT adjusted	2 708	2 309	+399	+17 3
Net profit for the year	1,477	1,332	+145	+10 9
ROCE (%)	8 3	7 3	-	-
Redemption coverage (%)	22 1	20 5	-	-
Net financial debt as of Dec 31	16,366	16 592	-226	-1 4
Gross capital expenditures	8 053	7,501	+552	+7 4
Net capital expenditures	3,487	2 569	+918	+35 7

[1] Excluding Arriva

As a profitable market leader, we provide our customers with first-class mobility and logistics solutions Two key factors are of critical significance to maintaining this position a continued focus on customers and quality, and a continuation along the path of profitable growth

The 2012 financial year was a success for DB Group Although the economy did not recover as expected in the second half of 2012, we were still able to pursue our course of growth

The development of the business units was mixed For example, we saw an increase in rail passenger transport, while air and rail freight transport experienced a downturn as a result of the difficult economic climate

The ***increase in revenues (1)*** in the year under review was driven by all business units The largest absolute increases were recorded in the DB Schenker Logistics, DB Arriva and DB Bahn Long-Distance business units

The profit situation likewise remained satisfactory as a result of positive development across the business units The adjusted ***operating profit figures (2)*** EBIT and EBITDA showed significant improvements

Return on capital employed (ROCE) and redemption coverage, as well as all of our other ***value management key figures (3)***, continued to improve in the direction of their respective target figures in the year under review

We continued to increase our ***capital expenditure (4)*** in the year under review This was particularly notable in terms of higher capital expenditures in vehicles and infrastructure from DB funds

Net financial debt (5) had decreased slightly as of December 31, 2012 The increase in capital expenditures was offset by an increase in cash flow

DB Group once again had well-functioning ***access to capital markets (6)*** in the year under review We issued a total of eight bonds and increased one existing bond valued at a total of € 2 2 billion in the capital market

(1) > Page 87ff (2) > Page 90ff (3) > Page 96ff (4) > Page 103ff (5) > Page 102f (6) > Page 94f

In the strategic direction customer and quality, ***punctuality (1)*** in rail transport remained stable at a high level in the year under review. ***Customer satisfaction (2)*** has improved measurably across all business units. We have continued our ***customer and quality initiative (3)***, focusing primarily on ensuring stability of operations. In addition, we have initiated or carried out numerous ***measures for improving the quality and service of our products (4)***.

Assessment of the economic situation by the Management Board

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

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

The development of the financial key figures of DB Group in the year under review essentially corresponds to the forecast made for the 2012 financial year in our 2011 Annual Report and revised in our Interim Report January to June 2012.

The DB2020 strategy presented during the year under review includes an extension of our strategic approach with regard to social and environmental dimensions. Our objective is to meet the current and future challenges which DB Group faces with a greater entrepreneurial focus based on sustainability. That's why we have derived the following goals from our vision: we want to be a profitable market leader, a top employer and an eco-pioneer. This way, DB Group is in an excellent position to profit from the long-term ***megatrends in the relevant markets (5)***.

We do not expect to see significant economic stimulus for our business activities in the 2013 financial year. Performance of our markets will most likely be only moderately better than in the year under review.

DB Group's business development was as expected at the beginning of the 2013 financial year, giving the Management Board no reason to change its forecast. From the current perspective, the Management Board assumes that revenues and adjusted EBIT will continue to develop and improve according to the statements made in the ***outlook (6)***.

SOCIAL

We made good progress towards our goal of becoming one of the top ten employers in Germany in the year under review.

A central issue in the year under review was the continuation of our culture development process that started in 2010, with a total of 20 ***meeting events (7)*** involving around 8,500 managers and employees. In fall 2012, we also conducted the first Group-wide ***employee survey (8)*** in 33 languages as the next step in the culture development process. A total of 61.4% of our approximately 300,000 employees participated in the survey. The survey showed that the atmosphere within DB Group is "moderately positive." The results of the survey are to be systematically analyzed in workshops.

As an accompanying measure, we addressed several operational issues in the year under review that aim to make the DB Group even more attractive as an employer. These included, for example, the implementation of working-time projects for the individualization of working hours, the promotion of diversity in management, and achieving a better work-life balance by making more childcare facilities available to employees.

To raise our profile as an attractive employer in the labor market and to continue to be able to win employees for DB Group in future, we realigned our recruitment activities during the year under review and launched a nationwide ***employer campaign (9)*** to promote DB Group as a diverse and multifaceted employer.

We were extremely active on the ***labor market (10)***, hiring a total of approximately 11,000 new employees in Germany alone and taking on some 2,200 trainees. Around 4,100 trainees began vocational training or day-release study programs at DB Group in the year under review.

As managers have a significant influence on corporate culture, we also took the first steps towards establishing a common management culture within the Group during the year under review.

(1) > Page 136 f (2) > Page 138 f (3) > Page 136 (4) > Page 139 ff (5) > Page 66 (6) > Page 167 ff (7) > Page 147 (8) > Page 147 f
(9) > Page 144 (10) > Page 144 f

We reached the following wage agreements with our unions in the year under review: we negotiated a wage increase agreement with the German Train Drivers Union (GDL) until June 30, 2014, as well as a demographic collective agreement with the Railway and Transport Workers Union (EVG), the first of its kind in the industry. The new collective agreement outlines the different stages in an employee's working life, from initial training to transition to retirement. The focus of the agreement is to achieve a sustainable human resources policy that is geared toward aligning working hours and/or qualification with the career and life cycles of each individual.

ENVIRONMENTAL

We want to strengthen our position as an eco-pioneer. The global ***reduction of CO_2 emissions (1)*** and ***energy consumption (1)*** as well as the ***reduction of railway noise pollution (2)*** are central to achieving this goal.

The development of renewable energy, the use of modern, more energy-efficient vehicles, and testing new technologies are important starting points in this respect. We had more ***hybrid vehicles (3)*** in operation in the year under review.

Our efforts to make traction current "greener" continued in the year under review. Thanks to the conclusion of a ***long-term supplier contract (4)***, the share of renewable energy will continue to increase in the coming years.

We also acquired new customers for our green products in the year under review. Particularly in the passenger transport segment, holders of the ***green trial BahnCard 25 (5)*** were able to travel on 100% eco-power for the first time. The next evolutionary step in this project also took place in the year under review. Starting in April 2013, all BahnCard or travel pass holders as well as business customers will travel on eco-power at no extra charge on long-distance routes. Furthermore, we have increased the range of ***electric vehicles (6)*** (e-Flinkster) available to customers; these vehicles also run solely on eco-power.

By initiating the ***"Lärmmanagement" (noise management) (7)*** project and appointing a Head of Noise Protection in the year under review, we have reorganized the issue of noise abatement and consolidated all measures to tackle noise reduction into a unified plan. We have forged ahead with the project by implementing noise reduction measures and testing new technologies. For example, as part of the "Quiet Rhine" initiative, we refitted the first 150 of 1,250 cars with "low-noise" composite brake blocks during the year under review.

(1) › Page 150 ff (2) › Page 154 ff (3) › Page 153 (4) › Page 150 (5) › Page 151 (6) › Page 152 (7) › Page 154 f

DB Group

> **INTEGRATED GROUP STRUCTURE WITH TWO MANAGEMENT HOLDINGS**
> **ACTIVITIES IN OVER 130 COUNTRIES WORLDWIDE**
> **TRANSPARENT BUSINESS RELATIONSHIPS WITHIN DB GROUP**

DB GROUP STRUCTURE

DB AG has been a stock corporation in accordance with German law since it was founded in 1994. Accordingly, the company has a dual management and controlling structure comprising a Management Board and Supervisory Board.

DB Group is a global company that has its headquarters in Berlin. Other important ***locations (1)*** 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.

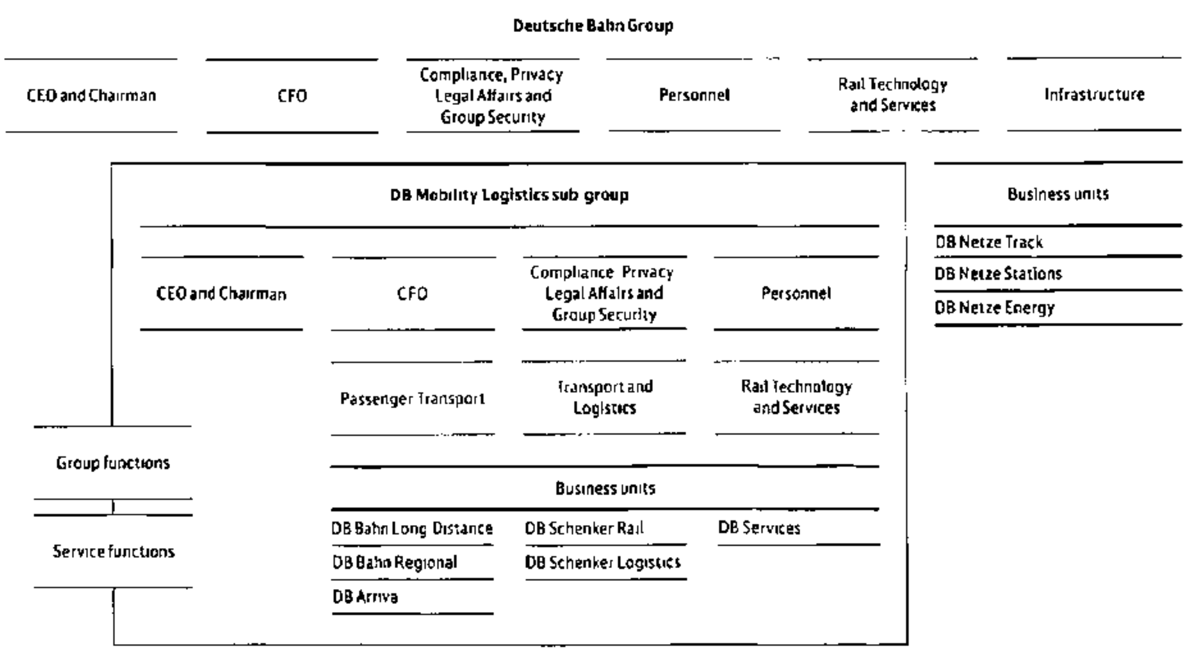
The business portfolio of DB Group consists of nine business units organized into the four divisions of Passenger Transport, Transport and Logistics, Infrastructure, and Services, managed in an integrated way. The business units are responsible for conducting business operations. Our structure is completed by central Group and service functions, some of which are performed by DB AG, while others are carried out by DB Mobility Logistics AG (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 (2)***, assume supporting roles and offer services against payment.

Organizational structure DB Group



(1) > Page 57 (2) > Page 149

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 (1)***

An overview of the ***DB Group holdings (2)*** can be found in the Notes to the consolidated financial statements

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, we strive 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

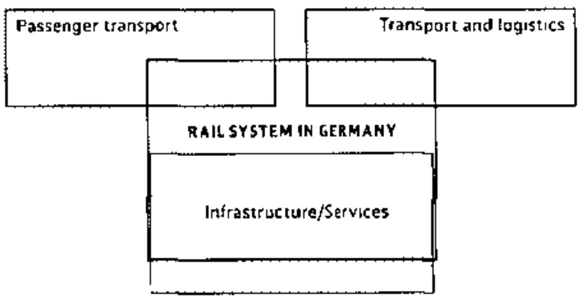
RESEARCH AND DEVELOPMENT

As a service organization, DB Group does not conduct its own research and development in the strict sense However, due to our technical expertise and operational experience, we do initiate user-oriented development and support industrial firms with services such as broad-based testing operations

BUSINESS PORTFOLIO

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

DB Group structure



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

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

(1) > Page 37 ff (2) > Page 258 ff

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 with 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 us to achieve positive synergies and align our infrastructure to support efficiency, market orientation and profitability
> International direction due to our focus on Europe in passenger transport as well as our European and global orientation in the transport and logistics area, DB Group has an excellent position in the relevant markets As a result, we are responding to the increasing demand for cross-border solutions At the same time, we are best positioned to take advantage of growth opportunities
> Intermodal transport solutions we offer our customers door-to-door mobility and logistics solutions from a single source by intelligently linking various transport modes in an economical and environmentally friendly way In addition, we offer complementary products and services in the transport and logistics area

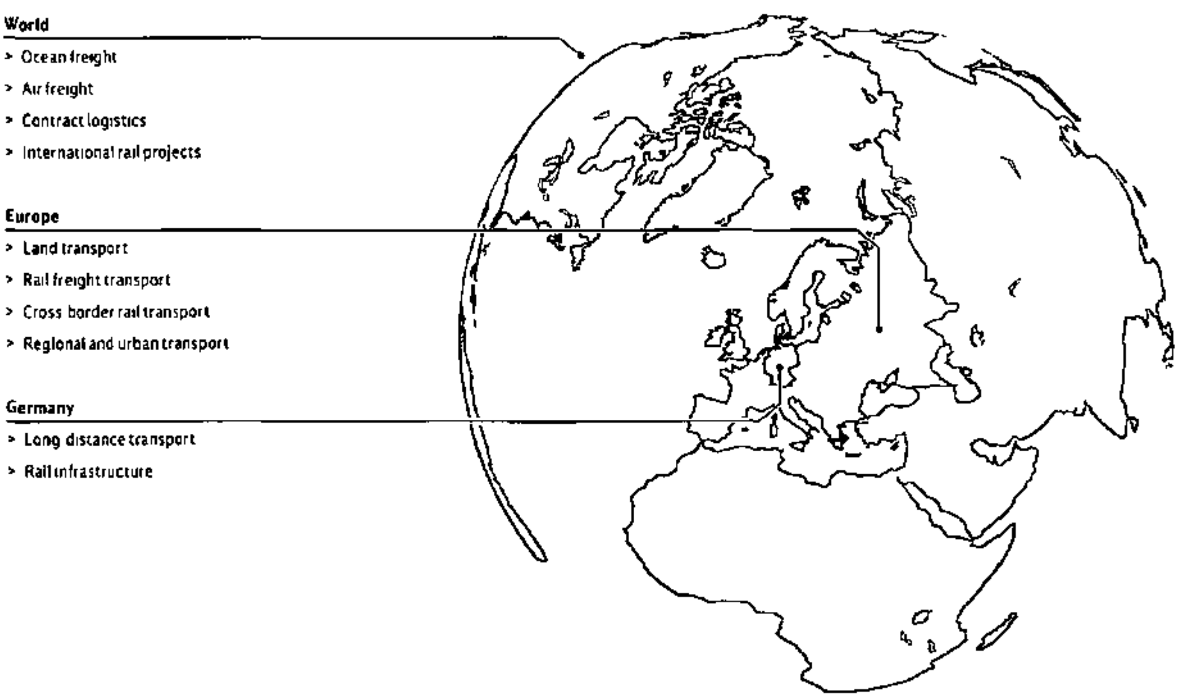
RELEVANT MARKETS

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

Passenger transport

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

Relevant markets



The European passenger transport market became even more important to us following our acquisition of Arriva in 2010 More and more tenders for regional and urban transport contracts throughout Europe are being opened for bids, and we want to continue to benefit from this situation in the future Through our DB Arriva business unit, we are now successfully active in the regional bus and/or rail transport business in ***12 European countries (1)*** This puts us 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 We want to exploit the opportunities for growth generated by this opening with our own competitive services and with services offered in partnership with other railways Together with other railways and our partners in industry, we also strive 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

We strategically positioned ourselves 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 our international logistics capabilities in worldwide air/ocean freight and contract logistics, as well as our dense network in European rail freight and land transport We want 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 We are addressing these challenges with integrated industry solutions

By developing efficient and international logistics networks in land transport, we maintain contact with our customers and seize new growth opportunities The rail freight transport business unit also benefits from this, such as through intermodal transport chains and synergy effects

We are 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 We serve all the important rail corridors within Europe and have our own subsidiaries or partnerships in all relevant countries

Infrastructure

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

The resulting customer and efficiency focus in our infrastructure serves all train operating companies without discrimination In addition to the Group's internal code of conduct, we ensure competitive neutrality of our rail infrastructure by means of regulation that is considered strict by international standards Our goal 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, we are laying the foundations for coping with the increasing flow of traffic in Europe Besides our responsibility for the rail network and passenger stations, we also take care of the power supply for the train operating companies in Germany

International rail projects

Our expertise is increasingly in demand for the realization of rail projects worldwide Our subsidiary DB International is involved in rail projects in various functions We export our 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

(1) > Page 115

Leading market position in all relevant markets

DB Group is a successful provider of national and international services in all sectors of the transport market (passenger transport, transport and logistics as well as infrastructure) and has a leading market position in all the sectors

IN EUROPE, WE ARE

> number one in rail freight transport,
> number one in European land transport,
> number one in rail infrastructure,
> number two in long-distance rail passenger transport,
> number two in local rail passenger transport, and
> number three in public road passenger transport (bus, tram and metro)

WORLDWIDE, WE ARE

> number two in air freight,
> number three in ocean freight, and
> number five in contract logistics

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

Market positions passenger transport 2011

No 2 in European long distance rail passenger transport – based on revenues
1 SNCF
2 DB Group
3 Ferrovie dello Stato (FS)
4 Swiss railways (SBB)
5 Nederlandse Spoorwegen (NS) + Abellio

No 2 in European local rail passenger transport – based on revenues
1 SNCF
2 DB Group
3 Ferrovie dello Stato (FS)
4 First Group
5 Go Ahead

No 3 in European public road passenger transport – based on revenues
1 Veolia Transdev
2 Régie autonome des transports Parisiens (RATP)
3 DB Group
4 SNCF
5 Transport for London (TfL)

Data for competitors based on annual/analyst reports and own calculations

Market positions transport and logistics 2011

No 1 in European rail freight transport – based on tkm
1 DB Schenker
2 PKP Cargo
3 Fret SNCF
4 Rail Cargo Austria
5 Trenitalia Cargo

No 1 in European land transport – based on revenues
1 DB Schenker
2 DHL
3 DSV
4 Dachser
5 Geodis

No 2 in worldwide air freight – based on t
1 DHL
2 DB Schenker
3 Kuehne + Nagel
4 Panalpina

No 3 in worldwide ocean freight – based on TEU
1 Kuehne + Nagel
2 DHL
3 DB Schenker
4 Panalpina

No 5 in worldwide contract logistics – based on revenues
1 DHL
2 CEVA Logistics
3 Kuehne + Nagel
4 Norbert Dentressangle
5 DB Schenker

Data for competitors based on annual/analyst reports and own calculations

DEVELOPMENT OF ORDERS

In most of our business units, incoming orders are not a relevant performance indicator and the majority of the Group's revenues are generated independently of long-term contracts The DB Bahn Regional and DB Arriva business units are an exception to this rule, together accounting for around 30% of total Group revenues In these business units, the development of orders in the form of long-term ***transport contracts (1)*** concluded with Germany's Federal states and franchisers in other European countries constitutes a key performance metric Long-term contractual relationships with customers also exist in the contract logistics/ SCM line of the business in the DB Schenker Logistics business unit, which generates around 4% of consolidated revenues

Ticket sales in the DB Bahn Long-Distance business unit generally generate immediate revenues that are received within a short period of time

In the DB Schenker Rail and DB Schenker Logistics business units, framework contracts are also concluded with customers who have continuous demand for transport or both transport and logistics services

Incoming orders in the DB Netze Track business unit are generally related to train-paths assigned to train operating companies, whereby we make a distinction between scheduled and non-scheduled transport services

The DB Netze Stations business unit has a similar structure In this business unit, we conclude contracts with train operating companies for station stops as well as long-term contracts for leasing station space The incoming orders in the DB Netze Energy business unit pertain to energy purchased by train operating companies The infrastructure business units generate most of their revenues with intra-Group customers

Services provided by the DB Services business unit are likewise mainly purchased by intra-Group customers

CORPORATE GOVERNANCE AND COMPLIANCE REPORTS

The ***Corporate Governance report (2)*** and the ***Compliance report (3)*** are components of the Group management report

CHANGES IN DB GROUP

Changes in the executive bodies of DB AG and DB ML AG

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

In their meetings on June 20, 2012, the Supervisory Boards of DB AG and DB ML AG reappointed Dr Richard Lutz as a member of the Management Boards of DB AG and DB ML 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 June 20, 2012, the Supervisory Board of DB ML AG reappointed Dr Karl-Friedrich Rausch as a Management Board member of DB ML AG with effect from June 1, 2013 until December 31, 2015 Dr Rausch will remain in charge of the Transport and Logistics Board division

In its joint meeting on December 12, 2012, the Supervisory Boards of DB AG and DB ML 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 Boards of DB AG and DB ML 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 and was elected a member of DB ML AG's Supervisory Board at the Annual General Meeting on the same date

DB Schenker Rail completes restructuring of investment companies

In June 2012, we 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, we 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, we will award HHLA our 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

(1) > Page 108 ff (2) > Page 37 ff (3) > Page 48 ff

Transfracht is our most important operator of seaport hinterland traffic. With effect from June 30, 2012, Transfracht is included in the consolidated financial statements and has been integrated into the DB Schenker Rail business unit.

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.

With effect from March 31, 2012, Suomen Kiitoautot Oy is included in the consolidated financial statements and has been integrated into the DB Schenker Logistics business unit.

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, we 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.

Effective from May 1, 2012, Schenker Namibia is included in the consolidated financial statements and has been integrated into the DB Schenker Logistics business unit.

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. We 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 (1)*** in the year under review, thereby increasing its service portfolio considerably.

With effect from June 1, 2012, Ambuline is included in the consolidated financial statements and has been integrated into the DB Arriva business unit.

BUSINESS AND FINANCIAL RELATIONSHIPS IN DB GROUP

DB Group is organizationally structured as a two-tier integrated Group with two holding companies and a total of nine business units. The strong operational interdependence between the holding companies and the respective business units, as well as among the business units themselves, gives rise to a large number of business and financial relationships.

The business and financial relationships of DB Group can be divided into four groups:

> Operational business relationships: direct business relationships between two operating companies, which may arise through the use of infrastructure, such as when DB Regio AG uses the rail tracks of DB Netz AG against train-path usage charges.
> Business relationships due to Group and service functions: the two management holdings are responsible for providing services for the operating companies, such as central purchasing, which organizes and controls among others the procurement process for traction units for DB Fernverkehr AG.
> Group financing: the two management holdings perform and consolidate the financing function in DB Group. In this context, DB AG procures funds on the capital market through its subsidiary ***DB Finance (2)*** and transfers these funds as loans to the Group companies that require capital.

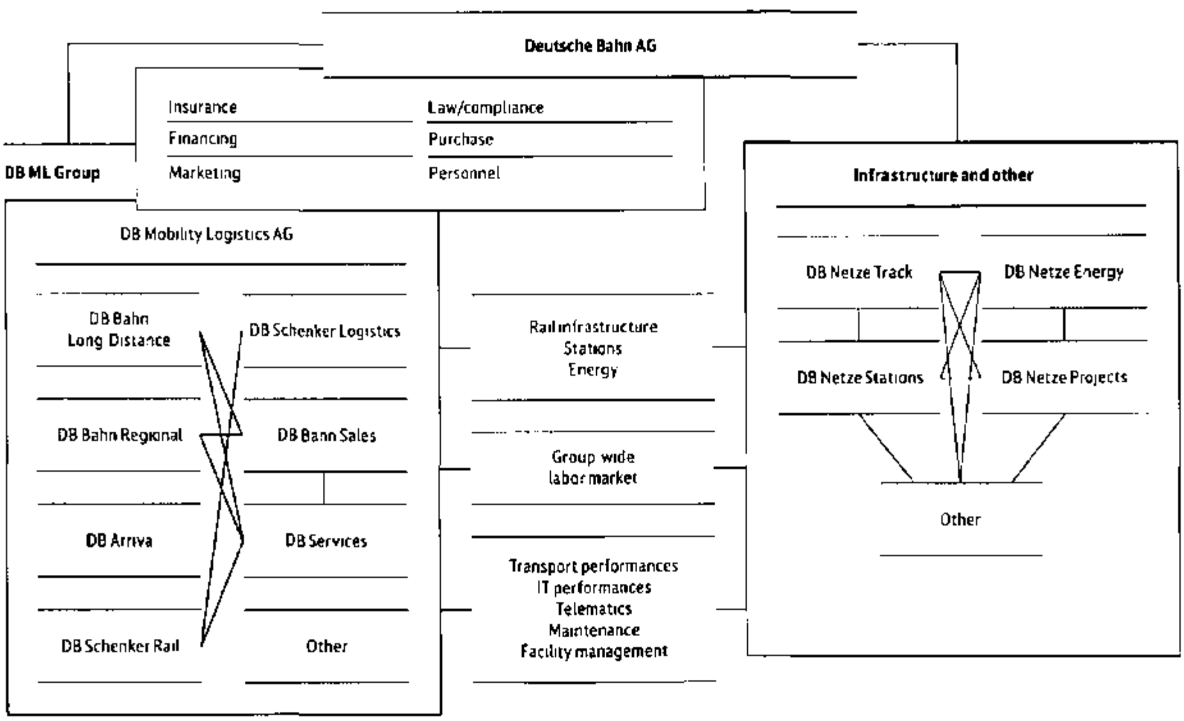
(1) > Page 115 (2) > Page 94f

› Domination and profit and loss transfer agreements In Germany, domination and profit and loss transfer agreements are used for the formation of a fiscal unit that allows companies to offset tax losses against profits In DB Group, the company ultimately subject to tax in Germany is DB AG This also reduces administration costs, as only DB AG is required to complete tax returns in Germany, meaning that the tax authorities have only one point of contact and can conduct comprehensive audits

Fundamentally, all business relationships generally adhere to the arm's length principle, which means that prices are established on a market value basis In DB Group, this applies to operational business relationships, service functions and Group financing For example, DB Schenker Rail AG pays exactly the same prices for utilization of train-paths as external rail freight companies The prices for intra-Group purchased services (such as IT services) are reviewed regularly on the basis of analyses to ensure that prices are in line with the market The terms of financing transactions are based on prevailing market conditions in the finance and capital markets

Payment is relinquished entirely if services are not directly attributable This is particularly the case for Group functions such as strategy or communication In order to prevent distortions or arbitrary demands for payment, the costs of service rendered are borne by the respective holding companies and not passed on This means that Group companies such as DB Station & Service AG do not contribute Group payments for these services The costs are initially borne by DB AG or DB ML AG and subsequently offset with profits within the scope of the profit and loss transfer agreements of the subsidiaries

DB Group



— Main business relationships

The reasons and motivation for aligning the costs of business relationships in DB Group with market conditions are as follows

> A value-based corporate management approach can only be achieved if it is embedded at all levels in DB Group This, in turn, can only be achieved on the basis of fair market conditions Success and failure must be transparent in order to facilitate economic control
> Performance-based remuneration among employees and management also takes place at company level and is therefore dependent on the conditions pertaining to business relationships Incentives must be based on transparent and fair conditions
> The infrastructure companies are legally required to provide their services without discrimination The Federal Network Agency assesses whether prices are in line with the market Prices are transparent for everyone
> In addition, alignment of business relationships with market conditions is both necessary and required for tax reasons or from the perspective of minority shareholders

The effects of domination and profit and loss transfer agreements within DB Group on profits and payments are not qualified as business relationships, but are a consequence of DB Group's status as a domestic contract Group and the associated rights and obligations of all the incorporated domestic companies

Operational business relationships

Use of infrastructure (including track paths, passenger stations, marshaling yards and sidings) and procurement of energy by intra-Group transport companies constitute the largest operational business relationship by far Charges for the use of infrastructure are based on the corresponding pricing systems for non Group customers (train-path pricing system, facility pricing system and station pricing system) Energy-related activities are consolidated under DB Energie GmbH, and this Group company is the primary buyer of energy from the external market DB Energie GmbH then sells these services on to its German customers at conditions that are in line with the market This includes purchasing of traction energy (diesel fuel and traction current) as well as electricity for stationary facilities (such as switch heaters and train preheating systems)

The operational services are rendered by DB Netz AG (DB Netze Track business unit), DB Station & Service AG (DB Netze Stations business unit) and DB Energie GmbH (DB Netze Energy business unit) The service beneficiaries within the Group are primarily train operating companies in passenger and freight transport

The main expenses arising from business relationships between the various DB Group business units for services rendered in infrastructure are illustrated in the table below

Business relationships for services rendered in infrastructure within DB Group – € million	DB Bahn Long Distance	DB Bahn Regional	DB Arriva	DB Schenker Rail	DB Schenker Logistics	DB Services	DB Netze Track	DB Netze Stations	DB Netze Energy	Subsidiaries/ other
Train path utilization	803	2 142	0	445	0	1	-3,396	0	0	5
Utilization of local infrastructure	24	52	0	142	0	1	-221	0	2	0
Station utilization	94	538	0	0	0	0	-6	-626	0	0
Energy settlement	326	792	0	376	1	26	155	90	-1 786	20

Other operational business relationships result from the consolidation of service functions in the broader sense for the purpose of concentrating expertise and increasing efficiency and productivity DB Bahn Sales organizes ticket sales for DB Bahn Long-Distance and DB Bahn Regional DB Services covers the six lines of business of DB Security (customers DB Bahn Long-Distance, DB Bahn Regional), DB Vehicle Maintenance (customers DB Bahn Long-Distance, DB Bahn Regional, DB Schenker Rail), DB Communication Technology (customers all German business units), DB Fleet Management (customers all German business units as well as mobility services for passengers), DB Systel (ICT service for all business units) and DB Services (facility management, industrial services, vehicle cleaning and other services for all business units)

In the infrastructure segment, DB ProjektBau GmbH carries out planning and project management for the DB Netze Track, DB Netze Stations and DB Netze Energy business units

Business relationships within Group and service functions

The two management holdings DB AG and DB ML AG incorporate various Group and service functions that, apart from a few regulatory exceptions, perform functions for the entire Group These include Strategy, Marketing, Legal Affairs, Compliance, Treasury, Insurance and Real Estate Management The costs for Group functions are not transferred to the business units (no "group allocation") Charges for service functions are only transferred if these result from direct business relationships with the business units or expenditure that is directly attributable to a tangible service This applies in particular to transferal of real estate, central purchasing and technology services, insurance provisions consolidated under DB AG as well as the separate allocation of costs for DB ML Group's use of the DB trademark

The costs that accrue for the holding companies DB AG and DB ML AG as a result of non-payment of Group contributions are offset by transferring profits and dividends from the respective subsidiaries

The Group job market performs an important central function DB JobService and the agency staff unit DB Zeitarbeit ensure efficient deployment of personnel within the Group job market and regulate measures for incentives to employment

Group financing

The central Group ***Treasury (1)*** at DB AG is responsible for Group financing The Treasury operates throughout DB Group as an in-house bank, although it provides a service function rather than acting as a profit center In accordance with the Group's two-tier structure, the Treasury is also based on a dual structure, which separates the responsibilities of DB ML Group from DB Group's infrastructure companies All DB Group companies conduct business with the Treasury, mainly borrowing or investing financial resources All Treasury transactions are conducted at fair market rates, meaning that the agreed interest rates are in line with the rates quoted by banks when not intended to yield a profit

Fair market rates also mean in this case that the credit margins are adjusted in line with the creditworthiness The credit margin for the infrastructure companies is largely in line with the credit margins of DB AG on the financial and capital market The credit margins for DB ML AG and the DB ML Group companies are higher, based on DB ML Group's internal performance-based credit rating and the credit margins quoted on the capital market

All financial transactions are based on contractual agreements If, for example, DB Fernverkehr AG invests cash flow surplus in DB ML AG, DB Fernverkehr AG still remains the owner of these funds DB Fernverkehr AG has outstanding interest-bearing financial receivables against DB ML AG, while DB ML AG has financial liabilities outstanding against DB Fernverkehr AG These outstanding accounts are due and payable immediately, except in the case of fixed-term deposits

Consolidation of the Group finance function gives us a coherent market presence in the financial and capital markets, and allows us to achieve economies of scale and cost benefits that the individual companies are unable to generate In addition, central Group financing enables us to adequately monitor all financial transactions and achieve comprehensive risk management

(1) > Page 94 f

Domination and profit and loss transfer agreements

Cash flows between DB AG and major direct subsidiaries – € million	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
FROM PROFIT AND LOSS TRANSFER AGREEMENTS														
DB Netz AG	+790	+181	+548	+324	+183	+260	+212	-146	-338	-768	+44	-307	-197	**+786**
DB Station & Service AG	+70	-0	+251	-37	-55	-69	-52	-90	-190	-150	-141	-155	-160	**-778**
DB Energie GmbH	-34	-2	-29	+43	-47	-44	-111	-106	-18	-91	-38	+38	-62	**-587**
DB Mobility Logistics AG	–	–	–	–	–	–	–	–	-1,263	-113	+109	-827	-1,040	**-3,134**
FROM CAPITAL INCREASES BY DB AG														
DB Netz AG	–	–	–	–	–	+600	–	–	–	–	+620	–	–	**+1,220**

(+) Inflow of capital to subsidiary
(-) Outflow of capital to DB AG

Profit transferred to the parent company or losses offset by the parent company do not constitute business relationships. Rather, the profit and loss transfer agreement stipulates that the amount of profit distributed or the amount required to offset losses is not reset every year but is calculated automatically. The flow of capital is based on the shareholder's right to profits or obligation to compensate losses. Regardless of this, DB Group ensures that all Group companies have sufficient capital stock despite the obligation to offset potential losses generated by other companies within the Group.

With regard to financial relationships, it is important to note that interest payments and profit transfers are based on economically viable decisions and are necessary for funding capital expenditures. Investors are only willing to provide capital if amortization and interest are guaranteed. A purely debt-based financing model is not marketable and is associated with high risks. Profit is essential for maintaining DB Group's capital expenditure capacity. The vast majority of profit remains in the company in the form of equity, increasing the Group's capital expenditure and borrowing capacity. Dividends are distributed exclusively to the Federal Republic of Germany, which is the sole shareholder.

Business and financial relationships between DB ML Group and the remaining DB Group companies

The main charges arising from business relationships between DB ML Group and the remaining DB Group companies are illustrated in the following table.

Services rendered by DB ML Group – € million	2012	2011	CHANGE absolute	CHANGE %
Transport services	190	168	+22	+13.1
Data processing services	200	176	+24	+13.6
Telematics	151	165	-14	-8.5
Maintenance services	182	173	+9	+5.2
Rental income	102	96	+6	+6.3
Interest income	3	2	+1	+50.0
Facility management	41	26	+15	+57.7
Group levy	149	145	+4	+2.8
Other income	659	583	+76	+13.0
DB ML Group income	**1,677**	**1,534**	**+143**	**+9.3**

DB AG is initially charged for internal Group and service functions carried out by DB ML AG. The costs of Group functions performed by DB AG are not allocated to the DB Netze Track, DB Netze Stations and DB Netze Energy business units. In this case as well, charges for service functions are transferred to the aforementioned business units only if these result from direct business relationships or if expenditure is made for a particular reason.

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 our 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, we are not focusing solely on long-distance transport routes For us, globalization also means that we serve the increasingly important regional transport flows in the emerging economies of Asia and Latin America Our aim 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 us The expertise we have gained in the very diverse markets in which we are already active is of great benefit to us when entering these newly opening markets Our Europe-wide network expertise in passenger and freight transport means we are 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 our domestic market of Germany We are rising to this challenge by constantly improving our 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, we 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 We therefore want to build on our existing environmental advantages and ensure that we are constantly making more efficient use of resources Our mobility and logistics solutions, 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 our competitive advantage over other modes of transport It is our task and our goal to seize the opportunities for growth and the potential for development that we see, and to build on existing competitive advantages while also generating new ones

The challenges and variety of developments that lie before us call for a long-term approach To achieve this, we must focus our corporate management in equal measure on quality and on the customer, on ensuring that we are 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, we launched our new DB2020 strategy, which focuses on sustainability, as the new strategy to be applied throughout DB Group In the year under review, we also began incorporating DB2020 into the individual business unit strategies As part of the implementation of the strategy, we have developed a new target and bonus system and incorporated the management of our ***sustainability activities (1)*** into our organization We have also begun to establish

(1) > Page 72 f

Vision and goals

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 a 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 direction	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

the necessary transparency and integration of all internal and external ***stakeholders (1)*** using broad-based communication methods

Our 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 our vision of becoming the world's leading mobility and logistics company, which we are still firmly committed to, we have set ourselves ambitious targets for all three of these dimensions We aim 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, we have 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 We have developed an ***integrated target system (2)*** that will enable us to measure progress in the implementation of the strategy

ECONOMIC DIMENSION

As a profitable market leader, we want to offer our customers first-class mobility and logistics solutions Two strategic directions are essential if we are 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, we placed a particular emphasis on ensuring and improving customer satisfaction and product quality We initiated numerous measures aimed at improving customer focus and quality We successfully made significant progress in a number of fields within our ***customer and quality initiative (3)*** 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 We are making major reinforcements to our vehicle fleet through capital expenditures in modernization, such as the ***redesign of the ICE 2 trains (4)***, as well as additions to the fleet, such as the purchase of ICx and new ICE 3 trains ***Customer satisfaction (5)*** and improved product quality will remain the pillar of our activities in the future

(1) > www db de/stakeholderdialogue (2) > Page 72 (3) > Page 136 (4) > Page 110 (5) > Page 138f

Strategic direction profitable growth

In recent years, we have continually expanded our ***market positions (1)*** through organic growth and by supplementing our portfolio Our intention is to ensure that we continue on our path of further growth With this in mind, we will be focusing on the targeted development of our 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 us thanks to the integrated Group structure We want 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 our network in line with transport flows

We have adopted clear Group targets for ***revenues (2)*** (as an indicator for the top target of market position) and for the ***value management key figures (3) ROCE (4)*** (as an indicator for the top target of profitability) and ***redemption coverage (5)*** (as an indicator for the top target of financial stability)

SOCIAL DIMENSION

As a top employer, we attract and retain qualified employees who are enthusiastic about working for DB Group and our customers To achieve this, we want to considerably increase employee satisfaction and our attractiveness as an employer while further strengthening our position in the face of demographic challenges

Strategic direction cultural change/ employee satisfaction

We have already begun the process of changing our corporate culture with numerous central and regional ***dialogue events (6)*** Intensive dialogue with employees and executives is a central element of this change, alongside the global Group-wide ***employee survey (7)***, carried out for the first time in the year under review In addition, we are working on the targeted implementation of our 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, we have introduced additional ***personnel recruitment activities (8)*** and will continue to reinforce our actions in this area

We also want 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, we have set internal goals for increasing the proportion of women within DB Group to 25% overall and to 20% in management positions by 2015, and we have introduced programs such as "Career and Kids"

ENVIRONMENTAL DIMENSION

As an eco-pioneer, our products set benchmarks for the efficient use of available resources Environmentally friendly activities are part of our brand and service promise Rail already has a significant advantage in terms of environmentally friendly transport We want to continue to build on our leading environmental position During the year under review, we 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

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

Our green products and services in the Passenger Transport and Transport and Logistics divisions have enabled us to win additional customers while at the same time contributing to reducing CO_2 emissions We want to generally establish our ***green products (9)*** further and actively create demand through more intensive marketing activities

In addition to this, we strive to continuously promote energy efficiency through improvements in our operations and production and by renewing our 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

We are also working on noise reduction with the implementation of a wide range of different measures By 2020, we want to have reduced train noise by half, taking the year 2000 as the base year The bundling of our activities into the new ***noise management project (10)*** during the year under review places a stronger focus on the issue as part of our environmental activities

(1) > Page 59 (2) > Page 87ff (3) > Page 96ff (4) > Page 96f (5) > Page 99 (6) > Page 147 (7) > Page 147f
(8) > Page 144f (9) > Page 151f (10) > Page 154f

Social responsibility

As part of society, as well as expanding our social and environmental activities, we are also intensifying our social responsibility activities, which are already a long-established tradition We want to boost social dialogue and ensure increased transparency of corporate decisions We see our activities in this regard as an investment in society that will serve future generations Against this backdrop, we are involved in a wide range of activities around the world In this regard, we use our opportunities and strengths as a mobility and logistics company to make a positive contribution to social and environmental development that goes beyond the business activities and responsibilities emerging from our core business

With a view to further developing our ***social responsibility commitments (1)***, we reviewed and finely tuned our activities and our range of objectives in the year under review within the framework of the DB2020 strategy

In December 2012, we started laying the groundwork for founding our own charitable organization (***Deutsche Bahn Stiftung gGmbH (2)***) In the future, we plan to bundle a large part of our 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 our interdependency on, the environment in which we operate 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, we represent exemplary behavior and long-term solution approaches to meeting the challenges facing society today and in the long term

In this regard, our efforts 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 Our aim is to offer future prospects and to help shape these positively and sustainably on the basis of our key areas of expertise

EDUCATION AND CULTURE

As a long-standing partner and member of the "Stiftung Lesen" (Reading Foundation), we have contributed for more than 16 years to providing children and young people with educational prospects and promoting social integration through numerous projects and with our 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

We have 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 we 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

Our social responsibility commitments 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 our ten-year commitment to the "Deutscher Behindertensportverband" (National Paralympic Committee Germany), we have made a valuable contribution to the social integration of school pupils with disabilities, among other things We have also been the exclusive main sponsor of the "Jugend trainiert fur Paralympics" (Youth Training for the Paralympics) project since 2010 In the year under review, we 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 our 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

DB Group's commitment to soccer is a central pillar of our long-term promotion of new sporting talent Our soccer camps are free projects for young people with a love of sports In the

(1) > www db de/csr (2) > Page 166 (3) > www vorlesetag de (4) > www offroadkids de

setting of a Bundesliga match, we offer 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. We have donated a total of € 5.21 million to the Foundation since 2009.

CLIMATE AND NATURE PROTECTION

Our social responsibility commitments in regard to climate and nature protection are characterized by their wide-ranging and regional nature.

In Germany, we support 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 us and our ***bahn bonus customers (2)***, which is a valuable contribution to protecting both nature and the climate.

In the Czech Republic, we honored our 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 our partnership foundation ***Nadace Partnerstvi (3)*** during the year under review.

In Indonesia, we 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 and carried out 24 projects in 18 locations throughout Poland. Almost 350 employees were directly involved in these projects, while a further 170 employees supported them. 130 business partners also participated. The projects collected more than 28,000 liters of waste and planted 2,000 trees, among other activities.

HUMANITARIAN AID

Our international subsidiaries have supported global social projects for many years. Some examples are the "AdoptSchool" program in Malaysia and our 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, our subsidiaries support the transport of aid in crisis zones by providing logistics and transport services. For example, we 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, we supported this humanitarian activity by providing a tailor-made transport concept.

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 our decision-making and operating processes at division and ***business unit level (5)***.

OFFERING CONVINCING MOBILITY SERVICES THROUGHOUT EUROPE

We have bundled our passenger transport services in Germany and in cross border long-distance rail passenger transport under the DB Bahn brand. We are present in the European passenger transport market outside of Germany with the Arriva brand. Our passenger transport strategy is based on the three dimensions of the DB2020 strategy.

> Economic: Within the German passenger transport market, we want to further improve the performance of our rail transport services and make continued progress in the integration of individual services within comprehensive mobility solutions. Taking our strong position in the German market as our base, we are further developing our core business and expanding internationally. We have efficient, integrated regional and long-distance transport networks. Keeping customer requirements in mind, we work continually on linking up networks and saving time by providing optimum travel connections. Close consultation with our customers is essential for this. It is only by ensuring this that we can offer our customers a competitive and, at the same time, more environmentally friendly alternative to motorized individual transport and continental air transport options. In the year under review, we again implemented numerous measures aimed at ***improving the product and performance quality (6)*** of our services. We are also continuing to invest extensively in our trains. Comprehensive ***modernization measures (7)*** allow us to improve comfort for our passengers. The liberalization of European passenger transport

(1) > www.bergwaldprojekt.de (2) > www.bahn.de/bahnbonus (3) > www.nadacepartnerstvi.cz (4) > www.edeaf.co.za
(5) > Page 108 ff (6) > Page 139 ff (7) > Page 110

offers many opportunities for growth We are 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 We are focusing on the development of initiatives aimed at retaining and attracting employees To do this, we are 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 our ***green products (1)***, we also want to make access to our passenger transport mobility options even simpler To do this, we are further developing the BahnCard discount card, for example with the pilot project ***"BahnCard 25 mobil plus" (2)*** in Berlin This allows our customers to also make use of the ***Flinkster (3)*** and ***Call a Bike (4)*** services It also provides the opportunity to include a ticket for local public transport on the card ***e-Flinkster (5)*** is an environmentally friendly alternative to conventional car sharing In bus transport, we are making increasing use of hybrid buses, which helps reduce exhaust emissions, particularly within cities

COMBINING EFFICIENT GLOBAL NETWORKS WITH PROVEN EXPERTISE IN LOGISTICS

We have positioned ourselves under the DB Schenker brand name as one of the leading global transport and logistics service providers This is on account of our dense networks in European rail freight transport, European land transport, and global air and ocean freight transport, as well as our industry-specific expertise in global contract logistics This structure means that we can meet our 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 our networks and the expansion of top-quality integrated services and industry solutions for our 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 Our 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 used by the German Federal Government to stabilize infrastructure funding
- Social An awareness of our 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 implementation of follow-up measures and the regular repetition of the survey will ensure that we become 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

(1) > Page 151 f (2) > Page 152 (3) > www flinkster de (4) > www callabike-interaktiv de (5) > Page 152

CORPORATE MANAGEMENT

Group-wide target system introduced

We have 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 us 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 our 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 our 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, we will continue to develop the target system with a focus on our goals, and we will adapt and improve the relevant data collection processes required for this based on our 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. A variable end-of-year bonus or similar compensation is paid to some 3,000 executives and 1,700 employees not subject to wage agreements within DB Group. The end-of-year bonus is based on Group targets, the results for the relevant business unit and the employee's personal targets. The system enshrined in the DB2020 strategy will be incorporated into the Group and business unit components and into the personal targets in some cases.

Sustainability management

The concept of sustainability was incorporated into the 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, we have also set up the sustainability management department.

We have 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 the DB Group ***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 our actions and for our business success. Just as is the case within DB Group itself, we are subject to a large number of demands from a huge variety of ***stakeholders (2)*** in society as a whole. Our central stakeholder groups include our customers, employees, suppliers, investors and our 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 our stakeholders based on integrity, continuity and transparency. We see this exchange as an opportunity to create understanding for our position while gaining recognition and impetus for our sustainable and entrepreneurial business activities.

Charter for stakeholder dialogue developed

As a result, we are further developing the dialogue with our stakeholders, within which we are guided by Group-wide principles. We have 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 our strategy. We discuss important strategic changes with the relevant stakeholders prior to coming to a final decision. This process is used, for example, when we are developing Group strategy or climate and energy strategy, and when we are 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. Our aim was to enter into a cross-sector, open, constructive dialogue with our stakeholders regarding sustainability topics and to discuss the main challenges, the milestones we have 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. Our appreciation of exchanges with our 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. We are well aware of this. After our last sustainability report was published in 2009, we worked intensively during the year under review on revising the way we produce sustainability reports within the framework of the implementation of the DB2020 strategy.

Based on this, we have set out a development path that will enable us 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, we will publish another sustainability report in mid-2013. Our future sustainability reporting will be based on the internationally recognized principles of the Global Reporting Initiative (GRI).

Our medium-term aim is to combine our separate Annual Report and Sustainability Report within a single "integrated report."

We also report to the United Nations on the principles of the UN Global Compact, producing a yearly report in line with these principles. To do this, we published a declaration in March 2012 on our 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, we submitted our 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

Assessment of the economic climate by the Management Board

Weak global economic development during the year under review meant that there was no stimulus for growth in our key markets. There was a decline in the growth rates of global trade over the course of 2012. In 2012 as a whole, global trade grew at a lower rate than the global economy.

The sovereign debt and confidence crisis had a strong impact on European economic growth. This affected our domestic market in Germany, too, although economic growth was above average in comparison with the rest of Europe.

Fluctuating investor sentiment meant that the bond market was relatively volatile in 2012.

The sovereign debt crisis was the main concern affecting foreign currency trading both in the USA and in the Eurozone, which meant that the exchange rate of the euro against the US dollar was subject to major fluctuations throughout the year.

The vast majority of our passenger transport activities are highly dependent on the economic situation in the German domestic market (DB Bahn Long-Distance and DB Bahn Regional) or in the European market (DB Arriva).

Following strong growth in 2011, demand in the German passenger transport market 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. The sovereign debt crisis weighed heavily on public-sector budgets that were already under serious pressure in 2012. The labor market situation and income trends had a negative impact on the development of passenger transport in a number of European countries.

In rail freight transport, weak overall economic growth led to negative growth in volume.

A similar situation affected our global freight forwarding and logistics activities, with the exception of ocean freight.

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* (1)** At the end of the year, the euro was worth USD 1 32

(1) > Page 741

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 our annual ***Competition Report (1)***.

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

(1) > www.db.de/competitionreport

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 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 prequalified 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 We are 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

We have prepared for the increase in competition and will monitor developments so that we can adapt our business activities flexibly as required

(1) > www raildeliverygroup org

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 our 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.

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.

Our 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.

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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.

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, our 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 our 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 our 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 our 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, our 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 our 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

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, our cooperation 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 We launched rail passenger transport operations in the Overijssel/Drenthe and Gelderland regions in the year under review We were also awarded ***two tenders in the bus segment (2)***, which secured our 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, we provide 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 (3)*** 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 (2)*** 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, 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, our cooperation with Austrian Railways (ÖBB) on the rail link from Munich to Verona, Bologna and Venice via Innsbruck and Bolzano developed positively in 2012

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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 our companies 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 our business activities 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 our 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 our 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. Our subsidiary, 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 our 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% Our subsidiary 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 our 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 our 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 our track infrastructure 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 our 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
> KEY VALUE MANAGEMENT FIGURES IMPROVED FURTHER

Continuing on our profitable growth path is a central aspect of maintaining our claim as a profitable market leader We succeeded in this once again in the year under review by noticeably increasing revenues, adjusted earnings and ROCE

MAJOR YEAR-ON-YEAR CHANGES

The development of expenses and income was also influenced by changes in the ***scope of consolidation (1)*** during the year under review

The following (material) changes are relevant for comparative purposes at the business unit level

- Corridor Operations NMBS/SNCB DB Schenker Rail N V (COBRA), Brussels/Belgium, has been included in the consolidated financial statements and in the DB Schenker Rail business unit since June 30, 2011
- Jean Heck Eupen, Transports et Logistique SA (Jean Heck), Eupen/Belgium, has been included in the consolidated financial statements and in the DB Schenker Logistics business unit since November 30, 2011
- Grand Central Railway Company Limited (Grand Central Railway), Bristol/Great Britain, has been included in the consolidated financial statements and in the DB Arriva business unit since December 31, 2011
- ***Suomen Kiitoautot Oy (2)*** has been included in the consolidated financial statements and in the DB Schenker Logistics business unit since March 31, 2012
- ***Schenker Namibia (2)*** has been included in the consolidated financial statements and in the DB Schenker Logistics business unit since May 1, 2012
- ***Ambuline (2)*** has been included in the consolidated financial statements and in the DB Arriva business unit since June 1, 2012
- ***Transfracht (2)*** has been included in the consolidated financial statements and in the DB Schenker Rail business unit since June 30, 2012 The only relevant changes here are those that do not result from service relationships with DB Schenker Rail companies Transfracht had previously been accounted for using the equity method Extensive service relationships already existed

The ***year-on-year accounting changes (3)*** are explained in the Notes to the consolidated financial statements The individual transactions are described in detail in ***Changes in DB Group (1)***

DEVELOPMENT OF REVENUES

Revenues – € million	2012	2011	CHANGE absolute	%
DB Group	39,296	37 979	+1 317	+3 5
± Special items	-	+78	+78	-
DB Group adjusted	**39,296**	**37,901**	**+1,395**	**+3 7**
± Effects from changes in the scope of consolidation	-128	-1	-127	-
± Effects from change in the exchange rates	-601	-	-601	-
DB Group comparable	**38,567**	**37,900**	**+667**	**+1 8**

Revenues rose by 3 5 % year on year in the year under review due to the Group's positive business performance and the associated rise in revenues Additional factors included positive exchange rate change effects and, to a minor extent, positive effects attributable to changes in the scope of consolidation

The exchange rate effects are mainly attributable to the overall weak development of the euro against the British pound, the US dollar, the Swedish krona and the Chinese renminbi, and were attributable to the DB Schenker Logistics (€ 400 million), DB Arriva (€ 172 million) and DB Schenker Rail (€ 29 million) business units

The effects arising from changes in the scope of consolidation relate mainly to Grand Central Railway (€ 33 million, DB Arriva business unit), COBRA (€ 12 million, DB Schenker Rail business unit) and Jean Heck (€ 8 million, DB Schenker Logistics business unit) – which had been acquired in the previous year – as well as to Suomen Kiitoautot (€ 38 million, DB Schenker Logistics business unit), TFG Transfracht (€ 30 million, DB Schenker Rail business unit), Ambuline (€ 5 million, DB Arriva business unit) and Schenker Namibia (€ 2 million, DB Schenker Logistics business unit) – which were added over the course of the year

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Adjusted by exchange rate change effects and changes in the scope of consolidation, revenues increased by 1.8% over the course of the year under review.

Revenues – € billion

Total revenues – € million	2012	2011	CHANGE absolute	%
DB Bahn Long Distance	4,074	3,794	+280	+7.4
DB Bahn Regional	8,907	8,718	+189	+2.2
DB Arriva	3,757	3,367	+390	+11.6
DB Schenker Rail	4,925	4,924	+1	–
DB Schenker Logistics	15,389	14,867	+522	+3.5
DB Services	1,498	1,413	+85	+6.0
DB Netze Track	4,709	4,642	+67	+1.4
DB Netze Stations	1,102	1,077	+25	+2.3
DB Netze Energy	2,832	2,853	–21	–0.7
Other	1,028	927	+101	+10.9
Consolidation	–8,925	–8,681	–244	+2.8
DB Group	**39,296**	**37,901**	**+1,395**	**+3.7**

The development of total (internal and external) revenues for the business units was largely positive in the year under review.

The DB Bahn Long-Distance business unit benefited from price and volume effects, so that total revenues were up markedly – by more than 7%.

Revenues in the DB Bahn Regional business unit mainly increased due to the positive development of rail transport.

In the DB Arriva business unit revenues rose by well over 11% year on year due to higher UK Trains revenues and exchange rate changes in the year under review.

The year-on-year rise in the DB Schenker Rail business unit internal service relationships had a noticeable effect. Internal revenues rose considerably, and total revenues remained on a par with the previous year, despite the drop in external revenues.

In the DB Schenker Logistics business unit, contract logistics, ocean freight and projects in particular developed favorably. Overall performance was held back by negative air freight developments, although revenues still continued to climb.

Growth in internal IT operations played a key role in the 6% rise in the DB Services business unit total revenues.

Total revenues in the DB Netze Track business unit increased mainly as a result of pricing measures.

Total DB Netze Stations business unit revenues rose due to higher station fees as well as revenues from rentals and marketing.

A downturn in demand for power and diesel products resulted in a slight drop in DB Netze Energy revenues.

Please see ***Development of the business units (1)*** for detailed information on the development of the individual business units.

The increase in the "Other" item resulted from higher DB Netze Projects revenues due to a rise in construction projects and price adjustments in the year under review, as well as an increase in DB International revenues from business expansions.

Higher internal revenues at the infrastructure companies, DB Services and DB ProjektBau have resulted in increased consolidation effects.

External revenues – € million	2012	2011	CHANGE absolute	%
DB Bahn Long Distance	3,941	3,666	+275	+7.5
DB Bahn Regional	8,819	8,628	+191	+2.2
DB Arriva	3,751	3,365	+386	+11.5
DB Schenker Rail	4,596	4,635	–39	–0.8
DB Schenker Logistics	15,335	14,808	+527	+3.6
DB Services	125	137	–12	–8.8
DB Netze Track	980	961	+19	+2.0
DB Netze Stations	416	400	+16	+4.0
DB Netze Energy	1,079	1,084	–5	–0.5
Other	254	217	+37	+17.1
DB Group	**39,296**	**37,901**	**+1,395**	**+3.7**

With the exception of DB Schenker Rail and DB Services business units, external revenues developments reflect that of total revenues.

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External revenues declined due to lower level of performance at DB Schenker Rail in light of the difficult overall market and the optimization of the transport portfolio. This was partially offset by positive effects, such as from expanding transports to China and the first-time inclusion of Transfracht.

As there was no growth in non-Group business in DB Services, external revenues in this business unit did not increase.

External revenues by divisions – %

■ 2012 ■ 2011

The structure of external revenues is virtually unchanged as against the previous year. The share of business units in passenger transport increased slightly to 41.9% (previous year: 41.4%). On the other hand, the share of business units in transport and logistics declined slightly to 50.7% (previous year: 51.3%). At 6.3%, the share of infrastructure business units was down slightly (previous year: 6.5%).

Structure of external revenues – %	2012	2011
DB Bahn Long Distance	10.0	9.7
DB Bahn Regional	22.4	22.8
DB Arriva	9.5	8.9
DB Schenker Rail	11.7	12.2
DB Schenker Logistics	39.0	39.1
DB Services	0.3	0.4
DB Netze Track	2.5	2.5
DB Netze Stations	1.1	1.1
DB Netze Energy	2.7	2.9
Other	0.8	0.4
DB Group	**100**	**100**

Revenues by regions

External revenues by regions – € million	2012	2011	CHANGE absolute	%
Germany	22,742	22,212	+530	+2.4
Europe (excluding Germany)	11,716	11,156	+560	+5.0
Asia/Pacific	2,753	2,392	+361	+15.1
North America	1,525	1,626	–101	–6.2
Rest of world	560	515	+45	+8.7
DB Group	**39,296**	**37,901**	**+1,395**	**+3.7**

The effects from performance increases and exchange rate effects are also reflected in the regional distribution of revenues. Subsequently, all regions, with the exception of North America, saw revenues increase.

The strongest revenues growth in absolute terms was posted by Europe (excluding Germany). This was decisively influenced by DB Arriva revenues growth.

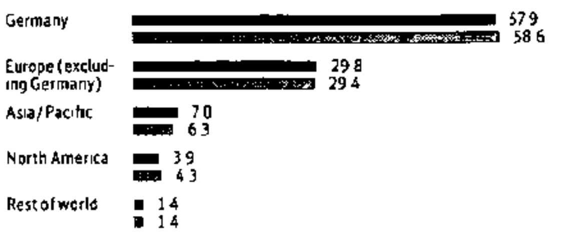
The Asia/Pacific region recorded the greatest revenues growth in percentage terms.

The decline in North America resulted from the restructuring of the ***US domestic business (1)*** at DB Schenker Logistics in this region.

With a rise of more than 2%, the development of revenues in Germany was generally weaker than in the rest of Europe and Asia/Pacific, due to its comparably stable development of passenger transport and infrastructure.

As a result, the share of revenues generated outside of Germany increased slightly from 41% in the previous year to 42% in the year under review.

External revenues by regions – %



■ 2012 ■ 2011

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DEVELOPMENT OF PROFITS

Excerpt from statement of income – € million	2012	Reclassi-fications	Special items	2012 adjusted	2011 adjusted	Change absolute	thereof due to changes in scope of consolidation	thereof due to changes in exchange rates	Change %
Revenues	39,296	-	-	39,296	37,901	+1,395	+127	+601	+3 7
Inventory changes and internally produced and capitalized assets	2 614	–	–	2 614	2,464	+150	0	+2	+6 1
Other operating income	3,443	–	-435	3,008	2 850	+158	0	+13	+5 5
Cost of materials	-21,039	-	29	-21,010	-20,721	-289	-58	-344	+1 4
Personnel expenses	-13,817	–	24	-13,793	-13 048	-745	-34	-147	+5 7
Depreciation	-3,328	82	353	-2,893	-2,832	-61	-11	-13	+2 2
Other operating expenses	-4,640	-	126	-4,514	-4,305	-209	-21	-82	+4 9
Operating profit (EBIT) | Adjusted EBIT	**2,529**	**82**	**97**	**2,708**	**2,309**	**+399**	**+3**	**+30**	**+17 3**
Net interest income | Net operating interest income	-982	117	–	-865	-742	-123	-2	-4	+16 6
Operating profit after interest	**-**	**-**	**-**	**1,843**	**1,567**	**+276**	**+1**	**+26**	**+17 6**
Result from investments accounted for using the equity method | Net investment income	14	-6		8	20	-12	-	0	-60 0
Other financial result	-13	-111	1	-123	-57	-66	-	0	+116
PPA amortization customer contracts	–	-82	–	-82	-75	-7	–	-3	+9 3
Extraordinary result	-	-	-98	-98	-96	-2	–	–	+2 1
Profit before taxes	**1,548**	**-**	**-**	**1,548**	**1,359**	**+189**	**+1**	**+23**	**+13 9**

The following presentation of income development describes the changes in the key income statement items for the year under review, adjusted for special items The effects from the changes in the scope of consolidation and exchange rate effects are presented in the table above and are not explained further in the following section

Positive revenues development was driven primarily by the developments in passenger transport business units and at the DB Schenker Logistics business unit

Other operating income was up year on year due, among other things, to higher earnings from the disposal of assets from the DB Arriva and DB Schenker Logistics business units and the reversal of provisions

The cost of materials recorded for the year under review was a little higher than in the previous year This was particularly the result of higher levels of purchased services at the DB Schenker Logistics and DB Services business units due to the expansion of business activities

Personnel expenses were noticeably higher than the figure for 2011, reflecting wage increases and the greater number of employees

Other operating expenses also increased as a result of higher rent and leasing costs as well as higher costs for other services in the DB Bahn Regional and DB Bahn Long-Distance business units

Overall, the development of adjusted EBITDA, which rose by € 460 million, or 8 9 %, to € 5,601 million, was clearly positive in the year under review (previous year € 5,141 million)

Depreciation was up slightly year on year

Adjusted EBIT (up € 399 million, or 17 3 %, to € 2,708 million) and operating profit after interest (up € 276 million, or 17 6 %, to € 1,843 million) also improved considerably in the year under review

However, net operating interest income deteriorated, due, among other things, to lower effects relating to the compounding of interest-free loans as well as pension provisions and a higher level of cash and cash equivalents

As a result, the adjusted EBITDA and EBIT margins increased in the year under review, from 13 6 % to 14 3 %, and from 6 1 % to 6 9 %, respectively This was mainly due to DB Bahn Long-Distance and DB Netze Track, both of which considerably improved their EBIT margins

The decline in the other financial result was attributable to negative effects from the compounding of provisions The extraordinary result remained stable as against the previous year, meaning that the € 189 million, or 13 9 %, rise in profit before taxes was slightly weaker than the increase in operating profit after interest

Transition to the adjusted income statement

The transition to an adjusted income statement is a two-step process The first is standard reclassifications, with the figures then being adjusted for individual special items

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

The second significant reclassification relates to the amortization of intangible assets capitalized in the course of purchase price allocations (PPA) of acquisitions conducted during the assessment of long-term customer contracts This issue plays a role in acquisitions in passenger transport in particular, because existing contracts with organizations play a major part in purchase price assessments In order to ensure the operating assessment of such transport contracts that make up part of acquisitions and to prevent these contracts from being treated differently than other contracts, these amortization components are eliminated from operating profit The sum reclassified in the year under review relates almost entirely to the acquisition of Arriva

The second step is the adjustment for special items These are issues that are considered to be extraordinary in terms of their nature and/or amounts and where recognition in adjusted profit would have a substantial impact on the operating development over a period of time Regardless of their amounts, book profits and losses from transactions with affiliated companies/financial assets are adjusted

In addition, individual items are adjusted if they are extraordinary in character, can be accounted for and assessed discretely, and are significant in volume The following table shows the extraordinary result in a year-on-year comparison and a comparison according to business units The sum reclassified from operating income is reported separately in each instance

Transition to the adjusted income statement — € million	2012	RECLASSIFICATIONS Compounding/discounting IFRS	Net investment income	PPA amortization	ADJUSTMENT OF SPECIAL ITEMS Restructuring of DB Schenker Rail	Impairment of property, plant and equipment	Reassessment of ecological burdens	Elimination of restitution claims	Other	2012 adjusted
Revenues	39 296	-	-	-	-	-	-	-	-	39,296
Inventory changes and internally produced and capitalized assets	2,614	-	-	-	-	-	-	-	-	2 614
Other operating income	3 443	-	-	-	-7	-	-200	-113	-115	3,008
Cost of materials	-21,039	-	-	-	16	-	-		13	-21,010
Personnel expenses	-13 817	-	-	-	24	-	-		0	-13 793
Depreciation	-3 328	-	-	82	83	270	-		0	-2,893
Other operating expenses	-4,640	-	-	-	14	-	-		112	-4,514
Operating profit (EBIT) | Adjusted EBIT	**2,529**	**-**	**-**	**82**	**130**	**270**	**-200**	**-113**	**10**	**2,708**
Net interest income | Net operating interest income	-982	117	-	-	-	-	-	-	-	-865
Operating profit after interest	**-**	**117**	**-**	**82**	**130**	**270**	**-200**	**-113**	**10**	**1,843**
Result from investments accounted for using the equity method | Net investment income	14	-	-6	-	-	-	-	-	-	8
Other financial result	-13	-117	6	-	1	-	-	-	-	-123
PPA amortization customer contracts	-	-	-	-82	-	-	-	-	-	-82
Extraordinary result	-	-	-	-	-131	-270	200	113	-10	-98
Profit before taxes	**1,548**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,548**

Extraordinary result by business units

Extraordinary result – € million	2012	thereof effecting EBIT	2011	thereof effecting EBIT
DB Bahn Long Distance	–	–	–	–
DB Bahn Regional	3	3	38	38
DB Arriva	-71	-71	-50	-50
DB Schenker Rail	-100	-99	-22	-22
DB Schenker Logistics	0	0	-135	-135
DB Services	–	–	–	–
DB Netze Track	-270	-270	-32	-32
DB Netze Stations	–	–	–	–
DB Netze Energy	–	–	-85	-46
Other/consolidation	340	340	190	190
DB Group	**-98**	**-97**	**-96**	**-57**

The extraordinary result is the sum of the special items described above. At the business unit level, it essentially comprises the following:

> Expenses from the adjustment of provisions for pending losses in regional transport in Great Britain and in Malta in the DB Arriva business unit.
> Expenses for the impairment of locomotives and real estate, and personnel-related expenses within the context of restructuring measures in the DB Schenker Rail business unit.
> Expenses for the depreciation of the real estate portfolio as well as for the impairment of concrete ties in the DB Netze Track business unit.
> Income from the partial reversal of real estate provisions and provisions for inherited environmental damage ("Other").

Special items in the previous year mainly resulted from:

> The recognition of provisions for pending losses in regional transport in Great Britain in the DB Arriva business unit.
> Impairment of locomotives belonging to DB Schenker Rail UK in the DB Schenker Rail business unit.
> Restructuring obligations for the ***US domestic business (1)*** in the DB Schenker Logistics business unit.
> Expenses for the restructuring of a subsidiary in the DB Netze Track business unit.
> Expenses relating to the closure of the Neckarwestheim power plant (GKN I) in the DB Netze Energy business unit.
> The reversal of personnel-related provisions and tax provisions in Germany ("Other").

Net profit for the year up

Excerpt from statement of income – € million	2012	2011	CHANGE absolute	%
Profit before taxes	1,548	1,359	+189	+13.9
Taxes on income	-71	-27	-44	–
actual tax expenses	-156	-30	-126	–
deferred tax income	85	3	+82	–
Net profit for the year	**1,477**	**1,332**	**+145**	**+10.9**
thereof shareholders of DB AG	1,471	1,319	+152	+11.5
thereof minority interests	6	13	-7	-53.8
Earnings per share				
undiluted	3.42	3.07	+0.35	+11.4
diluted	3.42	3.07	+0.35	+11.4

The positive development of profit before taxes (up € 189 million) was impacted by the drop in income tax. This was mainly due to the non-recurrence of a one-time effect of a tax rebate for the DB Bahn Regional business unit in the previous year.

As a result, net profit for the year reported weaker growth, namely € 145 million, to € 1,477 million (previous year: € 1,332 million).

The net profit attributable to minority interests amounted to € 6 million (previous year: € 13 million). The development described above has therefore also resulted in a rise in net profit attributable to DB AG shareholders (€ 1,471 million, previous year: € 1,319 million), leading to earnings per share rising to € 3.42 for the year under review (previous year: € 3.07).

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Development of operating profit by business unit

Adjusted EBIT and adjusted EBITDA – € million	EBIT ADJUSTED		CHANGE		EBITDA ADJUSTED		CHANGE	
	2012	2011	absolute	%	2012	2011	absolute	%
DB Bahn Long Distance	364	157	+207	+132	684	504	+180	+35.7
DB Bahn Regional	882	801	+81	+10.1	1,439	1,361	+78	+5.7
DB Arriva	238	160	+78	+48.8	425	325	+100	+30.8
DB Schenker Rail	87	32	+55	+172	389	336	+53	+15.8
DB Schenker Logistics	418	403	+15	+3.7	609	572	+37	+6.5
DB Services	84	123	-39	-31.7	253	278	-25	-9.0
DB Netze Track	894	715	+179	+25.0	1,822	1,624	+198	+12.2
DB Netze Stations	230	226	+4	+1.8	359	351	+8	+2.3
DB Netze Energy	91	80	+11	+13.8	173	159	+14	+8.8
Other/consolidation	-580	-388	-192	+49.5	-552	-369	-183	+49.6
DB Group	**2,708**	**2,309**	**+399**	**+17.3**	**5,601**	**5,141**	**+460**	**+8.9**
Margin (%)	6.9	6.1	-	-	14.3	13.6	-	-

At the business unit level, the development of the adjusted results was favorable in almost all areas, in comparison to the same period in the previous year.

DB Bahn Long-Distance reported considerable improvements in adjusted profit figures as a result of higher revenues, while expenses rose to a lesser extent.

In the DB Bahn Regional business unit, adjusted profit figures were shaped by the development of the rail line of business. Here, higher revenues and a slower rise in expenses resulted in an increase in adjusted profit figures. The bus line of business underpinned this development, reporting a slight improvement in profits in conjunction with a downturn in volume sold.

The growth in adjusted DB Arriva profit figures is mainly attributable to the positive development in UK Trains.

Extensive restructuring measures in the European network and the first effects from ***"Aktionsplan Deutschland" (Action plan Germany) (1)*** led to a rise in adjusted DB Schenker Rail profit figures despite lower levels of performance.

The development of adjusted DB Schenker Logistics profits was slightly positive, mainly due to positive effects from projects and the restructuring of ***US domestic business (2)***.

The negative impact of wage increases resulted in a drop in adjusted DB Services profits.

Adjusted DB Netze Track profit figures improved considerably as a result of higher revenues and real estate income, as well as lower winter service costs due to the mild winter.

Higher revenues and the fact that costs rose at a lower rate than the growth in revenues meant that adjusted DB Netze Stations profits improved slightly.

Adjusted DB Netze Energy profits increased as a result of a downturn in cost of materials.

The "Other/consolidation" item is characterized by the holding companies DB AG and DB ML AG, as well as other companies that cannot be allocated to another business unit. The change in the adjusted profit figures in the year under review was mainly attributable to the revaluation of personnel provisions as well as a decline in income from the reversal of provisions.

Please see ***Development of the business units (3)*** for detailed information on the development of the individual business units.

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Derivation from the projected financial situation

Outlook for the 2012 financial year – € million	2011	Outlook as of Feb 2012	Outlook as of Jul 2012	2012
Revenues	37,901	~40,000	~39,000	39,296
EBIT adjusted	2,309	>2,600	>2,600	2,708

Following the positive revenue development in 2011, we had expected in February 2012 for this trend to continue in the 2012 financial year. We had believed the increase would somewhat exceed that in 2011 and to amount to some € 40 billion. In light of more subdued economic prospects, we revised the forecast in our Interim Report January to June 2012 to € 39 billion in July 2012. This adjusted outlook is very much in line with the developments seen in the year under review.

In light of the development of operating profit in the 2012 financial year, we had assumed that the continued positive development in revenues and our ongoing cost management would also be reflected favorably in the development of expenses and adjusted EBIT. This outlook is also very much in line with the developments of the year under review.

Expected revenues for 2012 financial year – € million	2011	Outlook as of Feb 2012	Outlook as of Jul 2012	2012
DB Bahn Long Distance	3,794	↗	↗	4,074
DB Bahn Regional	8,718	↗	↗	8,907
DB Arriva	3,367	↗	↗	3,757
DB Schenker Rail	4,924	↗	→	4,925
DB Schenker Logistics	14,867	↗	→	15,389
DB Services	1,413	→	→	1,498
DB Netze Track	4,642	↗	↗	4,709
DB Netze Stations	1,077	↗	↗	1,102
DB Netze Energy	2,853	↗	↗	2,832

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

In February 2012, we expected an increase in revenues for all business units – except DB Services. In the Interim Report January to June 2012, we revised our forecast for our transport and logistics activities downward, forecasting revenues to remain stable. Actual developments, taking into account changes in the scope of consolidation and exchange rate effects, are largely in line with our outlook. In the DB Services business unit revenues rose due to internal performance increases.

Revenues in the DB Netze Energy business unit were slightly below the previous year's level due to lower demand following the weak economic development.

EBIT outlook for the 2012 financial year – € million	2011	Outlook as of Feb 2012	Outlook as of Jul 2012	2012
DB Bahn Long-Distance	157	↗	↗	364
DB Bahn Regional	801	↗	↗	882
DB Arriva	160	↗	↗	238
DB Schenker Rail	32	↗	↗	87
DB Schenker Logistics	403	↗	→	418
DB Services	123	↘	↘	84
DB Netze Track	715	↗	↗	894
DB Netze Stations	226	→	→	230
DB Netze Energy	80	→	→	91

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

In February 2012, we largely expected adjusted EBIT at the business unit level to rise. In the Interim Report January to June 2012, we revised our forecast for the DB Schenker Logistics business unit downward, expecting adjusted EBIT to remain stable. Our outlook from July 2012 is very much in line with the developments of the year under review.

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 an excellent credit rating. Please see ***Value management (1)*** for detailed information on the key figures used – redemption coverage, gearing and net financial debt/EBITDA.

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 non-current capital is generally obtained through the Group's financing company, Deutsche Bahn Finance B.V. (DB Finance), Amsterdam/the Netherlands. These funds are passed on to DB ML AG companies as fixed-term deposits or loans within the context of a dual-level treasury concept.

(1) > Page 96ff

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 We issued a total of eight bonds and/or private placements over the course of the year under review through DB Finance, and increased an existing bond valued at a total of € 2 2 billion The terms of these bonds range from four years and seven months up to 60 years, and are issued in euros, Norwegian krona, Swiss francs and, for the first time, British pounds The transactions were placed mainly in Great Britain, Germany and Switzerland A € 500-million bond and four private placements valued at the equivalent of € 147 million were repaid in the year under review The program was utilized to the extent of € 14 0 billion as of December 31, 2012 (as of December 31, 2011 € 12 4 billion) Utilization of the program increased in the year under review due to the refinancing of expiring debts and the build-up of a higher cash position

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 Group 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 in 2000

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, and, in the opinion of S&P, this support could be weakened if the Federal Government's rating were to be downgraded On January 17, 2012, S&P removed the 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 our Web site for additional information on ***Ratings (2)*** and the rating agencies' complete analyses for DB AG

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

VALUE MANAGEMENT

Value management goals – %	DB Group	DB ML Group	Infra structure
ROCE goal	10.0	14.0	8.0
Redemption coverage	30	50	30
Gearing	100	100	100
Net financial debt/EBITDA (multiple)	2.5	1.5	2.5

One of the key strategic directions of DB2020 is profitable growth. This overarching aim is made up of ***three top targets (1)***: profitability (ROCE), market position (revenues) and financial stability (redemption coverage). ROCE and redemption coverage are key elements of our value management system. We also provide details on the key debt figures gearing and net financial debt/EBITDA with the aim of managing our capital structure.

Within the context of our value management, we want to maintain and increase DB Group's enterprise value in the long term, ensuring that capital expenditures can be made in the core business. The financial management of DB Group – and therefore also the monitoring of the success of our goals for profitable growth – is performed on the basis of a value-oriented management system based on key figures. The results are an important factor for our strategic approach, investment decisions, as well as ***employee and management remuneration (1)***.

Our value management approach is based on profitability and creditworthiness.

› Profitability: cost-effectiveness as an overriding goal in value management ensures that investors receive an appropriate long-term rate of return over several economic cycles. We calculate the weighted average cost of capital (WACC) of debt and equity capital on an annual basis using market values. The actual return, ROCE, is calculated as the ratio of operating earnings before interest and taxes (adjusted EBIT) to capital employed. The target ROCE is set higher than the cost of capital. The long-term aim is to keep the multi-year average ROCE above the target, thereby covering the cost of capital. This target ROCE corresponds to the minimum required rate of return (MRR). The different business characteristics result in different target values for our activities in the DB Mobility Logistics sub-group (especially passenger transport as well as transport and logistics) and in the infrastructure. The cost of capital and thus the expected returns from the infrastructure business units are lower due to our projection of continually low earnings volatility. The operating business is always controlled before taxes, based on the reporting of key figures primarily as pre-tax figures.
› Creditworthiness: as an asset-intense company, it is essential that we have permanent access to the capital market at favorable terms and conditions. Consequently, an additional material goal of value management is achieving appropriate key debt figures from the standpoint of our debt investors. The key figures for controlling indebtedness are redemption coverage (ratio of operating cash flow to the adjusted net financial debt), gearing (ratio of net financial debt to equity), and the ratio of net financial debt to adjusted EBITDA. The target values for the key debt figures are derived from key rating figures as well as annual benchmarking with comparable companies with an excellent credit rating.

ROCE increased further

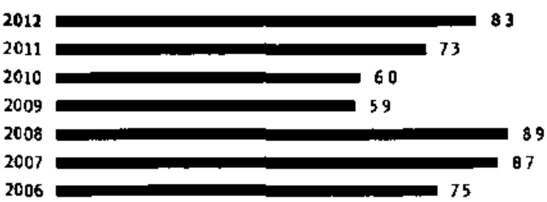
			CHANGE	
ROCE – € million or %	2012	2011	absolute	%
EBIT adjusted	2,708	2,309	+399	+17.3
÷ Capital employed as of Dec 31	32,691	31,732	+959	+3.0
ROCE	**8.3**	**7.3**	–	–

To enable better comparability of accounting periods, we use adjusted EBIT to calculate ROCE. The capital employed equates to the assets deemed necessary for business and subject to the cost of capital as derived from the balance sheet.

ROCE increased by 1 percentage point during the year under review. The increase is attributed to a significant ***increase in adjusted EBIT (2)***, more than offsetting the rise in the cost of capital.

(1) › Page 72 (2) › Page 90 ff

ROCE – %



INCREASED CAPITAL EMPLOYED

Capital employed as of Dec 31 – € million	2012	2011	CHANGE absolute	%
BASED ON ASSETS				
Property, plant and equipment	37,630	37,372	+258	+0.7
+ Intangible assets/goodwill	4,186	4,169	+17	+0.4
+ Inventories	989	991	-2	-0.2
+ Trade receivables	4,202	4,094	+108	+2.6
+ Receivables and other assets	983	896	+87	+9.7
– Receivables from financing	-72	-56	-16	+28.6
+ Income tax receivables	74	46	+28	+60.9
+ Assets held for sale	0	11	-11	-100
– Trade liabilities	-4,406	-4,312	-94	+2.2
– Miscellaneous and other liabilities	-3,332	-3,354	+22	-0.7
– Income tax liabilities	-184	-200	+16	-8.0
– Other provisions	-5,162	-5,610	+448	-8.0
– Deferred income	-2,217	-2,315	+98	-4.2
Capital employed	**32,691**	**31,732**	**+959**	**+3.0**

The increase in capital employed is mostly attributed to a rise in property, plant and equipment and a reduction of other provisions.

COST OF CAPITAL DOWN SLIGHTLY

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

The pre-tax cost of capital for DB Group declined from 9.3% to 8.9% in the year under review. This was due to the continued decline in interest rates from 3.0% to 2.5%. The return on equity and the beta factor derived from a peer group comparison weighted by business units remained on a par with the previous year. After taxes, the cost of capital rate equated to 6.2% (previous year: 6.4%).

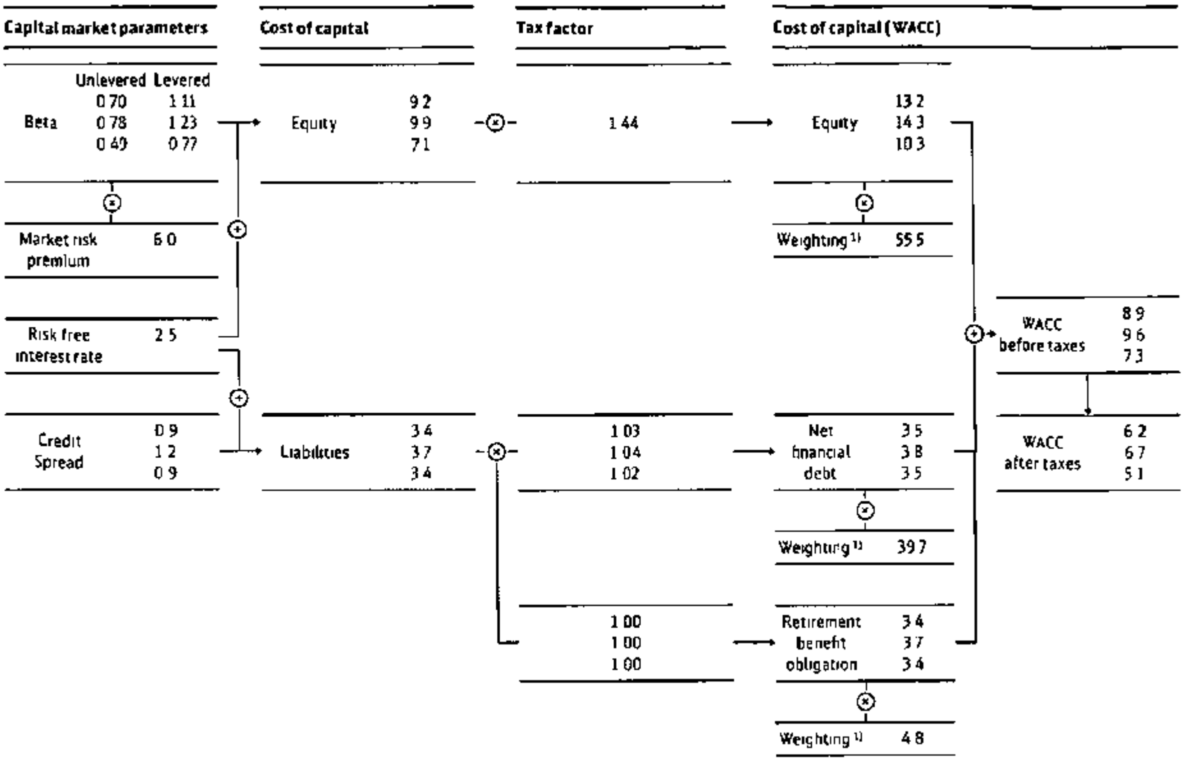
Cost of capital before taxes as of Dec 31 – %	2012	2011
DB Group	8.9	9.3
DB ML Group	9.6	9.9
Infrastructure	7.3	8.1

Cost of capital after taxes as of Dec 31 – %	2012	2011
DB Group	6.2	6.4
DB ML Group	6.7	6.9
Infrastructure	5.1	5.6

We calculate DB Group's cost of capital as a weighted average interest rate of equity, net financial debt and pension obligations. This is determined once a year and reflects current capital market parameters, the prevailing tax framework and the value percentage of financing types used to finance capital employed.

When determining the company-independent capital market parameters market risk premium and risk-free interest rates, short-term debt and equity market return fluctuations are smoothed out in line with the long-term focus of our value management concept. The parameters are determined on the basis of the yields of long-term Bunds (German government bonds) as well as the long-term average interest rates of the German DAX 30 share index. The parameters used are also validated on the basis of up-to-date recommendations given by well-known valuation experts. The company-independent capital market parameters beta and credit spread measure the risk of our debt and equity financing in comparison to alternative investment vehicles. Beta reflects the risk of equity relative to the risks of the equity markets. Comparisons are performed against international benchmark companies. The selection of peer group companies and their aggregation to beta follows the business unit structure of DB Group, DB ML Group and the infrastructure. The credit spread corresponds to DB Group's current issue costs relative to Bunds with an assumed term of ten years. At DB ML Group, the credit spread is determined in line with the market, using current capital market data of companies with comparable creditworthiness.

Derivation of cost of capital as of Dec 31, 2012 – %



■ DB Group ■ DB ML Group ■ Infrastructure

1) Impact of capital structure is reflected only in the tax shield, due to DB Group's fiscal unity the capital structure of DB Group is used

Tax factors are calculated using a taxation rate of 30 5 % The tax factor for net financial debt reflects the German trade tax on the attributable financing costs Remaining taxes are fully assigned to the cost of equity The weighting of financing types is based on market values Net financial debt and pension obligations are valued at their carrying amounts Equity weighting is based on recognized methods of company valuation

The weighting of financing types for DB ML Group and the infrastructure corresponds to that of DB Group as the tax shield resulting from the tax-deductible status of debt interest arises from DB Group's fiscal unity

ROCE STILL LOWER THAN THE COST OF CAPITAL

Yield spread – %	2012	2011	2010	2009	2008
ROCE	8 3	7 3	6 0	5 9	8 9
Pre tax WACC 1)	9 3	9 6	8 9	8 9	8 9
Spread	**-1 0**	**-2 3**	**-2 9**	**-3 0**	**0 0**

1) Each value taken at the beginning of the year

The development of the yield spread shows that the ROCE only reached the same level as the cost of capital in 2008 In the year under review, the difference between the ROCE and the cost of capital improved significantly to -1 percentage point (previous year -2 3 percentage points)

Key debt figures improved

REDEMPTION COVERAGE

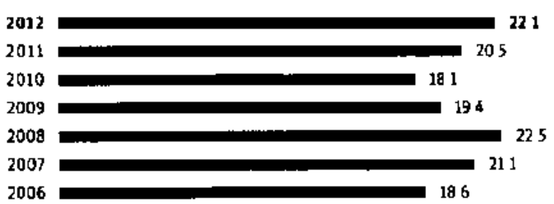
Derivation of redemption coverage – € million or %	2012	2011	CHANGE absolute	%
EBITDA adjusted	5,601	5,141	+460	+8 9
+ Net operating interest [1] [2]	-865	-742	-123	+16 6
Operating cash flow	**4,736**	**4,399**	**+337**	**+7 7**
Net financial debt	16,366	16,592	-226	-1 4
+ Present value operate leases	5,075	4,828	+247	+5 1
+ Adjusted net financial debt	**21,441**	**21,420**	**+21**	**+0 1**
Redemption coverage	**22 1**	**20 5**	**-**	**-**

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

[2] Adjusted for special items

As of December 31, 2012, redemption coverage was up on the previous year due to a considerable improvement in operating cash flow, offsetting the slight rise in adjusted net financial debt The increase in operating cash flow is attributed to the rise in operating earnings

Redemption coverage – %

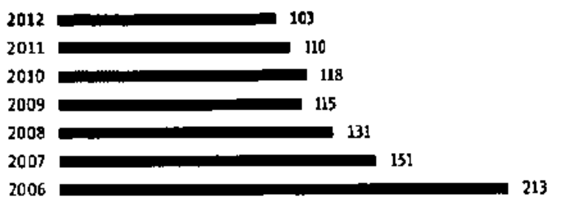


GEARING

Derivation of gearing – € million or %	2012	2011	CHANGE absolute	%
Financial debt	18,613	18 351	+262	+1 4
- Cash and cash equivalents and receivables from financing	2,247	1,759	+488	+27 7
Net financial debt	**16,366**	**16,592**	**-226**	**-1 4**
+ Equity	15,934	15 126	+808	+5 3
Gearing	**103**	**110**	**-**	**-**

Gearing also improved over the course of the year under review and is now just slightly up on the target of 100% This positive development was due to the rise in equity and the fall in ***net financial debt (1)***

Gearing – %

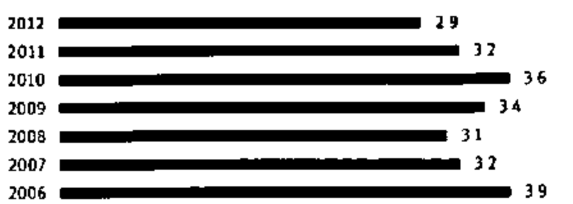


NET FINANCIAL DEBT/EBITDA

Derivation of net financial debt/EBITDA – € million	2012	2011	CHANGE absolute	%
Net financial debt	16,366	16 592	-226	-1 4
+ EBITDA adjusted	5 601	5,141	+460	+8 9
Net financial debt/ EBITDA (multiple)	**2 9**	**3 2**	**-**	**-**

The net financial debt/EBITDA key figure also improved in the year under review thanks to the rise in ***adjusted EBITDA (2)*** and the decline in ***net financial debt (1)***

Net financial debt/EBITDA – multiple



Company-specific early indicators and operating value drivers

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

(1) > Page 102 f (2) > Page 90 f

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

The financial resources of the ordering organizations are also of key importance in the DB Bahn Regional and DB Arriva business units Both in rail as well as in bus transport, supplying the public with local transport services is secured through long-term transport contracts that are concluded between public transport authorities and transport companies Spending cuts in public-sector budgets can negatively impact market volumes and remuneration levels On the other hand, there are also opportunities in Europe, as experiences in liberalized markets have shown that customers and taxpayers alike benefit from greater liberalization of the markets We want to take advantage of these additional market opportunities in our DB Arriva business unit, in particular

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

The specific market environment of DB Schenker Rail is particularly influenced by the manufacturing industry s production output and the development of our core industries The export and import activities of the individual countries and the transport of goods within Europe are of particular importance in cross-border transports

Our DB Schenker Logistics business unit is active first and foremost in the business-to-business segment, the courier and express market segment, which is dominated by non-business customers, plays a more minor role In contrast to the DB Schenker Rail business unit, the customer basis in this segment is highly diverse and predominately covers the automotive, chemical, industrial and commercial goods, high tech/electronics, consumer goods, and health care industries In our market penetration and product development activities, we attach great importance to industry-specific solutions for comprehensive logistics services and multimodal products In doing so, we strengthen synergies between our networks in the interests of our business customers

The services of the Infrastructure division's business units cover important elements of the value chains of the train operating companies that provide services in passenger and freight transport in Germany The same applies to the products of the DB Services business unit In this respect, the development of demand in these business units is a factor that is largely determined by upstream ***passenger and freight transport markets (1)*** The area of marketing in the DB Netze Stations business unit carries its own importance, as the public's consumer trends are an important factor here, much like they are in general retail in Germany

In the long term, the budgetary resources of local public authorities, in particular the German Federal Government, are of considerable importance to the development of the track infrastructure This applies not only to the financing of investments to replace existing infrastructure but also, in particular, to the financing of new and expansion construction projects in order to secure the transfer from road transport to rail transport, as favored by the transport policymakers In this respect, integration of an entrepreneurial infrastructure into the Group structure is essential for enabling DB Group to continue making a high contribution to the co-financing of these infrastructure measures These issues should not be overlooked in regulation activities relating to the track infrastructure

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

Operating transport networks often necessitates a high level of capital commitment, long investment cycles and distinct fixed cost structures In this respect, achieving optimal capacity utilization of our transport networks and systematically developing, integrating and cost-effectively operating these networks with efficient use of resources are extremely important to DB Group's economic development Increasing volumes in our networks not only leads to economies of scale in terms of costs, but also generally improves the quality of service for the customers with increased service frequencies, and shorter travel and transport times Our leading market positions in the relevant transport markets are an important success

(1) > Page 81 ff

factor for customer satisfaction and profitability, and they should therefore be maintained, continuously improved and expanded

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

In the passenger transport business units, the leading market-based performance indicator is the volume sold measured in passenger kilometers (pkm) This applies in particular to long-distance transport where long-distance services are operated on a purely commercial basis The relative capacity utilization of the vehicles is also measured on the basis of the key figures of passengers per train and the load factor The cost side correlates almost entirely with the volume produced measured in train or train-path kilometers, which, in turn, depend essentially on a stable train schedule over the course of the year Personnel and facility resource management is determined on the basis of this annual train schedule to optimize the cost per unit per train kilometer traveled

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

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

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

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

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

CASH FLOW STATEMENT

Summary cash flow statement – € million	2012	2011	CHANGE absolute	%
Cash flow from operating activities	4,094	3,390	+704	+20.8
Cash flow from investing activities	-3,243	-2,283	-960	+42.0
Cash flow from financing activities	-377	-904	+527	-58.3
Net change in cash and cash equivalents	474	203	+271	+13.3
Cash and cash equivalents as of Dec 31	2,175	1,703	+472	+27.7

Cash flow from operating activities amounted to € 4,094 million in the year under review, up considerably year on year. This was mainly due to effects from the improved earnings before interest and depreciation (€ +553 million) and positive working capital effects.

The outflow of cash for investing activities increased by € 960 million in the year under review. This was primarily as a result of the € 542 million increase in capital expenditure in property, plant and equipment, and the lower proceeds from investment grants due to the expiration of the economic stimulus programs in the previous year (€ -366 million). The one-time effect from the previous year's sale of Arriva Germany was also omitted (€ -172 million). Conversely, the inflow of cash rose from sale of investments accounted for using the equity method (€ +83 million).

The cash outflow from financing activities decreased by € 527 million to € -377 million. This was due to higher proceeds from the issue of bonds while payments for the redemption of bonds declined (net effect: € +913 million). This was partly offset by higher payments for finance lease transactions (€ -125 million) and the redemption of commercial papers (€ -202 million).

As of December 31, 2012, DB Group had € 2,175 million in cash and cash equivalents, up € 472 million.

NET FINANCIAL DEBT

Net financial debt as of Dec 31 – € million	2012	2011	CHANGE absolute	%
Federal loans	1,789	2,092	-303	-14.5
Finance lease liabilities	1,098	1,270	-172	-13.5
Other financial debt [1]	15,726	14,989	+737	+4.9
Financial debt	**18,613**	**18,351**	**+262**	**+1.4**
– Cash and cash equivalents and receivables from financing	2,247	1,759	+488	+27.7
Net financial debt	**16,366**	**16,592**	**-226**	**-1.4**

[1] Mostly bonds, bank borrowings, EUROFIMA loans and commercial paper.

Within the figure reported for financial debt, Federal loans declined to € 1,789 million (as of December 31, 2011: € 2,092 million). At the beginning of January 2012, the final installment of the only interest-bearing Federal loan was repaid, so that the Federal loans as of December 31, 2012 again only comprised interest-free loans.

Finance lease liabilities declined as of December 31, 2012 due to the continuous repayments.

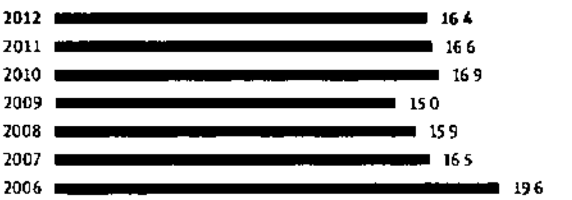
Within the framework of capital market activities, eight bonds were issued and an existing bond was increased in the year under review (with a total volume of € 2.2 billion). At the same time, five bonds with an equivalent value of € 647 million were redeemed. Holdings of outstanding bonds thereby increased by € 1,462 million to € 14,096 million as of December 31, 2012.

At the same time, liabilities due to EUROFIMA fell by € 434 million in the year under review to € 719 million due to the redemption of a loan.

Overall, financial debt increased by € 262 million to € 18,613 million as of December 31, 2012.

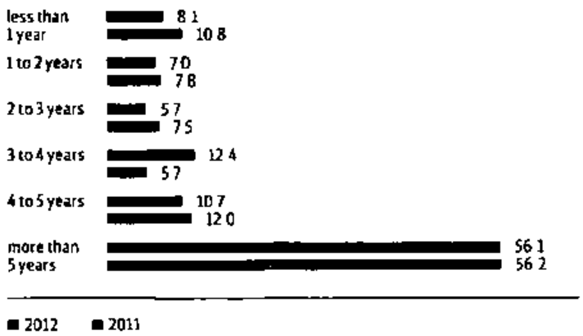
However, cash and cash equivalents as of December 31, 2012 had also increased by € 472 million to € 2,175 million. Receivables from financing as of December 31, 2012 increased slightly by € 16 million. Accordingly, net financial debt as of December 31, 2012 decreased by € 226 million to € 16,366 million.

Net financial debt – € billion



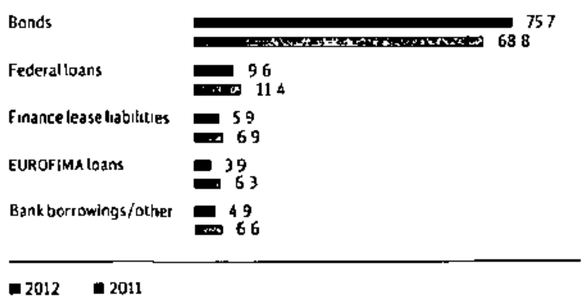
The maturity structure of the financial debt is virtually unchanged as of December 31, 2012. There was a slight shift to non-current financial debt, as its share of financial debt declined from approximately 11% to around 8%.

Maturity structure of financial debt – %



The breakdown of financial debt is also virtually unchanged as of December 31, 2012, mainly comprising bonds (approximately 76%, as of December 31, 2011: around 69%) and Federal loans (approximately 10%, as of December 31, 2011: around 11%).

Breakdown of financial debt – %



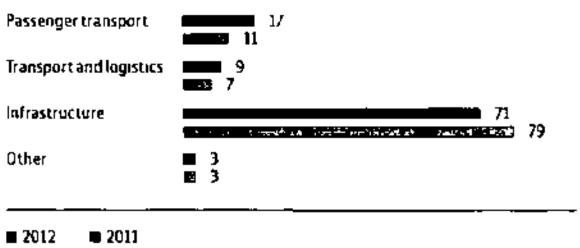
CAPITAL EXPENDITURES

Capital expenditures – € million	Gross capital expenditures 2012	Gross capital expenditures 2011	Change absolute	Change %	Net capital expenditures 2012	Net capital expenditures 2011	Change absolute	Change %
DB Bahn Long-Distance	173	139	+34	+24.5	173	137	+36	+26.3
DB Bahn Regional	709	393	+316	+80.4	666	365	+301	+82.5
DB Arriva	468	300	+168	+56.0	467	296	+171	+57.8
DB Schenker Rail	371	260	+111	+42.7	371	260	+111	+42.7
DB Schenker Logistics	321	246	+75	+30.5	321	246	+75	+30.5
DB Services	268	247	+21	+8.5	268	247	+21	+8.5
DB Netze Track	5,033	5,143	-110	-2.1	962	765	+197	+25.8
DB Netze Stations	552	547	+5	+0.9	178	144	+34	+23.6
DB Netze Energy	149	207	-58	-28.0	72	92	-20	-21.7
Other/consolidation	9	19	-10	-52.6	9	17	-8	-47.1
DB Group	**8,053**	**7,501**	**+552**	**+7.4**	**3,487**	**2,569**	**+918**	**+35.7**
thereof investment grants	4,566	4,932	-366	-7.4	-	-	-	-

The main focus of capital expenditure activities in the year under review was again on measures designed to improve performance and efficiency in the field of track infrastructure as well as the continued modernization of our vehicle fleet for rail and bus services. We underscored our long-term approach to business with significantly higher gross capital expenditures of € 8,053 million, up more than 7% year on year, while net capital expenditures rose even sharper – by almost 36% year on year to € 3,487 million.

All business units – with the exception of DB Netze Track and DB Netze Energy – posted higher gross capital expenditures. However, DB Netze Track net capital expenditures financed from DB funds rose considerably. The significant increases at DB Bahn Regional and DB Arriva were the result of vehicle capital expenditures for tenders won.

Gross capital expenditures by divisions – %



The net capital expenditure structure continued to be dominated by the infrastructure business units, whereby the highest expenditure was once again attributable to DB Netze Track. In total, the infrastructure business units accounted for roughly 71% of gross capital expenditures (previous year: approximately 79%), with the DB Netze Track business unit alone accounting for roughly 62% (previous year: approximately 69%). The passenger transport business units accounted for approximately 17% (previous year: around 11%), and the transport and logistics division business units accounted for approximately 9% (previous year: around 7%).

Capital expenditure focus by business units

In the DB Bahn Long-Distance business unit, the majority of capital expenditures was related to vehicles, primarily for the redesign of the ICE 2 fleet, the modernization of IC passenger cars, as well as equipping the ICE 3 fleet and ICE T multiple-unit trains with the European Train Control System (ETCS).

The increase in capital expenditures in the DB Bahn Regional business unit was attributable to vehicle capital expenditures. This included the procurement of 442 (Talent 2) series electric multiple units for S-Bahn (metro) Nuremberg, the regional railways in the Berlin/Brandenburg region and the E-Net Franken, as well as for invitations to tender in the regions Rhein-Sieg, Leipzig-Dresden, Mittelhessen and along the Moselle as well as for double-deck cars. We also increased our capital expenditure in workshops (in particular in Nuremberg) and vehicle/maintenance facilities (Ulm region).

In the DB Arriva business unit, the focus was on the procurement of rolling stock and buses in Sweden, the Netherlands and Eastern Europe, as well as Italy, Portugal and Spain, although the capital expenditures volume remained constant there year on year.

Vehicle capital expenditures were also made in the DB Schenker Rail business unit, with most of the capital expenditures going into electric and diesel locomotives (V-Loks 1,000 kW), bogie flat cars, sliding-wall wagons and open double-deck cars for transporting private vehicles. The rise in DB Schenker Rail capital expenditures is due to increased investments at DB Schenker Rail Polska (Region East) and DB Schenker Rail UK (Region West). In the Central region in Germany, capital expenditures was mainly related to locomotives and facilities, although the capital expenditure volume was down year on year.

Europe accounted for a large share of DB Schenker Logistics capital expenditures. The largest individual projects are the expansion of the freight forwarding facilities in Switzerland, the Czech Republic, Finland, Belgium, Singapore/Singapore and Shanghai/China, as well as in projects to introduce new IT systems.

Within the DB Services business unit, DB Fleet Management invested in road vehicles and DB Systel made investments to replace and expand hardware and software.

In the DB Netze Track business unit, the focus of capital expenditures remained on strengthening the efficiency of the existing network (approximately 68% of all measures). This included in particular the modernization of the superstructure, the renewal of command and control technology and bridges, measures on rail crossings and tunnels, as well as noise reduction.

Capital expenditures here focused on new and expansion lines. This included major projects such as the German unification transport projects (Verkehrsprojekte Deutsche Einheit, VDE) no. 8.1 Nuremberg–Erfurt and no. 8.2 Erfurt–Halle/Leipzig, the Stuttgart 21 project, the Oldenburg–Wilhelmshaven expansion line, the completion of the Nord expansion line project, the Stelle–Lüneburg expansion line, the VDE no. 9 Leipzig–Dresden/S1 Dresden–Coswig, the ABS/NBS Karlsruhe–Basel new and expansion line, and the Berlin–Rostock train path upgrade.

In the DB Netze Stations business unit, the main projects comprised the completion and extension work in connection with the Stuttgart 21 project, the City Tunnel Leipzig, the Berlin Ostkreuz hub, the VDE no. 9 Leipzig–Dresden project, and the central stations in Ingolstadt, Münster and Wiesbaden.

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

Capital expenditures by regions

Gross capital expenditures by regions – € million	2012	2011	CHANGE absolute	%
Germany	7,269	7,014	+255	+3.6
Europe (excluding Germany)	778	498	+280	+56.2
Asia/Pacific	47	24	+23	+95.8
North America	15	7	+8	+114
Rest of world	6	4	+2	+50.0
Consolidation	-62	-46	-16	+34.8
DB Group	**8,053**	**7,501**	**+552**	**+7.4**

Net capital expenditures by regions – € million	2012	2011	CHANGE absolute	%
Germany	2,703	2,086	+617	+29.6
Europe (excluding Germany)	778	494	+284	+57.5
Asia/Pacific	47	24	+23	+95.8
North America	15	7	+8	+114
Rest of world	6	4	+2	+50.0
Consolidation	-62	-46	-16	+34.8
DB Group	**3,487**	**2,569**	**+918**	**+35.7**

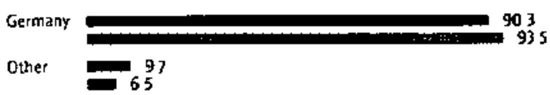
Broken down by regions, the vast majority of gross capital expenditures, namely some 90%, was again made in Germany (previous year approximately 94%). In the Germany region, year-on-year growth is primarily due to DB Bahn Regional (€ +316 million). This was offset by a drop in gross capital expenditures in the infrastructure business units DB Netze Track (€ -110 million) and DB Netze Energy (€ -58 million) due to the expiration of the economic stimulus programs.

The strong year-on-year growth in Europe (excluding Germany) is as a result of higher vehicle capital expenditures, mainly in the DB Arriva (€ +168 million) and DB Schenker Rail (€ +111 million) business units. During the year under review, DB Arriva increasingly invested in the Netherlands and Sweden following tenders won. DB Schenker Rail, on the other hand, focused its capital expenditures on Great Britain and Poland.

Capital expenditures in the North America region rose due to investments by DB Schenker Logistics in logistics facilities. The increase in Asia/Pacific was also as a result of DB Schenker Logistics investments in China, Malaysia and Singapore.

In the region "Rest of the world," the rise in capital expenditures in Mexico and South Africa in particular was only partly offset by the decline in Brazil.

Gross capital expenditures by regions – %



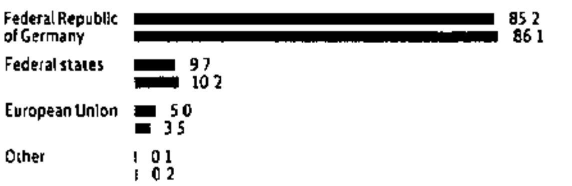
■ 2012 ■ 2011

Development of investment grants

Received investment grants declined by € 366 million, or 7 4%, in the year under review to € 4,566 million As in the previous year, the recipients were almost exclusively our infrastructure companies

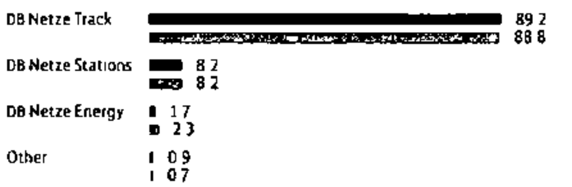
Please see our Web site for details on the ***various grants (1)*** available

Investment grants by contributors – %



■ 2012 ■ 2011

Investment grants by recipients – %



■ 2012 ■ 2011

BALANCE SHEET

Balance sheet as of Dec 31 – € million	2012	2011	CHANGE absolute	%
Total assets	52 490	51,791	+699	+1 3
ASSETS				
Non-current assets	44,206	44,059	+147	+0 3
Current assets	8,284	7,732	+552	+7 1
EQUITY AND LIABILITIES				
Equity	15,934	15 126	+808	+5 3
Non-current liabilities	24 608	24,238	+370	+1 5
Current liabilities	11,948	12,427	-479	-3 9

Balance sheet structure as of Dec 31 – %	2012	2011	CHANGE absolute	%
ASSETS SIDE				
Non current assets	84 2	85 1	-	-
Current assets	15 8	14 9	-	-
EQUITY AND LIABILITIES SIDE				
Equity	30 3	29 2	-	-
Non-current liabilities	46 9	46 8	-	-
Current liabilities	22 8	24 0	-	-

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) In the year under review, there were no relevant changes to the IFRS regulations and no changes to the Group's consolidation and accounting principles Accordingly, this did not impact the consolidated financial statements in the period under review

As of December 31, 2012, total assets increased slightly by € 699 million (1 3%) to € 52,490 million (as of December 31, 2011 € 51,791 million)

Non-current assets amounted to € 44,206 million and were up a marginal 0 3%, or € 147 million, year on year (as of December 31, 2011 € 44,059 million) This change was primarily driven by the increase in property, plant and equipment, from € 37,372 million as of December 31, 2011, to € 37,630 million as of December 31, 2012 This was offset by the drop in derivative financial instruments, from € 367 million as of December 31, 2011, to € 178 million as of December 31, 2012

As of December 31, 2012, current assets rose by € 552 million (7 1%) to € 8,284 million (as of December 31, 2011 € 7,732 million) This was primarily due to the € 472 million rise in cash and cash equivalents as well as the € 108 million increase in current trade receivables Derivative financial instruments declined by € 61 million

This has resulted in a slight structural shift towards current assets

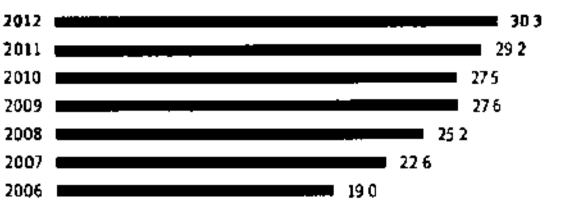
(1) » www db de/capex

The major changes noted on the equity and liabilities side of the balance sheet as of December 31, 2012, took place, in particular, in the area of equity. This increased by 5.3%, or € 808 million, to € 15,934 million (as of December 31, 2011: € 15,126 million), primarily due to higher profits. Non-current liabilities rose by € 370 million, while current liabilities declined by € 479 million. This was caused by the changes in current and non-current ***financial debt (1)***.

Due to the increase in equity and the decline in liabilities, the equity ratio rose from 29.2% as of December 31, 2011, to 30.3% as of December 31, 2012.

Within the liabilities structure, the share of non-current liabilities in relation to total assets remained almost unchanged at 46.9% as of December 31, 2012 (as of December 31, 2011: 46.8%). The share held by current liabilities sank as of December 31, 2012, from 24.0% to 22.8%.

(11) Equity ratio – %



Off-balance-sheet financial instruments and non-recognized assets

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

The off-balance sheet financial instruments are primarily leased or rented goods (operate leases). A present value is calculated within the value management system for operate leases. This amounted to € 5,075 million as of December 31, 2012 (as of December 31, 2011: € 4,828 million). DB Arriva enters into operate lease contracts, in some cases due to regulatory requirements, especially in conjunction with providing vehicles for rail passenger and road passenger transport. In the year under review, no individual major transactions were carried out that would have had a significant impact on the financial position. Accordingly, no significant future effects or changes are to be expected in this respect.

Regarding retirement benefit obligations for employees, obligations for each retirement plan are, to some extent, covered and netted by plan assets which are capable of being netted. As of December 31, 2012, total obligations amounted to € 6,280 million (as of December 31, 2011: € 5,076 million), the fair value of plan assets was € 2,891 million (as of December 31, 2011: € 2,597 million), and the net liability recognized in the balance sheet amounted to € 2,071 million (as of December 31, 2011: € 1,981 million). The offsetting of obligations against plan assets resulted in a € 2,891 million drop in total assets (as of December 31, 2011: € 2,597 million). In the year under review, no major endowments were carried out that would have had a significant impact on the financial position. Accordingly, no significant future effects are to be expected in this respect. Please see the notes to the consolidated financial statements for ***additional information (2)***.

DB Group does not use off-balance-sheet special-purpose entities. These off-balance-sheet financial instruments are therefore of no significance for DB Group's asset situation. Additional off-balance-sheet financial instruments, like factoring, are likewise not used in DB Group. Accordingly, no significant future effects are to be expected in this respect.

Exercising balance sheet voting rights

Please see the notes to the consolidated financial statements for details on the exercising of ***balance sheet voting rights (3)***.

(1) > Page 102 f (2) > Page 175 ff (3) > Page 182 ff

Development of business units

- STRONG DEVELOPMENT IN PASSENGER TRANSPORT
- TRANSPORT AND LOGISTICS ACTIVITIES FACING DIFFICULT CONDITIONS
- INCREASING EXTERNAL DEMAND IN THE INFRASTRUCTURE BUSINESS UNITS

PASSENGER TRANSPORT

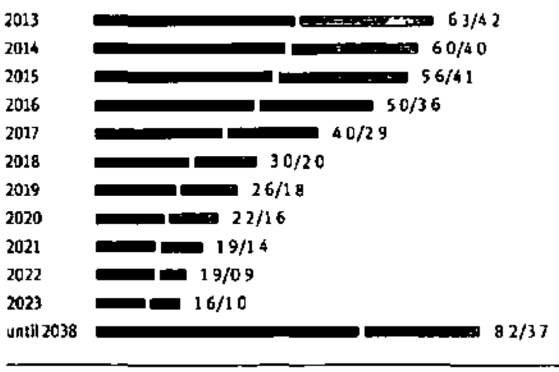
Development of order book remains positive

INCREASE IN SECURED ORDER VOLUME

The development of orders in the form of long-term transport contracts concluded with the public transport authorities of Germany's Federal states and franchisers elsewhere in Europe is key to business development in the DB Bahn Regional and DB Arriva business units.

Long-term revenues are classified either as secured revenues, which are directly related to existing transport contracts or concessions and are independent of passenger numbers (mainly concession fees), or as unsecured revenues, which are also generated from existing transport contracts or concessions, but which are dependent on passenger numbers (mainly farebox revenues). As of December 31, 2012, total order book volume had increased by € 1 billion year on year to € 79.5 billion. This can be divided into € 48.3 billion secured revenues and € 31.2 billion unsecured revenues. Additions from newly awarded transport contracts of approximately € 8 billion and changes in calculations of approximately € 3 billion, mainly due to increased energy and train-path costs, were offset by disposals, mainly from services provided, of approximately € 10 billion.

Revenues from transport contracts DB Bahn Regional and DB Arriva – € billion



Order book development in passenger transport – € billion	Dec 31, 2012	Dec 31, 2011	CHANGE absolute	CHANGE %
DB Bahn Regional	60.9	59.6	+1.3	+2.2
Secured	40.2	38.0	+2.2	+5.8
Unsecured	20.7	21.6	-0.9	-4.2
DB Arriva	18.6	18.9	-0.3	-1.6
Secured	8.1	8.1	-	-
Unsecured	10.5	10.8	-0.3	-2.8
Total	**79.5**	**78.5**	**+1.0**	**+1.3**
Secured	48.3	46.1	+2.2	+4.8
Unsecured	31.2	32.4	-1.2	-3.7

TRANSPORT CONTRACTS IN GERMANY

Concluded transport contracts (rail) 2012	Term	VOLUME (MILLION TRAIN KM) p.a.	total[1]
Net North-South	12/2014-12/2026	9.4	112.8
Electro network North Saxony-Anhalt	12/2013-12/2028	6.3	94.5
Net Centre S H lot A	12/2014-12/2027	4.6	59.8
RE 2 and RE 42 NRW	12/2014-12/2029	3.9	56.4
S5/S8 NRW	12/2014-12/2029	3.6	54.0
Diesel network Southwest lot 1	12/2015-06/2038	3.1	70.8
Diesel network Eifel-Westerwald Sieg lot 1	12/2014-12/2030	2.5	40.0
Kurhessenbahn	12/2012-12/2013	1.3	1.3
Niddertal	12/2010-12/2012	0.7	1.4
Dreieich	12/2011-12/2013	0.5	1.0
SPNV Leistungen Vogtlandkreis	06/2012-06/2016	0.4	1.7
RE 12 South	01/2012-06/2012	0.1	0.1
Total[1]		**36.4**	**493.8**

[1] Differences due to rounding are possible.

Twenty-three tender procedures were awarded by ordering organizations for local rail passenger transport in Germany (previous year: 24). A total of approximately 70 million train kilometers were awarded (previous year: 81 million train kilometers). Of the train kilometers awarded in the year under review, 89 % were previously operated by DB Group companies (previous year: 80 %).

We won 12 of the tenders (previous year: 14 tenders). This accounts for 52 % of the train kilometers awarded (previous year: 72 %).

(10) Concluded transport contracts (bus) 2012	Term	VOLUME (MILLION BUS KM) p a	total[1]
Bundle Lippe I (Oerlinghausen - Bad Salzuflen)	12/2012 - 12/2020	1 6	12 5
Ostholstein - Network South	12/2012 - 12/2022	1 1	11 0
NVV Niestetal (110)	12/2012 - 12/2020	1 1	8 8
KVV Ettlingen 1 mid area	12/2012 - 12/2020	1 0	8 3
VRN Germersheim lot 3	12/2012 - 12/2020	0 9	7 1
HVV Trittau (OD 2)	12/2012 - 12/2020	0 9	6 8
VRN Frankenthal	06/2012 - 06/2020	0 9	6 8
MVV 635	12/2013 - 12/2018	0 5	2 6
Urban transport Radolfzell	10/2013 - 12/2016	0 4	1 4
MVV 213	12/2012 - 12/2020	0 3	2 0
EWF city bus Korbach (502)	12/2012 - 12/2020	0 1	0 8
Other	2013 - 2018/20/21	0 0	0 7
Total[1]		**8 8**	**68 8**

[1] Differences due to rounding are possible

In bus transport, services for a total volume of nearly 40 million commercial vehicle kilometers (Nkm) were awarded in Germany in the year under review (previous year 41 million Nkm) in a total of 70 tender procedures (previous year 55 tender procedures) Of the commercial vehicle kilometers awarded in the year under review, 45 % were previously operated by DB Group companies (previous year 37 %)

In the year under review, we participated in 55 tender procedures (previous year 25 tender procedures) with a volume of 35 million Nkm (previous year 27 million Nkm) We won 25 % of the tenders in which we participated (previous year 45 %)

TRANSPORT CONTRACTS IN EUROPE (EXCLUDING GERMANY)

In the year under review, DB Arriva participated in selective tender procedures throughout Europe The business unit reported major successes in being awarded tenders in Great Britain, Denmark, Hungary and the Netherlands

In bus transport, development was mixed We were able to build on our market position in the Netherlands and Hungary by winning new contracts, and we were able to largely compensate for operations lost in Great Britain and Denmark by winning new tenders However, in Sweden, two tenders were awarded to our competitors

(11) Concluded transport contracts (bus) 2012		Term	VOLUME (MILLION BUS KM) p a	total[1]
The Netherlands	Province South Holland (Zuid-Holland Noord)	12/2012 - 12/2020	20 9	167 2
The Netherlands	North and south west Friesland	12/2012 - 12/2020	17 6	140 8
Great Britain	London (13 separate lines)	5 years each	14 2	71 2
Italy[2]	SIA	07/2012 - 12/2013	10 4	15 6
Sweden	Marsta	08/2013 - 08/2018	9 7	48 5
Italy[2]	SAIA Trasporti	07/2012 - 12/2013	6 7	10 1
Sweden	Ekero	08/2013 - 08/2018	5 9	29 5
Hungary	BKV BKK pkt 7, 8[3]	05/2013 - 05/2021	5 6	45 2
Denmark	Midtraffik (3 lines)	07/2012 - 07/2017 - 20	4 5	28 8
Great Britain	London (5 separate lines)	2 years each	3 1	6 2
Hungary	BKV-BKK pkts 2 3, 6[3]	05/2012 - 05/2013/14	2 9	5 0
Denmark	Nordjyllands Trafikselskab 18	07/2012 - 07/2020	1 7	13 6
Sweden	Stockholm E21e	08/2013 - 08/2014	1 1	1 2
Hungary	BKV BKK pkt 5[3]	05/2012 - 05/2013	0 8	0 8
Denmark	Fynbus	08/2012 - 08/2018	0 7	4 2
Denmark	Movia A9	10/2012 - 12/2018	0 1	0 6

[1] Differences due to rounding are possible
[2] Extension of the existing contract until upcoming invitation to tender
[3] Successful tender bid by the joint venture VT Transman Személyszállító és Szolgáltató Kft, Székesfehérvár/Hungary Transport volumes given are for the part attributable to DB Arriva

In rail transport, DB Arriva won two minor tenders in Sweden and Denmark in the year under review

(12) Concluded transport contracts (rail) 2012		Term	VOLUME (MILLION TRAIN KM) p a	total[1]
Sweden	Lidingöbanan	08/2012 - 08/2013	0 4	0 4
Denmark	Vestbanen	07/2012 - 12/2018	0 3	2 0

[1] Differences due to rounding are possible

In the year under review, we also won three tenders for patient transport services in Great Britain Two five year contracts began in July 2012, each with a volume of 4 2 million kilometers per year The third contract has a term of three years effective April 2013 and a volume of 3 3 million kilometers per year

DB Bahn Long-Distance business unit

REDESIGN OF THE ICE 2 FLEET CONTINUES

The redesign of the ICE 2 fleet, which began in early 2011, is forecast to be completed by mid-2013 The project has involved capital expenditures of more than € 100 million At the end of the year under review, a total of 38 ICE 2 trains out of a total fleet of 44 had been comprehensively modernized Alongside technical components such as improved coupling technology, the upgrade program mainly involved interior modernization work on the trains and numerous changes intended to make traveling easier for passengers with limited mobility

THE FIRST MODERNIZED IC CARS IN USE

The first modernized IC cars have been in use on the Hamburg – Cologne – Mainz – Stuttgart line since the schedule change in December 2012 The modernization of these trains will significantly increase passenger comfort By the end of 2014, some 770 passenger cars in the German IC fleet and the international EC fleet are to have been fully modernized at a total cost of € 250 million The first about 150 modernized cars were brought back into service in mid-December 2012

DEVELOPMENT OF THE AVAILABILITY OF THE ICE FLEET

The availability of the ICE fleet was again limited during the year under review, due mainly to lacking vehicle reserves Expected improvements in the availability of the ICE 3 and ICE T fleet have so far failed to materialize due to delays in the planned replacement of wheel sets

We do not expect that the ICE 3 drive wheel sets that have been newly developed by the industry will be approved by the Federal Railways Agency (EBA) until the first quarter of 2013 This means that the refitting of the trains will again be delayed and is not anticipated to be completed until the year 2015

The process of developing and testing the new drive wheel sets and wheel sets for the ICE T has not yet been completed At the same time, the required authorization of the trains with the new wheel sets by the Federal Railways Agency is still pending, and we do not expect it to happen before the end of 2013 The program of replacements to be carried out in collaboration with the industry will only take place after this, which means that the refitting of the ICE T fleet will probably be further delayed until the end of 2016

CONTINUING DELAYS AFFECTING THE DELIVERY OF NEW ICE TRAINS

We ordered 16 ICE 3 trains from the Siemens 407 series as reinforcements for the ICE 3 fleet These are to be used in Germany, France and Belgium, although they may also be used in other countries in Western Europe As the delivery of these trains has been delayed, the vehicles will not be fully ready for service, including all of the necessary foreign permits, until the end of 2016 at the earliest

This delayed delivery will have an impact on the expansion of international long-distance transport services in particular We do not expect the trains to be ready for operation on routes to France and Belgium before the end of 2016 Only after this process is complete will we be able to continue with further planning for a connection to London

OTHER EVENTS IN 2012

- In March 2012, the direct link between Frankfurt am Main and Marseille jointly operated with SNCF was launched This new Rhine – Rhône high-speed line cuts journey times between south-west Germany and the south of France by up to 90 minutes The link is operated with the new TGV Euroduplex double-decker train
- In the five years that high-speed rail links have been in place between Germany and France since the service began on June 10, 2007, some 6 3 million passengers have used the high-speed trains linking the two countries
- A cooperation with SBB aims to improve cross-border passenger transport services between Germany and Switzerland
- The high-speed Cologne – Rhine/Main line began operating ten years ago Since then, more than 100 million passengers have used this connection, which is one of the most popular lines, serving some 36,000 customers each day
- Since the BahnCard discount card was introduced 20 years ago, it has become one of the most successful loyalty cards in Germany At the end of 2012, 4 9 million customers owned a BahnCard

MARKETS AND STRATEGY

The DB Bahn Long-Distance business unit provides long-distance rail transport services in Germany and across the borders into our neighboring countries The core business in this business unit consists of scheduled daily services with ICE, IC and EC transport DB AutoZug also offers car transport and night train services

The strategy within the business unit is based on the three dimensions of the DB2020 strategy

- Profitable market leader we want to win over our customers with our promise of quick and comfortable services at attractive prices within Germany and to major cities in the neighboring countries Continuous improvements to product and service quality are key to ensuring long-term, customer-focused success As a result, we are focusing on continuing to modernize the existing fleet and on purchasing new vehicles The entire ***ICE2 fleet (1)*** will have undergone a redesign by mid-2013 The general overhaul of more than 770 ***IC/EC passenger cars (1)*** is to be completed by the end of 2014 In addition, we have ordered 27 new IC double-deck cars and 16 more ***ICE3 trains (1)*** from the 407 series We have also begun the procurement process of ICx trains as a new platform for long-distance services These are expected to come into service in December 2017
- Top employer we plan to continue to develop initiatives aimed at acquiring and retaining employees and to make further investments in employee satisfaction The results of the employee survey carried out during the year under review will be critical for this
- Eco pioneer we will be significantly expanding our range of CO_2-free services starting in 2013 in order to live up to our claim of being eco-pioneers In addition to the ***Destination Nature ("Fahrtziel Natur") (2)*** cooperation, journeys made by customers as part of the bahn corporate business customer program and by customers with BahnCard discount cards or travel passes will be powered entirely by eco-power starting in April 2013 All other customers will also have the option of making their journey carbon-neutral

BUSINESS DEVELOPMENT

The year under review saw very positive results for the DB Bahn Long-Distance business unit Significant efficiency increases had the relevant effect on business development

DB Bahn Long Distance Selected key figures – € million	2012	2011	CHANGE absolute	CHANGE %
Passengers rail (million)	131 3	125 2	+6 1	+4 9
Volume sold rail (million pkm)	37,357	35,565	+1,792	+5 0
Volume produced (million train-path km)	145 1	145 5	-0 4	-0 3
Load factor (%)	50 3	46 8	-	-
Total revenues	4,074	3,794	+280	+7 4
External revenues	3,941	3,666	+275	+7 5
EBITDA adjusted	684	504	+180	+35 7
EBIT adjusted	364	157	+207	+132
Gross capital expenditures	173	139	+34	+24 5
Employees (FTE as of Dec 31)	15 947	15 976	-29	-0 2

Performance in the DB Bahn Long Distance business unit was very positive in the year under review Improved service and continuous marketing efforts in combination with the removal of burdens in the form of major construction work, such as the work on the East-West corridor in the first half of 2011, had a markedly positive effect Overall, there was a strong year-on-year increase in passenger numbers (+4 9%), volume sold (+5 0%) and the load factor (+3 5 percentage points) There was, however, a slight decline in volume produced (-0 3%)

This improved performance, which brought with it positive price effects, was tangible in the development of revenues Both total and external revenues increased significantly, by more than 7% each Other operating income rose in the year under review due to higher income from vehicle leasing and the expansion of our cooperation with the Russian state railway company RZD for night train services

The cost of materials experienced a disproportionately low increase of 2 0% This was due for the most part to additions to provisions for maintenance commitments at DB AutoZug GmbH and price increases for infrastructure use, at the same time, expenditure was lower as a result of the milder winter Personnel expenses increased by 2 3% year on year as a result of higher wages Other operating expenses increased, due to, among other things, higher vehicle leasing costs Depreciation fell significantly, particularly for trains in the ICE 2 fleet and passenger cars

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Higher revenues and expenses that increased at a lower rate than proportional led to an increase of € 180 million in adjusted EBITDA to € 684 million, and a € 207 million increase in adjusted EBIT, to € 364 million.

More comprehensive modernization of the vehicle fleet was carried out than in the previous year, leading to a major increase in gross capital expenditures of 24.5%. The key areas of capital expenditures are outlined in the chapter ***Capital expenditures (1)***.

As of December 31, 2012, the number of employees was almost the same as in the previous year.

DB Bahn Regional business unit

LOWER SUCCESS RATE IN TENDER PROCEDURES THAN THE PREVIOUS YEAR

In the year under review, DB Bahn Regional had to defend its position in the highly competitive German regional transport market and ***won a number of tenders (2)*** for both rail and bus transport. Overall, however, the ***success rate (2)*** was lower than in the previous year.

CONTINUING DELAYS IN THE DELIVERY OF NEW REGIONAL TRAINS

In 2007, DB Bahn Regional and Bombardier signed a framework agreement for the development, manufacture and delivery of up to 321 electric multiple units (EMU) from the 442 series (Talent 2) on a platform basis. We have ordered a total of 295 vehicles.

In order to push forward with the delivery of vehicles despite existing problems, we have agreed on a procedure with Bombardier whereby we will continue to take deliveries but will hold back a certain amount of the purchase price. Based on this agreement, delivery had been taken of 132 vehicles by the end of the year under review. All of the vehicles were delivered late. Bombardier is also late in delivering a further 73 vehicles. These delays necessitate substitution transport services with old vehicles. The remaining 90 vehicles are to be delivered in the coming years.

SUBSIDY PROCEDURES AND REQUESTS FOR INFORMATION ON TRANSPORT CONTRACTS

In August 2003, Veolia Verkehr GmbH (Veolia, formerly Connex Regiobahn GmbH) filed a complaint with the European Commission against alleged illegal subsidies. The reason for their complaint is the conclusion of a transport contract between DB Regio AG and the Federal states of Brandenburg and Berlin. Veolia holds that the contractual payments received by DB Regio AG represent subsidies as defined by European law.

In a resolution dated October 23, 2007, the European Commission initiated formal proceedings against the German Federal Government and made several requests for information from the government and from DB Regio AG. The initiation of the formal investigation is simply a procedural step and in no way indicates the results of the Commission investigation. Both the German Federal Government and DB Regio AG issued statements in response to the request for information that there is no evidence of illegal subsidies in their opinions.

In addition to the subsidy proceedings against Berlin and Brandenburg, the European Commission also issued requests for information on the transport contracts for S-Bahn Berlin and the Rhine-Ruhr transport association (Verkehrsverbund Rhein-Ruhr, VRR) as well as the outside rail lines respectively the transport contract in place in Baden-Wurttemberg. All of these requests for information were answered in full by the German Federal Government with the participation of DB Regio AG and the Federal states affected. The contracts are not subject to a formal investigation, at present they are subject to a preliminary review, which means that it is as yet undecided whether and when the Commission may take further steps.

OTHER EVENTS IN 2012

> Two ***framework agreements (3)*** were signed in the year under review with the Polish manufacturer PESA concerning the potential delivery of a total of up to 470 diesel multiple units. The aim of this agreement is to ensure that we remain competitive in tender procedures for diesel-powered services with the help of modern, economical vehicles.

MARKETS AND STRATEGY

The German local rail passenger transport market will be one of the most interesting markets in Europe in the coming years. In the next five years, we expect more than 80 tender procedures to be launched for a total volume of more than 300 million train kilometers. This accounts for approximately half of the total German local rail passenger transport market.

The DB Bahn Regional business unit provides transport services in the local rail passenger transport and public road passenger transport markets in Germany. Its business is based on the combination of profitability, customer and employee focus, and innovation and environmental factors.

The strategy within the business unit is based on the three dimensions of the DB2020 strategy.

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- The profitable defense of the market position: in the year under review, we won fewer tenders in the local rail passenger transport segment than in the previous year. We have implemented a number of measures aimed at sustainably improving revenues and cutting costs in order to assert our position as the national market leader in the local rail passenger transport market in the long term. We are reacting to increasing competitiveness in the bus market and the resulting cost pressure in tender procedures in the bus line of business by implementing comprehensive efficiency programs. In the long term, our aim is to maintain market share in the public road passenger transport market while making the most of opportunities for profitable growth.
- Improving customer satisfaction: our service promise to our two customer groups – ordering organizations and passengers – is central to the way we operate. Alongside effectiveness and efficiency measures, we also need to further improve our customer focus. We are currently implementing concrete measures aimed at improving service as part of the Group-wide ***customer and quality initiative (1)***. We decide on measures to be taken to increase customer satisfaction based on regular surveys of transport authorities and market research into passenger satisfaction.
- Increasing employee satisfaction: satisfied employees are essential for a successful business. We therefore measure employee satisfaction on a regular basis and, based on the results, design targeted measures to improve it.
- Developing environmental benefits: long-term business success will also be shaped by the extent of our acceptance of environmental responsibility. We therefore plan to further expand on our strengths as an environmentally friendly mode of transport, particularly in comparison to motorized individual transport. We will do this by investing in vehicles that meet environmentally friendly emissions standards, among other things.

BUSINESS DEVELOPMENT

The business development of the DB Bahn Regional business unit in the year under review was characterized by the uneven development of the rail and bus lines of business. While increases in volume sold meant that the rail line of business recorded very positive development, the bus line of business experienced losses in volume sold and revenues as a result of demographic effects that had a negative impact, as well as due to increased competition.

DB Bahn Regional Selected key figures – € million	2012	2011	CHANGE absolute	CHANGE %
Passengers (million)	2,565	2,553	+12	+0.5
Volume sold (million pkm)	51,778	51,074	+704	+1.4
Total revenues	8,907	8,718	+189	+2.2
External revenues	8,819	8,628	+191	+2.2
Concession fees	4,265	4,260	+5	+0.1
EBITDA adjusted	1,439	1,361	+78	+5.7
EBIT adjusted	882	801	+81	+10.1
Gross capital expenditures	709	393	+316	+80.4
Employees (FTE as of Dec 31)	36,959	37,131	-172	-0.5

The volume sold differed for the rail and bus lines of business in the DB Bahn Regional business unit in the year under review. Growth in rail transport contrasted with a decline in bus services.

The business development of the DB Bahn Regional business unit was also strongly characterized by the development of the rail line of business during the year under review. Growth in rail transport revenues was combined with disproportionately low cost increases, which led to significant growth in adjusted profit figures. In spite of declining revenues, the bus line of business also made a positive contribution to the development of profits within the business unit. This was due among other factors to the first effects of measures taken to improve results, such as portfolio optimization.

The resulting positive development of adjusted earnings in the business unit led to a rise in adjusted EBITDA of € 78 million, taking it to € 1,439 million, and a rise in adjusted EBIT of € 81 million, taking it to € 882 million.

Gross capital expenditures increased significantly due to higher capital expenditures in the rail line of business. The key areas of capital expenditures are outlined in the chapter ***Capital expenditures (2)***.

Employee numbers in the business unit have changed very little in comparison with the figure for December 31, 2011 (–0.5 %). A reduction in employee numbers in the bus line of business more than offset slight growth in the rail line of business.

Rail line of business

Overall development in the rail line of business was positive in the year under review as a result of increases in volume sold and passenger numbers. However, the loss of tenders and burdens resulting from delays in the delivery of vehicles had a negative impact. The wage agreement led to higher personnel costs.

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Rail line of business Selected key figures – € million	2012	2011	CHANGE absolute	%
Passengers (million)	1,892	1,850	+42	+2.3
Volume sold (million pkm)	44,201	43,152	+1,049	+2.4
Volume produced (million train path km)	496.8	502.5	-5.7	-1.1
Total revenues	8,030	7,776	+254	+3.3
External revenues	7,608	7,412	+196	+2.6
Concession fees	4,265	4,260	+5	+0.1
EBITDA adjusted	1,301	1,224	+77	+6.3
EBIT adjusted	813	736	+77	+10.5
Gross capital expenditures	628	304	+324	+107
Employees (FTE as of Dec 31)	28,700	28,644	+56	+0.2

Development in the rail line of business was characterized by growth in passenger numbers (+2.3%) and volume sold (+2.4%), driven by increased demand in the North Rhine-Westphalia, Baden-Württemberg and Bavaria regions, alongside improvements in operations made to the S-Bahn (metro) in Berlin. The volume produced fell slightly, however (-1.1%), as a result of losses of tender procedures in the South-East, Bavaria, Northern and Hesse regions that became effective during the year under review.

Growth in volume sold and pricing measures caused an increase in both revenues and concession fees. Both total and external revenues increased by approximately 3%. Concession fees remained similar year on year (+0.1%). Other operating income increased as a result of the utilization and reversal of provisions.

The costs of materials rose as a result of higher infrastructure costs due to price increases. Increased wages as a result of the wage agreement led to higher personnel expenses (+4.1%). Other operating expenses increased as a result of additions to provisions (+15.1%). Depreciation increased only slightly in relation to the previous year.

Higher revenues in conjunction with expenses that increased at a lower rate than proportional led to an increase of € 77 million in adjusted EBITDA to € 1,301 million, and a € 77 million increase in adjusted EBIT, to € 813 million.

Gross capital expenditures was significantly higher year on year. This was mainly due to the ***addition of trains from the ET 442 series (1)***. The key areas of capital expenditures are outlined in the chapter ***Capital expenditures (2)***.

As of December 31, 2012, the number of employees was almost the same as in the previous year.

Bus line of business

In addition to declining numbers of schoolchildren and lower sales volume as a result of increasing competition, higher energy costs also slowed the business development of the bus line of business. The optimization of the business portfolio had a positive effect.

Bus line of business Selected key figures – € million	2012	2011	CHANGE absolute	%
Passengers (million)	672.4	702.9	-30.5	-4.3
Volume sold (million pkm)	7,577	7,922	-345	-4.3
Volume produced (million bus km)	578.2	608.5	-30.3	-5.0
Total revenues	1,294	1,314	-20	-1.5
External revenues	1,211	1,216	-5	-0.4
EBITDA adjusted	138	136	+2	+1.5
EBIT adjusted	69	65	+4	+6.2
Gross capital expenditures	82	89	-7	-7.9
Employees (FTE as of Dec 31)	8,259	8,487	-228	-2.7

The year under review saw a decline in performance in bus transport. Passenger numbers and volume sold both fell by 4.3%, while volume produced dropped by 5.0%. The main reasons for this were lower numbers of schoolchildren, the loss of tenders and fewer rail replacement services.

The drop in volume also had a negative impact on the development of revenues. Pricing measures, in contrast, had a positive effect. This meant that both total revenues and external revenues decreased by disproportionately small amounts (-1.5% and -0.4% respectively). Other operating income increased slightly year on year.

The drop in volume sold and the optimization of the business portfolio had the effect of reducing cost items. This means that the cost of materials also sank, partly due to a drop in costs for subcontractors and maintenance. Personnel expenses, other operating expenses and depreciation remained largely the same as for the previous year.

A slightly higher-than-proportional drop in expenses in comparison to the development of revenues led to an increase of € 2 million in adjusted EBITDA to € 138 million, and a € 4 million increase in adjusted EBIT, to € 69 million.

Gross capital expenditures decreased as a result of the postponement of investments in buses and in view of capital expenditures that were not required due to the loss of tender processes. The key areas of capital expenditures are outlined in the chapter ***Capital expenditures (2)***.

The number of employees decreased in comparison to December 31, 2011 due to performance losses in Hesse.

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DB Arriva business unit

SUCCESS IN TENDER PROCEDURES

DB Arriva also held its ground well in the European regional transport market in the year under review and successfully completed a ***number of tender procedures (1)***

- In April 2012, DB Arriva was awarded the contract for bus transport services with an annual volume of 17 6 million bus kilometers in the Dutch province of Friesland The service commenced in mid-December 2012 The contact has a term of eight years and a volume of € 450 million There is an option for a two-year extension A total of 500 employees were taken over from the previous operator The service uses 190 buses in urban and rural areas, as well as for regional services The future service will include new, environmentally friendly buses
- In April 2012, DB Arriva was awarded the contract for the operation of around 230 public transport buses in the Dutch province of South Holland (Zuid-Holland) The service commenced in mid-December 2012 The contract has a term of eight years and a volume of € 750 million There is an option for a two-year extension DB Arriva was already a strong player in regional transport in the province of South Holland With the start of the new contract, DB Arriva now operates more than 500 buses in the province, as well as ten regional trains and ten express ferries
- In November 2012, the Budapest transit authority (Budapesti Kozlekedési Központ) awarded the joint venture VT-Transman two new contracts for the operation of bus lines in the Hungarian capital DB Arriva holds a 49 9% share in VT-Transman The award of these contracts is the result of the first open invitation to tender for bus lines in the history of the Hungarian capital The contracts take effect in May 2013 They have a term of eight years and contain an option for a two-year extension The total contract value is € 29 million each year 500 new employees will run the services

OTHER EVENTS IN 2012

- In August 2012, DB Arriva launched integrated bus and rail transport services for 94 million passengers per year in Stockholm DB Arriva was awarded the contract for E20, the largest integrated local transport project in Sweden, in the previous year The contract encompasses the concept and operation of an integrated and complex system of bus and rail transport services
- DB Arriva UK Bus expanded its portfolio by taking over the British ambulance specialist ***Ambuline (2)*** This means Arriva UK Bus has added patient and social care transport to its areas of activity The newly created Arriva Transport Solutions business unit began operating two new patient transport service contracts in July 2012
- DB Arriva ordered a total of 98 environmentally friendly buses 77 hybrid double-decker hybrid buses and 21 biogas buses that will be used in Great Britain Of the total investment of around € 32 million, DB Arriva is responsible for € 26 6 million The remaining € 5 4 million come from the British government's "Green Bus" fund, following DB Arriva's successful application to the fund
- DB Arriva was highly active in the 2012 Olympic and Paralympic Games in London In addition to urban transport, DB Arriva also operated special transport services to event venues

MARKETS AND STRATEGY

DB Arriva is our European growth platform in passenger transport In the future, we will continue to win over customers with customer-oriented, efficient, economical transport solutions

DB Arriva offers transport services in 12 European countries

Activities of DB Arriva per country — as of Dec 31, 2012	Offered services
Denmark	bus/rail/waterbus
Great Britain	bus/rail
Italy	bus/waterbus
Malta	bus
the Netherlands	bus/rail/waterbus
Poland	rail
Portugal	bus/rail/tram
Sweden	bus/rail/tram
Slovakia	bus
Spain	bus
Czech Republic	bus
Hungary	bus

The activities of DB Arriva are divided into three lines of business UK Bus, UK Trains and Mainland Europe

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- In the UK Bus line of business, we aim to optimize existing business and expand the services we offer our customers We successfully expanded our product portfolio in the year under review By acquiring Ambuline, we entered the market for patient transport services
- In the UK Trains line of business, we are focusing on the expansion and extension of existing transport contracts and on the development of open-access services
- In the Mainland Europe line of business, we want to grow in the European passenger transport market by winning tenders and focused M&A activities

The strategy within the business unit is based on the three dimensions of the DB2020 strategy

- Expanding our market position we plan to continue to expand our position as a profitable market leader in the future and to grow in current and new countries We are also selectively expanding our product portfolio
- Ensuring customer satisfaction and quality profitable growth is only possible with high-quality service provision and satisfied customers To achieve this, we are continuously investing in new vehicles and improving our customer information systems
- Increasing employee satisfaction as a top employer, we want to offer our employees an attractive and secure workplace For the last ten years, Arriva has carried out employee surveys with the aim of further increasing employee satisfaction We also want to offer our employees targeted training, development and qualification opportunities while fostering individual talents
- Using resources efficiently as an eco-pioneer, we ensure that we use resources sparingly We employ innovative technologies in order to continuously reduce the CO_2 emissions of our vehicles At the same time, we are investing in new environmentally friendly gas, biogas, hybrid and electric vehicles We are also looking into measures to reduce water consumption and waste production The efficient use of energy is just as important to us For this reason, we have equipped some of our sites with rainwater collection systems, solar modules and their own wind turbines At one site in Italy, for example, we use recycled and treated city wastewater to wash the exteriors of our vehicles

BUSINESS DEVELOPMENT

Development in the DB Arriva business unit was driven during the year under review by significant increases in rail transport business in Great Britain, positive effects from newly acquired transport contracts (particularly in Sweden) and the acquisition of Grand Central Railway (2011) and Ambuline We faced particular challenges in the form of the difficult economic climate and government savings plans in Great Britain and on the European mainland, particularly in Southern Europe

In addition to the volume produced, we have also reported the number of passengers and the volume sold for the first time for the year under review Comparable year-on-year figures for passenger numbers and volume sold are, however, not available

DB Arriva Selected key figures — € million	2012	2011	CHANGE absolute	CHANGE %
Passengers (million)	1 421	-	-	-
Volume sold rail (million pkm)	7 628	-	-	-
Volume produced (million train km)	116 7	110 2	+6 5	+5 9
Volume produced (million bus km)	814 3	840 9	-26 6	-3 2
Total revenues	3,757	3,367	+390	+11 6
External revenues	3 751	3,365	+386	+11 5
EBITDA adjusted	425	325	+100	+30 8
EBIT adjusted	238	160	+78	+48 8
Gross capital expenditures	468	300	+168	+56 0
Employees (FTE as of Dec 31)	39 545	38 196	+1 349	+3 5

Overall, development for the DB Arriva business unit was positive, with an increase in revenues (+12%) and in adjusted EBIT (+49%) The rise in revenues can be attributed to the expansion and improvement of our business activities, as well as to foreign exchange factors (€ +172 million) and effects from changes in the scope of consolidation (€ +38 million)

The cost of materials increased by around 12% during the year under review as a result of higher energy costs, mainly fuel costs Personnel expenses also rose (+6%) as a result of increased employee numbers due to the expansion of our business activities Exchange rate effects also had a tangible impact on the development of expenses

The improvement in adjusted EBIT by € 78 million to € 238 million was particularly characterized by the positive development of the UK Trains line of business This was due for the most part to revenue support payments for the CrossCountry franchise and the improved performance of the Chiltern franchise

Extensive bus acquisitions for the newly awarded transport contracts in the Netherlands and in Sweden meant that gross capital expenditures experienced a major increase year on year The key areas of capital expenditure are outlined in the chapter ***Capital expenditures (1)***

Employee numbers increased noticeably as a result of the start of transport services in the Netherlands and Sweden

UK Bus line of business

The climate for the UK Bus line of business remained challenging in the year under review Higher energy prices, government cost-saving measures and a tense macroeconomic climate had a negative impact on demand and stifled business development However, the negative impact was largely offset by measures implemented to increase efficiency The taking over of Ambuline and the acquisition of other new services meant that the range of services offered by the line of business was expanded

UK Bus Selected key figures – € million	2012	2011	CHANGE absolute	%
Passengers (million)	759 3	-	-	-
Volume produced (million bus km)	414 6	438 2	-23 6	-5 4
Total revenues	1 258	1,138	+120	+10 5
External revenues	1 236	1,138	+98	+8 6
EBITDA adjusted	208	206	+2	+1 0
EBIT adjusted	135	144	-9	-6 3
Gross capital expenditures	120	120	-	-
Employees (FTE as of Dec 31)	17,558	18,059	-501	-2 8

The performance development in the UK Bus line of business was negative during the year under review Cuts implemented by ordering organizations, the weak economic climate and lower levels of contract retention in the London bus market led to a downturn in volume produced of approximately 5 %

Positive exchange rate factors (€ +83 million) and the acquisition of Ambuline (€ +5 million) led to tangible growth in revenues Total revenues increased by around 11 %, while external revenues increased by around 9 %

On the cost side, higher fuel prices, cuts in fuel subsidies and exchange rate factors led to significant burdens

Despite positive development in revenues, the development of operating profits was subdued in the year under review While at € 208 million, adjusted EBITDA was slightly higher than the previous year's level, adjusted EBIT fell slightly to € 135 million, which corresponds to a drop of € 9 million

Gross capital expenditures as of December 31, 2012 was on a level with the previous year

Lower volume produced and measures taken to boost efficiency meant that employee numbers as of December 31, 2012 were around 3 % lower than the previous year

UK Trains line of business

Development of the UK Trains line of business was very positive in the year under review A number of factors had a positive effect in this regard Farebox revenues increased, while revenue support payments rose for the CrossCountry franchise An additional impact was felt from the expansion of business resulting from the acquisition of Grand Central Railway in 2011

UK Trains Selected key figures – € million	2012	2011	CHANGE absolute	%
Passengers (million)	122 3	-	-	-
Volume sold (million pkm)	6,113	-	-	-
Volume produced (million train km)	76 9	72 6	+4 3	+5 9
Total revenues	1 290	962	+328	+34 1
External revenues	1,266	960	+306	+31 9
EBITDA adjusted	65	-11	+76	-
EBIT adjusted	44	-29	+73	-
Gross capital expenditures	23	33	-10	-30 3
Employees (FTE as of Dec 31)	5,325	5,310	+15	+0 3

Volume produced increased, primarily due to the first full-year effect of infrastructure projects that came into operation in September 2011 An additional effect was attributable to the acquisition of Grand Central Railway

In terms of revenues, positive effects were noted as a result of higher farebox revenues, revenue support payments for the CrossCountry franchise, the acquisition of Grand Central Railway (€ +33 million) and positive exchange rate factors (€ +85 million) As a result, total and external revenues increased steeply, by 34 % and 32 % respectively

On the cost side, there was a clear increase in the cost of materials and in personnel expenses, mainly due to exchange rate factors and the acquisition of Grand Central Railway

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Adjusted profit figures improved overall Adjusted EBITDA increased by € 76 million to € 65 million, and adjusted EBIT increased by € 73 million to € 44 million

In comparison to the previous year, gross capital expenditures fell sharply, mainly due to a reduction at Chiltern Railways as a result of the completion of major infrastructure projects in the previous year

The number of employees is virtually unchanged in comparison to December 31, 2011

Mainland Europe line of business

In the Mainland Europe line of business, development was shaped first and foremost by the effects of new transport contracts in Sweden (August 2012) and Malta (July 2011) The initiation of new services in the Netherlands in December 2012 has not yet had a significant effect on revenues or profit Development was additionally affected by a weak economic climate and by government cost-saving measures

Mainland Europe Selected key figures – € million	2012	2011	CHANGE absolute	%
Passengers rail (million)	54 9	–	–	–
Passengers bus (million)	484 0	–	–	–
Volume sold rail (million pkm)	1,515	–	–	–
Volume produced (million train km)	39 7	37 6	+2 1	+5 6
Volume produced (million bus km)	399 7	402 7	-3 0	-0 7
Total revenues	1 303	1 266	+37	+2 9
External revenues	1,249	1,266	-17	-1 3
EBITDA adjusted	179	152	+27	+17 8
EBIT adjusted	81	59	+22	+37 3
Gross capital expenditures	327	147	+180	+122
Employees (FTE as of Dec 31)	16 489	14 651	+1 838	+12 5

Increases in Sweden and the Netherlands meant that rail volume produced increased year on year (+5 6%) Volume produced by bus services, in contrast, decreased slightly (–0 7%), as volume increases were offset by decreases in the Netherlands due to a major transport contract that came to an end in December 2011 The positive effects of new transport services initiated in the Netherlands at the end of 2012 were still limited in the year under review

While total revenues rose by approximately 3% as a result of performance relations within the line of business, external revenues fell by approximately 1% due to the drop in volume produced

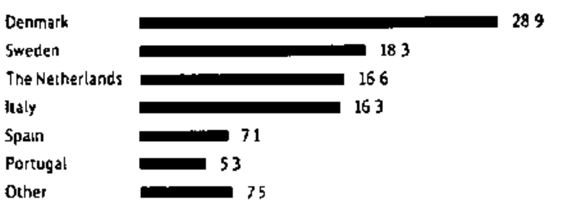
Higher energy and maintenance prices affected the cost side, leading to an increase in the cost of materials

Overall, adjusted profit figures improved year on year (adjusted EBITDA € +27 million to € 179 million, adjusted EBIT € +22 million to € 81 million)

Gross capital expenditure increased significantly year on year as a result of vehicle acquisitions for the new transport services in Sweden and the Netherlands

The number of employees increased by approximately 13% in comparison to December 31, 2011 due to the initiation of new transport services in Sweden and the Netherlands

External revenues per country 2012 – %



TRANSPORT AND LOGISTICS

DB Schenker Rail business unit

"ACTION PLAN FOR GERMANY" PAYS OFF

Our rail freight activities in Germany are currently facing several internal and external challenges, most of which are the result of economic trends and structural reasons In addition to the significant downturn in the German rail freight sector during the year under review, we have been exposed to increasing costs for energy, train-paths and personnel The substantial rise in maintenance costs as a consequence of the accident at Viareggio in 2009 further aggravated the situation In response, we implemented an "Action plan for Germany" in the previous year to counteract these problems

Improving freight car management by adjusting the size of our fleet, more efficient use of cars and reducing costs through better management of maintenance and rental activities are among the measures identified in the plan In parallel, we have analyzed our transport portfolio Various approaches with regard to optimization of transport, pricing measures and new business models are helping us to achieve further improvements

The measures introduced as part of the "Action plan for Germany" have had a positive impact on earnings, which increased in total by approximately € 160 million in the year under review

OTHER EVENTS IN 2012

- In light of the difficult economic climate and rising competition, DB Schenker Rail initiated major restructuring in Europe, particularly in Germany and Poland
- Following the complete acquisition of ***TFG Transfracht (1)***, DB Schenker Rail now only has one operator for maritime combined transport, enabling us to strengthen our position in intermodal hinterland seaport traffic
- DB Schenker Rail increased the competitiveness of rail transport and promoted more efficient use of resources by ***operating longer freight trains on the Maschen–Padborg (2)*** route to Denmark
- In the year under review, DB Schenker Rail successfully tested the use of a common consignment note for rail freight shipments between China and Europe The objective is to enhance competitiveness by reducing transit time compared to shipping by sea

MARKETS AND STRATEGY

The vision of the DB Schenker Rail business unit is to be the first choice for rail freight services With a close-knit international network and subsidiaries in 15 European countries, DB Schenker Rail is the leading rail freight company in Europe, committed to offering our customers attractive solutions

In terms of the structure of the DB Schenker Rail business unit, DB Schenker Rail AG is the management company responsible for consolidating functions at the European level

DB Schenker Rail is divided into three regions

- Region West comprises DB Schenker Rail (UK), Great Britain's largest rail freight company, Euro Cargo Rail France (ECR), the number two in France, and Transfesa/ECR Spain
- Besides DB Schenker Rail Deutschland AG, the region Central has 11 further operating companies, including DB Schenker Rail Nederland, DB Schenker Rail Scandinavia, DB Schenker Rail Italia/Nordcargo, DB Schenker Rail Schweiz, RBH Logistics and Mitteldeutsche Eisenbahn Companies geared toward specific markets – such as DB Schenker Rail Automotive, DB Schenker BTT, DB Schenker Nieten and DB Intermodal Services – are also part of this region
- Region East comprises DB Schenker Rail Polska (the number two in Poland), DB Schenker Rail Romania, DB Schenker Rail Bulgaria, DB Schenker Rail Hungaria and Railion Russia Services

The strategy within the business unit is based on the three dimensions of the DB2020 strategy

- Profitable market leader DB Schenker Rail aims to maintain and strengthen its position as market leader in a growing European market By modernizing and focusing production in the framework of the Netzwerkbahn (network rail), introducing continuous production controls and harmonizing the process and IT landscape, we aim to ensure high production quality and reliability, which in turn create a high level of customer satisfaction Another key factor for success is to increase profitability through strict cost management, higher productivity and pricing measures DB Schenker Rail Germany integrated these measures in the ***"Action plan for Germany" (3)***, which we have been successfully putting into practice since the year under review
- Top employer DB Schenker Rail aims to achieve a high level of employee satisfaction and retention In order to be perceived as an attractive employer, DB Schenker Rail intends to continuously improve working conditions as well as to maintain close dialogue with management and employees on a regular basis Employees of DB Schenker Rail see themselves as part of a European company with one common identity and culture
- Eco-pioneer we aim to strengthen our position as a leading provider of green transport solutions With this goal in mind, DB Schenker Rail's ***Eco Plus solution (4)***, which guarantees CO_2-free rail transport, has been available to customers for several years now By increasing capacity utilization and practicing fuel-efficient driving, which we instruct drivers on, we were able to reduce CO_2 emissions in the year under review In addition, DB Schenker Rail continuously invests in its vehicle and freight car fleet in order to reduce CO_2 emissions and ***noise levels (5)***

BUSINESS DEVELOPMENT

In comparison to the previous year, the performance of the DB Schenker Rail business unit was largely influenced by developments in the region Central, which is the largest region in the business unit, as well as the region East In particular, the cyclical decline in the demand for transport services as well as rising factor costs and intensified competition in some countries, such as Poland, had a negative impact on the performance of the business unit Spurred on by the positive effects of the ***"Action plan for Germany" (3)*** program, which was implemented in order to meet the challenge of rising costs facing DB Schenker Rail Germany, the business unit was nevertheless able to report a substantial improvement in profits

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DB Schenker Rail Selected key figures – € million	2012	2011	CHANGE absolute	%
Freight carried (million t)	398.7	411.6	–12.9	–3.1
Volume sold (million tkm)	105,894	111,980	–6,086	–5.4
Volume produced (million train-path km)	203.1	218.0	–14.9	–6.8
Capacity utilization (t per train)	521.4	513.6	+7.8	+1.5
Total revenues	4,925	4,924	+1	–
External revenues	4,596	4,635	–39	–0.8
EBITDA adjusted	389	336	+53	+15.8
EBIT adjusted	87	32	+55	+172
Gross capital expenditures	371	260	+111	+42.7
Employees (FTE as of Dec 31)	31,770	32,466	–696	–2.1

The economic slowdown, which has been evident since the second half of 2011, continued in the year under review and had a negative impact on the performance of the business unit, particularly in Germany, Spain and Poland. Within this context, DB Schenker Rail reported a downturn in the volume of freight carried (–3.1%), the volume sold (–5.4%) and the volume produced (–6.8%). In contrast, capacity utilization increased marginally (+1.5%) as a result of the introduction of measures to increase efficiency in particular, such as the ***"network rail project" (1)***.

This decline in performance also had a negative impact on external revenues, which fell by € 39 million to € 4,596 million, diminished somewhat by the effects of the initial consolidation of ***Transfracht (2)*** (€ +30 million). Expansion of business activities in the automotive industry in Russia and China also had a positive effect on revenues. Due to an increase in internal services, development of total revenues remained more or less stable in a year-on-year comparison (€ +1 million to € 4,925 million). Other operating income increased by 12.5% as a result of higher income generated from the sale of scrap metal through the disposal of property, plant and equipment.

The cost of materials decreased by 2.5% as a result of a reduction in the volume produced as well as the measures introduced as part of the ***"Action plan for Germany" (3)***. Personnel expenses, on the other hand, increased slightly on the previous year (+1.1%). Depreciation was more or less on a par with the previous year. Overall, this led to an increase in operating profit (adjusted EBITDA increased by € 53 million to € 389 million, and adjusted EBIT increased by € 55 million to € 87 million).

Gross capital expenditures was much higher than in the previous year (+42.7%) due to the procurement of locomotives, particularly in Great Britain and Poland. The key areas of capital expenditures are outlined in the chapter ***Capital expenditures (4)***.

As of December 31, 2012, the number of employees was slightly lower than the corresponding level in the previous year, mainly due to personnel restructuring measures. This was partially offset by the rise in the number of employees as a result of the acquisition of Transfracht.

Region Central

Besides the economic slowdown in Europe, other main factors that influenced business development in the region Central were the increase in personnel costs due to wage increases, as well as price increases for track use and power supply. The successful ***"Action plan for Germany" (3)*** program as well as the expansion of our automotive business and the acquisition of ***Transfracht (2)*** all had a positive effect on profits.

Region Central Selected key figures – € million	2012	2011	CHANGE absolute	%
Freight carried (million t)	291.7	313.0	–21.3	–6.8
Volume sold (million tkm)	85,709	91,401	–5,692	–6.2
Volume produced (million train-path km)	164.3	179.3	–15.0	–8.4
Total revenues	4,687	4,539	+148	+3.3
External revenues	3,580	3,660	–80	–2.2
EBITDA adjusted	294	228	+66	+28.9
EBIT adjusted	71	–4	+75	–
Gross capital expenditures	221	203	+18	+8.9
Employees (FTE as of Dec 31)	20,963	21,709	–746	–3.4

Considerable declines were reported in the region Central due to various factors, including the difficult economic climate and optimization of the transport portfolio (freight carried –6.8%, volume sold –6.2%). The volume produced declined by 8.4% as a result of the downturn in volume and increase in capacity.

The decline in performance, though somewhat counteracted by the positive effects of the ***"Action plan for Germany" (3)*** (such as pricing measures and improved capacity utilization) as well as additional revenues from the initial consolidation of ***Transfracht (2)***, was reflected in external revenues (–2.2%). Total revenues in the region, however, increased slightly, which was primarily the result of higher revenues arising from performance relations between the companies operating in the region.

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On the cost side, there was a significant decrease in infrastructure, energy and maintenance costs as a result of the lower volume produced, improved capacity utilization and the positive effects of the measures introduced in the ***"Action plan for Germany" (1)***

As a result, operating profit increased considerably, with adjusted EBITDA increasing by € 66 million to € 294 million and adjusted EBIT up € 75 million to € 71 million

Gross capital expenditures rose (+ 8 9%), mainly as a result of increased procurement of locomotives and freight cars, as well as an increase in construction projects

The number of employees was lower than the previous corresponding year-end figure (– 3 4%), which was due to restructuring at the management level of the business unit as well as the imposition of streamlining measures This was partially offset by the initial consolidation of ***Transfracht (2)***

Region West

Despite the difficult economic climate and infrastructural hurdles in the region West, we were able to set up new business operations in France However, the severe difficulties in Spain, particularly the decline in car transport services, had a substantial negative impact on the development in the region Increases in coal transports in Great Britain had positive effects, weakened by strikes and a decrease in steel transports

Region West Selected key figures – € million	2012	2011	CHANGE absolute	%
Freight carried (million t)	83 1	69 5	+13 6	+19 6
Volume sold (million tkm)	16 435	16,067	+368	+2 3
Volume produced (million train path km)	33 5	32 7	+0 8	+2 4
Total revenues	859	855	+4	+0 5
External revenues	754	748	+6	+0 8
EBITDA adjusted	115	102	+13	+12 7
EBIT adjusted	53	50	+3	+6 0
Gross capital expenditures	112	42	+70	+167
Employees (FTE as of Dec 31)	4,946	5,097	–151	–3 0

The region West benefited from a significant improvement in performance The substantial increase in the volume of freight carried (+19 6%) was largely attributable to adjustments in the product mix in Great Britain (increased coal transports) The increase in volume sold (+2 3%) was due to the operation of traction services in Spain as well as due to positive development in France, which helped to compensate for the decline in Great Britain The volume produced increased by 2 4% as a result of growth in France

The development of performance had a disproportionately low impact on the development in revenues The decline in car transport services in Spain as well as the strikes in Great Britain curtailed revenues, resulting in only a moderate rise in both total revenues (+0 5%) and external revenues (+0 8%)

The cost of materials was the same as in the previous year Lower maintenance costs due to increased productivity helped to offset higher track and energy costs Personnel expenses were below the level of the previous year Depreciation increased, partly as a result of higher purchase price adjustments in Great Britain

Overall, adjusted EBITDA increased by € 13 million to € 115 million and adjusted EBIT by € 3 million to € 53 million

Extensive purchases of locomotives in Great Britain resulted in higher gross capital expenditures, amounting to more than double the capital expenditures of the previous year

The number of employees decreased as of December 31, 2012, owing to the fact that the personnel gains in France were more than offset by staff cuts in crisis-ridden Spain

Region East

During the year under review, the region East was challenged in particular by the effects of increasing competition, as well as the decline of the coal market in Poland For this reason, restructuring measures were introduced in Poland in order to increase competeiveness

The expansion of business activities in Southeast Europe had a positive effect in the year under review

Region East Selected key figures – € million	2012	2011	CHANGE absolute	%
Freight carried (million t)	63 7	74 8	–11 1	–14 8
Volume sold (million tkm)	3,749	4,511	–762	–16 9
Volume produced (million train path km)	5 3	6 0	–0 7	–11 7
Total revenues	277	301	–24	–8 0
External revenues	188	227	–39	–17 2
EBITDA adjusted	25	26	–1	–3 8
EBIT adjusted	8	7	+1	+14 3
Gross capital expenditures	37	16	+21	+131
Employees (FTE as of Dec 31)	4,986	5,324	–338	–6 3

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Performance declined significantly in the region East This was primarily attributable to the extremely competitive environment in the Polish market The resulting decline was only partly offset by higher performance in Romania and, notably, Bulgaria As a result, the volume of freight carried (-14 8%), the volume sold (-16 9%) as well as the volume produced (-11 7%) and capacity utilization (-5 3%) reported some considerable losses

These negative effects are also reflected in revenues Both total (-8 0%) and external revenues (-17 2%) were to some extent significantly lower than the previous year In contrast, other operating income increased due to higher revenues from rental and lease agreements as well as due to income from the sale of property, plant and equipment

The decrease in the volume produced also affected the cost of materials as a result of reduced expenditure on infrastructure usage and energy In addition, the cost of external services decreased by using a higher proportion of our own traction The slight decrease in personnel expenses is attributable to restructuring measures In contrast, we reported an increase in other operating expenses, partly as a result of increased leasing of locomotives Depreciation was lower as a result of adjustments to the fleet

The decline in revenues and the consequent drop in operating profit were partly offset by the decrease in expenditure Adjusted EBITDA decreased slightly by € 1 million to € 25 million, while adjusted EBIT increased by € 1 million to € 8 million

Gross capital expenditures rose as a result of increased investments in locomotives, cars and the port of Szczecin

The number of employees decreased by 6 3% as of December 31, 2012, in particular due to streamlining measures in Poland However, this was partially offset by a rise in the number of employees in the other countries within the region

DB Schenker Logistics business unit

FURTHER EXPANSION OF THE GLOBAL NETWORK

Logistics center

In the year under review, DB Schenker Logistics opened up new logistics centers in Sweden, Finland, Poland, the Philippines, China, India, Germany, Great Britain, Ireland and Mexico, among others In addition, we established new companies in Western China, Indonesia and Singapore

- DB Schenker Logistics opened a new branch office in Hohhot, capital of the Inner Mongolia Autonomous Region in the northern part of China Hohhot is one of the ten most dynamic regions in the country DB Schenker has offices and facilities in 57 cities throughout China, with more than 4,600 employees
- In Germany, we opened a new logistics center in Hanover-Stöcken The new 7,000 m² facility has enabled us to increase our supplier park for VW Commercial Vehicles to 24,000 m²
- In Ireland, we opened a new logistics center in Dublin The 8,000 m² high bay warehouse, located on the Furry Park Industrial estate in Santry, is already the second expansion to take place in Ireland during the year under review A new facility was opened in Cork at the beginning of 2012
- In Guadalajara, Mexico, we opened a new logistics center The 12,600 m² facility within the Guadalajara Technology Industrial Park serves as a distribution center for the high-tech electronics companies that are based in the region The warehouse operates with DB Schenker's Production Vendor Managed Inventory (PVMI) solution, a standardized supplier-owned inventory solution specifically designed for production material in electronics manufacturing supply chains
- In Australia, we established a new logistics warehouse in Sydney's Erskine Park The new 21,000 m² facility employs 80 people and caters to the logistical needs of some of Australia's largest electronics, consumer, healthcare and office supplies companies
- As part of the preparations for the 2014 Winter Olympics, DB Schenker Logistics opened a new branch office in Sochi, Russia

Investments

- In May, DB Schenker Logistics entered into a joint venture with our long-standing partner Khimji Ramdas Group in the Sultanate of Oman ***Schenker Khimji's (1)*** provides comprehensive solutions for air and ocean freight, overland transport, contract logistics and supply chain management
- We acquired ***Suomen Kiitoautot Oy (1)*** in Finland, thereby strengthening our presence in domestic land transport in Finland
- We opened a national subsidiary in Namibia ***Schenker Namibia (1)*** now represents the global network of DB Schenker Logistics in Namibia

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DOMESTIC DISTRIBUTION IN NORTH AMERICA REPOSITIONED

By the end of the year under review, DB Schenker Logistics had almost completed restructuring its domestic distribution business in the United States, Canada and Mexico The reason behind the realignment of the business was continued poor performance on account of the sluggish economy in the USA and the simultaneous rise in fuel costs

INVESTIGATIONS AGAINST COMPANIES IN THE FREIGHT FORWARDING SECTOR

Since the fall of 2007, cartel authorities have been carrying out ***investigations throughout the world against companies in the freight forwarding sector (1)***

Following the settlement of the antitrust suit in the USA in December 2011, the EU Commission issued fine notices against several freight companies, including DB AG, Schenker AG and BAX Global Inc , on March 28, 2012 An appeal was submitted to the Court of Justice of the European Union against these fine notices, which had imposed fines totaling € 34 9 million, on June 12, 2012 It is not expected that all of the cartel authority investigations will be completed before the end of 2013

ABUSE OF MARKET DOMINANCE BY NORWEGIAN POSTAL SERVICE IS CONFIRMED

In accordance with the ruling of April 18, 2012, the Court of the European Free Trade Association (EFTA) has finally dismissed a lawsuit by the Norwegian Post Office (NPO) against the EFTA Surveillance Authority's (ESA) decision of July 14, 2010 to impose fines The ESA had ordered the NPO to pay a penalty of € 13 million for the years of unlawful obstruction of DB Schenker Logistics' B2C business in Norway As a result of the EFTA Court's ruling, the NPO's breach of competition law is now binding for national courts Norway Post is therefore facing ongoing legal action from DB Schenker over the issue before Oslo District Court

OTHER EVENTS IN 2012

> Siemens and DB Schenker Logistics have signed a framework agreement which covers the global contract logistics relationship between the two companies With this move, DB Schenker has become the first contract logistics provider to sign such a basic agreement with Siemens
> In Sweden, DB Schenker Logistics has signed a five-year contract with INTERSPORT, the largest sports retail chain in the country DB Schenker will take over the storage of goods for the domestic market
> In Poland, we have taken over warehousing logistics and distribution in Polish PepsiCo's four regional distribution centers in Warsaw, Lodz, Krakow and Kielce, with a total area of 25,000 m² In addition, the Coca-Cola Company has awarded DB Schenker Logistics two contracts for warehousing and transport services in Poland Previously, Coca-Cola had operated its own satellite distribution centers for finished goods These have now been integrated into existing DB Schenker Logistics warehouses
> We have signed a three-year contract with Continental Temic in the Philippines for storage of raw materials The contract is the first in contract logistics with Continental in Asia
> In India, Nikon India has commissioned us with warehousing and third-party logistics services for photographic technology In cooperation with the customer, DB Schenker Logistics developed comprehensive solutions for warehouse management and infrastructure tailored to their regional logistics and warehousing requirements
> BMW commissioned DB Schenker Logistics to more than double its capacity in the new logistics center in Leipzig For well over a year now, the logistics center has been supplying components to car assembly plants in China and South Africa To enable it to cope with the extended order volume from the BMW plants, additional logistics warehouses will be erected and 700 additional employees will be hired
> Schenker Deutschland AG was the official logistics partner of the London 2012 German Olympic team DB Schenker Logistics transported all luggage and equipment to the Olympic Games on behalf of the team

MARKETS AND STRATEGIES

The DB Schenker Logistics business unit holds a leading market position in every market segment – European land transport, air and ocean freight, as well as contract logistics Our vision is to be the leading integrated transport and logistics provider with a global presence For the coming years, we aim to strengthen and expand our position as market leader

The strategy within the DB Schenker Logistics business unit is based on the three dimensions of the DB2020 strategy

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- Profitable market leader: as the market leader in European land transport, profitability and growth are of the utmost importance at DB Schenker Logistics. It is crucial that we secure and expand this position. With this goal in mind, we aim to optimize pan-European direct transport services and roll out the "Lead Logistics Provider" services across Europe. We also intend to continue expanding our European network and closing any gaps. In the areas of air and ocean freight, we plan to maintain and strengthen our competitive position and to increase cost-effectiveness by deploying simplified and standardized processes, as well as through a corresponding, centrally managed IT system. In addition, we intend to tap other sources of profitable growth by focusing on trade routes characterized by strong growth and high profit margins. In the area of contract logistics/supply chain management (SCM), we are continuing with our worldwide growth program "Go for Growth." The program, which previously focused on the four core industries of industrial, consumer, electronics and automotive, now also includes the pharmaceutical/healthcare industry. We increased operational excellence by continuing our rollout of the "Flawless Execution" (FLEX) program, which guarantees the smooth running of projects, as well as by modernizing the IT landscape with innovative, standardized solutions.
- Leader in quality and service: DB Schenker Logistics aims to remain a leading provider of high quality and customer service. We maintain customer satisfaction in land transportation through our efficient European network, using our operational excellence in contract logistics in order to remain a leading provider in our target markets. By maintaining our focus on customer solutions, we are able to offer a high level of quality and service.
- Top employer: at DB Schenker Logistics, employee satisfaction and confronting demographic change are of paramount importance. Our goal is to be an attractive employer. Beyond this, filling senior management positions with international candidates and ensuring that executives have multinational experience are crucial for the long-term success of this internationally oriented business unit.
- Eco-pioneer: DB Schenker Logistics products and initiatives set the standard for efficient use of resources. With ***Eco Solutions (1)***, DB Schenker Logistics already offers solutions for every mode of transport, which helps our customers to reduce, offset or cut out CO_2 emissions altogether. Particularly in air and ocean freight, we have been able to reduce CO_2 emissions significantly. And, with Eco Charter, we are able to book cargo planes with more fuel-efficient engines, for example. In Eco OceanLane, DB Schenker Logistics and its cooperating carriers opt for speed-reduced services as well as moving inland road transport to more environmentally friendly rail. Energy-efficient, sustainable Eco Warehouses promote environmentally friendly operations in contract logistics. DB SCHENKERhangartner and DB SCHENKERrailog save CO_2 emissions in combined transport by shifting the mode of transport from road to rail. To complement our modal environmental solutions, Eco Neutral allows customers to offset CO_2 emissions by supporting projects that combat climate change. DB Schenker Logistics also ensures that the carbon footprint is transparent for its customers all along its supply chain and points out where emissions can be effectively reduced.

BUSINESS DEVELOPMENT

Overall, the general trends recorded in the business unit DB Schenker Logistics in the previous year have continued. However, this development was characterized by intense competition in the sector as well as a lack of dynamism in the global economy. The expected recovery in the second half of 2012 did not materialize, and the fall peak season was once again weak. With the exception of ocean freight, these developments were also reflected in the development of volumes. The trend of shifting from air to ocean freight continues. The most dynamic growth continues to be seen in our contract logistics business, and the Asia/Pacific region is still the highest-growth region.

DB Schenker Logistics Selected key figures – € million	2012	2011	CHANGE absolute	CHANGE %
Shipments in European land transport (thousand)	95,325	95,836	-511	-0.5
Air freight volume (export) (thousand t)	1,095	1,149	-54	-4.7
Ocean freight volume (export) (thousand TEU)	1,905	1,763	+142	+8.1
Total revenues	15,389	14,867	+522	+3.5
External revenues	15,335	14,808	+527	+3.6
Gross profit margin (%)	31.5	30.5	–	–
EBITDA adjusted	609	572	+37	+6.5
EBIT adjusted	418	403	+15	+3.7
EBIT margin (adjusted) (%)	2.7	2.7	–	–
Gross capital expenditures	321	246	+75	+30.5
Employees (FTE as of Dec 31)	64,199	62,197	+2,002	+3.2

The development of volume in the individual lines of business varied during the year under review.

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- The volume of shipments in European land transport decreased by 0 5%, driven by a notable drop in demand for international land shipments, which could not be fully compensated by the slight growth in national land transport Development in the parcel business remained stable
- The volume of air shipments decreased by 4 7%, which was mainly due to development on the transatlantic and transpacific routes, whereas services from Asia to Europe increased
- The volume of ocean freight increased markedly by 8 1% Positive developments were reported, particularly in transpacific connections and services within Asia

With the exception of the Americas region, revenue growth has been reported in all regions, with the strongest growth being reported in the Asia/Pacific region In the USA, the decline was attributable to the restructuring of ***US domestic business (1)***, which caused a drop in revenues of approximately € 200 million Our contract logistics, ocean freight and project business operations were the key business growth drivers

Exchange rate factors had an overall positive impact on revenues of € 400 million, while at the same time having a negative impact on cost items

The cost of materials increased slightly in the year under review, which was mainly attributable to an increase in purchased transport services due to the expansion of business operations In contrast, energy costs were lower due to restructuring of the ***US domestic business (1)*** Personnel expenses were notably higher, driven by the higher number of employees in contract logistics

As the increase in expenditure on purchased services was disproportionately lower than the growth in revenues, the gross profit margin increased from 30 5% in the previous year to 31 5%

Driven by the positive developments in our project operations as well as the restructuring of the ***US domestic business (1)***, we recorded an increase in operating profit, with adjusted EBITDA increasing by € 37 million to € 609 million and adjusted EBIT rising by € 15 million to € 418 million

Gross capital expenditures were higher year on year The key areas of capital expenditures are outlined in the chapter ***Capital expenditures (2)***

The positive development of business, particularly in the contract logistics sector, was also reflected in an increase in the number of employees as of December 31, 2012

European land transport

The low growth dynamic in the European land transport market during the year under review relieved the pressure on available shipping space, which also had an effect on freight rates However, in a market climate that continues to be very competitive, we were only able to impose price increases on our customers to a limited extent We focused on developing and optimizing our network, particularly on the East-West axis to Russia In addition, the acquisitions made in the previous year were successfully integrated in our European network

European land transport Selected key figures – € million	2012	2011	CHANGE absolute	%
Shipments in European land transport (thousand)	95 325	95 836	- 511	– 0 5
Total revenues	6 415	6,376	+ 39	+ 0 6
External revenues	6 366	6 321	+ 45	+ 0 7
EBITDA adjusted	240	235	+ 5	+ 2 1
EBIT adjusted	141	135	+ 6	+ 4 4
Employees (FTE as of Dec 31)	24 688	24 267	+ 421	+ 1 7

Despite the decline in volume (– 0 5%), total revenues (+ 0 6%) and external revenues (+ 0 7%) increased slightly year on year

On the cost side, we recorded additional expenses on account of rising fuel prices over the course of the year The volume of freight rates increased slightly due to high availability of shipping space Personnel expenses rose due to an increase in the number of employees

As a result, operating profit increased overall, with adjusted EBITDA up € 5 million to € 240 million and adjusted EBIT up € 6 million to € 141 million

The number of employees rose slightly as of December 31, 2012

Air and ocean freight

The development of the air and ocean freight line of business was mixed during the year under review The weak global economy slowed the development of the air cargo market, while low demand and an oversupply in capacity led to low freight rates In order to ensure the continued success of our global air and ocean freight operations, we ***expanded our international network (3)*** during the year under review

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Air and ocean freight Selected key figures – € million

	2012	2011	CHANGE absolute	%
Air freight volume (export) (thousand t)	1,095	1,149	–54	–4.7
Ocean freight volume (export) (thousand TEU)	1,905	1,763	+142	+8.1
Total revenues	7,227	6,998	+229	+3.3
External revenues	7,223	6,995	+228	+3.3
EBITDA adjusted	296	262	+34	+13.0
EBIT adjusted	254	234	+20	+8.5
Employees (FTE as of Dec 31)	20,883	21,124	–241	–1.1

The individual products in the air and ocean freight line of business performed differently. Whereas the volume of ocean freight increased significantly year on year, the volume of air freight declined.

This development was also reflected in their respective contributions to revenue growth. The negative impact of performance in the air freight sector lessened the positive contribution generated by the ocean freight and the project business. Total revenues and external revenues both increased by 3.3%.

On the cost side, we recorded a decline in fuel costs and purchased transport services due to the restructuring of our ***US domestic business (1)***. In contrast, the increase in business activity resulted in higher cost of materials and personnel expenses.

Adjusted EBITDA increased by a total of € 34 million to € 296 million, and adjusted EBIT rose by € 20 million to € 254 million.

The number of employees fell slightly year on year as of December 31, 2012.

Contract logistics/SCM

The contract logistics/SCM market sustained momentum throughout the year under review. The development of both our existing and our new business operations was very pleasing. In the fastest-growing line of business within the DB Schenker Logistics business unit, the focus of our business has been on increasing our capacity. Among other locations, we have more than doubled our domestic distribution capacity on behalf of a global plant construction firm in China.

Contract logistics/SCM Selected key figures – € million

	2012	2011	CHANGE absolute	%
Total revenues	1,750	1,487	+263	+17.7
External revenues	1,749	1,486	+263	+17.7
EBITDA adjusted	91	88	+3	+3.4
EBIT adjusted	47	50	–3	–6.0
Employees (FTE as of Dec 31)	18,151	16,430	+1,721	+10.5

The development of revenues in the contract logistics/SCM line of business remained positive in the year under review. Among other things, we recorded markedly good performance in the electronics sector. Total revenues and external revenues (both +17.7%) developed to our satisfaction.

In contrast, the rise in the cost of materials, especially within the automotive business, placed a financial burden on the regions Central and West. This, coupled with the increase in personnel expenses due to the higher headcount, offset the positive effects almost entirely. Depreciation rose as a result of higher capital expenditures.

In terms of operating profit, adjusted EBITDA increased by € 3 million to € 91 million, while adjusted EBIT fell by € 3 million to € 47 million.

The ongoing dynamic business development is reflected in a significant increase in the number of employees as of December 31, 2012.

SERVICES

DB Services business unit

EVENTS IN 2012

> DB Rent launched Germany's first fully electric car-sharing offer under the brand name ***Multicity Carsharing (2)*** in Berlin, in conjunction with Citroën.

> DB Vehicle Maintenance concluded a contract with Nord-Ostsee-Bahn (NOB) for vehicle maintenance on NOB's fleet of low-floor vehicles in particular, as well as a cooperation agreement with Abellio Rail NRW GmbH and WestfalenBahn GmbH, primarily for vehicle maintenance services.

> DB Services won a tender procedure launched by Siemens Real Estate, a subsidiary of Siemens AG, for postal and delivery services at a total of 12 locations throughout Germany.

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- A new manufacturing facility was commissioned in December 2012 in the DB Vehicle Maintenance Nuremberg plant
- Our bicycle rental service Call a Bike increased significantly in popularity Around 3 3 million journeys were made in the year under review all over Germany, which corresponds to a year-on-year increase of over 50 % Around 535,000 registered customers used our environmentally friendly mobility service during the year under review
- The DB Services business unit added the first 100 electric cars to its fleet of company vehicles

MARKETS AND STRATEGY

The DB Services business unit provides services mainly for DB Group companies in the areas of vehicle maintenance, information technology (IT), communications technology, facility management, security and fleet management

The strategy within the DB Services business unit is based on the three dimensions of the DB2020 strategy

- Profitable market leader and a quality service provider by lowering intra-Group costs for services while simultaneously securing a marketable quality and service level, the business unit makes a significant contribution to the future of DB Group In particular, we achieve this through further integration in the customers' value chains, by enhancing synergies within the Group and by using non-Group business activities to ensure capacity utilization and to benchmark quality and prices
- Top employer the business unit also plays an active role in creating job security within DB Group by offering a large number of positions to employees from the Group-wide job market
- Eco-pioneer the DB Services business unit advises its customers on the efficient use of the services and products it offers The business unit is also pressing on with the optimization of in-house production resources with the aim of achieving further reductions in CO_2 emissions

BUSINESS DEVELOPMENT

DB Services Selected key figures – € million	2012	2011	CHANGE absolute	%
Segment revenues	3,416	3 332	+84	+2 5
Total revenues	1,498	1,413	+85	+6 0
External revenues	125	137	-12	-8 8
Other operating income	1,918	1,919	-1	-0 1
EBITDA adjusted	253	278	-25	-9 0
EBIT adjusted	84	123	-39	-31 7
Gross capital expenditures	268	247	+21	+8 5
Employees (FTE as of Dec 31)	26,375	26 556	-181	-0 7

The development of the DB Services business unit mainly reflects the supportive nature of the business unit for customers within DB Group Internal segment revenues of € 3,027 million therefore continue to account for the majority of total segment revenues of € 3,416 million (total revenues plus other operating revenues) Internal revenues increased by 3 6 % in the year under review, mainly as a result of our IT business (DB Systel)

The cost of materials rose slightly (+1 1 %) on account of business performance Personnel expenses also rose (+3 7 %) as a result of wage increases and changes in the employee structure Higher leasing charges had a particular effect on other operating expenses Depreciation rose year on year as a result of the increased procurement of new vehicles and IT hardware

Overall, revenue growth was not able to fully compensate for increased costs Adjusted EBITDA declined accordingly by € 25 million to € 253 million, and adjusted EBIT fell by € 39 million to € 84 million

Gross capital expenditures rose as a result of the increased procurement of new vehicles at DB Fleet Management and as a result of performance-related activity in the IT business unit The focus of capital expenditures is detailed in the chapter ***Capital expenditures (1)***

The total number of employees fell slightly as of December 31, 2012 compared to December 31, 2011, primarily as a result of completion of a project

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INFRASTRUCTURE

Fresh impetus for planning newly built and expansion projects

In October 2012, the Federal Ministry of Transport, Building and Urban Development and DB Group signed the "Collective Agreement No. 38" concerning the financing of planning costs for basic evaluation and preliminary planning in requirement plan projects. It was possible to start planning for or continue 11 rail projects on the basis of this framework, including the expansion line Munich–Mühldorf–Freilassing, the connection lines to the Brenner Base Tunnel and the rail hub of Frankfurt am Main.

Developments in the Stuttgart 21 project

The Management Board presented the Supervisory Board with a revised cost estimate regarding the Stuttgart 21 project on December 12, 2012. A decision on how to proceed further is expected to be made on March 5, 2013 in an extraordinary Supervisory Board meeting.

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

Should the project not be continued, this would have significant direct implications on the earnings, financial and net asset position. The consequences primarily relate to the valuation of property, plant and equipment, obligations to repurchase property sold in prior years by paying back the agreed sale price plus interest, the repayment of any investment grants, and compensation for damages for the cancellation of construction services that have been commissioned and planning agreements that have already been concluded.

LuFV quality targets once again met

The Service and Financing Agreement (Leistungs- und Finanzierungsvereinbarung, LuFV) between the Federal Government and DB Group, which has been in effect since 2009, stipulates that Federal funds be used for improving the quality and, as a result, the efficiency of existing track paths. In total, seven key quality indicators subject to sanctions as well as other parameters were established as a basis for the status reports to be submitted annually, which are to be used to describe and assess in detail the state and development of the existing track infrastructure.

We once again met the agreed contractual targets in the fourth year of the LuFV and documented that in the "Infrastructure State and Development Report" (Infrastrukturzustands- und -Entwicklungsbericht) 2012 in accordance with the agreement. In line with the existing LuFV, the contractual parties began negotiations in the second half of 2011 concerning a follow-up agreement. We made it clear that the current amount of infrastructure funds from the Federal Government of € 2.5 billion must be increased in the interests of the sustainable maintenance of the existing network. Negotiations continue.

DB Netze Track business unit

RAIL FINANCING CYCLE FOR EXPANSION OF THE RAIL NETWORK

The Federal Government is to provide an additional € 1 billion from 2012 to 2015 for the expansion and construction of rail lines. A proportion of the funds originates from the annual dividends that DB AG distributes to the Federal Government. Additional funds come from the DB Group's early repayment of interest-free loans issued by the Federal Government in the previous year.

The additional funds are to be used for various purposes, including the expansion of sections of the Hanau–Nantenbach and Karlsruhe–Basel lines as well as of the train formation yard at Halle (Saale) North.

NETWORK FUND TO FINANCE INFRASTRUCTURE CAPITAL EXPENDITURES

Approximately € 150 million will be available from the network fund until 2017 to finance more than 60 separate infrastructure measures. This means we are stepping up our capital expenditures on tracks and facilities, with a primary focus on expanding capacity, removing bottlenecks and improving quality. The majority of the fund is financed by DB funds.

In the year under review, more than € 14 million were invested in capacity expansion, such as in Singen, Cologne-Eifeltor and Oberhausen. This targeted measures can support the development of the rail transport market and generate further growth.

EXTENSIVE NETWORK CONSTRUCTION MEASURES

In the year under review, we once again realized an extensive range of construction projects aimed at preserving and renewing rail infrastructure. Total capital expenditures of € 4.4 billion was invested in engineering projects, such as tunnels or bridges, and other areas, such as command and control technology. We commissioned a total of 29 electronic interlockings and renovated a number of bridges. Measuring over 900 meters and spanning 118 meters, the Rheinvorland bridge near Worms was one of the largest projects. In total, around 3,400 kilometers of track and 1,900 switches were renewed or refurbished. During the work, we laid 2.4 million ties and handled 3.7 million tons of ballast.

Thanks to prompt and reliable communication with our customers and the incorporation of these projects into the medium- to long-term time schedule, we were able to keep the knock-on effects of the construction work on rail transport to an absolute minimum

Milestones for the new and expanded Karlsruhe–Basel line

In December 2012, we opened the 9,385-meter-long Katzenberg tunnel – the largest construction project on the newly built and expanded line from Karlsruhe to Basel – on Europe's most important freight corridor between Rotterdam and Genoa The third-largest rail tunnel in Germany, and one of the most high-tech in Europe, it speeds up rail transport on the southern part of the Rheintal line by a considerable margin and reduces the level of noise pollution for nearby residents In total, we have invested around € 610 million on the 17 6-kilometer-long new line between Freiburg and Basel including the Katzenberg tunnel

In August 2012, the Federal Government and DB Group concluded a financing agreement worth € 693 million for the Rastatter tunnel on the most northerly 16-kilometer stretch of the Rheintal line

Progress in VDE No 8

German unification transport project (Verkehrsprojekte Deutsche Einheit, VDE) No 8, the 500-kilometer-long newly built and expansion line between Nuremberg, Erfurt, Leipzig/Halle and Berlin, is one of the most challenging infrastructure projects in Germany and Europe The project is funded by the Federal Government, the European Union and DB Group, and overall capital expenditures total approximately € 10 billion

The current focus of construction is the 200 kilometers of new line from Upper Franconia, through the Thuringian Forest to Central Germany Progress on the project was according to schedule in the year under review

- Breakthroughs have been achieved in all 25 tunnels (total length of approximately 56 kilometers) The last breakthrough was accomplished in August 2012 Concrete constructions for a total of 32 of the 35 viaducts (total length of approximately 26 4 kilometers) are already in place Five bridges have been designed as particularly narrow and low-maintenance integral constructions The Scherkondetal bridge was awarded the German Bridge Engineering Prize in 2012
- Once all the ground construction had been completed, the next phase of the projects was started – the track and overhead catenaries over 120 kilometers of the line The measures to integrate the new line into the Erfurt rail transport hub and the expansion of Erfurt central station as an ICE interchange have almost been completed Work has also commenced on integration of the new line into the rail hubs of Leipzig and Halle The expansion part of the project for the line between Nuremberg and Bamberg is focused on creating a quadruple track line and building new stopping points for the S-Bahn (metro)

Around 3,000 people are currently directly involved in the project The new link will be brought into service gradually the Erfurt–Leipzig/Halle new line is set to be commissioned in 2015, while services are to begin on the new Ebensfeld–Erfurt line in 2017 This link will provide a competitive, environmentally friendly alternative to road and air travel for both passenger and freight transport across the European rail network The journey time between Munich and Berlin will be reduced to around four hours

Dual-track expansion of Hildesheim–Groß Gleidingen line completed

In December 2012, services began on the dual-track Hildesheim–Groß Gleidingen line The Federal Government, the Federal State of Lower Saxony and DB Netz AG have invested a total of € 140 million over the past three years to create additional capacity for long-distance and regional trains A total of 34 kilometers of new track was constructed and equipped with overhead catenaries Furthermore, 57,000 ties were laid, one new rail bridge was constructed, and three new electronic interlockings were built

Maschen–Padborg now equipped for extra-long freight trains

In December 2012, the line between Maschen and Padborg/Denmark, was opened to freight trains measuring up to 835 meters in length We made the necessary infrastructure adjustments to the 210-kilometer-long line and invested around € 10 million

Besides building new lines and expanding existing lines, increasing transport capacity by enabling longer freight trains is a fundamental part of being able to offer sufficient capacity for future growth in freight transport

The maximum train length permitted on the German rail network is 740 meters Up until December 2012, only trains up to a maximum length of 670 meters were able to use the Maschen–Padborg line The necessary infrastructure adjustments included the construction of passing loops and crossing sections as well as adapting command and control technology at Hamburg-Eidelstedt station and the train formation yard in Maschen

One of the most modern train formation yards in Europe to open in Halle

In September 2012, we began renewing and refurbishing the existing train formation yard in Halle (Saale). Around € 146 million of capital expenditures will flow into the project until 2017. The infrastructure at the site of the Halle marshaling yard, originally built in 1889, will be completely renovated. After completion, the Halle train formation yard will be one of the most modern in Europe.

The core of the modernization project is the renewal of track, switches and all technical facilities. Over the next few years, a total of 36 marshaling tracks will be constructed, along with a hump yard and over 130 new switches. Two new electronic interlockings will ensure that all operational processes will be fully automated.

Alongside the modernization of the Halle train formation yard, Halle will also receive a completely new and significantly upgraded rail infrastructure as a result of its expansion as a rail hub. The second phase of development includes the construction of around 30 kilometers of new track with overhead catenaries and a new electronic interlocking. The new facilities are set to be commissioned successively from the end of 2015.

Progress in the Hanau–Nantenbach expansion line

In March 2012, the Federal Railway authority issued planning approval for the third section of the Hanau–Nantenbach expansion line. The heart of this project is the dual-track expansion of around 7 kilometers of track between Laufach and Heigenbrücken. This section requires a total of four tunnels, each with two single-track tunnels and three bridges. Initial work to construct a passing loop began in October 2012. The corresponding financing agreement on the planned capital expenditures of around € 400 million was concluded in December 2011.

IMMEDIATE ACTION PROGRAM "SEAPORT HINTERLAND TRAFFIC" IMPLEMENTED

In 2008, the Federal Ministry of Transport, Building and Urban Development drew up the "Freight Transport and Logistics Masterplan" to promote Germany as a logistics hub. On the basis of this framework, an immediate action program entitled "Seaport Hinterland Traffic" was developed and a financing agreement concluded between infrastructure companies and the Federal Ministry. The program encompasses 24 project clusters with over 50 small-scale investment projects. The measures are intended to create additional infrastructure capacity in the immediate vicinity of seaports and hinterland areas. The capital expenditures program includes additional passing loops, switch connections and signal blocks. Total capital expenditures for the immediate action program amounts to over € 300 million.

By the end of the year under review, a total of 37 sub-projects, corresponding to 11 project clusters, had been completed. Capital expenditures amounted to around € 46 million. Most of the measures implemented during the year under review were in Bremen, on the Hamburg–Berlin line and the Nuremberg–Passau mainline. Some of the measures commissioned from the project clusters included the improved integration of the port of Mannheim into the network and improvements to the Bebra–Fulda line.

CAPITAL EXPENDITURES IN NEW EMERGENCY TRAINS AND CRANE VEHICLES

We purchased seven new emergency rescue trains for the Hanover–Würzburg and Mannheim–Stuttgart high-speed lines. Contracts were signed in September 2012, and capital expenditures volume amounted to a total of approximately € 80 million.

We also purchased five new crane vehicles for emergency systems. In October 2012, the contracts were signed for the undercarriages, superstructures, three 160-ton cranes and two 100-ton cranes. The new crane vehicles will be commissioned successively over the next six years. The capital expenditures volume amounted to a total of around € 60 million.

HIGH DEMAND CONTINUES FOR TRANSSHIPMENT TERMINALS FOR COMBINED TRANSPORT

In the 24 transshipment terminals operated by Deutsche Umschlaggesellschaft Schiene Straße mbH (DUSS), it was possible to stabilize transshipment volume at the previous year's high levels with around 2.1 million transport units. Declines in demand for international transport to Southern Europe due to the overall economic climate were compensated for by the increasing volume of seaport hinterland traffic and national traffic. As a result, there remains a strong interest in the use of environmentally friendly combined transport on the rail infrastructure.

In the year under review, important milestones were reached in the expansion of terminal infrastructure. The ultimate goals are to promote combined transport as a sustainable alternative and to increase the volume of transshipments by shifting transport onto the rail network. In addition, third modules were commissioned in the Munich-Riem, Hamburg-Billwerder and Cologne Eifeltor terminals. Roughly € 99 million was invested in total. By expanding capacity, we have been able to remove bottlenecks at the most frequented transshipment terminals.

OTHER EVENTS IN 2012

- Train-path applications for the 2013 timetable increased by around 6 6% to just under 60,000
- By concluding the financing agreement for the expansion of the Knappenrode – Horka - German/Polish border line in March 2012, the Federal Ministry of Transport, Building and Urban Development and DB Netz AG gave the green light for a vital project A total of approximately € 420 million will be invested in expanding the line over the course of the next few years The main focus of the construction work will be dual-track expansion and electrification over around 52 kilometers and the installation of modern signaling technology
- In June 2012, the Federal Ministry of Transport, Building and Urban Development and DB Netz AG signed a financing agreement for the Lehrte hub Over the next few years, approximately € 100 million will be invested in expanding the tracks, building three new transshipment cranes and installing modern technology An innovative sorting yard will also be built, and test operations are expected to commence at the end of 2015 With these construction measures, we have taken the necessary capacity expansion into account on the basis of expected growth in seaport freight transport
- In October, the Federal Ministry of Transport, Building and Urban Development and DB Netz AG concluded the financing agreement for the second phase of the Halle/Leipzig hub project Total capital expenditures of around € 252 million over the next few years will serve to finance the renewal and refurbishment of rail infrastructure in order to integrate the new train formation yard and the northern junction of the Berlin – Halle/Leipzig expansion line (VDE No 8 3) into the Halle rail hub

MARKETS AND STRATEGY

The rail infrastructure expertise of DB Group is concentrated under the umbrella of DB Netze Track We have established a firm, sustainable infrastructure partnership with the Federal Government by means of a ***service and financing agreement (1)*** in order to secure the high quality and availability of Germany's rail infrastructure in the long term The service and financing agreement is now in its fourth year In early 2011, we also concluded the ***rail financing cycle (1)*** with the Federal Government with the aim of promoting demand-oriented expansion of rail infrastructure

The strategy within the business unit is based on the three dimensions of the DB2020 strategy

- Customer and quality aside from creating additional capacity, our mission is to modernize and maintain the existing rail network efficiently and in line with requirements Integrating capital expenditure and maintenance planning as well as concentrating construction sites into corridors and integrating them into the timetable will ensure the most efficient use of resources At the same time, we will minimize the knock-on effects for our customers in passenger and freight transport This allows us to guarantee high availability and quality of rail infrastructure in spite of ever-increasing transport volume
- Profitable growth by developing rail infrastructure in line with customer and market requirements, we are creating the foundations for not only the DB Netze Track business unit, but also the entire rail transport sector, in order to seize growth opportunities in the industry Our network development strategy forms the long-term basis of a high-quality, reliable and secure range of rail transport options – at fair prices Our expansion and new construction projects are removing bottlenecks and providing sufficient capacity to handle future transport growth Within the scope of the network plan "Netzkonzeption 2030," we are investigating the requirements rail passenger and freight transport customers will place on the rail infrastructure in 2030 and are gearing our network development strategy towards these requirements In order to forge ahead with the demand-oriented expansion of the rail infrastructure, we have established a new infrastructure financing instrument in the form of the ***network fund (1)***
- Top employer highly trained, satisfied employees are absolutely key to our success Ensuring a positive work-life balance, offering attractive jobs and employment conditions, and intensive communication between central and decentralized units are therefore important targets With our personnel action plan, we have launched initiatives to ensure that we can meet our future personnel requirements with qualified employees, preserve the employability of our older personnel and allow parallel employment Through the innovation prize launched in 2011, we make use of the extensive knowledge of our employees and actively involve them in the development of the company
- Eco-pioneer by implementing both conventional and innovative noise reduction measures and a noise-based train-path pricing system, we are making an important contribution to the reduction of noise pollution caused by rail transport as well as increasing public acceptance of this

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mode of transport Furthermore, we are also reducing our CO_2 emissions – for example, through the energy-focused renovation of our factories – and increasing efficiency in the use of materials and resources by recycling tracks, ties and ballast

BUSINESS DEVELOPMENT

Business development in the DB Netze Track business unit was positive during the year under review in spite of falls in demand for rail freight A positive contribution to profits came from the restructuring of DB Bahnbau The relatively mild winter compared with the previous year had a positive effect on the cost of materials Net capital expenditures rose as a result of increased DB funds in various projects, whereas the development of gross capital expenditures was chiefly characterized by the omission of the economic stimulus programs in the previous year

DB Netze Track Selected key figures – € million	2012	2011	CHANGE absolute	%
Length of line operated	33,238	33,378	-140	-0 4
Train kilometers on track infrastructure (million train-path km)	1,038	1 050	-12	-1 1
thereof non-Group customers	230 5	219 8	+10 7	+4 9
share of non-Group customers (%)	22 2	20 9	-	-
Total revenues	4,709	4,642	+67	+1 4
External revenues	980	961	+19	+2 0
share of total revenues (%)	20 8	20 7	-	–
EBITDA adjusted	1,822	1,624	+198	+12 2
EBIT adjusted	894	715	+179	+25 0
Operating profit after taxes	453	331	+122	+36 9
ROCE (%)	5 0	4 0	-	-
Capital employed as of Dec 31	17 895	17 911	-16	-0 1
Net financial debt as of Dec 31	10 485	10 186	+299	+2 9
Redemption coverage (%)	13 1	12 1	–	-
Gross capital expenditures	5 033	5 143	-110	-2 1
Net capital expenditures	962	765	+197	+25 8
Employees (FTE as of Dec 31)	41,400	41,136	+264	+0 6

Train path demand fell slightly by 1 1% in the year under review as a result of declines in rail freight transport Increases in demand from non-Group railways in regional transport were only able to partially compensate for this development

Revenues rose by 1 4% in the year under review, primarily as a result of positive price effects The development of external revenues reflects the increases in demand from non-Group railways, which resulted from the acquisition of transport contracts in regional transport as well as from growth in rail freight transport Other operating income also increased significantly (+13 8%) Increased income from the reversal of deferred income and provisions as well as from the disposal of property, plant and equipment was particularly noticeable

The cost of materials fell in the year under review (-1 1%) on account of lower costs for maintenance due to the phasing-out of economic stimulus programs and for winter services This positive development was tempered somewhat by increased costs for rail transport services and energy Personnel expenses (+4 0%) rose as a result of wage increases and the slight year-on-year increase in the number of employees The fall in other operating expenses (-2 0%) can be put down to lower losses from the disposal of property, plant and equipment and intangible assets Increased leasing costs and expenses for purchased IT services had a negative effect Depreciation rose slightly as a result of increased capital expenditures

In total, adjusted EBITDA rose by € 198 million to € 1,822 million, and adjusted EBIT rose by € 179 million to € 894 million

As a result of an increase in negative operating net interest income due to lower effects relating to the compounding of interest-free loans, the absolute increase in operating profit after interest was somewhat weaker (+ € 122 million to € 453 million)

The slight decline in capital employed as a result of capital expenditures and the significant increase in adjusted EBIT led to an increase in ROCE to 5 0%

The increase in net financial debt (+2 9%) was chiefly the result of the internal restructuring of provisions for pensions The devaluation of property, plant and equipment (real estate and ties) had an opposite effect In spite of the rise in net financial debt, redemption coverage improved slightly to 13 1%

Gross capital expenditures were only slightly down year on year (-2 1%) despite the phase-down of the economic stimulus programs This was primarily due to significant increases in net capital expenditures The key areas of capital expenditures are detailed in the chapter *Capital expenditures* (1)

The number of employees (+0 6%) rose slightly year on year as of December 31, 2012, in particular due to recruitment for the purposes of securing young talent and as a result of high manufacturing penetration in track services

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DB Netze Stations business unit

INFRASTRUCTURE IMPROVEMENT ACCELERATION PROGRAM LAUNCHED

The Federal Government provided € 1 billion of funds for the infrastructure improvement acceleration program launched at the start of 2012 € 100 million of this is to be invested in the modernization of small and medium-sized stations

By the end of 2013, modernization work is to be financed at around 260 different stations with the aim of improving overall appearance, providing wheelchair access, enhancing safety and improving passenger information Besides raising existing platforms and constructing new platforms, the measures also include equipping stations with new lift systems, escalators, waiting rooms, lighting, PA technology and passenger information systems The majority of the individual projects have already been planned, and work has already begun at around 40 different stations

LEASING IN STATIONS

Despite the poor economic climate in 2012, leasing in stations developed positively over the course of the year Revenues have increased by an average of 3 8% annually since 2005 Leasing area in stations encompasses a total of around 1 1 million m² – 600,000 m² of which is accounted for by retail spaces Over the course of the year, over 96% of total area was leased on average Overall, we have 12,000 tenants among our business partners

OTHER EVENTS IN 2012

> In November 2012, work began on the first ***"Green Station" (1)*** in Kerpen-Horrem, North Rhine-Westphalia
> In the year under review, a total of 96 stations were given full wheelchair access At smaller stations, steps are being replaced with ramps, while lifts are being installed at most medium-sized and large stations Over two-thirds of our platforms are now fully accessible without any steps

MARKETS AND STRATEGY

With around 5,400 stations, DB Netze Stations is the largest station operator in Europe Through its extensive coverage, the business unit provides over seven million passengers per day in Germany with access to the rail network The DB Netze Stations business unit is a key element for transforming train stations into the interfaces of a mobile society

The strategy within the business unit is based on the three dimensions of the DB2020 strategy

> Customer and quality we ensure the long-term enhancement of the attractiveness and value of our station portfolio on the basis of a quality-oriented and established portfolio strategy We are able to drive forward our demand-oriented modernization strategy as in the last few years in close cooperation with the Federal Government and local authorities The infrastructure improvement acceleration program focuses on expanding accessibility and improving the overall appearance of selected stations, for example Further measures such as the development of passenger information services and the creation of customer-oriented control systems have added impetus on our way to increase customer satisfaction and guarantee high-quality station operation
> Profitable growth The business unit has generated continual and stable growth over the past few years Over one-third of revenues originates from the commercialization of space in concourse buildings at around 1,250 different stations We continually and systematically identify potential new locations suitable for leasing and then develop them accordingly Furthermore, we are always striving for absolute efficiency in station operation in order to cover the costs of our growth strategy
> Top employer on our way to becoming a top employer, we want to strengthen employee loyalty through continuous improvements in employee satisfaction On the basis of the survey conducted among employees in 2011, around 1,400 measures were implemented during the year under review to increase employee satisfaction within the business unit The further development of our corporate culture is to be stabilized even more through the Group-wide employee survey conducted during the year under review
> Eco-pioneer As an operator of a complex portfolio of assets, the business unit is an essential part of DB Group's role as an eco-pioneer As a result, we consistently implement measures such as the gradual switchover to LED lighting in order to reduce energy consumption The ***"Green Station" concept (1)*** will be implemented at the stations in Kerpen-Horrem and Lutherstadt Wittenberg

BUSINESS DEVELOPMENT

An increase in station stops and leased space had a positive effect on the development of DB Netze Stations in the year under review Furthermore, expenses were reduced as a result of the phasing-out of economic stimulus packages However, the rise in personnel expenses as a result of wage increases had a negative effect, as did energy price rises

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DB Netze Stations Selected key figures – € million	2012	2011	CHANGE absolute	%
Passenger stations	5,350	5,391	-41	-0.8
Station stops	143.4	142.3	+1.1	+0.8
thereof non Group customers	26.5	24.7	+1.8	+7.3
Total revenues	1,102	1,077	+25	+2.3
thereof station revenues	738	717	+21	+2.9
External revenues	416	400	+16	+4.0
EBITDA adjusted	359	351	+8	+2.3
EBIT adjusted	230	226	+4	+1.8
ROCE (%)	7.9	7.9	–	–
Capital employed as of Dec 31	2,906	2,853	+53	+1.9
Net financial debt as of Dec 31	1,406	1,320	+86	+6.5
Redemption coverage (%)	20.0	21.0	-1.0	-4.8
Gross capital expenditures	552	547	+5	+0.9
Net capital expenditures	178	144	+34	+23.6
Employees (FTE as of Dec 31)	4,797	4,817	-20	-0.4

The number of station stops increased by 0.8% in the year under review. Volume effects from non-Group railways had a particularly positive effect.

The increase in total revenues (+2.3%) is due to higher station revenues resulting from price and volume factors as well as higher rental and leasing revenues. The positive development in the retail sector was reflected in rental revenues. The increase in external revenues reflects the increased number of station stops of non-Group railways. Other operating income fell significantly due to a reduction in subsidies for project work following the phase-down of economic stimulus packages as of the end of 2011.

In terms of costs, personnel expenses (+4.4%) rose as a result of wage increases, whereas cost of materials (-10.3%) were down considerably due to the phase-down of economic stimulus packages at the end of 2011. Depreciation was slightly higher than in the previous year.

Overall, revenue growth resulted in EBITDA increasing by € 8 million to € 359 million and adjusted EBIT rising by € 4 million to € 230 million.

As EBIT and capital employed developed at an almost equal pace, ROCE remained unchanged.

Net financial debt increased, particularly as a result of the internal transfer of pension provisions. In addition, redemption coverage deteriorated slightly to 20.0%.

Whereas gross capital expenditures (+0.9%) remained more or less stable year on year as a result of the phase-down of economic stimulus packages and the simultaneous launch of the ***Infrastructure improvement acceleration program (1)***, net capital expenditures (+23.3%) increased significantly as a result of increases in the capital expenditure contribution from our own funds. The key areas of capital expenditures are detailed in the chapter ***Capital expenditures (2)***.

As of December 31, 2012, the number of employees saw only a slight decline year on year as a result of staff turnover.

DB Netze Energy business unit

EVENTS IN 2012

> As of January 1, 2012, DB Netze Energy reduced the costs for traction current by an average of 4% and is therefore passing the average network fee reduction and increases in energy feed-in tariffs on to the customer in full.

> In August 2012, the ***most powerful photovoltaic system (3)*** on a DB Group site was commissioned in Wittenberge, Brandenburg.

> We concluded another long-term agreement with E.ON for the ***provision of eco-power (4)*** from hydropower sources for rail transport in Germany.

MARKETS AND STRATEGY

The main responsibilities of the DB Netze Energy business unit are to guarantee a reliable supply of power to meet the energy requirements of train operating companies and the procurement of sustainable energy. The business unit has a high-performance infrastructure for the provision of electricity and diesel to mobile and stationary consumers. On the basis of this, we offer Group and non-Group customers electricity, diesel, gas, heat and innovative energy services under attractive conditions. By means of structured energy procurement and intelligent network usage, our aim is to compensate for the negative effects of volatile commodity prices as much as possible.

The strategy within the business unit is based on the three dimensions of the DB2020 strategy.

> Profitable market leader: as a profitable market leader in the area of traction current, DB Netze Energy provides its customers with outstanding supply security. That means we have already exceeded the target agreed upon with the Federal Government in the LuFV. This quality is also reflected in the high level of customer satisfaction. We strive to retain this high level of quality and to continue to offer our customers attractive products in the future.

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- Top employer with our transparent information and communication culture, we want to reinforce our position as a top employer with a high degree of employee satisfaction. Furthermore, we have also developed measures to counteract demographic change and increase the proportion of women within the business unit.
- Eco-pioneer: by 2050, we want to ensure that 100% of traction current originates from renewable sources. In passenger and freight rail, customers have already been able to reduce their carbon footprint by taking advantage of products based 100% on renewable energy. In order to meet demand for eco-power, ***supply agreements have been concluded for electricity (1)*** from hydroelectric and wind power sources. In addition, DB Energy is also committed to increasing energy efficiency throughout DB Group and is a driving force behind energy innovation such as electromobility.

BUSINESS DEVELOPMENT

In the year under review, DB Netze Energy had to deal with price trends and changes to legal frameworks in energy markets as a result of the transition towards more renewable energy sources in Germany. Furthermore, the overall economic climate had a negative effect on demand for traction current and stationary energy. In addition, we had to comply with legal regulatory requirements. Success was achieved within the scope of the procurement and pricing strategy as well as in the portfolio optimization process.

DB Netze Energy Selected key figures – € million	2012	2011	CHANGE absolute	%
Traction power (16.7 Hz) (GWh)	10,403	10,427	–24	–0.2
Stationary energy (50 Hz and 16.7 Hz) (GWh)	1,699	1,719	–20	–1.2
Diesel fuel (million l)	469.8	480.1	–10.3	–2.1
Total revenues	2,832	2,853	–21	–0.7
External revenues	1,079	1,084	–5	–0.5
EBITDA adjusted	173	159	+14	+8.8
EBIT adjusted	91	80	+11	+13.8
ROCE (%)	9.4	8.9	–	–
Capital employed as of Dec 31	969	896	+73	+8.1
Net financial debt as of Dec 31	315	218	+97	+44.5
Redemption coverage (%)	29.5	32.6	–3.1	–9.5
Gross capital expenditures	149	207	–58	–28.0
Net capital expenditures	72	92	–20	–21.7
Employees (FTE as of Dec 31)	1,626	1,584	+42	+2.7

Despite sales of traction current remaining stable year on year during the year under review, declines in demand as a result of the economic climate and particularly in rail freight transport led to a decrease in diesel fuels (–2.1%). Sales of stationary energy also fell slightly by 1.2%.

As a result, revenues fell year on year in the year under review (total revenues: –0.7%, external revenues: –0.5%).

The increase in other operating income is primarily the result of one-off effects from insurance payments as well as the reversal of provisions.

The slight decline in volume combined with the successful realization of the procurement strategy in the conclusion of contracts and hedging transactions, as well as optimized power plant usage, led to a decrease in energy purchasing expenses. Coupled with the non-recurrence of a negative one-off effect from the closure of the Neckar joint power plant (GKN I) in 2011, the cost of materials fell by 1.5%. As a result, the increase in other expense items was more than offset. Alongside wage increases, the implementation of regulatory requirements in business processes and IT systems had a particular effect on personnel and other operating expenses. Depreciation rose during the year under review due to the modernization of energy supply infrastructure.

As a result, the disproportionate decline in expenses in comparison to revenue development led to an improvement in adjusted profits. Adjusted EBITDA increased by € 14 million to € 173 million, while adjusted EBIT improved by € 11 million to € 91 million.

The increase in adjusted EBIT also resulted in a significant improvement in ROCE, despite the considerable increase in capital employed.

Net financial debt increased significantly year on year as of December 31, 2012 as a result of a rise in property, plant and equipment and one-off effects from the closure of GKN I as of December 31, 2012. This reduced redemption coverage slightly to 29.5%.

Both gross and net capital expenditures fell significantly year on year. This was attributable to the expiry of economic stimulus packages and measures from the previous year relating to the closure of GKN I. The key areas of capital expenditures are detailed in the ***Capital expenditures (2)*** section.

The number of employees as of December 31, 2012 increased by 2.7% year on year. The reason behind this development was the implementation of the energy industry's regulatory requirements.

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Customer and quality

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

With the DB2020 strategy, we have created a framework approach that combines the parameters comprising economic, social and ecological factors in order to ensure the sustainable success of our company and social acceptance. As a profitable market leader, our goal is to provide our 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 our four ***strategic directions (1)***.

We have already initiated a number of measures aimed at improving customer and quality orientation. In the year under review, we placed a particular emphasis on ensuring and improving customer satisfaction and product quality. As part of our ***new Group-wide target system (2)***, 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. We spent roughly € 298 million on our 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. Our preparations for winter 2012/2013 included the expansion of the following measures that had been initiated in the previous years:

> Increasing clearing and safety teams by around 3,000 people to more than 21,000 employees.
> Additionally equipping around 6,800 switches with switch-lock compartment covers to protect the movable switch parts from snow and ice. By the end of the year under review, a total of approximately 7,600 switches, some 11% of all switches, had been fitted with approximately 15,500 covers.
> Expansion of the snow removal fleet by 11 vehicles to a total of 62 snow removal vehicles.
> We invested in a new deicing facility for long-distance trains. As a result, DB Group had a total of seven facilities (plus one test facility) at the end of the year under review. In addition, we increased the number of defrosting tents in regional transport by three tents in the year under review, bringing the total up to 12. We also increased the number of heaters and outdoor cleaning systems by four each to 287 heaters and 18 outdoor cleaning systems.

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 Group-wide philosophy developed within this context addresses all the dimensions and strategic directions of DB2020. Our goal is to reliably keep our product promise to our customers. To do so, we intend 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 (3)*** 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 our customer and quality strategic directive. The central indicator of this is punctuality performance in the individual business units. In passenger transport, our customers measure quality first and foremost on the basis of punctuality. Connection quality is another important benchmark and one we intend to reliably ensure for our customers.

To ***measure punctuality (4)***, we always measure the scheduled arrival time in comparison to the actual arrival time for each train. We summarize the result for punctual trains and trains with a delay of up to a specified time period to calculate the degree of punctuality.

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Punctuality passenger transport (rail) – %	2012	2011	2010
German rail passenger transport	94.6	92.9	91.0
DB Bahn Long Distance	79.1	80.0	72.6
DB Bahn Regional	95.1	93.2	91.5
Regional trains	93.3	93.2	89.6
S-Bahn (metro) d c	95.6	95.5	94.9
S-Bahn (metro) a c	96.9	98.0	97.0
DB Arriva	91.9	93.6	91.9

In the year under review, we 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%). We were 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, we 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, we continued to pursue the projects launched in the previous year aimed at improving the quality of our services. For instance, we constantly analyze the reasons for delays and use 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 our 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

Punctuality rail freight transport – %	2012	2011	2010
Punctuality (15 minutes) in Europe	69.9	68.0	-

We also measure the punctuality of our 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

Infrastructure product quality in Germany – %	2012	2011	2010
DB Netze Track			
Total punctuality[1]	93.7	93.6	-
DB Netze Stations			
Facilities quality	3.04[2]	3.06	3.09
DB Netze Energy			
Supply reliability	100.00	99.99	99.95

[1] Non Group and DB Group train operating companies.
[2] Preliminary figure as of February 2013.

The product quality indicators in our infrastructure business units improved noticeably in the year under review. Overall punctuality for our 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 our 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 us To do so, we focused on expanding our 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 our products and services in rail passenger transport in a timely manner

GERMANY

Customer satisfaction passenger transport in Germany – SI	2012	2011	2010
Long distance transport	62	62	61
Night trains	72	70	66
Car trains	70	68	70
Regional transport	67	66	67

In 35 studies, we survey roughly 140,000 passengers and approximately 1,800 business partners in Germany every year regarding their perception of our services We differentiate 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, we are 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 our 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 our "spring cleaning," all stations underwent comprehensive cleaning in the year under review The quality of the cleaning is assessed monthly by means of the "BahnhofsQualitätsCheck" (station quality check) standard process In the year under review, the average grade for this assessment was 2 2, as in the previous year

We surveyed our business customers in all three Infrastructure business units during the year under review

Customer satisfaction rail infrastructure in Germany – SI	2012	2011	2010
DB Netz AG	73	74	73
DB Station&Service AG			
Stations (private customers)	69	68	68
Stations (train operating companies and transport authorities)	59	56	53
Tenants	73	74	70
DB Energie GmbH	77	77	76
Traction current and stationary energy	75	78	77
Energy services	81	75	73

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, we received positive grades 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)

MEASURES AIMED AT IMPROVING PRODUCT AND SERVICE QUALITY

As in previous years, we resolved, introduced or implemented numerous measures in the year under review aimed at improving the quality of our products and services

Passenger Transport

TICKETING

- The new DB Tickets app makes cell phone tickets available quickly and easily, without the need for a ticket to be sent via MMS The link to DB Navigator ensures that relevant trip information is available at all times
- Our customers can now also use PayPal to pay for tickets purchased online via bahn de
- Thanks to the continued development of the savings price finder (Sparpreis-Finder) on bahn de, we are now also able to offer special prices for international connections in 16 European countries
- With the schedule change in December 2012, we introduced graphic seat reservation Long-distance transport customers can use this feature on 75% of ICE connections
- The user-friendliness of the online ticketing system on bahn de has been improved thanks to a new page format, optimized texts, intuitive user prompting and the optical adaptation of the Web pages for use on tablets
- The integration of hotel reservation site HRS on bahn de offers our online customers an improved combination of train ticketing and hotel reservation
- Touch&Travel has been available in the area covered by the Rhine-Main transport association (Rhein-Main-Verkehrs-verbund, RMV) and on Sylt since the year under review

CUSTOMER INFORMATION

- The delay alarm (Verspätungs-Alarm) pilot project for customers has been launched. We inform our customers by e-mail in the event of a train delay of more than ten minutes or in the event of other disruptions. Additionally, they receive a link to a page with their personal connection and the corresponding disruption information. Customers can also access alternative connections, if necessary.
- DB Navigator now offers up-to-the-minute information on the arrival of local transport trains. Delays were previously shown in five-minute increments.
- We were able to take a further step toward offering an intermodal information platform by adding real-time information on bus connections to bahn.de.
- Thanks to the new online itinerary, customers with online tickets can access individualized real-time travel information.
- With the "Navi S-Bahn München" for the Munich S-Bahn, passengers can access information about current train positions and updated forecasts for every S-Bahn (metro) train and every station online or using a mobile app.
- HaCon Ingenieurgesellschaft mbH and DB Bahn Regio Bus have signed a contract for a computer-supported operational control system known as "RBL Light." The system provides more comprehensive passenger information and makes it easier for passengers to reach their connections between buses and trains.
- The company is launching Google Transit in Germany on the basis of our cooperation with Google. The app integrates local and long-distance train connections into Google Maps' route planner.

BAHNCARD

- Until the end of July 2012, private customers with the trial BahnCard 25 traveled CO_2-free using 100% eco-power. The price of € 29 included a contribution of € 4, which we used to purchase eco-power from renewable energy sources that was additionally fed into the traction current grid.
- In Berlin, we launched the BahnCard 25 mobil plus pilot project to create a combined mobility card. The card also includes a monthly credit for the use of ***Flinkster (1)*** and ***Call a Bike (2)***. For a fee, the "VBB Environment Card" (VBB-Umweltkarte) can be topped off for use in Berlin's local transport.
- Since December 2012, our BahnCard customers can use the City-Ticket in 120 German cities to travel by bus, S-Bahn (metro), U-Bahn (subway) and streetcar to the departure station of their long-distance journeys.

OTHER

- We have expanded the offers of our mobility service center (Mobilitätsservice-Zentrale, MSZ) for accessible travel in regional and local transport. As a result, the number of stations offering these services has increased to 1,850.
- We have continued expanding Internet access in our ICE trains. The Mannheim–Freiburg line now also offers Internet access. By the end of 2012, some 1,700 kilometers of the ICE network were equipped with broadband Internet via hotspot.

Transport and Logistics

- We started introducing the new network rail production system in fall 2012. The system is the further development of our production process, which we are using to combine transport flows to form one new network.
- We are strengthening the high-growth intermodal sector by procuring new freight cars.
- DB Schenker Logistics is improving shipment tracking capabilities with the new Advanced Air & Ocean Tracking. The system offers a fast-search function with special filters and references as well as a notification feature. Moreover, the system can be customized on a customer-by-customer basis. DB SCHENKERsmartbox makes it possible for our customers to track ocean-freight containers around the clock in real time on a map using the global positioning system (GPS).
- A uniform CIM/SMGS waybill was successfully tested in rail freight transport between China and Europe. Its use in regular transport makes it possible to reduce transport times.
- DB Schenker set up a new international Web site: www.dbschenker.com. The user-friendly design of the user interface was an area of particular focus.
- DB Schenker Rail has started using European transport management (EUROM) for all north-south intermodal and automotive transport activities (including transalpine). Customers benefit from increased punctuality and speed as well as increased transparency in terms of improved transport control.

(1) > www.flinkster.de (2) > www.callabike-interaktiv.de

Services

- Thanks to a new cooperation agreement with Citroën, ***Flinkster (1)*** was able to expand its leading position among Germany's car-sharing providers. Since September 2012, we have been testing the first completely electric car-sharing program in Germany in Berlin, known as ***Multicity (2)***.

Infrastructure

- At businesses and restaurants in many train stations, we offer travelers the ability to get departure information on info monitors. The timetables also include quick response (QR) codes.
- Our drive to equip smaller stations with dynamic visual display units continues despite the end of economic stimulus programs. The customer information systems are now installed in almost 3,000 stations.
- The new Ringbahnhalle at Berlin's Ostkreuz station has been in operation since April 2012.
- As part of the German government's ***infrastructure modernization acceleration program (3)***, 260 stations have been modernized.
- We have launched the second accessibility program comprising renovation measures for more than 350 stations by 2015.
- In the future, Dresden central station will offer 11,000 square meters of new space for businesses. We are investing a total of approximately € 25 million in expanding space for businesses.
- By 2014, all 5,700 stations in Germany will feature weather protection.
- The immediate-action program for seaport hinterland traffic aimed at increasing capacity has been quickly implemented with capital expenditures of € 300 million.

AWARDS

- In the year under review, Chiltern Railways received the British ***"National Rail Award" (4)*** as "Passenger Operator of the Year."
- London Overground received the "National Rail Award" in the categories "Suburban and Metro" and "Small Station of the Year" for the complete redesign of the network, range of products and services, and operational excellence.
- DB Group procurement received the innovation prize from the German Association of Materials Management, Purchasing and Logistics (Bundesverband Materialwirtschaft, Einkauf und Logistik e.V., BME). The association honored the successful implementation of innovative concepts that have led to long-term improvement of company profits.
- Cargo 2000, the organization for quality standards in the air freight industry, recognized DB Schenker Logistics as a platinum member. By doing so, Cargo 2000 paid tribute to DB Schenker Logistics' leading position in air freight as well as the company's quality management. DB Schenker Logistics is one of only two logistics service providers and five carriers worldwide to have achieved this level of quality.
- DB Schenker Logistics took home two prizes at the 26th Asian Freight&Supply Chain Awards (AFSCAs). The company was recognized as "Best Road Haulier – Asia" and "Best Green Service Provider – Logistics Operator." The prize was awarded on the basis of criteria such as expertise, service standards, innovation, compliance with environmental standards, and investments in green technologies and initiatives.
- Germany's largest automobile club, Allgemeiner Deutscher Automobil-Club e.V. (ADAC), rated our Call a Bike bicycle rental service number one in Germany. ADAC tested bicycle rental services in 40 European cities. Criteria such as accessibility, user information, handling and bicycle quality were taken into account in the test.
- DB Services is the number one in-house facility management company in Germany, according to a study by market research institute Lündedonk.
- For the ninth time, the Pro-Rail Alliance chose its "Stations of the year." The prize is divided into a "City Train Station of the Year" award and a "Town Train Station of the Year" award. The stations of the year in 2012 were Bremen and Aschaffenburg.

(1) > www.flinkster.de (2) > www.multicity-carsharing.de (3) > Page 152 (4) > www.natrailawards.co.uk

Social

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

With the DB2020 strategy, we have created a framework approach that harmonizes economic, social and ecological factors in order to ensure the sustainable success of our company and social acceptance. In order to make our ongoing ***vision (1)*** a reality, we have set an ambitious goal in terms of social factors: we want to become a top employer.

DEVELOPMENT OF THE NUMBER OF EMPLOYEES

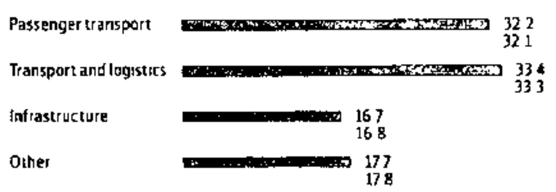
Employees by business unit as of Dec 31 – FTE	2012	2011	CHANGE absolute	%
DB Bahn Long Distance	15,947	15,976	-29	-0.2
DB Bahn Regional	36,959	37,131	-172	-0.5
DB Arriva	39,545	38,196	+1,349	+3.5
DB Schenker Rail	31,770	32,466	-696	-2.1
DB Schenker Logistics	64,199	62,197	+2,002	+3.2
DB Services	26,375	26,556	-181	-0.7
DB Netze Track	41,400	41,136	+264	+0.6
DB Netze Stations	4,797	4,817	-20	-0.4
DB Netze Energy	1,626	1,584	+42	+2.7
Other	24,890	24,260	+630	+2.6
DB Group	**287,508**	**284,319**	**+3,189**	**+1.1**
– Effects from changes in the scope of consolidation	-665	-	-665	-
DB Group comparable	**286,843**	**284,319**	**+2,524**	**+0.9**

Employees by business unit as of Dec 31 – natural persons	2012	2011	CHANGE absolute	%
DB Bahn Long Distance	16,963	16,938	+25	+0.1
DB Bahn Regional	38,551	38,681	-130	-0.3
DB Arriva	42,274	40,051	+2,223	+5.6
DB Schenker Rail	32,127	32,775	-648	-2.0
DB Schenker Logistics	67,005	65,044	+1,961	+3.0
DB Services	27,466	27,687	-221	-0.8
DB Netze Track	42,066	41,786	+280	+0.7
DB Netze Stations	5,046	5,052	-6	-0.1
DB Netze Energy	1,649	1,603	+46	+2.9
Other	26,200	25,555	+645	+2.5
DB Group	**299,347**	**295,172**	**+4,175**	**+1.4**

As of December 31, 2012, the number of employees (natural persons) within DB Group had risen to 299,347 (as of December 31, 2011: 295,172). Outside of Germany, the number of employees increased in the year under review by 3,264. The workforce within Germany also recorded growth, reaching 194,020 employees (as of December 31, 2011: 193,109).

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. On the basis of this calculation, DB Group had 287,508 employees as of December 31, 2012, an increase of 3,189 employees compared to December 31, 2011. The increase results primarily from the expansion of business in the DB Schenker Logistics and DB Arriva business units.

Employees (FTE) by divisions – %



Employees (FTE) by business unit as of Dec 31 – %	2012	2011
DB Bahn Long Distance	5.5	5.6
DB Bahn Regional	12.9	13.1
DB Arriva	13.8	13.4
DB Schenker Rail	11.1	11.4
DB Schenker Logistics	22.3	21.9
DB Services	9.2	9.3
DB Netze Track	14.4	14.5
DB Netze Stations	1.7	1.7
DB Netze Energy	0.6	0.6
Other	8.5	8.5

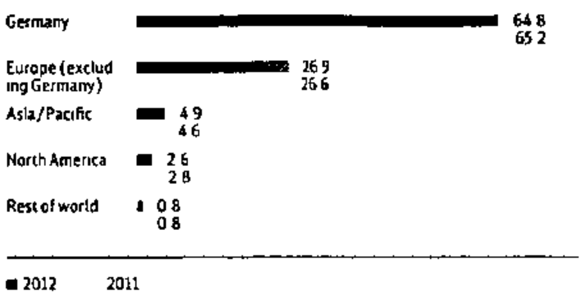
(1) > Page 66ff

Employees by region

Employees by regions as of Dec 31 – FTE	2012	2011	CHANGE absolute	%
Germany	186,222	185,404	+818	+0 4
Europe (excluding Germany)	77,205	75,754	+1,451	+1 9
Asia/Pacific	13 958	12 952	+1 006	+7 8
North America	7,592	7,864	-272	-3 5
Rest of world	2 531	2 345	+186	+7 9
DB Group	**287,508**	**284,319**	**+3,189**	**+1.1**

Employees by regions as of Dec 31 – natural persons	2012	2011	CHANGE absolute	%
Germany	194,020	193,109	+911	+0 5
Europe (excluding Germany)	81 055	78 686	+2,369	+3 0
Asia/Pacific	14,030	12,999	+1,031	+7 9
North America	7,704	8,133	-429	-5 3
Rest of world	2 538	2 245	+293	+13 1
DB Group	**299,347**	**295,172**	**+4,175**	**+1.4**

Employees (FTE) by regions as of Dec 31 – %



The number of employees in the regions Germany, Europe (excluding Germany) and, in particular, Asia/Pacific had increased noticeably as of December 31, 2012

In Germany, the rise resulted in particular from increased staffing requirements in the project construction business, Group management functions and the DB Netze Track business unit We hired a total of approximately 11,000 new employees in Germany and retained some 2,200 trainees in the year under review On the other hand, we lost employees due to staff turnover (approximately 8,700 employees) and retirement (approximately 3,600 employees)

In the region Europe (excluding Germany), the number of employees in the DB Arriva and DB Schenker Logistics business units increased

The decline in North America resulted from the restructuring of *US domestic business (1)* at DB Schenker Logistics

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, we will lose a growing number of employees as they reach the age of retirement, increasing our need to hire new staff At the same time, competition for young talents and well-educated specialists is getting stiffer

Employee loyalty[1] as of Dec 31	2012	2011	CHANGE absolute	%
Turnover of staff[2] (%)	2 3	2 1	–	–
Average years of service (years)	22 4	22 9	-0 5	-2 2
Average age of employees (years)	46 0	46 0	+0 0	+0 0

[1] Domestic rates excluding DB Schenker Logistics
[2] Excluding fluctuation due to retirement, excluding temporary employees

Within Germany, the average age of DB Group employees is 46 Around 44% of our employees are over the age of 50 To meet our future staffing needs, we will need to hire up to 7,000 new employees per year in the years to come Additionally, we must retain our 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

(1) > Page 123

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, we have defined three ***top goals (1)***:

- Increasing employee satisfaction: we intend to increase our employees' satisfaction in the long term. We have therefore been working for almost three years on further developing our corporate culture. In fall 2012, we conducted the first-ever Group-wide ***employee survey (2)*** in order to get the most comprehensive idea possible of our employees' satisfaction and derive specific measures for making improvements and changes.
- Strengthening our attractiveness as an employer: in order to continue winning over employees in the face of growing competition for specialists and executives, we intend to position ourselves on the labor market at large as an appealing employer through a strong employer brand. To do so, we have reorganized our 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: we intend 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 us 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, we 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 us 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

We intend to hone our profile as an attractive employer on the labor market in order to win over employees for DB Group.

For this reason, we reorganized DB Group's personnel recruitment in summer 2012. In doing so, we 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, we focus on our employees, showing them in typical working situations. By doing so, we communicate the diversity and multifaceted nature of DB Group as an employer with more than 500 different types of jobs and more than 50 types of trainee positions. Our ***new careers Web site (3)*** 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, we approach potential applicants at trade fairs and innovative recruiting events such as "Company Speed Dating" in order to arouse interest in DB Group as an employer.

(1) > Page 72 (2) > Page 147 f. (3) > www.db.de/karriere

We work 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, we make an early contribution to career orientation and positioning DB Group as an attractive employer (11) through our over 350 partnerships with schools (11) and our cooperation agreements with selected national and international universities and universities of applied sciences We intend to continue expanding and strengthening our partnerships with institutes of higher education both in Germany and abroad in the future

VOCATIONAL TRAINING

(11) Young talents as of Dec 31	2012	2011	CHANGE absolute	CHANGE %
Trainees	10,510	9,579	+931	+9 7
New appointments	3 801	3 592	+209	+5 8
Share of female trainees (%)	20 5	20 8	–	–
Management trainees	147	143	+4	+2 8
Interns	492	418	+74	+17 7
Dual degree students	987	835	+152	+18 2
"Chance plus" interns	315	400	-85	-21 3
Share of taken over young staff members (trainees and dual degree students) (%)	89 4	95 7	–	–

Not only is DB Group one of the largest employers in Germany, we are also one of the biggest providers of vocational training (13), with over 11,000 trainees, dual degree students and "Chance plus" participants Vocational training and dual study programs are the foundation of our efforts to secure the recruitment of skilled employees

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

As part of our "Chance plus" employment preparation program, we have 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" (13) 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 our vocational training within DB Group involves conveying service-based, social and methodological skills, such as entrepreneurial thinking, customer orientation, independence and team spirit

Personnel development

We secure our employees' expertise and commitment through strategically oriented and appealing personnel development (13) Throughout the process, we focus 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, we 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 (13) have been updated and aligned on a Group-wide basis We round 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

Our executives have a decisive influence on the culture within the company This is why we launched the 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 us ensure systematic and continual career support from one source In the year under review, some 43% of our executives benefited from the training program, which is constantly undergoing further development We reached roughly 8% more through dialogue forums DB Training – the 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, our 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, we plan to offer them prospects for every phase of their professional and private lives Our 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

We 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 us and our 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 (AgvMoVe) 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, we have 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, we are also committed to supporting part-time employment options for executives and are expanding our childcare options for the children of our employees in the form of nursery schools near our 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

(1) > Page 72

Further developing corporate culture

Cultural change is an integral part of our 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, we 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

OUR EMPLOYEES' OPINIONS COUNT

The Group-wide employee survey in fall 2012 was the next step in the cultural development process Our 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

We see the comprehensive survey of employee satisfaction as a tool for realistically gauging the opinions of our 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 us how satisfied – or unsatisfied – they were with DB Group and their jobs

A total of 185,687 employees (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 our employees are very interested in helping shape the company they work for

Response rates employee survey by business unit – %	2012
DB Bahn Long-Distance	51 1
DB Bahn Regional	58 4
DB Arriva	68 1
DB Schenker Rail	51 1
DB Schenker Logistics	68 0
DB Services	54 3
DB Netze Track	60 5
DB Netze Stations	64 6
DB Netze Energy	76 1
DB Group	61 4

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 One 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 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 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

We aim to conduct the employee survey every two years in the future This will enable us 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, we intend to create the basis for a Group-wide working partnership between HR departments based on trust In international project groups spanning various business units, we continually work on the issues affecting DB's personnel strategy with their international implementation in mind

In the year under review, we 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 We plan 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, we are planning several cross-unit international and regional dialogues on the future

EQUAL OPPORTUNITIES AND DIVERSITY

We support diversity and a cooperative spirit of partnership within the company As part of our corporate culture, we believe that every employee makes a contribution to the success of DB Group through his or her individual skills and that a diverse workforce (11) benefits our company We are therefore committed to putting the individual potential of our employees to good use

(11) Workforce diversity as of Dec 31 – %	2012	2011	CHANGE absolute	%
Share of female employees	22 5	22 2	-	-
in Germany	22 1	21 6	-	-
Employees in parental leave [1]	1,380	1 522	-142	-9 3
thereof women (roughly)	87 5	85 7	-	-
thereof men (roughly)	12 5	14 3	-	-
Share of physically disabled persons [1]	6 1	5 9	-	-
Share of taken over young staff members (trainees and dual degree students) (%) [1]	89 4	95 7	-	-

[1] Domestic excluding DB Schenker Logistics

One of our areas of action is to increase the proportion of women (12) We intend 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, we have expanded our diversity management (13) and enshrined it within the organization By expanding our partnerships with schools and institutes of higher learning, we intend to get more girls and women interested in technical careers As part of our project to encourage diversity in management, we have launched several measures to make it easier for employees to strike a balance between their careers and their families

Our new "Career and Kids" mentoring program (14), for instance, is aimed at supporting executives and up-and-coming executives with children on their career paths

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

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

Environmental

> POSITIVE INTERIM RESULTS FOR OUR 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, we have 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's why we've set ourselves the ambitious goal of being an eco-pioneer.

As a leading international mobility and logistics company, we assume responsibility for environmentally friendly transport for both our customers and ourselves. We set our goals on the basis of our customers' requirements, environmental compatibility and social responsibility. With our actions, we are raising the bar in the sectors we operate 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, we have defined three ***top targets (1)***.

> Our current climate protection program 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, we want 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, we want to source all traction current from renewable energies.
> Our noise reduction targets are no less ambitious. We want to halve noise pollution in Germany by 2020 compared with 2000 levels. The focus of our 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. We restructured our ***noise management team (2)*** in the year under review to ready ourselves 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.
> We are making a further contribution to environmental protection through enhanced materials and resources efficiency. By intensifying reconditioning of our production resources (such as vehicles and track material), extending service life and regularly analyzing our material cycles, we will reduce the material intensity in our value-added chain by a significant margin. Another ecological focal point is reducing pollution levels from our vehicles and taking environmental protection issues into account in both our operations and our construction activities.

We are in regular contact with our stakeholders when it comes to the issue of ecology. We provide consistent and transparent information on relevant projects.

Within the scope of the restructuring of our ***Sustainability reporting (3)***, we 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 (4)*** 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 (1)***. DB Group's environmental management system is ISO 14001-compliant and applies worldwide to all business units.

(1) > Page 72 (2) > Page 154 f. (3) > Page 73 (4) > Page 72 f.

FURTHER PROGRESS IN CLIMATE PROTECTION

In the year under review, we moved one step closer to our target of reducing Group-wide specific CO_2 emissions by 20% by 2020 in comparison to 2006 levels. According to the latest data, we were 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

Selected key figures – rail transport in Germany	2012	2011	CHANGE absolute	%
Specific primary energy consumption rail passenger transport (MJ[1]/pkm)	0.92	0.97	-0.05	-5.2
Specific primary energy consumption rail freight transport (MJ[1]/tkm)	0.37	0.38	-0.01	-2.6
Specific carbon dioxide consumption rail passenger transport (g/pkm)	53.2	54.6	-1.4	-2.6
Specific carbon dioxide consumption rail freight transport (g/tkm)	21.9	22.0	-0.1	-0.5
Emissions of soot particles by diesel vehicles in rail transport (t)	190	201	-11	-5.5
Nitrogen oxide emissions by diesel vehicles in rail transport (t)	10,608	11,280	-672	-6.0

[1] Megajoules

Data for 2012 corresponds with the findings and estimates made as of February 13, 2013. The effect of green products has been taken into consideration in the calculation of specific CO_2 emissions.

Since 1990, the start of our first climate protection program, we have 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.

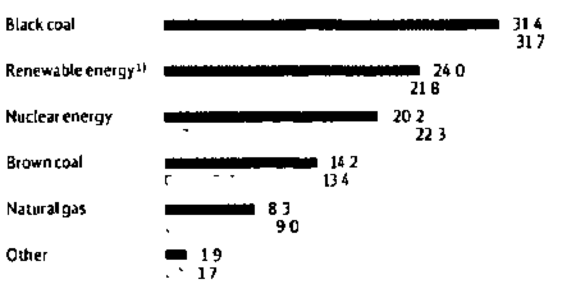
Increased use of renewable energy in the traction current mix

In the year under review, we 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, we have concluded long-term supply contracts for traction current from renewable energy sources. In the previous year, we 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, we 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 our CO_2-free products. This amount of energy – 283 gigawatt hours in the year under review – is reflected in our 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 35%.

Traction current mix – %



■ 2012 ■ 2011

[1] Not including energy procured from 100% renewable sources for our CO_2-free products.

Data for 2012 is based on findings and estimates available as of February 21, 2013 and is provisional.

(1) > www.db.de/sustainability

Green products reduce CO_2 emissions

PRODUCTS WITH 100% ECO-POWER IN PASSENGER TRANSPORT

With the "trial BahnCard 25 with 100% eco-power," we offered our 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 we have 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, we 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 our 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 we are tripling the percentage of renewable energy in long-distance travel

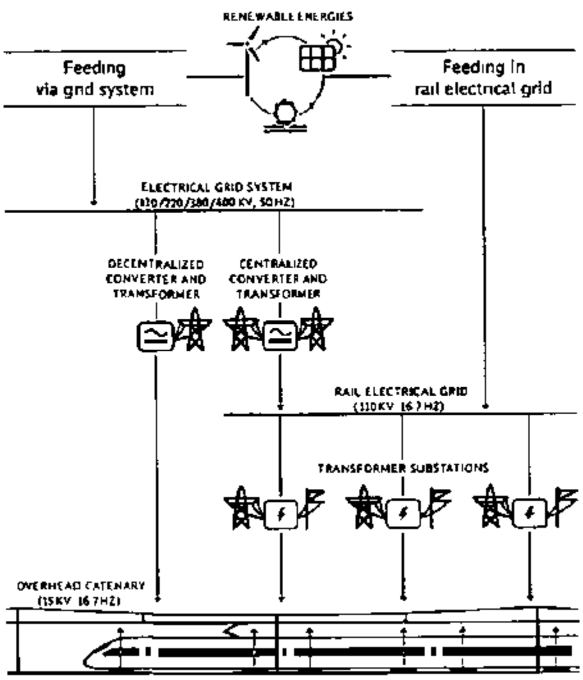
Furthermore, all rail business trips conducted by our employees have been carbon-free since 2010 and powered by renewable energy Together with our customers, we have saved a total of 170,000 tons of CO_2 emissions in comparison to the conventional energy mix

The energy volume is calculated on the basis of the ***"Environmental MobilityCheck" (1)*** This environmental calculator can be accessed online from our Web site's travel information page It calculates total energy consumption as well as CO_2 emissions and other emissions during any rail journey across Germany and many parts of Europe The calculator then compares those figures with an equivalent journey by car or by plane

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 (2)*** Available products range from CO_2-free freight transport, low-CO_2 logistics services and 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 Our ECO_2PHANT shows how much CO_2 a customer can save with DB Schenker The ECO_2PHANT is our 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 ECO_2PHANT, our customers 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

How are renewable energies transferred from the source to the train?



* Energy recovery brake system

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, we also offer our customers tailor-made programs

Eight customers currently use our Eco Plus product 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 our green Eco Plus product We purchase 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

(1) > www bahn de/umweltmobilcheck (2) > www dbschenker com/ecosolutions

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* (1)** 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* (2)**, EcoTransIT World has been included as an innovation in the EU ***SuperGreen* (3)** 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 our products and services in rail transport, we also see great potential for electric vehicles, particularly in urban transport. We create mobility concepts and products for our customers, which we then systematically refine and optimize.

NEW INTERMODAL BAHNCARD

We are pressing ahead with the expansion of our intermodal product range by incorporating electric vehicles into a BahnCard product. In early December 2012, we 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, we 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, we developed a brand-new flexible e-car-sharing scheme in conjunction with Citroën. Since September, we have been testing Germany's first-ever car-sharing service with pure-electric vehicles in Berlin under the ***Multicity* (4)** 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, our 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* (5)** project, we began the follow-up project "BeMobility 2.0" in the year under review. The Federal Ministry of Transport, Building and Urban Development is supporting the project for a further two years.
> Furthermore, in the German government's "Electric Mobility Showcases" program, we have 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, we have focused on resource-efficient innovations with an energy-efficient heating system and water-saving fittings. At the same time, we only used low-pollutant materials and FSC

(1) > www.ecotransit.org (2) > Page 140 (3) > www.supergreenproject.eu (4) > www.multicity-carsharing.de (5) > www.bemobility.de

(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, we 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

We have 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

Photovoltaic plants on DB sites expanded

Photovoltaic plants on DB sites – MW	2012	2011	CHANGE absolute	%
Total output	6 34	5 92	+0 42	+7 1

Since 1997, we have been making use of suitable areas and roof space by installing photovoltaic plants In the year under review, we built the largest and most powerful photovoltaic site yet in cooperation with our partners on an eight-hectare site in Wittenberge (federal state of Brandenburg) The plant has a peak capacity of 3 9 MW The electricity that is produced is fed into the public grid and covers the annual energy consumption of around 900 households This saves around 1,700 tons of CO_2 every year

A brand-new photovoltaic plant on the roof of the DB Vehicle Maintenance facilities in Kassel was also commissioned in December 2012

Installation of environmentally friendly lighting at stations

Since the start of the year under review, we have been busy bringing station lighting up to standard We have been replacing conventional lighting with modern LED technology, which saves electricity and, because LED lights last around five times longer than normal lights, reduces the amount of required maintenance There are around 1 million lights in our stations throughout Germany

Construction of the first carbon-neutral stations

In Kerpen-Horrem in North Rhine-Westphalia, Germany's first-ever carbon-neutral station is being built at a cost of around € 3 4 million Construction of a zero-emissions station building began in the year under review Another "Green Station" is to be built in Lutherstadt Wittenberg in Saxony-Anhalt

The "Green Station" pilot project is the first step towards a new generation of stations They combine the latest ecological standards with high levels of customer comfort thanks to innovative spatial and lighting concepts The first "Green Station" project brings together a range of different technologies The aim is to run the stations as carbon-neutral facilities in the future The photovoltaic plant produces 35,500 kWh of electricity per year Optimum air-conditioning is provided by a geothermal system and a solar thermal plant provides hot water The green roof ensures active rainwater management and a brand-new lighting concept combines the use of daylight with energy-saving LED technology

FURTHER REDUCTIONS IN RAIL NOISE POLLUTION

Another major part of our environmental activities 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 our ***new Group target system (1)***

Noise management activities reorganized

The "Noise Management" project was launched on September 1, 2012 The aim of this project is to realize our noise reduction goals To do this, Group-wide activities to reduce rail noise pollution have been coordinated and consolidated into a 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

(1) > Page 72

During the restructuring of our noise reduction activities, we 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 our 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.

In the year under review, we made further progress with our 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, we equipped more than 2,000 homes with noise-reducing windows and soundproof ventilators in the year under review. For 2013, we are 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, we invested an additional € 80 million to trial innovative technologies. DB Netz AG installed 13 new technology forms in the shape of 82 individual projects. We have focused our energies on the rail lines located in the Rhine valley. In the Middle Rhine Valley, for instance, we have 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

We also continue to focus on reducing noise pollution from freight vehicles. The ***EuropeTrain (2)*** 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 our freight cars 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, we 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, we are planning to convert around 10,000 cars. The only proviso is that the LL brake shoe is approved and available by the middle

(1) > www.db.de/laermsanierung (2) > http://europetrain.uic.org

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, we increased the number of freight cars equipped with K brake shoes by 710 from around 6,890 to over 7,600

CONSERVATION ACTIVITIES

The conservation of our environment and the natural world is of great importance to us We are often confronted with conservation issues both in our day-to-day operations and in the new construction and expansion of lines In many cases, rail transport and the natural world exist side by side without any problems and, in an ideal scenario, in complete harmony We seek solutions that make both ecological and economic sense wherever conflicts arise In order to quickly determine where rail infrastructure and the natural world come into contact, we use a geographical information system (GIS), which stores details of rail lines and all German conservation areas that are available in digital form

In order to guarantee the safety of our passengers, we carry out regular maintenance on our trains, tracks and track systems This also includes the regular removal of bushes and shrubs to ensure that these don't disrupt the gravel bed or block clear views of signals We only use chemicals in the direct proximity of the track area to make sure we do as little damage as possible to the surrounding environment For track systems, stations, pathways and public areas, we utilize environmentally friendly mechanical methods

We always take issues of conservation into account in the planning process when we build or expand rail lines This allows us to prevent any construction work from encroaching into natural habitats However, if there is no other option, then we always ensure that we carry out adequate mitigation or compensation measures for the area affected

Mitigation and compensation measures in the construction of the Saale-Elster bridge

In the year under review, we completed the construction of the Saale-Elster bridge on the new line between Erfurt and Leipzig/Halle One of the major factors behind the construction of the bridge, which commenced in 2006, was to minimize as much as possible damage to one of Germany's largest areas of riparian forests, which the new line crosses The bridge was constructed so as not to hinder the function of the natural floodplain, to take up as little space as possible and to preserve the ecological and hydrological balance of the wetland Furthermore, we also took into consideration the breeding season of the area's birds and used environmentally friendly materials We compensated for the unavoidable encroachment into this natural habitat through counterbalancing measures encompassing a total of 1,000 hectares of land Extensions to greenbelts, the planting of riparian forest and the restoration of bodies of water will preserve and restore the unique and diverse wetlands that serve as a natural habitat to wetland birds, storks, gray herons and amphibians

Assistance in relocation of wild horses

In the year under review, we supported a program to relocate a herd of wild horses near Hanau With this, we are demonstrating our commitment to conservation and the protection of species long before the start of the Rhine-Main/Rhine-Neckar project The herd of Przewalski horses was relocated to a former US army base near Großauheim, which is now a 100-hectare conservation area

Destination Nature expanded

Since 2001, we have 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, we promote 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

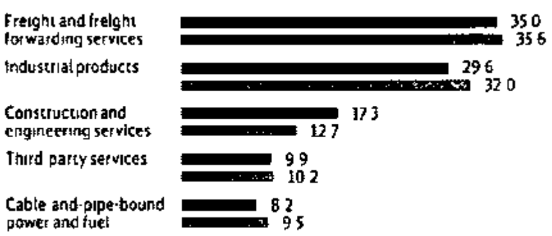
> PURCHASING VOLUME RISES TO € 29 4 BILLION
> DAMAGE CLAIMS AGAINST RAIL CARTEL
> POSITIVE SAFETY RECORD

PURCHASING VOLUME UP

To support our business units' ability to compete, we 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, we will continue working on measures aimed at optimization

Structure of orders placed – %



■ 2012 ■ 2011

In the year under review, purchasing volume 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

Significant contract awards in 2012

INFRASTRUCTURE

- In connection with the Stuttgart 21 project, contracts were awarded in particular for a valley crossing with a long-distance station The contract value was over € 300 million
- For the expansion of the line between Berlin and Rostock, we awarded contracts for equipment, track, and command and control technology The contract volume was approximately € 140 million
- Within the scope of the German unification transport project (VDE) no 8, we awarded a joint contract for equipping trains with ETCS, electronic interlockings and cellular communications systems (GSM-R) with a volume of more than € 90 million As part of the VDE 8 1 new Ebensfeld – Erfurt line, we awarded contracts for the planning and construction of overhead catenaries with an order volume of approximately € 28 million as well as for solid track in the section lot Central
- The contract volume for the construction of the S-Bahn (metro) connection of Berlin's central station with the city's northern inner ring totaled approximately € 70 million

VEHICLES

- We concluded framework contracts with Pojazdy Szynowe PESA Bydgoszcz Spółka Akcyjna (PESA) concerning the potential delivery of a total of up to 470 diesel multiple units for regional transport The contractual relationship envisions flexible vehicle concepts that differ in terms of the number of seats offered and maximum speeds The potential capital expenditure volume could total up to € 1 2 billion The vehicles can be ordered by the end of 2018, with an optional extension to 2020
- We signed a contract with Bombardier for the delivery of 16 electric double-deck multiple units for regional transport in Northern Germany The capital expenditure volume is approximately € 160 million Operational start is slated for 2014 in the Schleswig-Holstein Landesweite Verkehrsgesellschaft mbH (LVS) network

- We signed contracts with Alstom and Stadler for the delivery of a total of 42 electric multiple units for regional transport in North Rhine-Westphalia. The capital expenditure volume is approximately € 215 million. Operational start is slated for 2014 in the regions serviced by Verkehrsverbund Rhein-Ruhr (VRR) and Zweckverband Nahverkehr Westfalen-Lippe (NWL).
- We signed a contract with Alstom for the delivery of 38 diesel multiple units for regional transport in Rhineland-Palatinate as well as for separate lines in Hesse and Baden-Württemberg. The capital expenditure volume is approximately € 160 million. Operational start is slated for 2015 in the Southwest diesel network.
- We signed a contract with Bombardier for the delivery of 32 electric locomotives for regional transport. The capital expenditure volume is approximately € 108 million. With the order, we are exercising an option on an existing contract. The 146-series locomotives are intended to rejuvenate the existing vehicle fleet. Delivery is slated to begin in 2014.
- We awarded Bombardier a contract for the delivery of five electric double-deck multiple units for regional transport. The capital expenditure volume is approximately € 50 million. Operational transport start in the Federal states of Brandenburg, Berlin, Mecklenburg-Vorpommern and Saxony-Anhalt is slated to begin in 2014.
- We signed a contract with Siemens for the delivery of 23 electric locomotives for freight transport. The vehicles are to be used at DB Schenker Rail Polska. The capital expenditure volume is in the high double-digit million range. Delivery began in late 2012 and will be completed in early 2015. The contract also contains an option to purchase 13 additional vehicles.
- Significant savings were realized in the procurement of replacement parts thanks to tender procedures for wheels and sets.

TECHNOLOGY

- An EU tender procedure for network technology was completed for DB Systel. Significantly lower prices were obtained for a planned purchasing volume of more than € 100 million.

Strategic focus further developed

A central, uniformly structured procurement policy generates added value for DB Group. As part of the Group strategy, we 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, we 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 our opinion that DB Group has systematically suffered losses for many years. We therefore expect the companies involved in the cartel to provide full compensation for the losses involved. We will assert our 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.

We 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 we were unable to detect any constructive efforts towards reaching a settlement on behalf of the defendants. Some even broke off talks with us. The defendants are group companies belonging to ThyssenKrupp, Moravia Steel and Vossloh, as well as the former owners of Vossloh subsidiary Stahlberg Roensch GmbH.

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. We have 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.

We agree 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.

Restraint of trade complaint in France

On December 18, 2012, the French antitrust authorities reached a decision against SNCF in a case in which our subsidiary Euro Cargo Rail (ECR) acted as a petitioner. In the authorities' opinion, SNCF employed a variety of illegal practices to impede competition in the French rail freight transport market. The authorities imposed a fine of approximately € 60 million on SNCF and required it to end the practices. The decision has yet to become legally binding. ECR intends to assert its claim to compensation for the damages caused by the practices.

ADDITIONAL ISSUES RELATED TO OPERATIONS AND BUSINESS ACTIVITIES

Positive safety record

We presented our first safety report in early March 2012. Its main goal was to show more transparency, primarily towards our customers, and highlight that our trains and stations are safe. The report comprises safety-related events within DB Group, such as bodily harm, vandalism and property damage, regardless of whether the incident in question was a criminal act. The report does not include incidents at non-Group railways or fare evasion offenses.

Measures against non-ferrous metal theft

Non-ferrous metal theft continues to have a great impact on our customers by blocking lines and causing delays. In the year under review, we 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.

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

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

Our business activities are associated with risks as well as opportunities. Our business policy therefore aims to take advantage of opportunities through our ***opportunity management system (1)*** while also actively managing those risks identified within the framework of our risk management system. The information processing required for this takes place within our 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 our risk management system. 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.

Third-party assessments also play an important role in overall risk assessment. Alongside the internal risk assessment system, the DB Group rating and default risk is estimated by the three ratings agencies Moody's, S&P and Fitch. The favorable ratings given by these ratings agencies are in line with our internal estimates of our overall risk position.

Our analyses of risks, countermeasures, hedging and precautionary measures, together with the opinion of the Group Management Board based on the current risk assessment and our 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, we have created all of the conditions necessary to enable the early identification of possible risks. Our 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 our 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.

Our risk management system 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 our risk management system.

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

Our risk management system 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, our internal

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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 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 our control mechanisms in the form of a process-independent monitoring instrument, are focused on evaluating the adequacy and effectiveness of our internal control system 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 our mobility services and, in particular, for our transport and logistics services is dependent on overall economic development, among other things Economic growth fuels the megatrends underlying our strategy in our operating markets This means that macroeconomic shocks such as economic and financial crises can have a negative impact on our business 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 our 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 our customers' production structures should also be taken into account, as our customers are frequently faced with international competition

Our customers' economic development dictates the need for storage and transport services, which in turn affects our freight forwarding and logistics businesses

Market risks

We face stiff intermodal and intramodal competition in the German passenger transport market, particularly from motorized individual transport, which is our main competitor In order to strengthen our competitive position, we are continuously improving our service and performance On the supply side, we optimize timetables and can in some cases offer shorter journey times (for example following the completion of infrastructure projects) In terms of performance, we are implementing numerous measures to improve our services, such as through our ***customer and quality initiative (1)*** We closely monitor our ***punctuality (2)*** record and we use special offers as a means of improving our customers' perception of our prices In the coming years, we will also be investing heavily in our long-distance transport fleet

There is intense intramodal competition in regional transport throughout Europe for securing long-term contracts To succeed in this environment, we are constantly working to optimize our tender management and our cost structure so that we 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 We are reacting to the situation with measures aimed at further improving efficiency and lowering costs We are also optimizing our services and incorporating a comprehensive range of logistics services into our freight transport services

Our freight forwarding and logistics activities are affected in particular by the very competitive nature of the market We are responding to this by further expanding our networks and improving our cost structures, services and IT infrastructure

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

Operating risks

Our 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 our activities 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 our vehicle fleet (3)*** is essential for our operations Significant reductions in vehicle availability pose a threat to operating schedules We try 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 (2) 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 We combat 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 1 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, we try 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 our processes The nature of rail transport as an open system means that certain factors (such as accidents, sabotage and theft) over which we have only limited influence could have a negative impact on operations Our efforts in such cases focus on minimizing the potential effects

Technical risks

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

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The technical production resources used in rail transport must comply with applicable standards and requirements, which are subject to change. As a result, we may receive technical complaints concerning our vehicles. This leads to the risk that we 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, we 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, we have concentrated our activities in this area and are 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 our 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.

We respond to the risk of increasing energy prices by using appropriate ***derivative financial instruments (1)***.

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. We keep 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.

We have 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, we feel 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 our 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 we are to ensure DB Group's 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 our regional transport activities 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. We aim to counter this risk by adapting our service portfolio appropriately and increasing our farebox revenues.

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Financial risks

We use 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 our international business 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

Our very favorable credit ratings mean that we have excellent access to the capital markets In order to ensure the solvency and financial flexibility of DB Group at all times, we have cash and cash equivalents at our disposal, as well as credit lines, a € 2 billion commercial paper program and a € 20 billion debt issuance program We use a Group-wide cash pooling system to ensure that liquidity can be provided to Group companies as needed

In order to minimize default risk from derivative transactions, we have 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 We are 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 our 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 our 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 our rail infrastructure companies Risks in this regard are complaints and intervention Measures that threaten or even prevent DB Group from attaining reasonable returns in our 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 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

Our employees and their skills are essential to our continued success in the future Our 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 our efforts to boost our 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 We are 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 our recruitment organization

Additionally, when acquiring new companies, we endeavor to retain employees in key positions

Our staffing cost structure in relation to that of our competitors is a crucial factor in allowing us to remain competitive Additional one-sided burdens, such as higher collective wage agreements than those negotiated by the competition, have a negative impact on our competitive position 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 our ***Compliance department (1)*** 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 (2)*** 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 Our forward-looking IT management ensures that the necessary security measures are in place for our 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, we use redundant operational and data backup systems distributed across different locations, fail-safe systems, outsourced tape backup and separate administration structures Our wide area network (WAN) 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 our 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

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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 (1)***: 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 PRIVATE BOND PLACEMENTS WITH A VOLUME OF € 350 MILLION

In January 2013, we issued two bonds with a total volume of € 350 million through the Group's 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 (2)*** 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. We take 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. We therefore welcome 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 We expect economic growth to slacken in 2013 and even lead to recession in some countries

FUTURE DIRECTION OF DB GROUP

Future business policy

We want to assert our market positions in the 2013 financial year and stimulate organic growth in our business units In our DB2020 strategy, we have defined the strategic directions for the coming years, and we pursue these consistently We do not intend to make any fundamental changes to our business policy in the 2013 financial year

Future strategic focus

We continue to focus our strategy on the long-term megatrends in our markets, which, according to our analyses, continue to exist DB Group's strategic objective is laid down in our DB2020 strategy In the year under review, we began to implement our strategic approach, thereby incorporating the new social and environmental dimensions Our objective is to achieve sustainable success for our company and acceptance in society with a corporate approach based on sustainability

Future sales markets

Our opportunities for growth in the German passenger transport market are limited due to the high level of competition and antitrust laws Our main emphasis is therefore to defend our strong position in the market Our expectations for future growth in passenger transport are focused on our activities in European countries outside of Germany and on cross-border long-distance rail passenger transport

In the area of rail freight transport, our focus continues to be on the European market Following the expansion of our network in recent years, we are now well positioned on all of the central European corridors and can offer service connections as far afield as China

In the freight forwarding and logistics business, we do not expect any changes in the 2013 financial year in terms of our sales markets DB Schenker Logistics is already extremely well represented in all the key markets and regions

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, we expect 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, we expect 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, we do 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 We currently do 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, we expect to see a continued tense market situation and strong margin pressure in 2013

In the global air freight market, we expect 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

We expect 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 our most important industries as well as a continued economic growth in many core countries for contract logistics, we expect 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, we expect 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, we also expect a slight drop in demand for rail freight transport. Owing to the increase in regular services, we expect 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 PROCUREMENT AND FINANCIAL MARKETS

Anticipated development of the procurement markets

As in the previous year, we do not expect to encounter any major bottlenecks on the procurement side during the 2013 financial year. As the oil market is increasingly becoming an investment class for investors, oil prices are expected to continue to rise.

Besides the effects of the energy transition, electricity prices in Germany are likely to have more cyclical components. The continuing advance of renewable energies and the challenges that it brings are likely to place additional burdens on the consumer in the form of rising energy prices.

Overall, we anticipate a moderate rise in energy and raw material prices.

Anticipated development of the financial markets

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, we 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 (1)*** in Germany may have a noticeable impact on our business operations. In view of the current plans, however, we do 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. We intend to closely follow the developments here and align our activities accordingly.

ANTICIPATED INCOME SITUATION

DB Group

The development presented below is based on the assumptions made in our mid-term planning regarding the expected market, competition, and environment developments as well as the success of the implementation of planned measures. These assumptions and estimates are subject to an increasing degree of uncertainty with an increasing time horizon. This is particularly true in light of the fact that economic forecasts are to some extent highly uncertain as a result of the sovereign debt crisis.

Anticipated development – € million	2012	2013	2014
Revenues	39,296	~41,000	↗
EBIT adjusted	2,708	> 2,800	↗
ROCE (%)	8.3	> 8.3	↗
Redemption coverage (%)	22.1	> 22.2	↗

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

Following the positive development recorded in the year under review, we anticipate that revenues will once again increase in the 2013 financial year. Due to the muted economic expectations, this increase is likely to be on a par with that of the year under review on a comparable basis. The DB Schenker Logistics and DB Arriva business units are likely to make the largest contribution. We also anticipate that revenues will increase further in the 2014 financial year.

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We anticipate that the favorable development of performance and revenues as well as our cost management measures will also be reflected in the adjusted EBIT figures for the 2013 and 2014 financial years The economic environment in particular will be a critical factor in the development of profits in the 2013 financial year If the sovereign debt crisis should escalate further, our global business activities will also be affected

Based on the currently anticipated increase in adjusted EBIT, we expect that the ROCE figure will also take another step towards its target of 10% This development is likely to be hindered by the volume of capital employed, which is expected to rise due to extensive capital expenditure planned for the years to come

Redemption coverage should also improve based on the increase in operational profits

Business units

Anticipated development – € million	REVENUES		EBIT ADJUSTED	
	2012	2013	2012	2013
DB Bahn Long Distance	4,074	↗	364	↗
DB Bahn Regional	8,907	→	882	→
DB Arriva	3 757	↗	238	↗
DB Schenker Rail	4,925	↗	87	↗
DB Schenker Logistics	15 389	↗	418	↗
DB Services	1,498	→	84	→
DB Netze Track	4,709	→	894	→
DB Netze Stations	1,102	→	230	→
DB Netze Energy	2,832	↗	91	↘

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

DB BAHN LONG-DISTANCE

We anticipate a further increase in revenues in the DB Bahn Long-Distance business unit for the 2013 financial year This increase is likely to be driven by volume and pricing effects and should also offset the rising level of expenses, so that the adjusted EBIT figure should exceed the level from the previous year

DB BAHN REGIONAL

In the DB Bahn Regional business unit, we expect the development in the 2013 financial year to be on par with the previous year

DB ARRIVA

In the 2013 financial year, the DB Arriva business unit will largely be characterized by growth in revenues and adjusted EBIT resulting from the effects of the tenders won in Sweden and the Netherlands

DB SCHENKER RAIL

We expect that volume sold will rise again in the DB Schenker Rail business unit in the 2013 financial year This should have a positive impact on revenues as well as on adjusted EBIT supported by the continuation of measures undertaken within the ***"Action plan for Germany" (1)***

DB SCHENKER LOGISTICS

Following the notable gains seen during the year under review, we anticipate that the DB Schenker Logistics business unit will also see further improvements, driven by both volume and pricing effects, in the 2013 financial year This development should also have a favorable impact on adjusted EBIT

DB SERVICES

In the DB Services business unit, we expect revenues and adjusted EBIT in the 2013 financial year to be on a par with the previous year

DB NETZE TRACK

We expect revenues in the DB Netze Track business unit to remain stable in the 2013 financial year Accordingly, adjusted EBIT is also likely to be on a par with the previous year

DB NETZE STATIONS

We anticipate that revenues in the DB Netze Stations business unit in the 2013 financial year will be more or less on a par with the level recorded in the year under review We expect that profits will match the level of the previous year

DB NETZE ENERGY

The revenue trends seen during the year under review are expected to continue in the 2013 financial year, resulting in higher external revenues year on year On the earnings side, we expect adjusted EBIT to be lower than in the previous year due to increased costs

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ANTICIPATED CAPITAL EXPENDITURES

Anticipated development – € million	2012	2013	2014
Gross capital expenditures	8 053	> 8,500	↗
Net capital expenditures	3,487	> 4,000	↗

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

We will continue on our course of modernization with high levels of capital expenditures This will be significantly higher in the 2013 and 2014 financial years than the level in the year under review

We will continue to focus our capital expenditure activities on track infrastructure in the DB Netze Track business unit We will again invest approximately € 4 5 billion in the existing network in Germany in the 2013 financial year The capital expenditures will be carried out in a wide number of projects designed to secure and improve infrastructure

The significantly higher capital expenditures in vehicles that was already initiated in the year under review is expected to continue in the 2013 and 2014 financial years This will also lead to an increase in net capital expenditures

In total, we expect to make capital expenditures of nearly € 48 billion in the next five years up to 2017, based on our extensive programs Roughly two-thirds of this sum will be spent on infrastructure in Germany, with the remaining one-third being allocated mostly to new vehicles and improving our service quality Realization of the capital expenditures, however, depends on the timely delivery of vehicles in compliance with contracts and the registration of these vehicles by the EBA

ANTICIPATED FINANCIAL POSITION

Anticipated development – € billion	2012	2013
Maturities	1 7	1 5
Bond emissions	2 2	~2 0
Cash and cash equivalents as of Dec 31	2 2	~2 0
Net financial debt	16 4	~17 0

Efficient liquidity management is once again a top priority for us in the 2013 financial year We are focusing on continually forecasting the cash flow from the operating activities of our business units, as this is the Group's main source of cash and cash equivalents We produce liquidity forecasts every month on the basis of a 12-month liquidity plan

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) We will make use of the international financial markets to refinance these liabilities

The need for cash and cash equivalents will be offset by the issue of public and private bonds As in previous years, we will approach our investors in Europe and Asia Financial presentations in Europe and Asia are planned to coincide with the issue of bonds We anticipate that the structure of the liabilities side of the balance sheet will remain essentially unchanged due to the financing measures, as they will serve to refinance expiring financial debt

Based on our ***debt issuance and commercial paper programs (1)*** for our capital market activities, we still have 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

The majority of our gross capital expenditures in the 2013 financial year will again be covered by investment grants, first and foremost in the form of funding from the Federal Government for infrastructure financing Net capital expenditures that are financed by DB Group are expected to rise considerably in the 2013 financial year However, we anticipate that we will not be able to completely offset our net capital expenditures with internal financing despite the expected continually favorable 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, net financial debt as of December 31, 2013 is expected to be slightly higher as at the end of the year under review

We will continue our M&A activities in a selective and focused manner in the 2013 financial year We do not expect these activities to have any significant impact on our financial position in the 2013 financial year

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OPPORTUNITIES REPORT

Opportunity management within DB Group

Our opportunity management efforts are mainly derived from the goals and strategies of our business units. Operational management personnel in the business units are primarily responsible for the early and regular identification, analysis and management of opportunities. These activities are an integral element of the Group-wide planning and controlling system. We focus intensely on detailed analyses of our markets and competitors, market scenarios, relevant cost drivers and critical factors for success, including those within our political and regulatory environment. Concrete opportunities for specific business units emerge from these efforts and are subsequently analyzed.

To secure our corporate strategy of profit-focused growth, we implement comprehensive packages as part of Group-wide or specific programs for the business units, which we anticipate will ensure or improve our performance quality, efficiency and cost structures. Here, we also see opportunities for further growth. This will likely be reflected in the further improvement of our results and key financial ratios.

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

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

We also see market-based opportunities in terms of our ability to actively shape consolidations in the market by leveraging our leading market positions. In doing so, we want to seize the opportunities offered by the ongoing globalization process. In addition, with DB Arriva, we have a strong position in the European transport market. We have also positioned ourselves in such a way that we are well prepared to use the opportunities posed by open or opening markets. As a result of the sovereign debt crisis in Europe, we see opportunities in increased tender procedure activities for bus and rail transport in countries where their governments are forced to implement austerity measures. We 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 our financial result. Group Treasury therefore closely follows developments in the financial markets to identify and take advantage of possible opportunities.

Opportunity management in the business units

DB BAHN LONG-DISTANCE

In the DB Bahn Long-Distance business unit, we see opportunities to increase the number of passengers. An important measure in this respect is to augment customer loyalty by gradually expanding our BahnCard program and making extensive capital expenditure in our vehicle fleet, among other things. The availability of our vehicles will also improve considerably. Switching over to renewable energy sources will raise environmental awareness and offer potential for further passenger gains. In addition, we see opportunities to increase our cost-effectiveness through marketing measures and yield management. Constantly increasing our range of international transport offers poses additional opportunities.

DB BAHN REGIONAL

The German regional transport market offers numerous opportunities, as requests for tenders will be issued for a large number of routes and networks in the next few years. Our strong and focused position in this market enables us to process a large volume of tenders. With our "Zukunftsfähigkeit Regio" project, which combines strategic and operating activities for further developing our business operations, we aim to create structures and processes to ensure the long-term economic success of the business unit. Opportunities are presented in particular through more intensive cooperation with ordering organizations, optimized passenger services, an increase in competitiveness by means of cost optimization, and the market-oriented organization and management of activities.

In view of the expected increase in competition within regional bus markets, we want to safeguard our competitive position in this market. The central "BUS 2012 plus" program aims to take advantage of growth opportunities and improve profitability.

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DB ARRIVA

In order to be able to benefit from market opportunities in European passenger transport, DB Arriva initiated the "Fit 4 Growth" program, which launched projects for increasing efficiency and allocating capacities to planned growth objectives, as well as identifying and leveraging purchasing advantages for DB Arriva

DB SCHENKER RAIL

In the DB Schenker Rail business unit, the ***"Action plan for Germany" (1)*** is an extensive program for improving performance In addition to achieving operating improvements in the current business model, the plan examines approaches for further developing the business model and limiting cost increases In addition, we are also working intensively on improvements in the European network

DB SCHENKER LOGISTICS

The "Level 4" IT program that was initiated in the DB Schenker Logistics business unit is focused on the development and implementation of new operating IT systems, volume growth in the area of ocean freight, improving profitability through optimized, cross-border trailer management and the continuation of the "Go for Growth" program in contract logistics

DB SERVICES

Opportunities in the DB Services business unit include the continued optimization of component management in the area of vehicle maintenance A corresponding project is being conducted by DB Vehicle Maintenance, in which the existing component management is being optimized and expanded

DB NETZE TRACK

The "ProNetz" program combines important strategic and economic areas of action in order to secure the long-term success of this business unit In order to exploit opportunities and potential, "ProNetz" comprises eight top projects For example, the "Chance und Risiko Umsatz" (revenues as opportunity and risk) project helps to secure and increase revenues The "EFFIZIENZ IH" project aims to raise productivity, above all in inspection, maintenance and fault clearance

DB NETZE STATIONS

In the DB Netze Stations business unit, opportunities are identified and realized based on the "Next Station" project in particular For this purpose, the project encompasses the further development of our business model, customers and employees, innovative production concepts, as well as the efficiency and effectiveness of processes

DB NETZE ENERGY

We want to continue to offer our customers a secure supply of energy services in the DB Netze Energy business unit In particular, we see additional potential for opportunities by offering consulting services for optimizing the technical effectiveness of energy procurement and distribution

THE MANAGEMENT BOARD'S OVERALL STATEMENT REGARDING THE ECONOMIC DEVELOPMENT OF DB GROUP

Following the favorable development in the year under review, the DB AG Management Board anticipates that DB Group will continue to develop positively in the 2013 financial year, even though the economic stimuli are likely to remain weak during the year In our relevant markets, we expect a slight improvement overall compared to the year under review

We still expect to have excellent access to the capital market in the 2013 financial year

Following the favorable development in the year under review, we anticipate a continued increase in revenues at DB Group level based on our forecast for the 2013 financial year Accordingly we expect adjusted EBIT to improve as well

Our activities are subject to various risks, as elucidated in the ***Risk report (2)*** For the 2013 financial year, we particularly see the potential for risks that could occur if the sovereign debt crisis escalates In addition, the continued strain on the availability of vehicles is a critical factor

The Management Board believes that DB Group is well positioned to protect itself against the current risks We want to further assert our market positions and decisively implement our strategy We therefore believe that the overall outlook for DB Group is favorable

FORWARD-LOOKING STATEMENTS

This management report contains statements and forecasts pertaining to the future development of DB Group, its business units and individual companies These forecasts are estimates made based on information that was available at the current time Actual developments and results may diverge from the current expectations due to the assumptions upon which our forecasts are based not materializing or due to the risks as presented in the Risk report actually occurring

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

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Consolidated financial statements

Consolidated statement of income

Jan 1 through Dec 31 – € million	Note	2012	2011
Revenues	(1)	39,296	37,979
Inventory changes and internally produced and capitalized assets	(2)	2,614	2,457
Overall performance		41,910	40,436
Other operating income	(3)	3,443	3,062
Cost of materials	(4)	-21,039	-20,906
Personnel expenses	(5)	-13,817	-13,076
Depreciation	(6)	-3,328	-2,964
Other operating expenses	(7)	-4,640	-4,375
Operating profit (EBIT)		**2,529**	**2,177**
Result from investments accounted for using the equity method	(8)	14	19
Net interest income	(9)	-982	-840
Other financial result	(10)	-13	3
Financial result		**-981**	**-818**
Profit before taxes on income		**1,548**	**1,359**
Taxes on income	(11)	-71	-27
Net profit for the year		**1,477**	**1,332**
Net profit attributable to			
Shareholders of Deutsche Bahn AG		1,471	1,319
Minority interests		6	13
Earnings per share (€ per share)	(12)		
undiluted		3.42	3.07
diluted		3.42	3.07

RECONCILIATION OF CONSOLIDATED COMPREHENSIVE INCOME

Jan 1 through Dec 31 – € million	2012	2011
Net profit for the year	1,477	1,332
CHANGE IN ITEMS COVERED DIRECTLY IN EQUITY		
Changes resulting from currency translation	22	34
Shareholders of Deutsche Bahn AG	24	35
Minority interests	-2	-1
Changes resulting from market valuation of securities	-8	-6
Changes resulting from market valuation of cash flow hedges	-200	-25
Share of result item with no impact on the income statement from investments accounted for using the equity method	4	0
Balance of result items covered directly in equity (before taxes)	**-182**	**3**
Changes in deferred taxes on result items covered directly in equity (after taxes)	59	11
Balance of result items covered directly in equity (after taxes)	**-123**	**14**
Comprehensive income	**1,354**	**1,346**
Comprehensive income attributable to		
Shareholders of Deutsche Bahn AG	1,350	1,334
Minority interests	4	12

Consolidated balance sheet

ASSETS

€ million	Note	Dec 31, 2012	Dec 31, 2011
NON CURRENT ASSETS			
Property, plant and equipment	(13)	37,630	37,372
Intangible assets	(14)	4,186	4,169
Investments accounted for using the equity method	(15)	529	579
Available for sale financial assets	(17)	17	17
Receivables and other assets	(19)	166	94
Derivative financial instruments	(21)	178	367
Deferred tax assets	(16)	1,500	1,461
		44,206	**44,059**
CURRENT ASSETS			
Inventories	(18)	989	991
Available for sale financial assets	(17)	4	1
Trade receivables	(19)	4,202	4,094
Other receivables and assets	(19)	817	802
Tax receivables	(20)	74	46
Derivative financial instruments	(21)	23	84
Cash and cash equivalents	(22)	2,175	1,703
Assets held for sale	(23)	0	11
		8,284	**7,732**
Total assets		**52,490**	**51,791**

EQUITY AND LIABILITIES

€ million	Note	Dec 31, 2012	Dec 31, 2011
EQUITY			
Subscribed capital	(24)	2,150	2,150
Reserves	(25)	5,251	5,384
Retained earnings	(26)	8,403	7,457
Equity attributable to shareholders of Deutsche Bahn AG		**15,804**	**14,991**
Minority interests	(27)	130	135
		15,934	**15,126**
NON CURRENT LIABILITIES			
Financial debt	(28)	17,110	16,367
Other liabilities	(29)	346	350
Derivative financial instruments	(21)	266	155
Retirement benefit obligations	(32)	2,071	1,981
Other provisions	(33)	3,049	3,375
Deferred income	(34)	1,510	1,657
Deferred tax liabilities	(16)	256	353
		24,608	**24,238**
CURRENT LIABILITIES			
Financial debt	(28)	1,503	1,984
Trade liabilities	(29)	4,406	4,312
Other liabilities	(29)	2,986	3,004
Tax liabilities	(30)	184	200
Derivative financial instruments	(21)	49	34
Other provisions	(33)	2,113	2,235
Deferred income	(34)	707	658
		11,948	**12,427**
Total assets		**52,490**	**51,791**

Consolidated statement of cash flows

Jan 1 through Dec 31 – € million	Note	2012	2011
Profit before taxes on income		1,548	1,359
Depreciation on property, plant and equipment and intangible assets		3,328	2,964
Write-ups/write-downs on non-current financial assets		1	0
Result on disposal of property, plant and equipment and intangible assets		-99	-19
Result on disposal of financial assets		-23	-3
Result on sale of consolidated companies		1	7
Interest and dividend income		-183	-310
Interest expense		1,164	1,149
Foreign currency result		7	-2
Result from investments accounted for using the equity method		-14	-19
Other non-cash expenses and income		443	521
Changes in inventories, receivables and other assets		41	-363
Changes in liabilities, provisions and deferred income		-1,283	-1,340
Cash generated from operating activities		4,931	3,944
Interest received		49	88
Dividends and capital distribution received		1	1
Interest paid		-685	-719
Reimbursed (+)/paid (–) taxes on income		-202	76
Cash flow from operating activities		**4,094**	**3,390**
Proceeds from disposal of property, plant and equipment and intangible assets		302	261
Payments for capital expenditures in property, plant and equipment and intangible assets		-8,024	-7,482
Proceeds from investment grants		4,566	4,932
Payments for repaid investment grants		-154	-152
Proceeds from sale of financial assets		0	172
Payments for purchases of financial assets		0	-2
Proceeds from sale of shares in consolidated companies less net cash and cash equivalents diverted		0	7
Payments for acquisition of shares in consolidated companies less net cash and cash equivalents acquired		-14	-16
Proceeds from disposal to investments accounted for using the equity method		83	0
Payments for additions to investments accounted for using the equity method		-2	-3
Cash flow from investing activities		**-3,243**	**-2,283**
Distribution of profits to shareholder		-525	-500
Distribution of profits to minority interests		-14	-13
Payments for finance lease transactions		-284	-159
Proceeds from issue of bonds		2,230	2,060
Payments for redemption of bonds		-647	-1,390
Payments for redemption and repayment of Federal loans		-385	-968
Proceeds from borrowings and commercial paper		123	246
Payments for the redemption of borrowings and commercial paper		-875	-180
Cash flow from financing activities		**-377**	**-904**
Net changes in cash and cash equivalents		**474**	**203**
Cash and cash equivalents as of Jan 1	(22)	1,703	1,475
Changes in cash and cash equivalents due to changes in the scope of consolidation		0	5
Changes in cash and cash equivalents due to changes in exchange rates		-2	20
Cash and cash equivalents as of Dec 31	**(22)**	**2,175**	**1,703**

Consolidated statement of changes in equity

€ million	Sub-scribed capital	RESERVES Capital reserves	Currency trans lation	Fair value valuation of secu-rities [1]	Fair value valuation of cash flow hedges [1]	Other move-ments	Total reserves	Retained earnings	Equity attribut able to share-holders of DB AG	Minority interest	Total equity
As of Jan 1, 2011	2 150	5,310	7	14	38	5	5,374	6,638	14,162	154	14,316
- Dividend payments	-	-	-	-	-	-	-	-500	-500	-13	-513
± Other changes	-	-	-	-	-	-5	-5	-	-5	-18	-23
± Comprehensive income	-	-	35	-5	-15	-	15	1 319	1,334	12	1,346
thereof net profit for the year	-	-	-	-	-	-	0	1,319	1,319	13	1,332
thereof currency effects	-	-	35	-	-	-	35	-	35	-1	34
thereof deferred taxes	-	-	-	1	10	-	11	-	11	-	11
thereof market valuation	-	-	-	-6	-25	-	-31	-	-31	-	-31
thereof share of items not recognized in the income statement from investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-
As of Dec 31, 2011	**2,150**	**5,310**	**42**	**9**	**23**	**-**	**5,384**	**7,457**	**14,991**	**135**	**15,126**

€ million	Sub scribed capital	RESERVES Capital reserves	Currency trans lation	Fair value valuation of secu-rities [1]	Fair value valuation of cash flow hedges [1]	Other move-ments	Total reserves	Retained earnings	Equity attribut able to share-holders of DB AG	Minority interest	Total equity
As of Jan 1, 2011	2,150	5,310	42	9	23	-	5,384	7 457	14,991	135	15,126
- Dividend payments	-	-	-	-	-	-	-	-525	-525	-14	-539
± Other changes	-	-	-	-	-	-12	-12	-	-12	5	-7
± Comprehensive income	-	-	24	-3	-142	-	-121	1,471	1,350	4	1,354
thereof net profit for the year	-	-	-	-	-	-	0	1 471	1,471	6	1,477
thereof currency effects	-	-	24	-	-	-	24	-	24	-2	22
thereof deferred taxes	-	-	-	1	58	-	59	-	59	-	59
thereof market valuation	-	-	-	-8	-200	-	-208	-	-208	-	-208
thereof share of items not recognized in the income statement from investments accounted for using the equity method	-	-	-	4	-	-	4	-	4	-	4
As of Dec 31, 2012	**2,150**	**5,310**	**66**	**6**	**-119**	**-12**	**5,251**	**8,403**	**15,804**	**130**	**15,934**

[1] Equity capital includes deferred taxes

Notes to the consolidated financial statements

SEGMENT REPORTING

Jan 1 through Dec 31 – € million	DB BAHN LONG-DISTANCE		DB BAHN REGIONAL		DB ARRIVA		DB SCHENKER RAIL		DB SCHENKER LOGISTICS	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
External revenues	3,941	3,666	8 819	8,628	3 751	3,365	4,596	4,635	15,335	14,808
Internal revenues	133	128	88	90	6	2	329	289	54	59
Total revenues	4,074	3,794	8 907	8,718	3,757	3 367	4 925	4,924	15,389	14 867
Other external income	140	130	297	250	209	237	280	250	204	163
Other internal income	50	50	331	115	2	0	43	37	4	2
Inventory changes and other internally produced and capitalized assets	5	2	48	66	17	18	23	13	9	10
Total income	4,269	3 976	9,363	9,149	3,985	3 602	5,271	5,224	15 606	15,042
Cost of materials	-2 339	-2,293	-5,458	-5,461	-1,308	-1,169	-2 631	-2,696	-10,675	-10,460
Personnel expenses	-796	-778	-1,805	-1,748	-1,610	-1,525	-1,535	-1 519	-2,668	-2,449
Other operating expenses	-450	-401	-661	-579	-642	-583	-716	-673	-1 654	-1,561
EBITDA	684	504	1,439	1,361	425	325	389	336	609	572
Scheduled depreciation [1]	-318	-338	-549	-553	-182	-165	-302	-296	-187	-178
Impairment losses recognized / reversed [1]	-2	-9	-8	-7	-5	0	0	-8	-4	9
EBIT (operating profit)	364	157	882	801	238	160	87	32	418	403
Net operating income [2]	8	2	-50	-31	-33	-12	-86	-86	-37	-26
Operating income after interest [2]	372	159	832	770	205	148	1	-54	381	377
Property, plant and equipment	1,722	1,870	5,096	4 984	1,897	1,630	3 237	3,232	1,445	1 340
+ Intangible assets	0	0	11	12	2 012	2,054	523	518	1,301	1,258
thereof goodwill	0	0	6	6	1,409	1 383	463	451	1 111	1,098
+ Inventories	69	67	134	133	61	54	96	94	40	38
+ Trade receivables	128	106	377	310	280	272	514	497	2,481	2,485
+ Receivables and other assets	1,678	1,324	245	1,002	681	473	143	200	1 472	1,492
– Receivables from financing	-1,658	-1 301	-151	-915	-436	-281	-37	-122	-1,232	-1,274
+ Income tax receivables	0	0	1	7	14	1	1	5	21	18
+ Assets held for sale	0	0	0	0	0	0	0	11	0	0
– Trade liabilities	-296	-268	-790	-713	-388	-367	-587	-566	-1,779	-1 814
– Miscellaneous and other liabilities	-260	-239	-430	-418	-336	-315	-420	-455	-670	-670
– Income tax liabilities	0	0	0	0	-97	-62	-11	-23	-68	-107
– Other provisions	-79	-58	-1,037	-1,083	-208	-186	-212	-179	-320	-334
– Deferred income	-322	-311	-122	-106	-102	-78	-14	-13	-8	-7
Capital employed [3]	982	1,190	3,334	3,213	3 378	3 195	3,233	3,199	2 683	2 425
Net financial debt	-1 219	-1 048	1,307	1,036	1,205	1 104	1,828	1,526	15	-171
Investments accounted for using the equity method	0	0	4	4	144	152	33	75	11	11
Results from investments accounted for using the equity method	0	0	0	0	3	5	1	9	2	1
Gross capital expenditures	173	139	709	393	468	300	371	260	321	246
Investments grants received	0	-2	-43	-28	-1	-4	0	0	0	0
Net capital expenditures	173	137	666	365	467	296	371	260	321	246
Additions to the scope of consolidation	0	0	0	1	3	31	2	0	21	9
Employees [4]	15 947	15,976	36 959	37 131	39,545	38,196	31,770	32,466	64,199	62,197

[1] The non cash items are included in the segment result shown

[2] Key figure from internal reporting no external figures

[3] Profit transfer agreements were not assigned to segment assets or liabilities

DB NETZE TRACK		DB NETZE STATIONS		DB SERVICES		SUBSIDIARIES/ OTHER		SUM OF SEGMENTS		CONSOLIDATION		DB GROUP ADJUSTED		RECONCILIATION [5]		TOTAL	
2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
980	961	416	400	125	137	1,333	1,301	39,296	37,901	-	-	39,296	37,901	-	78	39,296	37,979
3,729	3,681	686	677	1,373	1,276	2,527	2,479	8,925	8,681	-8,925	-8,681	-	-	-	-	-	-
4 709	4,642	1 102	1 077	1,498	1,413	3,860	3,780	48,221	46,582	-8 925	-8,681	39,296	37,901	-	78	39,296	37,979
875	769	133	182	264	274	606	615	3,008	2,850	-	-	3,008	2,850	435	212	3,443	3,062
244	230	26	30	1 654	1,645	1,741	1,662	3,875	3,771	-3 875	-3,771	-	-	-	-	-	-
715	660	20	19	779	783	10	27	1,626	1,598	988	866	2,614	2,464	-	-7	2,614	2,457
6,543	6,301	1,281	1,308	4,195	4,115	6 217	6,084	56,730	54,801	-11,812	-11,586	44,918	43,215	435	283	45,353	43,498
-1 691	-1,711	-495	-552	-2 314	-2,288	-3,445	-3 418	-30,356	-30,048	9,346	9 327	-21,010	-20,721	-29	-185	-21,039	-20,906
-2,129	-2,047	-238	-228	-1,274	-1 228	-1,739	-1 527	-13,794	-13,049	1	1	-13,793	-13,048	-24	-28	-13,817	-13,076
-901	-919	-189	-177	-354	-321	-1,353	-1,294	-6,920	-6,508	2,406	2,203	-4,514	-4,305	-126	-70	-4,640	-4,375
1,822	1,624	359	351	253	278	-320	-155	5,660	5,196	-59	-55	5,601	5,141	256	0	5,857	5,141
-927	-920	-129	-125	-168	-154	-144	-136	-2,906	-2,865	36	37	-2,870	-2,828	-82	-76	-2,952	-2,904
-1	11	0	0	-1	-1	-2	1	-23	-4	-	-	-23	-4	-353	-56	-376	-60
894	715	230	226	84	123	-466	-290	2,731	2,327	-23	-18	2,708	2,309	-179	-132	2,529	2,177
-441	-384	-61	-58	-16	-16	-349	-131	-865	-742	-	-	-865	-742	-	-	-	-
453	331	169	168	68	107	-615	-421	1,866	1,585	-23	-18	1,843	1,567	-	-	-	-
19,846	20 020	3 252	3 182	665	613	1,173	1,179	38,333	38,050	-703	-678	37,630	37,372	-	-	37,630	37,372
204	225	0	0	36	22	99	80	4,186	4,169	-	-	4,186	4,169	-	-	4,186	4,169
0	0	0	0	0	0	13	13	3,002	2,951	-	-	3,002	2,951	-	-	3,002	2,951
186	217	0	0	337	332	66	59	989	994	-	-3	989	991	-	-	989	991
582	581	86	104	199	195	822	803	5,469	5,353	-1,267	-1,259	4,202	4,094	-	-	4,202	4,094
92	85	3	5	163	243	18,798	17,210	23,275	22,034	-22 292	-21,138	983	896	-	-	983	896
0	0	0	0	-69	-139	-18,195	-16,561	-21,778	-20,593	21,706	20,537	-72	-56	-	-	-72	-56
0	0	0	0	0	0	37	15	74	46	-	-	74	46	-	-	74	46
0	0	0	0	0	0	0	0	0	11	-	-	0	11	-	-	0	11
-673	-643	-127	-128	-243	-226	-789	-845	-5,672	-5,570	1,266	1,258	-4,406	-4,312	-	-	-4,406	-4,312
-686	-732	-92	-90	-126	-135	-895	-903	-3,915	-3,957	583	603	-3,332	-3,354	-	-	-3,332	-3,354
0	0	0	0	0	0	-14	-8	-190	-200	6	-	-184	-200	-	-	-184	-200
-315	-364	-40	-30	-107	-108	-2,844	-3,197	-5,162	-5,539	-	-71	-5,162	-5,610	-	-	-5,162	-5,610
-1 341	-1,478	-176	-190	-3	-3	-134	-130	-2,222	-2,316	5	1	-2,217	-2,315	-	-	-2,217	-2,315
17 895	17 911	2,906	2,853	852	794	-1,876	-2 298	33,387	32,482	-696	-750	32,691	31,732	-	-	32,691	31,732
10,485	10,186	1,406	1,320	225	67	1 114	2 572	16,366	16,592	-	-	16,366	16,592	-	-	16,366	16,592
1	1	0	0	0	0	336	336	529	579	-	-	529	579	-	-	529	579
0	0	0	0	0	0	8	4	14	19	-	-	14	19	-	-	14	19
5,033	5,143	552	547	268	247	220	271	8,115	7,546	-62	-45	8,053	7,501	-	-	8,053	7,501
-4,071	-4,378	-374	-403	0	0	-77	-117	-4,566	-4,932	-	-	-4,566	-4,932	-	-	-4,566	-4,932
962	765	178	144	268	247	143	154	3,549	2,614	-62	-45	3,487	2,569	-	-	3,487	2,569
0	0	0	0	0	0	0	0	26	41	-	-	26	41	-	-	26	41
41,400	41 136	4 797	4,817	26 375	26,556	26,516	25 844	287,508	284,319	-	-	287,508	284,319	-	-	287,508	284,319

[4] The number of employees represents the number of employees as of December 31 (part time employees converted into equivalent full-time employees)

[5] Includes reclassification among other of PPA amortization of customer contracts and adjustments for special items

INFORMATION BY REGIONS

Jan 1 through Dec 31 – € million	External revenues		Non-current assets [1]		Capital employed [1]		Gross capital expenditures		Net capital expenditures		Employees [1]	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Germany	22,742	22,212	35 131	35,212	26,525	26,029	7,269	7,014	2 703	2,086	186,222	185 404
Europe (excluding Germany)	11,716	11 156	6,534	6,175	5,983	5 655	778	498	778	494	77,205	75,754
North America	1,525	1,626	192	189	168	141	15	7	15	7	7,592	7,864
Asia/Pacific	2,753	2,392	699	675	689	619	47	24	47	24	13 958	12,952
Rest of world	560	515	28	27	20	30	6	4	6	4	2,531	2 345
Consolidation	-	-	-662	-646	-694	-742	-62	-46	-62	-46	-	-
DB Group adjusted	39,296	37,901	41,922	41,632	32,691	31,732	8,053	7,501	3,487	2,569	287,508	284,319
Reconciliation	-	78	-	-	-	-	-	-	-	-	-	-
Total	39,296	37,979	41,922	41,632	32,691	31,732	8,053	7,501	3,487	2,569	287,508	284,319

[1] Statement as of December 31

BASIC PRINCIPLES AND METHODS

Fundamental information

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

In the year under review, DB Group acquired all shares in Suomen Kiitoautot Oy, Kuopio/Finland, all shares in Ambuline Limited, Birmingham/UK, as well as the remaining 50% of shares in TFG Transfracht Internationale Gesellschaft für kombinierten Güterverkehr mbH&Co KG, Frankfurt am Main, and TFG Verwaltungs GmbH, Frankfurt am Main

DB AG, Potsdamer Platz 2, 10785 Berlin is an Aktiengesellschaft (joint stock corporation), its shares are held entirely by the Federal Republic of Germany (Federal Government) The company is maintained under the number HRB50000 in the commercial register of the Amtsgericht (local court) Berlin-Charlottenburg DB Group has issued securities in accordance with section 2 (1) clause 1 of the Securities Trading Act (Wertpapierhandelsgesetz, WpHG), these securities are traded on organized markets in accordance with section 2 (5) WpHG

These consolidated financial statements have been prepared by the Management Board, and will be submitted to the Supervisory Board for the Supervisory Board meeting on March 20, 2013

Principles of preparing financial statements

The consolidated financial statements are prepared on the basis of section 315a German Commercial Code (Handelsgesetzbuch, HGB) and in accordance with the International Financial Reporting Standards (IFRS) as applied in the EU and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC) The accounting standards have been consistently applied throughout the entire reporting period with no changes compared with the previous year

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

A) STANDARDS, REVISIONS OF STANDARDS AND INTERPRETATIONS WHICH ARE THE SUBJECT OF MANDATORY FIRST-TIME ADOPTION FOR REPORTING PERIODS AFTER JANUARY 1, 2012

In the year under review, DB consolidated financial statements took account of all new and revised standards and interpretations which are the subject of initial binding adoption starting January 1, 2012, which are also relevant for DB Group and which have not been the subject of early adoption in previous periods The changes to the standards have been recognized in accordance with the transitional regulations Initial adoption of these new regulations has not had any material impact on the consolidated financial statements They are set out in the following

> ***IFRS 7 Amendment of IFRS 7 "Financial Instruments Disclosures Transfers of Financial Assets" (published October 2010, applicable for reporting periods starting July 1, 2011)*** The changes relate to extended disclosure obligations for transfers of financial assets They are intended to provide a better understanding of the effects of the risks retained by the company as well as the retained or transferred rights and obligations The changes have not resulted in any major changes for DB Group

B) STANDARDS, REVISIONS OF STANDARDS AND INTERPRETATIONS WHICH HAD BEEN ADOPTED AS OF THE REPORTING DATE BUT WHICH ARE NOT YET THE SUBJECT OF MANDATORY ADOPTION AND EARLY ADOPTION

> ***Amendment of IAS 1 "Presentation of Financial Statements Presentation of Items of Other Comprehensive Income" (revised June 2011, applicable for reporting periods starting July 1, 2012)*** New regulations with regard to the presentation of items of other comprehensive income have been introduced with the amendments to IAS 1 The other comprehensive income is broken down into items which are reclassified for recognition in the income statement (so-called recycling) and into items which are retained in shareholders' equity The change will have an impact on the presentation in the financial statements of DB Group

> ***Amendment of IAS 12 "Income Taxes – Deferred Taxes Recovery of Underlying Assets" (published December 2010, applicable for reporting periods starting January 1, 2013[1])*** According to IAS 12, the measurement of deferred taxes depends on whether the existing differences are realized as part of continuing use or as a result of a sale In the case of investment properties in accordance with IAS 40 which are measured at fair value, this change introduces the refutable assumption that such differences are realized by way of a sale The change is not relevant for DB Group

> ***IAS 19 Amendment of IAS 19 "Employee Benefits" (revised June 2011, applicable for reporting periods starting January 1, 2013)*** IAS 19 has been extensively revised The amendments which have been made range from fundamental amendments right through to mere clarifications and reformulations One fundamental amendment relates to the abolition of the corridor approach used in the DB Group for recognizing actuarial profits and losses As of January 1, 2013, these actuarial profits and losses which have previously not been recognized (see Note (32)) have to be recognized immediately in other comprehensive income, so that there is a corresponding increase in the pension provisions Giving due consideration to higher deferred tax assets or lower deferred tax liabilities, there is a reduction of approximately 5% in equity

The expected income from plan assets in future will be determined as a component of net interest income/expenses using the interest rate which is also applied for discounting the obligation In the 2012 financial year, this procedure would have resulted in net interest income which would have been approximately € 25 million lower

There have also been changes in the recognition of past service costs as well as the definition of severance payments, which mean that top-up amounts as well as the additional contributions to the statutory pension insurance scheme within the framework of semi retirement agreements will not constitute post-employment benefits in future These amendments do not have any major impact

There are also further disclosure obligations

> ***IAS 27 Separate Financial Statements (published May 2011, applicable for reporting periods starting January 1, 2014[2])*** With the adoption of IFRS 10 and IFRS 12, the scope of application of IAS 27 is limited to the recognition of holdings in subsidiaries, associates and joint ventures in the separate financial statements of a company We do not expect any major consequences for the consolidated financial statements of the DB Group

> ***IAS 28 Investments in Associates and Joint Ventures (published May 2011, applicable for reporting periods starting January 1, 2014[2])*** With the adoption of IFRS 11 and IFRS 12, the scope of IAS 28, which was previously limited to associates, has been extended to include the application of the equity method to joint ventures We do not expect any consequences for the consolidated financial statements of DB Group

> ***IAS 32 Amendment of IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities" (published December 2011, applicable for reporting periods starting January 1, 2014)*** The amendment has resulted in clarification of the criteria applicable for offsetting financial instruments The importance of the current legal entitlement to offsetting is emphasized in particular We do not expect any major consequences for the consolidated financial statements of DB Group

[1] In December 2012, the European Commission postponed the time at which this was due to come into force from January 1, 2012 to January 1, 2013

[2] In December 2012, the European Commission postponed the time at which this was due to come into force from January 1, 2013 to January 1, 2014

- ***IFRS 1 Amendment of IFRS 1 "First-Time Adoption of International Financial Reporting Standards Government Loans (published March 2012, applicable for reporting periods starting January 1, 2013)*** The amendment of the provisional regulations of IFRS 1 grants a further exemption with regard to the normally retrospective adoption of IFRS by first-time adopters Accordingly, public sector loans for which interest is applied at less than market rates are permitted to be prospectively measured at fair value Public sector loans which already exist at the time of the changeover do not have to be revalued The change does not have any impact on the financial statements of DB Group
- ***IFRS 1 Change to IFRS 1 "First-Time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters" (published December 2010, applicable for reporting periods starting January 1, 2013[1])*** As a result of this change, the references to the fixed date January 1, 2004 which had previously been included in IFRS 1 were replaced by a reference to the time of the changeover to IFRS 1 Additional application guidelines have been included, specifying the procedure for presenting financial statements which comply with IFRS for situations in which a company was not able to comply with the IFRS regulations for a certain period because its functional currency was exposed to severe hyperinflation The change does not have any impact on the financial statements of DB Group
- ***IFRS 7 Amendment of IFRS 7 "Financial Instruments Disclosures – Offsetting Financial Assets and Financial Liabilities" (published December 2011, applicable for reporting periods starting January 1, 2013)*** This amendment relates to extended disclosure obligations in relation to the offsetting of financial assets and financial liabilities We do not expect any major consequences for the consolidated financial statements of DB Group
- ***IFRS 9 and IFRS 7 Financial Instruments and Subsequent Amendments (published November 2009/extended October 2010 and December 2011, applicable for reporting periods starting January 1, 2015[2])*** The part of IFRS 9 published in November 2009 restates the classification and measurement of financial assets There will be only two measurement categories (amortized cost and fair value)[3] In future, the classification of financial assets will be based on the business model of the company and also the characteristic properties of the contractual cash flows of the respective financial assets

  That part which was extended in October 2010 governs the classification and measurement of financial liabilities The existing rules of IAS 39 have been taken over in this respect A change has resulted for financial liabilities which are measured at fair value In the case of such liabilities, that part of the change in fair value which results from a change in the company's own credit risk has to be shown in other result and not as profit or loss

  In December 2011, the time of first-time adoption as well as further specifications regarding the transitional regulations were inserted in the standard

  The rules regarding the derecognition of financial instruments in IAS 39 have been transferred unchanged to IFRS 9

  The IASB intends to extend IFRS 9 to include new regulations for the impairment of financial assets which are measured at amortized cost and hedge accounting

  The change to IFRS 9 will have an impact on the recognition of financial instruments in DB Group
- ***IFRS 10 Consolidated Financial Statements (published May 2011, applicable for reporting periods starting January 1, 2014[4])*** IFRS 10 replaces the stipulations of IAS 27 regarding group accounting and the regulations of SIC-12 regarding the integration of special-purpose vehicles It defines a uniform control concept which will in future be applicable to all companies including special-purpose vehicles As a result of the amendments, the assessment of the question as to whether control can be exercised over a group company will be much more important in future We expect minor consequences arising from the future application of the stipulations on the DB consolidated financial statements
- ***IFRS 11 Joint Arrangements (published May 2011, applicable for reporting periods starting January 1, 2014[4])*** IFRS 11 replaces the regulations of IAS 31 (Interests in Joint Ventures) and SIC-13 (Jointly Controlled Entities – Non-monetary Contributions by Venturers) Unlike IAS 31, which distinguishes between jointly managed companies, jointly managed assets and joint activities, the only classifications in future will be joint ventures and joint arrangements

[1] In December 2012, the European Commission postponed the time at which this was due to come into force from July 1, 2011 to January 1, 2013

[2] In December 2011, the IASB provisionally postponed the date at which IFRS 9 and subsequent changes in IFRS 7 are due to come into force from January 1 2013 to January 1, 2015

[3] In November 2012 the IASB published a draft for revising the regulations for classifying and measuring financial instruments, this draft provides for a third category of debt instruments

[4] In December 2012, the European Commission postponed the time at which this was due to come into force from January 1, 2013 to January 1, 2014

Because the classification criteria have changed, there may be effects on the DB consolidated financial statements The previous option available for the quota consolidation of joint ventures has been abolished, partners in a joint venture are required to apply the equity method This will not have any effects on the DB consolidated financial statements because joint ventures are already included at equity in the consolidated financial statements

> ***IFRS 12 Disclosure of Interests in Other Entities (published May 2011, applicable for reporting periods starting January 1, 2014[1])*** IFRS 12 will in future provide uniform regulations for the disclosure obligations for consolidated accounting This covers the disclosures regarding subsidiaries, which were previously regulated in IAS 27, the disclosures concerning jointly managed companies and associates, which previously were included in IAS 31 and IAS 28) as well as disclosures for structured companies (special-purpose vehicles) The disclosure requirements are extended in this way We expect that there will be consequences arising from the future application of the stipulations on the DB consolidated financial statements
> ***IFRS 10, IFRS 11 and IFRS 12 Amendment of IFRS 10 "Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities Transition Guidance" (published October 2012, applicable for reporting periods starting January 1, 2013)*** The change is applicable for the transition regulations for the first-time adoption of the standards Accordingly, the aspect of control has to be assessed in accordance with the new regulations at the beginning of first-time adoption and not at the time of the comparison period In addition, it is no longer necessary to disclose comparison information regarding non-consolidated structured companies We expect that there will be consequences arising from the future application of the stipulations on the DB consolidated financial statements
> ***IFRS 10, IFRS 12 and IAS 27 Amendment of IFRS 10 "Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements Investment Entities" (revised June 2012, applicable for reporting periods starting January 1, 2014)*** The amendments specify that investment companies do not recognize their holdings in subsidiaries in accordance with IFRS 10 or IFRS 12, and instead recognize them in accordance with IAS 39 Special disclosure obligations are also applicable for investment companies in accordance with IFRS 12 The amendment does not have any impact on the financial statements of DB Group
> ***IFRS 13 Fair Value Measurement (published May 2011, applicable for reporting periods starting January 1, 2013)*** IFRS 13 will in future define uniform guidelines for measuring fair value and also the necessary disclosures in notes for fair value measurement This is only concerned with determining how fair value can be properly measured The question as to the time at which something has to be measured at fair value does not form part of the standard The disclosures in the notes will be extended We do not expect any major consequences for the consolidated financial statements of DB Group
> ***Improvements to IFRS 2009–2011 "Improvements to IFRS" (published May 2012, applicable for reporting periods starting January 1, 2013)*** "Improvements to IFRS 2009–2011" is a fourth collective standard for various amendments with regard to five existing IFRS These are essentially changes which are considered to be of a minor nature, such as the removal of inconsistencies within the standards and clarification of formulations which might lead to misunderstanding The changes have not resulted in any major consequences for the consolidated financial statements of DB Group
> ***IFRIC 20 Stripping Costs in the Production Phase of Surface Mines" (published October 2011, applicable for reporting periods starting January 1, 2013)*** IFRIC 20 governs the recognition of stripping costs in the production phase of a surface mine We do not expect any major consequences for the consolidated financial statements of DB Group

Structure of the balance sheet and the income statement

Assets and liabilities are stated in the balance sheet either as current or non-current items Assets and liabilities are classified as current if they are realized or due within 12 months after the end of the reporting period The structure of the balance sheet takes account of the requirements of the ordinance relating to the structure of the financial statements of transport companies The income statement uses the structure of the cost summary method

[1] In December 2012, the European Commission postponed the time at which this was due to come into force from January 1, 2013 to January 1, 2014

Principles underlying the consolidated financial statements

COMPARABILITY WITH THE PREVIOUS YEAR

After due consideration is given to the following issues, the financial information presented for the year under review is comparable with the financial information for the previous year

Changes in the scope of consolidation

Changes in the scope of consolidation, and in particular the acquisition of Suomen Kiitoautot Oy and TFG Transfracht, result in financial information in the balance sheet, the income statement, the cash flow statement as well as segment reporting for the year under review which is not directly comparable with that of the previous period Detailed information relating to these acquisitions as well as explanations concerning the other transactions are set out in the section "Changes in the Group"

Changes in recognition

The reversal of the difference shown under deferred items between the nominal value of interest-free loans granted by the Federal Government and the present value of such loans has been uniformly shown in other operating income since July 2011 This had previously been recognized mainly in net interest income, and only a small amount has been shown under other operating income The purpose of the change is to harmonize the way in which the income is recognized in the income statement Interest-free loans also include a subsidy for investments provided by the Federal Government in the amount of the interest which is not imposed in relation to the amount of the loan This benefit is essentially of an operating nature, as its purpose is to encourage infrastructure capital expenditures and enables the corresponding projects to be realized after taking into account the economic effects The time of the change is attributable to discussions with the Federal Network Agency (Bundesnetzagentur) regarding the adequacy of infrastructure returns The previous reversal, which has been constant in terms of effective interest rates and which increases over a period of time, has been replaced by a reversal which is based on the depreciation

CONSOLIDATION METHODS

a) Consolidation principles

DB AG and all companies (subsidiaries) whose financial and business policy can be determined by DB AG are fully consolidated in the consolidated financial statements of DB AG They are incorporated in the consolidated financial statements at the point at which DB AG acquires the possibility of control At the subsidiaries, "control" is defined usually as a situation in which DB AG directly or indirectly holds a majority of voting rights Even if such a majority does not exist, the criteria of "control" are satisfied if DB AG is able to control more than half of the voting rights as a result of a voting right agreement, to determine the financial and business policy of the subsidiary in accordance with the articles of incorporation or an agreement, to nominate or dismiss a majority of the members of management and/or supervisory bodies or control a majority of votes on the occasion of meetings of the management and/or supervisory bodies On the other hand, no control can exist in cases in which this majority is indeed present but in which the previously described possibilities can be excluded as a result of contractual agreements These investments are recognized as associates, joint ventures or other investments The reference date for determining the point at which a company is taken out of the group of fully consolidated companies is established on the basis of the time at which the possibility of control terminates

For the purpose of uniform accounting, the affiliated companies have applied the accounting guidelines of the parent company

Capital is consolidated in accordance with the acquisition method in line with IFRS 3 4

Minority interests in the shareholders' equity of subsidiaries are shown separately from the shareholders' equity of the Group shareholders The extent of the minority interests is calculated as the minority interests applicable at the point at which the subsidiary was acquired and also that proportion of the change in the shareholders' equity of the subsidiary since the acquisition attributable to the third party

Internal liabilities within the Group as well as expenses and income and intercompany results between fully consolidated companies are completely eliminated

b) Business combinations

All subsidiaries acquired after December 31, 2002 have been consolidated using the acquisition method under IFRS 3. Accordingly, the acquirer shall measure the cost of a business combination as the aggregate of the fair values, at the date of exchange, of assets given and liabilities incurred or assumed. The acquired identifiable assets, liabilities and contingent obligations are valued under IFRS 3 with their fair value at the date of acquisition, irrespective of any minority interests. Alternatively, acquired long-term assets or groups of assets which are classified as available-for-sale in accordance with IFRS 5 are shown with their fair value less costs to sell.

Any difference between the purchase costs of the business combination and the acquired assets valued at fair value is shown as goodwill. If the purchase price is lower than the fair value of the acquired assets, the difference is shown immediately in the income statement.

Minority interests are calculated on a pro rata basis from the assets, liabilities and contingent obligations valued with their fair value.

The acquisition and sale of shares in an already fully consolidated company which does not result in a change of control is shown directly in equity. There have accordingly been no changes to the carrying amounts of the assets and liabilities recognized from such transactions.

c) Joint ventures and associated companies

Joint ventures are defined as companies which are managed by DB AG jointly with another party either directly or indirectly.

Associated companies are defined as equity participations for which DB Group is able to exercise a major influence on the financial and business policy. Major influence is normally defined as a situation in which DB AG directly or indirectly holds 20 to 50% of the voting rights in these companies and the related assumption of association is not refuted.

In exceptional cases, companies in which DB Group holds fewer than 20% of the voting rights are classified as associates and recognized using the equity method. Despite such a low shareholding, a major influence is deemed to exist in such cases, for instance as a result of various rights of co-determination in major issues of business policy or because members of management are appointed by DB Group.

Joint ventures and associated companies are accounted for using the equity method. Alternatively, they are valued in accordance with IFRS 5 if the shares are classified as available-for-sale.

As part of the process of accounting for participations using the equity method, shares in associated companies and joint ventures are shown at cost in the consolidated financial statements, adjusted for the related changes in the net assets of the associated companies and joint ventures and any impairments resulting from the impairment test. Any pro rata losses attributable to DB Group which exceed the total investment in the associated company or joint venture, consisting of the amortized equity figure as well as other long-term receivables, are not recognized, unless DB Group has taken on corresponding obligations or made payments.

Any positive difference between the cost of the purchased shares and the pro rata assets acquired at the point of purchase and valued at fair value constitutes goodwill, which is contained in the amortized equity figure and is thus also subject to the impairment test. If the purchase price is lower than the fair value of the pro rata assets which have been acquired, the difference is taken immediately to the income statement.

Intercompany results attributable to transactions with associated companies or joint ventures are eliminated on a pro rata basis.

Quota consolidation is not applicable in DB Group.

CHANGES IN THE GROUP

a) Subsidiaries

Movements in the group of fully consolidated companies of DB Group are detailed in the following

Number	German 2012	Foreign 2012	Total 2012	Total 2011
FULLY CONSOLIDATED COMPANIES				
As of Jan 1	143	659	802	860
Additions	3	7	10	11
Addition due to changes in type of inclusion	2	0	2	1
Disposals	18	47	65	70
Disposal due to changes in type of inclusion	0	0	0	0
As of Dec 31	**130**	**619**	**749**	**802**

As was the case in the previous year, all subsidiaries are consolidated

Additions of companies and parts of companies

Overall, a total of € 15 million (net) was spent on company acquisitions in the year under review (previous year € 18 million)

The additions to the scope of consolidation comprise six companies which were newly established in the period under review, the acquisition of all shares in Suomen Kiitoautot Oy (Suomen Kiitoautot), Kuopio/Finland, as well as the acquisition of all shares in Ambuline Limited, Birmingham/UK (Ambuline)

The newly established company Schenker Namibia (Pty) Ltd (Schenker Namibia), Windhoek/Namibia, subsequently acquired the assets of Desert Logistics

The addition applicable to the change in the type of integration relates to the acquisition of the remaining 50% of the shares in TFG Transfracht Internationale Gesellschaft für kombinierten Güterverkehr mbH&Co KG (TFG Transfracht), Frankfurt am Main, and the remaining 50% of shares in TFG Verwaltungs GmbH, Frankfurt am Main, which previously had been accounted for using the equity method

The transactions are detailed in the following

- With the agreement of January 12, 2012 (closing March 6, 2012), DB Schenker Logistics acquired all shares in Suomen Kiitoautot This family-owned company is one of the companies with the highest levels of revenues in the Finnish land transport sector, and provides transport services for the retail sector and industry In segment reporting, the company has been shown in the DB Schenker Logistics segment since March 31, 2012
- Schenker Namibia acquired the assets of Desert Logistics as of April 27, 2012 Desert Logistics is the leading local logistics provider for international transport services in Namibia In segment reporting, the company has been shown in the DB Schenker Logistics segment since May 1, 2012
- With the agreement of February 22, 2012 (closing on June 8, 2012), DB Arriva acquired all shares in Ambuline Ambuline is one of the largest service providers rendering private patient transport services in the West Midlands/UK After June 1, 2012, the company has been included in segment reporting in the DB Arriva segment
- With agreements of March 28, 2012 (closing June 29, 2012), DB Group acquired the remaining 50% of shares in TFG Transfracht and the remaining 50% of the shares in TFG Verwaltungs GmbH In return, the 35 035% of shares in Metrans a s , Prague/Czech Republic, and the 33 33% of shares in POLZUG Intermodal GmbH, Hamburg, were sold to HHLA Intermodal GmbH (HHLA) as the vendor of TFG Transfracht The transactions have resulted in a net cash inflow of € 81 million Of this figure, € 8 million was attributable to the acquisition of TFG Transfracht (negative purchase price) The purpose of the transactions was the unbundling of the equity participations which previously had been held jointly with HHLA TFG Transfracht operates in the field of transport logistics in connection with container transport from and to the German seaports In segment reporting, the company has been shown in the DB Schenker Rail segment since June 30, 2012

The costs of purchase and the fair value of the acquired net assets are shown in the following (cumulatively) for all changes in the scope of consolidation All purchase price allocations for acquisitions in the period under review are consistent with IFRS 3 Goodwill is to a large extent substantiated by the synergy effects expected for the period after the acquisition In addition, a considerable proportion of goodwill is attributable to assets which are not eligible for recognition under IFRS 3, and in particular the employee base, market access and the future revenue potential

The goodwill is calculated as follows

€ million	2012	thereof Suomen Kiitoautot	thereof Schenker Namibia	thereof Ambuline	thereof TFG Transfracht
PURCHASE PRICE					
Payments	15	21	1	1	-8
+ Outstanding payments	0	–	0	0	–
Total compensation	**15**	**21**	**1**	**1**	**-8**
+ Fair value of share in equity capital held before acquisition	-7	–	–	–	-7 [1]
- Fair value of net assets acquired	-1	13	1	0	-15
Goodwill	**9**	**8**	**0**	**1**	**0**

[1] Residual value € 0 million

The purchase price negotiations of the asset deal (Schenker, Namibia) resulted in the agreement of contingent purchase price components which trigger additional payments to the vendor depending on the fulfillment of certain future conditions In 2014, a payment of € 0 3 million falls due if a cumulative EBITDA of NAD 6 million is attained If EBITDA exceeds the above figure, a cap of 20% is agreed, if EBITDA fails to meet the above figure, the payment is reduced accordingly

Contingent purchase price elements are also contained in the acquisition of Ambuline In this case, a further payment of up to GBP 0 3 million to the vendor falls due if EBIT exceeds a specific limit Based on forecast earnings, it is currently not anticipated that contingent purchase price payments will be made

Purchase price allocation Suomen Kiitoautot

The acquired net assets are broken down as follows

€ million	Carrying amount	Adjustment	Fair value
Property, plant and equipment	12	0	12
Trade receivables	5	0	5
Cash and cash equivalents	5	0	5
Assets	**22**	**0**	**22**
Other liabilities	8	0	8
Deferred tax liabilities	1	0	1
Liabilities	**9**	**0**	**9**
thereof recognized contingent liabilities in accordance with IFRS 3	0	0	0
Share of third parties	0	0	0
Net assets acquired	**13**	**0**	**13**
Purchase price paid in cash and cash equivalents	21	0	21
Cash and cash equivalents acquired	5	0	5
Outflow of cash and cash equivalents through transaction	**16**	**0**	**16**

The fair value of the trade receivables is € 5 million, this figure does not include any impairments

We expect that some of the goodwill will not be allowable for income tax purposes

If Suomen Kiitoautot had been included in the DB consolidated financial statements as of January 1, 2012, the DB Group would have reported additional revenues of € 10 million and an additional net profit of € 0 million

After being initially consolidated, Suomen Kiitoautot has generated revenues of € 38 million and a net profit of € 2 million

Purchase price allocation of asset deal by Schenker Namibia

The acquired net assets are broken down as follows

€ million	Carrying amount	Adjustment	Fair value
Property, plant and equipment	0	0	0
Intangible assets	1	0	1
Assets	**1**	**0**	**1**
Liabilities	**0**	**0**	**0**
thereof recognized contingent liabilities in accordance with IFRS 3	0	0	0
Share of third parties	0	0	0
Net assets acquired	**1**	**0**	**1**
Purchase price paid in cash and cash equivalents	1	0	1
Cash and cash equivalents acquired	0	0	0
Outflow of cash and cash equivalents through transaction	**1**	**0**	**1**

If the asset deal had been carried out as of January 1, 2012, DB Group would have reported additional revenues of € 1 million and additional net profit for the year of € 0 million.

After being initially consolidated, Schenker Namibia has generated revenues of € 2 million and a net profit of € 0 million.

Purchase price allocation Ambuline

The acquired net assets are broken down as follows:

€ million	Carrying amount	Adjustment	Fair value
Property, plant and equipment	1	0	1
Intangible assets	0	1	1
Trade receivables	1	0	1
Other receivables and assets	0	0	0
Cash and cash equivalents	0	0	0
Assets	**2**	**1**	**3**
Financial debt	1	0	1
Other liabilities	2	0	2
Retirement benefit obligations	0	0	0
Liabilities	**3**	**0**	**3**
thereof recognized contingent liabilities in accordance with IFRS 3	0	0	0
Share of third parties	0	0	0
Net assets acquired	**-1**	**1**	**0**
Purchase price paid in cash and cash equivalents	1	0	1
Cash and cash equivalents acquired	0	0	0
Outflow of cash and cash equivalents through transaction	**1**	**0**	**1**

The fair value of the trade receivables is € 1 million; this figure does not include any impairments.

We expect that some of the goodwill will not be allowable for income tax purposes.

If Ambuline had been included in the DB consolidated financial statements as of January 1, 2012, DB Group would have reported additional revenues of € 7 million and an additional net profit of € 0 million.

After being initially consolidated, Ambuline has generated revenues of € 5 million and a net profit of € 0 million.

Purchase price allocation TFG Transfracht

The acquired net assets are broken down as follows:

€ million	Carrying amount	Adjustment	Fair value
Property, plant and equipment	0	0	0
Intangible assets	1	0	1
Inventories	9	0	9
Trade receivables	25	0	25
Other receivables and assets	5	0	5
Cash and cash equivalents	0	0	0
Deferred tax assets	3	-3	0
Assets	**43**	**-3**	**40**
Financial debt	9	0	9
Other liabilities	44	0	44
Retirement benefit obligations	1	0	1
Other provisions	0	1	1
Liabilities	**54**	**1**	**55**
thereof recognized contingent liabilities in accordance with IFRS 3	0	0	0
Share of third parties	0	0	0
Net assets acquired	**-11**	**-4**	**-15**
Purchase price paid in cash and cash equivalents (negative purchase price)	-8	0	-8
Cash and cash equivalents acquired	0	0	0
Outflow of cash and cash equivalents through transaction (negative purchase price)	**-8**	**0**	**-8**

The fair value of the trade receivables is € 25 million, including impairments of € 0.3 million.

If TFG Transfracht had been included in the DB consolidated financial statements as of January 1, 2012, DB Group would have reported additional revenues of € 110 million and a net profit which would have been € 6 million lower.

After being initially consolidated, TFG Transfracht has generated revenues of € 107 million and a net profit of € 0 million. The acquisition of TFG Transfracht has eliminated revenues of € 77 million since July 2012, which were recognized as internal revenues since then and as external revenues in the previous year.

The disposals from the scope of consolidation relate to 42 mergers as well as 20 liquidations and three sales The sales have generated a cash inflow of € 0 4 million

The following table shows a summary of the effects on the consolidated income statement resulting from the changes in the scope of consolidation which have taken place compared with the previous year

€ million	DB Group Jan 1 to Dec 31 2012	thereof due to additions to the scope of consolidation	thereof due to disposals from the scope of consolidation
Revenues	39,296	128	-1
Inventory changes and internally produced and capitalized assets	2 614	0	0
Overall performance	41,910	128	-1
Other operating income	3 443	2	-2
Cost of materials	-21 039	-59	1
Personnel expenses	-13,817	-36	2
Depreciation	-3 328	-11	0
Other operating expenses	-4,640	-26	5
Operating profit (EBIT)	**2,529**	**-2**	**5**
Result from investments accounted for using the equity method	14	-	-
Net interest income	-982	-2	0
Other financial result	-13	0	0
Financial result	**-981**	**-2**	**0**
Profit before taxes on income	**1,548**	**-4**	**5**
Taxes on income	-71	2	0
Net profit for the year	**1,477**	**-2**	**5**

Of the figure of € 128 million reported for revenues resulting from additions to the scope of consolidation, € 38 million relates to Suomen Kiitoautot, € 30 million is attributable to TFG Transfracht, € 5 million is attributable to Ambuline, € 2 million is attributable to Schenker Namibia, € 33 million is attributable to Grand Central Railway acquired in the course of the previous year, € 12 million is attributable to COBRA which was acquired in the course of the previous year and € 8 million is attributable to the Jean Heck Group which was acquired in the previous year

b) Joint ventures and associated companies

Number	German 2012	Foreign 2012	Total 2012	Total 2011
JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD				
As of Jan 1	12	13	25	26
Additions	0	0	0	0
Addition due to changes in type of inclusion	0	0	0	0
Disposals	0	2	2	1
Disposal due to changes in type of inclusion	1	0	1	0
As of Dec 31	**11**	**11**	**22**	**25**
ASSOCIATED COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD				
As of Jan 1	60	61	121	122
Additions	4	0	4	4
Addition due to changes in type of inclusion	0	0	0	0
Disposals	3	4	7	4
Disposal due to changes in type of inclusion	2	0	2	1
As of Dec 31	**59**	**57**	**116**	**121**

The additions to associated companies consist of four companies with total costs of purchase of € 0 1 million

The following selected financial data are provided for the major associates and joint ventures, this information has been taken from the consolidated financial statements or the annual financial statements of the relevant companies for the period ended December 31, 2012

Aggregated financial data

€ million	Equity holding (%)	ASSETS[7] 2012	ASSETS[7] 2011	EQUITY[7] 2012	EQUITY[7] 2011	LIABILITIES[7] 2012	LIABILITIES[7] 2011	REVENUES 2012	REVENUES 2011	NET PROFIT 2012	NET PROFIT 2011
JOINT VENTURES											
Aquabus BV, Heerenveen/the Netherlands [1,2]	50 00	13	11	4	4	8	7	8	7	0	0
ATN Auto Terminal Neuss GmbH & Co KG, Neuss [2,3]	50 00	7	8	5	5	2	1	14	13	0	0
London Overground Rail Operations Limited, London/Great Britain [1,2,4]	50 00	60	68	14	10	46	63	124	148	4	2
PKV Planungsgesellschaft kombinierter Verkehr Duisburg mbH, Duisburg [1,2]	50 00	12	14	1	1	11	12	2	1	0	0
ASSOCIATED COMPANIES											
ATS Air Transport Service AG Zurich/Switzerland [3]	26 00	7	9	5	6	2	2	16	4	0	0
Autoport Emden GmbH, Emden [1,2]	33 30	3	4	0	0	3	4	21	21	0	0
Barraqueiro SGPS SA Lisbon/Portugal [1]	31 50	600	553	193	195	407	358	336	334	7	-1
BLS Cargo AG, Bern/Switzerland [2,3]	45 00	152	148	75	75	77	73	146	139	0	-2
BwFuhrparkService GmbH, Troisdorf [2,3]	24 90	242	261	135	133	106	128	318	278	2	4
Centrebus Holdings Limited, Leicester/Great Britain [2,3,5]	40 00	10	10	0	0	10	10	18	17	0	0
Container Terminal Dortmund GmbH Dortmund [2,3]	30 00	6	5	4	3	2	2	19	17	2	2
CTS Container-Terminal GmbH Rhein See-Land-Service, Cologne [2,4]	22 50	7	7	1	1	5	6	35	33	1	1
DAP Barging B V, Rotterdam/the Netherlands [3]	55 00	6	4	2	2	4	3	32	24	1	1
DCH Düsseldorfer Container-Hafen GmbH, Düsseldorf [2,4]	51 00	3	3	0	0	3	2	16	14	0	0
EUROFIMA Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial, Basel/Switzerland [2,6]	22 60	25,935	28 271	1,270	1,218	24,665	27 054	0	0	28	33
EXTRA TOS s c a r l, Turin/Italy [2,3,5]	30 01	13	0	0	0	13	0	35	0	0	0
Express Air Systems GmbH (EASY), Kriftel [2,3]	50 00	8	9	4	3	4	6	45	42	1	1
Güterverkehrszentrum Entwicklungsgesellschaft Dresden mbH, Dresden [1,2]	24 53	18	18	2	2	16	16	1	1	0	0
Hispanauto Empresas Agrupadas A E I E, Madrid/Spain [1]	75 06	5	6	0	0	5	6	21	26	0	0
Intercambiador de Transportes Principe PIO S A, Madrid/Spain [1,2]	30 00	72	68	-10	9	82	59	8	7	0	0
INTERCONTAINER – INTERFRIGO SA r L, Brussels/Belgium [2,3]	36 77	42	45	-6	5	48	40	0	144	-24	-14
Kahlgrund-Verkehrs-Gesellschaft mit beschränkter Haftung, Schöllkrippen [2,3]	28 00	10	13	8	10	2	2	9	9	1	1
KM S P A, Cremona/Italy [1]	49 00	13	11	5	5	8	7	0	0	0	0
Kombiverkehr Deutsche Gesellschaft für kombinierten Güterverkehr mbH & Co Kommanditgesellschaft, Frankfurt am Main [2,3]	50 00	51	52	17	16	35	35	436	388	1	1
LogCap IR Grundverwertungsgesellschaft mbH, Vienna/Austria [1]	49 00	20	21	5	5	16	16	1	1	0	0
Lokomotion Gesellschaft für Schienentraktion mbH, Munich [2,3]	30 00	23	17	8	7	15	11	39	35	2	2
Omfesa Logistica S A Madrid/Spain [1]	50 00	20	23	-3	0	23	23	14	16	3	-3
Pool Ibérico Ferroviario A E I E Madrid/Spain [1]	11 67	6	6	0	0	6	6	18	20	0	0
Prometro S A, Porto/Portugal [1,2]	20 00	18	14	4	3	14	10	47	32	0	0
Śląskie Centrum Logistyki S A, Gliwice/Poland [1,2,3,5]	21 86	12	0	10	0	3	0	5	0	0	0
Sociedad de Estudios y Explotación Material Auxiliar de Transportes, S A ("SEMAT"), Madrid/Spain [1]	62 80	30	37	4	10	26	27	16	19	-6	-2
SSG Saar Service GmbH Saarbrücken [2,5]	25 50	4	4	1	1	2	2	15	15	0	0
Trans Eurasia Logistics GmbH, Berlin [3]	30 00	4	2	1	0	3	1	23	16	0	0
Trieste Trasporti S P A Trieste/Italy [1,2]	39 94	103	99	46	45	57	54	75	72	5	4
VT Transman Személyszállító és Szolgáltató Kft, Székesfehérvár/Hungary [1]	49 91	13	11	7	5	5	6	19	18	2	2

[1] Based on preliminary figures
[2] Figures according to local GAAP
[3] Figures from 2011 financial year
[4] Deviating financial year
[5] No/incomplete data from 2011 financial year available
[6] Concerns financing transactions exclusively
[7] Data as of December 31

Currency translation

a) Functional currency and reporting currency

Currency translation uses the concept of the functional currency The functional currency of all subsidiaries included in the consolidated financial statements of DB AG is the relevant local currency

The consolidated financial statements are prepared in euros (reporting currency)

b) Transactions and balances

Transactions which are not carried out in the functional currency of a company included in the scope of consolidation (foreign currency transactions) are translated into the functional currency of the corresponding entity using the rate applicable at the time of the transaction Exchange rate gains and losses resulting from processing such transactions and valuing monetary assets and liabilities at the rate applicable on the reporting date in the financial statements are recognized in the income statement

c) Subsidiaries

Subsidiaries whose functional currency is not the euro convert their financial statements which are prepared in local currency into the reporting currency (euro) for the purpose of being included in the consolidated financial statements of DB AG as follows assets and liabilities are converted using the reference date rate, and income and expenses are converted using the average rate Differences resulting from currency translation are shown separately under shareholders' equity

The shareholders' equity which has to be initially consolidated as part of an acquisition of foreign subsidiaries is translated as of the relevant balance sheet date using the historical rate applicable at the time of the acquisition Any differences resulting from the currency translation are shown separately under shareholders' equity

As long as the subsidiary is included in the scope of consolidation, the translation differences continue to be shown under consolidated shareholders' equity If subsidiaries are no longer included in the scope of consolidation, the corresponding translation differences are eliminated and recognized in the income statement

Goodwill and adjustments to the fair values of assets and liabilities due to acquisitions of foreign subsidiaries are treated as assets and liabilities of the foreign companies and are translated using the exchange rate applicable on the reporting date

The annual financial statements of subsidiaries which are domiciled in hyperinflationary economies are translated in accordance with IAS 29 No major subsidiary was domiciled in a hyperinflationary economy in the reporting and comparison period

Currency translation differences resulting from the translation of shares in a foreign subsidiary and also resulting from loans which are part of the net investment in such foreign subsidiaries are shown under shareholders' equity When the foreign subsidiary is no longer included in the scope of consolidation, the currency translation differences are eliminated via the income statement

The following exchange rates are some of the rates used for currency translation purposes

	CLOSING RATES AS OF DEC 31		AVERAGE RATES	
€	2012	2011	2012	2011
1 Australian Dollar (AUD)	0 78666	0 78598	0 80599	0 74162
1 Swiss Franc (CHF)	0 82836	0 82264	0 82968	0 81129
1 Danish Krona (DKK)	0 13403	0 13451	0 13434	0 13422
1 Pound Sterling (GBP)	1 22534	1 19717	1 23324	1 15223
1 Hong Kong Dollar (HKD)	0 09779	0 09949	0 10034	0 09228
1 Japanese Yen (JPY)	0 00880	0 00998	0 00976	0 00901
1 Norwegian Krone (NOK)	0 13609	0 12897	0 13378	0 12831
1 Polish Zloty (PLN)	0 24546	0 22432	0 23896	0 24268
1 Swedish Krona (SEK)	0 11652	0 11221	0 11489	0 11074
1 Singapore Dollar (SGD)	0 62069	0 59457	0 62287	0 57180
1 US Dollar (USD)	0 75792	0 77286	0 77834	0 71841

RECOGNITION OF INCOME AND EXPENSES

The revenues generated in DB Group relate to the provision of passenger transport, transport and logistics services, the provision of rail infrastructure, the sale of goods and other services related particularly to rail operations, less turnover tax, discounts and any price deductions They are recognized with their fair value

The services provided by DB Group are normally completed within a few hours/days. Exceptions in this respect are the segments DB Bahn Regional and DB Arriva, where the development of orders in the form of long-term transport contracts concluded with the clients comprising the Federal states in Germany and the franchisors in other European countries are very important for the development of overall business. Contractual relations with clients covering several years also exist in Contract Logistics/Supply Chain Management in the DB Schenker Logistics segment, which accounts for approximately 4% of overall Group revenues. Revenues resulting from the provision of services are therefore recognized as soon as the service has been provided, the extent of the revenues and the costs is reliably measurable and the economic benefit will probably accrue to the Group.

Dividend income is recognized at the point at which the right to receive the payment arises. Interest income is recognized in the income statement using the effective interest method in the period in which the income arises.

All expense and income items are normally recognized without being netted, unless the accounting principles under IFRS permit or require netting.

Expenses are recognized in the income statement at the point at which the service is used or at the point at which the expenses are incurred.

ACCOUNTING AND VALUATION METHODS

a) Property, plant and equipment

Property, plant and equipment is recognized at cost of purchase and cost of production less cumulative depreciation, and also with due consideration being given to impairments and reversals of previous impairments. Costs of purchase comprise the purchase price plus ancillary purchase costs less purchase price reductions. If there are any closure or restoration obligations, they are recognized in the costs of purchase and production of the property, plant and equipment, and a provision is shown at the same time. Cost of production comprises individual costs as well as overhead costs which are directly allocatable.

If a considerable period is required for manufacturing an asset in order to place it in its intended state in which it is capable of being used or sold, directly attributable borrowing costs are capitalized as costs of production of the asset. If a direct link cannot be established, the average borrowing cost rate of the year under review is used. Turnover tax incurred in connection with the purchase or production of property, plant and equipment is only capitalized if input tax is not permitted to be deducted.

Subsequent costs are capitalized if the expenses enhance the economic benefit of the property, plant and equipment and if the costs can be reliably measured.

Components of property, plant and equipment which are significant in relation to the total costs of purchase and costs of production are recognized separately and written down over their useful lives using the straight-line method. On the other hand, all other repairs or maintenance are expensed.

Scheduled depreciation is taken to the income statement on a straight-line basis over the expected service life of the asset. The following useful-service lives for the main groups of property, plant and equipment are taken as a basis:

	Years
Permanent way structures, tunnels, bridges	60–90
Track infrastructure	13–26
Buildings and other constructions	10–75
Land improvements	8–20
Signaling equipment	10–40
Telecommunications equipment	5–20
Rolling stock	10–30
Other technical equipment, machinery and vehicles	3–25
Factory and office equipment	2–20

The appropriateness of the chosen depreciation method and the service lives is subject to an annual review. Our expectations regarding the residual value are also updated annually.

Investment grants are deducted directly from the cost of purchase or cost of production of the assets for which the grants have been given.

b) Finance lease assets

Rented and leased assets where the underlying leases are classified as finance leases under IAS 17 are capitalized with the lower of fair value or the present value of minimum lease payments at the start of the lease, and are depreciated using the straight-line method over the financial service life of the asset or the shorter duration of the lease.

c) Intangible assets and goodwill

Intangible assets acquired for a monetary consideration are recognized at cost of purchase. Intangible assets manufactured in-house are recognized with their cost of production, and consist mainly of software. The costs of the development phase are capitalized if a future economic benefit accrues to DB Group and if the other capitalization criteria are satisfied. The costs of production comprise all costs which can be directly allocated and those costs which are incurred in order to prepare the asset for its envisaged use.

Processes involving international invitations to tender may result in order and mobilization costs which are associated with future operations within the framework of a transport contract. If it is very likely that the transport contract will indeed come into being, and if the costs are capable of being invoiced, such costs are capitalized and written down over the probable life of the agreement.

Costs of production comprise mainly costs for material and services, wage and salary costs as well as relevant overhead costs.

If a considerable period is required for manufacturing an asset in order to place it in its intended state in which it is capable of being used or sold, directly attributable borrowing costs are capitalized as costs of production of the asset. If a direct link cannot be established, the average borrowing cost rate of the year under review is used.

Turnover tax incurred in connection with the purchase and production of intangible assets is only capitalized if input tax is not deductible.

Intangible assets (excluding goodwill and the Arriva brand) are subsequently valued at cost of purchase or cost of production less depreciation and impairments plus any reversals of previous impairments. Depreciation is calculated using the straight-line method. The adequacy of the depreciation method and the service life are subject to an annual review.

The following useful-service lives are used as the basis for depreciation on intangible assets:

	Years
Franchises, rights etc.	Duration of contract
Trademarks	Economic life
Brand names	Economic life
Customer base	Economic life
Purchased software	3–5
Software produced in-house	3

Goodwill arises as a positive difference between the costs of purchasing the shares and the fair values of the individually acquired assets, absorbed liabilities and contingent liabilities. They are not depreciated; instead, they are subject to an annual impairment test. Impairment losses in relation to goodwill are not reversed.

d) Impairments of assets

IAS 36 governs the impairment test for property, plant and equipment and intangible assets with a certain economic life, which is carried out using a so-called indicator-based asset impairment test. Such an asset impairment test has to be carried out when indicators (so-called triggering events) indicate a possible loss of value. In addition, according to IAS 36, goodwill as well as intangible assets with an indefinite service life have to be subjected at least once a year to an impairment test in the form of a goodwill impairment test.

Definition of cash-generating units

Goodwill impairment tests have to be carried out at the level of individual assets as part of the asset impairment test. If it is not possible to determine future cash flows, which are to a large extent independent, for an individual asset, so-called cash-generating units (CGUs) have to be formed as an aggregation of assets whose future cash flows depend on each other. In DB Group, the CGUs are to a large extent identified at the level of the operating segments, whereby a further differentiation can also be made within the DB Services segment as a result of different service content. Due to the congruence between management structure and legal structure, the identified CGUs also always consist of at least one legal unit. This means that the data necessary for the asset impairment test can be derived from annual financial statements and planning data.

The impairment test for goodwill and the Arriva brand is carried out at the level of the CGU to which the goodwill or the brand has been allocated. Significant goodwill currently exists in the CGUs DB Arriva, DB Schenker Rail and DB Schenker Logistics. Please refer to the segment information according to operating segments.

Method

In the impairment test in accordance with IAS 36, the carrying amount of an asset, a CGU or for the goodwill impairment test on the basis of a group of CGUs has to be compared with the corresponding recoverable amount. If the positive carrying amount is no longer covered by the recoverable amount, this results in a corresponding impairment.

The carrying amount of a CGU is established by adding the carrying amounts of the assets less the liabilities which are related to the relevant assets (net position). In addition, for determining the carrying amount of a CGU, it is also necessary to recognize corporate assets and corporate liabilities jointly used by several CGUs, and the working capital necessary for the corresponding CGU must also be taken into consideration.

The recoverable amount is defined as the higher of the fair value less costs to sell and the value in use. In the impairment tests carried out in DB Group, the recoverable amount is represented by the value in use. The value in use is established as the present value of the free cash flows before interest and after tax attributable to the continuation of a CGU or a group of CGUs. A typical tax rate of 30.5% has again been used in relation to EBIT. The forecast of cash flows reflects previous experience, and takes account of management expectations with regard to future market developments. These cash flow forecasts are based on the medium-term planning which is submitted to the Supervisory Board of DB AG and which covers a planning horizon of five years. If cash flow forecasts are necessary beyond the five-year planning horizon, a sustainable free cash flow is derived from the forecast and is extrapolated on the basis of a growth rate related to the specific market development. As in the previous year, an average growth rate of 1% p.a. has usually been assumed, and an average growth rate of 2% p.a. has been assumed for the CGU DB Arriva.

A weighted average cost of capital is used for discounting the free cash flows; this reflects the expectation of return on the capital market for providing debt capital and shareholders' equity to DB Group. In line with the process of calculating the free cash flows after corporate taxes, a capital cost rate after corporate taxes has been used. Risks of free cash flows are recognized by a risk-equivalent capitalization rate. In view of the subgroup structure on the one hand and the fact that there is also essentially a network of risks and resources within DB Group on the other, this capitalization rate after tax has been used as the standard rate for all CGUs of DB ML Group or DB Group. A uniform capitalization rate of 6.7% has been used for the CGUs of DB ML Group, which is equivalent to a corresponding capitalization rate before tax of 9.6% (previous year 9.9%) when due consideration is given to the typical tax rate of 30.5% in relation to EBIT. A uniform capitalization rate of 5.1% has been used for the CGUs of the infrastructure, which is equivalent to a corresponding capitalization rate before tax of 7.3% (previous year: 8.1%) when due consideration is given to the typical tax rate of 30.5% in relation to EBIT. The reduction in the WACCs compared with the previous year is attributable to current expectations of medium- to long-term developments of the capital market.

Asset impairment test

Processes which comply with the specific requirements of IAS 36 have been implemented in order to carry out the asset impairment test. The service lives of the individual CGUs used for the asset impairment test are based on the service life of the asset or a group of homogenous assets which is (are) most significant for the particular CGU.

In addition, the process of establishing the service life disregards future cash flows which result from major structural changes, disinvestment measures or extension investments. Resulting adjustments to the original plans relate mainly to the major new and expansion infrastructure projects, where it is assumed that the construction process will be completed beyond the medium-term (beyond 2017). Accordingly, the project "Stuttgart 21" also did not have to be taken into consideration for calculating the value in use (in accordance with IAS 36.44) because a major part of the capital expenditure had not been completed as of the balance sheet date and because the project is only expected to be completed after the medium-term period.

The cash flow forecasts take account of internal transfer prices within DB Group on the basis of arm's length assessments of the companies involved The published infrastructure prices are applicable for goods and services exchanged between transport and infrastructure segments, price increases in the period covered by the forecast have also been taken into consideration

After the medium-term planning has been completed, a regular check is carried out to determine whether impairments are necessary at the CGU level In addition to this annual cycle, a test is also performed if current issues arising from the development in business or changes in assumptions indicate that there has been a major deterioration in the value in use

The voluntary impairment tests carried out in the period under review did not identify any impairment requirement for any CGU The voluntary asset impairment test carried out in December 2012 after the mid-term planning was adopted also did not identify any impairment requirement for the CGU

Independently of the voluntary impairment tests carried out in relation to the CGUs, impairments are recognized in relation to individual assets which are no longer capable of being used fully These impairments are shown under the disclosures for the respective balance sheet item

Goodwill impairment test

A goodwill impairment test must be carried out annually for all CGUs or groups of CGUs to which goodwill can be allocated Because the goodwill which arises in DB Group as a result of acquisitions can always be clearly allocated to a CGU, this goodwill impairment test is an integral part of the asset impairment test which is always carried out annually on a voluntary basis for all CGUs

The goodwill impairment tests carried out for the affected CGUs DB Arriva, DB Schenker Rail, DB Schenker Logistics and DB Bahn Regional have not identified any impairment requirement The respective recoverable amount is represented by the value in use of the CGU, which in turn has been derived from the mid-term planning of the four segments The details relating to methods presented above are thus applicable correspondingly At DB Arriva, DB Schenker Rail and DB Schenker Logistics, it also has to be borne in mind that separate assumptions relating to the development of the economy, market and competition as well as currency relations have been made for the relevant international markets These assumptions have been based on the external and internal expert assessments available at the time of the planning

e) Shares in companies accounted for using the equity method

Shares in associated companies and joint ventures are accounted for using the equity method in accordance with IAS 28 (Shares in Associated Companies) or in accordance with the option specified in IAS 31 (Shares in Joint Ventures) Based on the Group costs of purchase at the time of the purchase, the figure for the change in shareholders' equity at the company accounted for using the equity method attributable to the shares of DB Group is extrapolated

f) Financial assets

Arm's length purchases or sales of financial assets are recognized or eliminated on the settlement date At present, there are the following categories in DB Group in accordance with IAS 39

Available-for-sale financial assets

Available-for-sale financial assets are normally recognized with their fair value For financial instruments traded on an active market, the fair value is derived from the market price as of the balance sheet date If the fair value of equity instruments is not reliably measurable, the available-for-sale financial assets are recognized at cost of purchase less any impairment

Shares in non-consolidated subsidiaries and other equity investments are also considered to be available-for-sale financial assets They are normally shown with their amortized cost of purchase because the future cash flows for determining the market value of the shares cannot be reliably established

Available-for-sale long- or short-term securities are recognized with their market values as of the reporting date – where such values exist Changes in fair value are recognized with no impact on the income statement in the reserve attributable to the marking-to-market of securities

Receivables and other financial assets

Receivables and other financial assets are initially measured at fair value In general, this is equivalent to the costs of purchase Long-term interest-free or low-interest receivables (receivables due after more than one year) are discounted to the present value of future cash flows Discounted receivables are adjusted for cumulative interest in subsequent periods with the effective interest fixed for initial valuation

Receivables for which there are substantial objective indications of an impairment are adjusted appropriately Portfolio-based allowances are also recognized in relation to groups of assets, in particular, historical default rates are taken into consideration

Cash and cash equivalents
This item comprises cash in hand and checks, deposits at banks which are due on sight, as well as cash and cash equivalents Balances at banks comprise overnight money as well as time deposits due within three months

Liquid assets are recognized with their nominal value

g) Inventories
All costs which are directly related to the procurement process are capitalized as the costs of purchase of the inventories The average method is used as the basis for establishing the cost of purchase of fungible and homogeneous raw materials and supplies The costs of production comprise the individual costs and also the directly attributable overheads, borrowing costs and idle costs are not capitalized, and instead are recognized as expense in the period in which they are incurred

As of the balance sheet date, inventories are measured with the lower of cost or net realizable value

h) Available-for-sale non-current assets
Under IFRS 5, non-current assets are classified as available-for-sale non-current assets if their carrying amount is to be realized by way of sale and not by way of continued use This can be an individual asset, a disposal group or part of a company Non-current available-for-sale assets are stated with the lower of carrying amount or market value less costs which are incurred

i) Deferred taxes
Deferred taxes are calculated in accordance with IAS 12 (Income Taxes)

The group tax rate for domestic companies used as the basis for calculating deferred taxes was 30 5% The group tax rate comprises the corporation tax rate plus solidarity surcharge and an average trade tax rate Foreign subsidiaries use their relevant local tax rates for calculating deferred taxes

A deferred tax asset is recognized in accordance with IAS 12 24 or IAS 12 34 if, after corresponding deferred tax liabilities have been deducted, it is likely that adequate taxable income is available The mid-term planning with additional estimates is used as the basis of this process Deferred tax assets relating to income which can be generated after the medium-term period are not recognized, on the grounds that they cannot be reliably determined

Deferred taxes are established on the basis of the tax rates which can be expected for the period in which the deferred tax is realized on the basis of existing laws or laws which have in essence been adopted

j) Financial debt and liabilities
Current liabilities are normally recognized with their nominal amount, which corresponds to the fair value at the point at which the liability is initially recognized and the amortized costs of purchase up to the date at which the liability is settled Financial debt and other non-current liabilities, when initially recognized, are stated with the amount which corresponds to the fair value of the received assets, where appropriate less transaction costs Subsequently, they are stated using amortized costs of purchase using the effective interest method The differences between the amount paid out less transaction costs and the amount repaid are recognized in the income statement over the life of the liability

Interest-free Federal Government loans which are related to infrastructure capital expenditures are recognized with the present value of the amounts to be repaid, and are adjusted to their nominal repayment amount over their life The difference between the nominal amount of the loan and the present value is recognized as an interest benefit under accruals The income from pro rata reversal of these accruals is shown as other operating income Please refer to the comments in the section "Comparability with the previous year "

Liabilities arising from leases which are classified as finance leases in accordance with the allocation criteria of IAS 17 are recognized at the lower of fair value and the present value of minimum leasing payments at the beginning of the lease, and are subsequently stated under financial debt in the amount of amortized cost of purchase The leasing installments are broken down into an interest component and a repayment component The interest component of the leasing installment is recognized in the income statement

k) Employee benefits

Pension obligations and similar commitments

In DB Group, there are defined benefit as well as defined contribution retirement pension systems.

The provision for defined retirement benefit systems stated in the balance sheet corresponds to the present value of the pension commitment (Defined Benefit Obligation, DBO) less the fair value of the plan assets on the balance sheet date, adjusted by cumulative actuarial profits and losses which have not yet been recognized in the income statement, effects attributable to cost allocation and franchise agreements as well as past service cost which has not yet been recognized in the income statement. The pension obligation is calculated annually by independent actuarial appraisals using the projected unit credit method. Actuarial profits and losses are not recognized in the income statement if they do not exceed 10% of the higher of the obligation or the present value of plan assets (10% corridor rule). The amount which exceeds the corridor is recognized over the expected average remaining service lives of the employees covered by the plan. The alternative methods for recognizing actuarial profits and losses permitted in accordance with IAS 19.93 and 19.93A, i.e. immediate recognition in the income statement or recognition directly in equity, are not applied in the DB Group.

Past service cost is immediately recognized in the income statement, unless the changes in the pension plan (retirement pension system) depend on the employee remaining in the company for a defined period (the period up to the point at which the rights become vested). In this case, the past service cost is recognized in profit or loss on a straight-line basis over the period until vesting.

The expense arising from applying interest to the pension obligations and the expected income from the plan assets is recognized in financial result.

In the case of defined contribution retirement pension systems, DB Group pays contributions to public sector or private retirement pension schemes, either voluntarily or as a result of a contractual or statutory obligation. DB Group does not have any additional payment obligations beyond having to pay the contributions. The contributions are recognized in personnel expenses when due. Advance payments of contributions are recognized as assets to the extent that there is a right for a repayment or reduction of future payment.

The discount rate for measuring pension obligations was determined on the basis of the yields obtained on the market on the balance sheet date for prime fixed-income industrial bonds. Prime corporate bonds with an AA rating are used as the basis in this respect.

Employees who are covered by the "Tarifvertrag über arbeitgeberfinanzierte Leistungen zur betrieblichen Altersvorsorge für die Arbeitnehmer verschiedener Unternehmen des DB Konzerns (bAV-TV)" (collective bargaining agreement for employer-financed payments to the company retirement benefit scheme for the employees of various companies of DB Group) or the corresponding regulations in other collective bargaining agreements of the companies of DB Group as well as the collective bargaining agreement for engine drivers of rail transport companies of the Agv MoVe receive an employer-financed payment into the company retirement benefit scheme.

The funding vehicle for this new employer-financed payment into the company retirement benefit scheme is the pension fund (DEVK Pensionsfonds-AG) which has already been offered to employees for salary conversion. Defined contribution pension plans are being set up for the new employer-financed payment. As a funding vehicle, the pension fund is not relevant for provisions.

Payments on the occasion of termination of employment contracts (severance packages)

Severance packages become payable if an employee is released from his duties before normal pensionable age or if an employee voluntarily terminates his employment contract in return for a severance package. Severance payments are recognized if there is a demonstrable obligation either to terminate the employment agreements of current employees in accordance with a detailed formal plan which cannot be reversed or to pay severance payments if the employment contract is voluntarily terminated by employees within the framework of employment contract termination agreements.

Severance package obligations for agreements agreed as of the balance sheet date are recognized as other liabilities and – if they are not yet included in individual agreements and if they are part of a restructuring obligation in accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) – are stated as other provisions.

Semi-retirement agreements are based on the so-called block model The top-up amounts paid in addition to salary by DB Group during the semi-retirement period as well as additional contributions to the statutory pension insurance scheme constitute benefits arising upon termination of the employment contract They are shown with their present value at the point at which the obligation originated The compensation backlog (plus the employer's contributions to social insurance) for the additional work performed during the employment phase is also shown with the present value

Other benefits due in the long term

Employees who are covered by the regulations of the collective bargaining agreement with regard to maintaining long-term accounts for the employees of various companies of DB Group, are able to convert their overtime which they have worked or are able to pay single or regular amounts into a long-term account which is managed in cash equivalents to cover the possibility of being exempted from duties in the future The relevant companies of the DB Group are obliged under the terms of collective bargaining agreements to pay the compensation for the additional overtime or make the contributions to the employee's long-term account on the basis of a separate contribution agreement plus the related employer's contributions to social insurance into the "Fonds zur Sicherung von Wertguthaben e V " (credit fund) every month at the point at which the salary payment becomes due The credit fund has been established in the legal form of a registered association as a joint institution of the wage-bargaining parties in accordance with the Wage Bargaining Act (Tarifvertragsgesetz) It is responsible for managing and administering the credits

The compensation paid to the employees during a phase during which the employees are exempted from their duties is financed out of the credit fund The duration of the phase during which the employees are exempted from their duties is determined by the amount of the credit which has been built up by the employees

With regard to the credits, no further financial risks are retained in DB Group when the funds are paid out

l) Other provisions

Other provisions are set aside if there is a legal or constructive obligation resulting from a past event which is more than 50% likely to result in an outflow of resources and if the extent of the obligation can be reliably estimated If it is likely that a provision will be refunded, for instance as a result of an insurance policy, the refund is recognized as a separate asset only if it is as good as certain The income from refunds is not netted with the expenses

Non-current provisions are discounted using market interest rates The probable fulfillment amount which is used as the basis for discounting purposes also comprises the future events which have to be taken into consideration on the balance sheet date The provision is then recognized with its present value Environmental protection provisions for the rehabilitation of existing ecological legacy issues are discounted on the basis of real interest rates, which are adjusted to reflect the risk and the period until fulfillment The difference between the nominal value of the expected outflows and the present value recognized for the environmental protection provisions of DB AG for transferred liabilities for the elimination of legacy issues from the time previous to the foundation of DB AG is stated under deferred income, and represents the interest benefit resulting from the longer-term release of the provision The cumulative interest expense attributable to other provisions is recognized in financial result Provisions for potential losses are measured as the lower of the amount of the expected costs for fulfilling the agreement and the expected costs for terminating the agreement

m) Deferred income

Deferred public-sector grants

DB Group receives various public-sector grants, which are provided in relation to specific assets or on the basis of a specific performance The grants are recognized in the balance sheet as soon as it is certain that they will be provided and as soon as the conditions necessary for receiving the grants have been satisfied The grants related to assets, and in particular investment grants, are deducted directly from the assets for which grants have been received The interest benefit (difference between nominal value and present value) of interest-free loans is deferred on the basis of the contractual grant conditions With regard to the income from the reversal of accruals, please refer to the comments in the section "Comparability with the previous year"

Deferred profits from sale-and-lease-back agreements
If capital gains are realized in conjunction with sale-and-lease-back agreements and if the subsequent lease is classified as a finance lease, these are deferred and released with an impact on the income statement over the life of the relevant agreements

n) Derivative financial instruments

Recognition of derivative financial instruments
At the point at which the contract is concluded, derivative financial instruments are recognized as a financial asset or a financial liability in the balance sheet Derivative financial instruments are initially and subsequently measured at fair value The treatment of changes in the fair value depends on the type of the hedged underlying At the point at which the contract is taken out, derivative financial instruments are generally classified as a hedging instrument (a) for hedging the fair value of certain assets or liabilities recognized in the balance sheet (fair value hedge) or (b) for hedging the cash flows arising from a contractual obligation or an expected transaction (cash flow hedge)

Fair value hedges > The purpose of fair value hedges is to provide protection against changes in the value of balance sheet items In these cases, the hedge as well as the hedged risk content of the underlying are recognized with their present value Changes in value are recognized in the income statement

DB Group does not have any fair value hedges as of the balance sheet date

Cash flow hedges > Cash flow hedges are used to provide protection against fluctuations in the cash flows of financial assets or liabilities or anticipated transactions When future cash flows are hedged, the hedging instruments are also recognized with their fair value Changes in value are initially recognized in shareholders' equity with no impact on the income statement, and are only recognized in the income statement at the point at which the corresponding losses or profits from the underlying have an impact on the income statement or the transactions expire

Derivative financial instruments which do not satisfy the requirements for recognizing hedges in accordance with IAS 39 > If hedges which in economic terms are used for interest, currency or price hedging do not satisfy the restrictive requirements of IAS 39 for being recognized as a hedge, the changes in value are immediately recognized in the income statement

Calculation of the fair value > The fair value of financial instruments which are traded in an active market is derived from the market price applicable on the balance sheet date Common valuation methods such as option price or present-value models are used for determining the fair value of financial instruments which are not traded in an active market If valuation-relevant parameters are not directly observable on the market, forecasts are used based on comparable financial instruments which are traded in an active market, these forecasts are then adjusted by premiums or discounts on the basis of historical data The mean figure from the bid and offer price is used Trades for which no premium has been paid have a fair value of zero upon conclusion In the case of long-dated derivatives, a credit risk adjustment is made in relation to the fair value if the counterparty is no longer classified as "investment grade" by the rating agencies and if the overall position constitutes a receivable from the point of view of DB Group However, this is not the case in these financial statements due to considerations of materiality At present, DB AG is holding negotiations for hedging the counterparty risk arising from derivative transactions

All derivatives used in DB Group are measured using common methods such as option price or present value models, because their fair values are not traded on an active market No parameters from non-observable markets are used for measurement purposes

CAPITAL MANAGEMENT IN DB GROUP (IN ACCORDANCE WITH IAS 1)

The purpose of financial management of DB Group is to not only achieve sustainable growth in the enterprise value but also to comply with a capital structure which is adequate for maintaining a very good rating

The capital structure is managed on the basis of the gearing figure Gearing is defined as the ratio between net financial debt (financial debt less receivables from financing and cash and cash equivalents) and shareholders' equity The main instruments for managing the capital structure are scheduled repayment of financial debt as well as strengthening of the capital base by way of retained earnings

The aim is to achieve gearing of 100% and thus parity between debt and equity. This objective is unchanged compared with last year. Gearing has developed as follows:

€ million	Dec 31, 2012	Dec 31, 2011
Financial debt	18,613	18,351
– Receivables from financing	–72	–56
– Cash and cash equivalents	–2,175	–1,703
Net financial debt	**16,366**	**16,592**
÷ Equity	15,934	15,126
Gearing (%)	**103**	**110**

Compared with the previous year, gearing has improved as a result of a slight reduction in net financial debt and also as a result of the positive net profit for the year, with the corresponding strengthening of shareholders' equity; it is only slightly higher than the target value.

Based on adjusted EBIT, return on capital employed (ROCE) is calculated as a further parameter as a key component of the value management concept. The capital employed represents the use of capital provided by shareholders and providers of debt which is tied up in DB Group and which is associated with yield expectations. The parameter is derived on the basis of the closing balance sheet for the year under review. The following table shows the process of calculating capital employed, using the asset and liability items shown in the balance sheet:

€ million	Dec 31, 2012	Dec 31, 2011
Property, plant and equipment	37,630	37,372
+ Intangible assets/goodwill	4,186	4,169
+ Inventories	989	991
+ Trade receivables	4,202	4,094
+ Receivables and other assets	983	896
– Receivables from financing	–72	–56
+ Income tax receivables	74	46
+ Assets held for sale	0	11
– Trade liabilities	–4,406	–4,312
– Miscellaneous and other liabilities	–3,332	–3,354
– Income tax liabilities	–184	–200
– Other provisions	–5,162	–5,610
– Deferred income	–2,217	–2,315
Capital employed	**32,691**	**31,732**

For further calculation, the adjusted EBIT and EBITDA in the following table is derived from the operating result (EBIT) shown in the income statement. The corresponding details at the segment level have been calculated using the same method.

€ million	2012	2011
Operating profit (EBIT)	2,529	2,177
Income from the disposal of financial instruments	–39	–6
Expenses from the disposal of financial instruments	17	10
Restructuring DB Schenker Rail	130	–
Impairments on property, plant and equipment	270	43
Reassessment of ecological burdens	–200	–
Elimination of restitution claims	–113	–
Other	32	10
Operating profit (EBIT) adjusted for special items	**2,626**	**2,234**
PPA amortization customer contracts (depreciation)	82	75
EBIT ADJUSTED	**2,708**	**2,309**
Depreciation	3,328	2,964
PPA amortization customer contracts (depreciation)	–82	–75
Impairments	–353	–57
EBITDA ADJUSTED	**5,601**	**5,141**

Special items totaling € 97 million were adjusted in EBIT in the year under review. These are mainly due to adjustments to fixed assets (€ 270 million) and costs incurred in connection with restructuring in the DB Schenker Rail segment (€ 130 million). This was opposed by the partial reversal of provisions for ecological legacy burdens (€ –200 million) and the elimination of restitution claims arising from the Asset Allocation Act (€ –113 million). In addition, the amortization of customer and franchise agreements has been reclassified from EBIT; these will be written down over the remaining term of the respective agreements as a result of being capitalized as intangible assets as part of the process of purchase price allocation (PPA) (€ 82 million). This amount is mainly attributable to DB Arriva.

The capital employed and the adjusted EBIT have resulted in the following figures for return on capital employed (ROCE):

€ million	2012	2011
EBIT adjusted	2,708	2,309
÷ Capital employed as of Dec 31	32,691	31,732
Return on capital employed (ROCE) (%)	**8.3**	**7.3**

CRITICAL ASSESSMENTS AND APPRAISALS

The consolidated financial statements are based on assessments and assumptions relating to the future Assessments and appraisals established on this basis are continuously reviewed, and are based on historical experience and other factors, including expectations of future events which appear to be reasonable in the given circumstances Of course, the assessments will not always correspond to subsequent actual circumstances

The assessments and assumptions which may involve a significant risk in the form of a major adjustment of the carrying amounts of assets and liabilities during the next financial year are discussed in the following

a) Impairment of cash-generating units

Depending on specific events or circumstances, DB Group regularly assesses whether there is any need for impairment of a CGU Fundamental principles and assumptions of the impairment procedure used in DB Group in accordance with IAS 36 (Impairment of Assets) are detailed in the section "Accounting and valuation methods" under "Impairments of assets " We have provided the following explanations concerning individual assumptions which have an impact on the value of a CGU

EBIT margin

If the actual EBIT margin is more than 10% lower than the current assumptions, there would be an impairment requirement of less than € 100 million only at the CGU DB Bahn Regional in that a positive carrying amount would not be covered by the value in use This impairment requirement would not be applicable if the EBIT margin were to decline by not more than 8 2%

Average real growth rate of cash flows

If the long-term growth rate of cash flows were to be 10% lower than the current assumption which assumes average growth of 2 0% p a at the CGU DB Arriva and average growth of 1 0% p a at all other CGUs, there would also not be any impairment requirement (similar to the situation in the previous year)

Weighted average cost of capital

If the capitalization rate after tax, which has been used as standard for calculating the present value of the value in use, were 10% higher than the current model assumptions of 5 1% for CGUs of the infrastructure and 6 7% for CGUs of the DB ML Group, there would only be an impairment requirement for the CGU DB Bahn Regional and DB Netze Track In order to recognize the fact that a positive carrying amount is not covered by the value in use (less than € 300 million in each case) This impairment requirement would not be applicable if the capitalization rate did not rise by more than 6 5% For all other CGUs, there would not be any impairment requirement even if WACC were to increase by 10%

Useful life and residual value

Even if the terminal value of the cash-generating units were to be 10% lower at the end of their useful lives, there would be no impairment requirement for any CGU

b) Deferred taxes

The calculation of deferred tax assets is generally based on the mid-term planning If the sum of net profits planned for the mid-term planning period were to decline by 10% in conjunction with otherwise unchanged tax parameters, deferred tax assets would have to be adjusted by € 125 million (previous year € 117 million)

c) Environmental protection provisions

The environmental protection provisions relate primarily to the obligation of DB AG to remedy the ecological legacy issues which arose before January 1, 1994 on the land of the Deutsche Bundesbahn and the former Deutsche Reichsbahn The ecological legacy issues comprise mainly contamination of soil and groundwater as a result of using the properties The obligation to rehabilitate the property is derived from the Federal Soil Protection Act (Bundesbodenschutzgesetz, BodSchG), the Water Management Act (Wasserhaushaltsgesetz, WHG), the Landfill Site Ordinance (Deponieverordnung, DepV) as well as other additional acts and ordinances

The provision has been calculated on the basis of a discounting method using the present value, where rehabilitation measures are probable, the rehabilitation costs can be reliably estimated and no future benefit is expected to be derived from these measures

The estimation of future rehabilitation costs is subject to various uncertainties In addition to technical developments in the rehabilitation field and the intensity of innovation, changes in the legal background can also have a substantial impact on rehabilitation costs For establishing the amount of the provision stated in the balance sheet, the rehabilitation obligations which are currently physically known or identifiable have been used as the basis for estimating the expected costs in relation to the current price level

The figure shown for environmental protection provisions is calculated on the basis of expected cash-effective outflows and on the basis of the application of a risk-adjusted real interest rate of 0 72% (previous year 0 72%)

If major legal conditions or official covenants result in implementation times of rehabilitation measures which differ considerably from the estimated time corridor, this might result in a changed time horizon for the expected cash outflows, and also to a changed provision In addition, price increases may also result in a higher provision

d) Trade receivables and other receivables

The impairment of doubtful receivables to a considerable extent comprises assessments and appraisals of individual receivables which are based on the creditworthiness of the particular customer, current economic developments as well as an analysis of historical bad debts at the portfolio level If the impairment is derived on the basis of historical default rates at the portfolio level, any decline in the overall volume of receivables results in a corresponding reduction of such provisions (and vice versa)

e) Pensions and similar obligations

Actuarial methods have been used for measuring defined benefit pension commitments as well as benefit commitments which are similar to pensions and the resultant costs and income The valuations are based on actuarial assumptions These include in particular discount factors, salary and pension trends as well as biometrical calculation bases The discount factors which are used reflect the interest rates (giving due consideration to the duration of the underlying obligation) which are achieved on the balance sheet date for high-quality fixed-income bonds with a corresponding term In the case of externally financed pension plans, the values of the corresponding plan assets or the refund claims are based on the market values as of the balance sheet date This value is used as the basis for determining the expected yield of the fund assets or the refund claims The expected yield of fund assets or the refund claims is determined on a uniform basis, taking account of historical long-term yields, the portfolio structure and expectations of future long-term yields Other key assumptions for expenses and income attributable to pension commitments and benefit commitments similar to pensions are to some extent based on current market conditions Expenses and income attributable to pension commitments and benefit commitments similar to pensions may change as a result of changes to these underlying key assumptions

f) Provisions

The process of determining all types of provisions is associated with estimates regarding the extent and/or timing of obligations

NOTES TO THE INCOME STATEMENT

The special effects detailed at this point are issues which are considered to be unusual either in terms of the amount involved or the actual reason behind the issue Irrespective of the amount involved, this item is used for disclosing book profits and losses arising from transactions with investments/financial investments as well as depreciation on long-term customer agreements, which have been capitalized as part of the purchase price allocation process in connection with company acquisitions In addition, the special effects recognize individual issues if they are of an exceptional nature, if they are definable for accounting purposes, if they can be measured and if the amount involved is material In addition to the special effects, effects from changes in the scope of consolidation and from changes in exchange rates are also disclosed separately The item "Total comparable" does not involved IFRS figures, instead, it involves additional disclosures in accordance with internal reporting

(1) Revenues

10 € million	2012	2011
Revenues from services and sale of goods	39,296	37 979
thereof concession fees for rail transport	4,752	4,604
Total	**39,296**	**37,979**
- Special items	-	-78
- Effects from changes in scope of consolidation	-128	-1
- Effects from changes in exchange rates	-601	-
Total comparable	**38,567**	**37,900**

The revenues in the year under review are € 1,317 million higher than the corresponding previous year figure (+3 5%) This increase is mainly attributable to the positive performance in rail passenger transport Adjusted by currency factors and factors related to changes in the scope of consolidation, revenue growth amounted to 1 8% The main increases in revenues (on a like-for-like basis) are reported by the segments DB Bahn Long-Distance, DB Bahn Regional and DB Arriva

The slight increase in rail concession fees is almost exclusively attributable to higher payments in the DB Arriva segment

The revenues include a figure of € 601 million for positive currency effects

Movements in revenues broken down according to business segments and regions are set out in segment reporting

(2) Inventory changes and internally produced and capitalized assets

11 € million	2012	2011
Inventory changes	-28	4
Other internally produced and capitalized assets	2,642	2,453
Total	**2,614**	**2,457**
- Special items	-	7
- Effects from changes in scope of consolidation	-	0
- Effects from changes in exchange rates	-2	-
Total comparable	**2,612**	**2,464**

Own investments relate mainly to construction and project business in rail infrastructure and also the modernization of rolling stock as well as the processing of appropriate spare parts

(3) Other operating income

€ million	2012	2011
SERVICES FOR THIRD PARTIES AND SALE OF MATERIALS		
Income from maintenance and repair	4	4
Sale of materials and energy	179	182
Other services for third parties	846	804
	1,029	**990**
Leasing and rental income	208	190
Income from claims for damages and compensation	94	109
INCOME FROM FEDERAL GRANTS		
Federal compensation payments	83	71
Other investment grants [1]	7	2
Income from release of deferred income [1]	144	89
Other Federal grants	158	186
	392	**348**
Income from disposal of property, plant and equipment and intangible assets	235	195
Income from disposal of non-current financial instruments	39	6
Income from reversal of provisions	775	539
OTHER INCOME		
Income from third-party fees	32	29
Income from remediation of ecological burdens	58	55
Miscellaneous other income	581	601
	671	**685**
Total	**3,443**	**3,062**
– Special items	-435	-212
– Effects from changes in scope of consolidation	-2	-2
– Effects from changes in exchange rates	-13	–
Total comparable	**2,993**	**2,848**

[1] See explanation in the chapter "Comparability with the previous year."

Other third-party services also include maintenance work performed on rolling stock owned by third parties (€ 98 million, previous year: € 104 million). The other third-party services also mainly include income from services such as facility management and vehicle cleaning, refunds of personnel expenses by the Bundeseisenbahnvermögen (Federal Railroad Fund), insurance compensation and commission income.

The increase in income from the reversal of provisions is mainly attributable to the partial reversals for ecological legacy issues and restitution claims.

The increase in income from the reversal of deferred items is attributable to the full-year effect of the change in the method of recognition of the reversal of the difference between the nominal value of interest-free government loans and the corresponding present value since July 1, 2011.

The miscellaneous other income also includes income from the settlement for the operation and maintenance of level crossings in accordance with EG-VO 1192/69 App. 4 and refunds for the operation of infrastructure on Swiss territory.

(4) Cost of materials

€ million	2012	2011
COST OF RAW MATERIALS, CONSUMABLES AND SUPPLIES AND PURCHASED GOODS		
Energy costs		
Electricity	1,685	1,789
Electricity tax	203	209
Diesel, other fuel	1,339	1,332
Other energies	205	179
	3,432	**3,509**
Other supplies and purchased goods	451	411
Price and value adjustments materials	-83	-82
	3,800	**3,838**
COST FOR PURCHASED SERVICES		
Purchased transport services	11,450	11,292
Cleaning, security, disposal, snow and ice control	288	273
Commissions	155	149
Infrastructure usage expenses		
Train-path usage	366	325
Station usage	27	21
	393	**346**
Other purchased services	914	750
	13,200	**12,810**
Expenses for maintenance/production	4,039	4,258
Total	**21,039**	**20,906**
– Special items	-29	-185
– Effects from changes in scope of consolidation	-59	-1
– Effects from changes in exchange rates	-344	–
Total comparable	**20,607**	**20,720**

The impairments on inventories recognized in cost of materials amount to € 21 million in the year under review (previous year: € 6 million).

As a result of the non-recurrence of the negative one-off effect in connection with the joint power station Neckarwestheim I in the previous year as well as lower procurement prices, the costs of power have declined.

The increase in other purchased services and the decline in the costs of maintenance/production are mainly attributable to a change in the way in which project-related IT services are recognized

(5) Personnel expenses and employees

(10) € million	2012	2011
WAGES AND SALARIES		
Employees	9 822	9,298
Civil servants assigned	1,312	1 358
	11,134	**10,656**
SOCIAL SECURITY EXPENSES		
Employees	1,817	1,667
Civil servants assigned	277	277
Costs for adjusting staffing levels	315	211
Retirement benefit expenses	274	265
	2,683	**2,420**
Total	**13,817**	**13,076**
- Special items	-24	-28
- Effects from changes in scope of consolidation	-36	-2
- Effects from changes in exchange rates	-147	-
Total comparable	**13,610**	**13,046**

The figure stated for personnel expenses (social security contributions) includes expense of € 868 million for defined contribution plans (previous year € 836 million)

The amount shown for adjusting staffing levels mainly comprises costs of severance payment agreements and semi-retirement agreements and restructuring costs The increase is mainly attributable to higher allocations to provisions for obligations under personnel agreements (see note (33))

The retirement benefit expenses relate to active persons as well as persons who are no longer employed in DB Group or their surviving dependants They are attributable primarily to service costs, employers' contributions to the company top-up benefit scheme as well as the contributions to Pensions-Sicherungs-Verein aG (pension backing association) The interest expense resulting from compounding the pension obligations and the expected income from plan assets is shown in financial result For detailed explanations regarding the development of pension obligations, please refer to the Notes under (32)

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

The development in wages and salaries mainly reflects the increased number of staff In addition, the effects of the collective bargaining agreements in the spring of 2011 or the collective bargaining agreement with GDL in the summer of 2012 also had an impact on the domestic companies The companies outside Germany have felt the impact of exchange rate fluctuations

The development in the number of employees in DB Group, converted to full-time employees (full time equivalents) in each case, is shown in the following

	AT YEAR END		ON AVERAGE	
(11) FTE	2012	2011	2012	2011
Employees	255 908	250 622	253,554	247,687
Civil servants	31,600	33,697	32 683	34 573
Employees	**287,508**	**284,319**	**286,237**	**282,260**
Trainees and dual degree students	11,497	10 414	9 996	8 929
Total	**299,005**	**294,733**	**296,233**	**291,189**

In the event of changes in the scope of consolidation, the employees are included on a pro rata basis up to the time of deconsolidation or after the date of initial consolidation

The increase in the number of employees is mainly attributable to the expansion of business at the DB Schenker Logistics segment and the recruitment of additional staff at DB Arriva as a result of transportation agreements which were gained by the company

The development in the number of employees, based on the number of natural persons, is shown in the following

	AT YEAR END	
(12) Natural persons	2012	2011
Employees	266 809	260 494
Civil servants	32,538	34,678
Employees	**299,347**	**295,172**
Trainees and dual degree students	11,497	10,414
Total	**310,844**	**305,586**

(6) Depreciation

Depreciation relates mainly to the property, plant and equipment used as rail infrastructure as well as the rolling stock. It is shown in the income statement less any recovery in amounts written down in the reporting period.

For further explanations, please refer to the details concerning the development in property, plant and equipment or intangible assets under Notes (13) and (14).

The depreciation includes special effects arising from adjustments (€ 435 million, previous year: € 132 million), effects attributable to changes in the scope of consolidation (€ 11 million, previous year: € 0 million) and changes in exchange rates (€ 16 million).

(7) Other operating expenses

€ million	2012	2011
RENTAL AND LEASING EXPENSES		
Operate lease expenses	1,510	1,430
Conditional leasing expenses	7	6
	1,517	1,436
Legal, consultancy and audit fees	207	202
Contributions and fees	229	241
Insurance expenses	176	193
Sales promotion and advertising expenses	92	93
Cost of printing and advertising expenses	83	87
Travel and representation expenses	277	258
Research and non-capitalized development costs	12	12
OTHER PURCHASED SERVICES		
IT services	204	184
Other communication services	52	54
Other services	491	464
	747	702
Damages payable	180	130
Impairments in receivables and other assets [1]	36	45
Loss from disposal of property, plant and equipment and intangible assets	136	176
Expenses from disposal of non current financial instruments	17	10
Other operating taxes	78	6
OTHER EXPENSES		
Grants for third party facilities	71	70
Other personnel related expenses	152	148
Miscellaneous other expenses	631	567
Net of expenses and income consolidation	-1	-1
	853	784
Total	4,640	4,375
- Special items	-126	-70
- Effects from changes in scope of consolidation	-26	-5
- Effects from changes in exchange rates	-82	-
Total comparable	4,406	4,300

[1] Including payments for receivables written-down in the previous year.

The increase in the costs of leasing and rents is mainly attributable to higher leasing costs for vehicles of foreign railways in international long-distance services, the opening of new logistics centers and the acquisition of Grand Central Railway at the end of 2011.

The other services mainly comprise expenses for purchased services in the DB Schenker Logistics segment.

The other operating taxes have increased as a result of the non-recurrence of the one-off effect attributable to the partial reversal of provisions for VAT risks in the previous year.

Allocations to provisions for potential losses are also shown under the other operating expenses.

The legal, consultancy and audit fees comprise fees of € 17.0 million for the auditor of the consolidated financial statements (previous year: € 17.0 million); this figure comprises auditing services of € 10.8 million (previous year: € 10.7 million), other certification services of € 3.3 million (previous year: € 3.6 million), tax advice services of € 0.4 million (previous year: € 0.5 million) as well as other services of € 1.5 million (previous year: € 2.2 million).

(8) Result from investments accounted for using the equity method

The following contributions to earnings are recognized in the income statement as a result of shares in companies over which significant influence can be exercised or which are managed as joint ventures:

€ million	2012	2011
JOINT VENTURES		
Other	0	3
	0	3
ASSOCIATED COMPANIES		
METRANS a.s.	3	7
EUROFIMA	6	7
Other	5	2
	14	16
Total	14	19

(9) Net interest income

€ million	2012	2011
INTEREST INCOME		
Expected income from plan assets	123	132
Other interest and similar income	49	110
Income from securities	0	0
Operating interest income	**172**	**242**
Interest income from release of deferred income and other interest income	10	67
	182	**309**
INTEREST EXPENSES		
Other interest and similar expenses	-772	-722
Compounding of retirement benefit obligations	-198	-187
Interest expenses from finance lease	-67	-75
Operating interest expenses	**-1,037**	**-984**
Compounding of long term provisions and liabilities	-127	-165
	-1,164	**-1,149**
Total	**-982**	**-840**
- Special items	1	39
- Effects from changes in scope of consolidation	2	0
- Effects from changes in exchange rates	4	-
Total comparable	**-975**	**-799**
For information only		
Net operating interest income	-865	-742

The decline in other interest and similar income is attributable to the further decline in the level of interest rates in 2012 and also to the one-off effect shown in the previous year in relation to the interest applicable to tax refunds (€ 24 million)

Of the figure shown for the decline in interest income from the reversal of accruals and other interest income, € 58 million is attributable to the change in the method used for reversing the accruals in connection with interest-free loans provided by the Federal Government Please refer to the comments in the section "Comparability with the previous year"

The increase in the other interest and similar expenses and the decline in the compounding of long-term provisions and liabilities are mainly attributable to a change in the method of recognizing compounding of the Federal loans

The interest income and expenses from the financial assets and liabilities not measured at fair value through profit or loss amount to € 55 million (previous year adjusted € 94 million) and € -870 million respectively (previous year adjusted € -898 million)

(10) Other financial result

€ million	2012	2011
Result from equity investments	1	1
Result from currency exchange gains	158	-111
Result from currency-related derivatives	-165	113
Result from other derivatives	3	0
Result from disposal of financial instruments	0	0
Impairments on financial instruments	-1	0
Miscellaneous financial result	-9	0
Total	**-13**	**3**
- Special items	-	-
- Effects from changes in scope of consolidation	0	0
- Effects from changes in exchange rates	0	-
Total comparable	**-13**	**17**

The result from exchange rate effects is attributable to the conversion of foreign currency liabilities or receivables with an impact on the income statement using the spot rate applicable on the reference date (IAS 21) The result from exchange rate effects has to be netted with the result from currency-related derivatives Both factors have increased compared with the previous year as a result of significant fluctuations in the rate of the euro particularly with regard to the Japanese yen The result from currency-based derivatives comprises the reclassification of currency-related changes in the market value of cash flow hedges recognized under shareholders' equity with no impact on the income statement The result from other derivatives relates to the development in the market value of derivatives which are not classified as effective hedges in accordance with IAS 39

(11) Taxes on income

€ million	2012	2011
Actual tax expense	-170	-42
Income due to lapsing of tax obligations	14	12
Actual taxes on income expenses	**-156**	**-30**
Deferred tax income	85	3
Taxes on income	**-71**	**-27**

The actual taxes on income have been incurred mainly at foreign group companies The actual taxes on income of the previous year were mainly affected by tax refunds attributable to other periods The non-recurrence of this special effect is the reason behind the significant change in the actual taxes on income in the year under review compared with the previous year

The increase in the deferred tax income compared with the previous year is mainly due to one-off effects

Starting with the net profit of DB Group before taxes on income and the theoretical taxes on income calculated using a Group tax rate of 30 5%, the following reconciles the calculated taxes with the actual taxes on income

€ million	2012	2011
Profit before taxes on income	1 548	1 359
Group tax rate (%)	30 5	30 5
Expected tax expense	**-472**	**-414**
Additional recognition as well as usage of temporary differences and losses carried forward	314	107
Income not subject to tax	56	15
Tax effects related to IAS 12 33	91	97
Expenses not deductible for tax purposes	-26	-17
Differences in tax rates of foreign companies	20	30
Other effects	-54	155
Taxes on income as reported	**-71**	**-27**
Effective tax rate (%)	4 6	2 0

The reconciliation amount as detailed in IAS 12 33 relates exclusively to additional tax write-downs resulting from the fact that tax-free grants in the IFRS financial statements have been deducted directly from the costs of purchasing the assets It is not permissible for deferred taxes to be created in relation to these temporary differences

In the year under review, the other effects include in particular effects attributable to the difference in the assessment bases of different income tax bases, deferred taxes attributable to other periods and the effects of permanent differences In the year under review, income from taxes attributable to other periods amounted to € 10 million (previous year € 130 million)

(12) Earnings per share

Under IAS 33 (Earnings per Share), undiluted earnings per share are calculated by dividing the net profit of DB Group attributable to the shareholders of DB AG by the weighted average number of shares in issue during the year under review Undiluted earnings per share correspond to diluted earnings per share

€ million	2012	2011
Net profit for the year	1,477	1 332
thereof attributable to minority interest	6	13
thereof due to shareholders of DB AG	1 471	1 319
Number of issued shares	430,000,000	430,000,000
Earnings per share (€/share)		
undiluted	3 42	3 07
diluted	3 42	3 07

NOTES TO THE BALANCE SHEET

(13) Property, plant and equipment

(10) Property, plant and equipment as of Dec 31 – € million	Land	Commercial operating and other buildings	Permanent way structures	Track infrastructure signaling and control equipment	Rolling stock for passenger and freight transport	Technical equipment and machinery	Other equipment operating and office equipment	Advance payments and assets under construction	Total
COST OF PURCHASE AND COST OF PRODUCTION									
As of Jan 1, 2012	4,369	6,354	13,214	15 675	24,654	1,712	3,899	3,029	**72,906**
Changes in the scope of consolidation	0	0	0	0	44	0	4	0	**48**
thereof additions	0	0	0	0	44	0	5	0	**49**
thereof disposals	0	0	0	0	0	0	-1	0	**-1**
Additions [1]	87	200	556	1,397	1 323	79	407	3,889	**7,938**
Investment grants	-1	-69	-465	-1 216	-29	-17	-45	-2 724	**-4,566**
Transfers	-3	107	245	327	244	50	73	-1,039	**4**
Transfers related to assets held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	-93	-59	-12	-159	-748	-44	-257	147	**-1,225**
Currency translation differences	6	28	1	1	57	8	7	3	**111**
As of Dec 31, 2012	**4,365**	**6,561**	**13,539**	**16,025**	**25,545**	**1,788**	**4,088**	**3,305**	**75,216**
ACCUMULATED DEPRECIATION									
As of Jan 1, 2012	-477	-2,505	-4,033	-9,766	-14,695	-1,171	-2,603	-284	**-35,534**
Changes in the scope of consolidation	0	0	0	0	-32	0	-3	0	**-35**
thereof additions	0	0	0	0	-32	0	-4	0	**-36**
thereof disposals	0	0	0	0	0	0	1	0	**1**
Depreciation	-8	-207	-195	-644	-1 267	-94	-369	0	**-2,784**
Impairments	-216	-9	-1	-73	-59	-2	-7	-1	**-368**
Reversal of impairment losses	0	0	0	2	0	0	2	0	**4**
Transfers	0	-2	0	-6	2	-2	9	0	**1**
Transfers related to assets held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	22	38	10	141	694	46	235	0	**1,186**
Currency translation differences	-1	-10	-1	0	-33	-5	-6	0	**-56**
As of Dec 31, 2012	**-680**	**-2,695**	**-4,220**	**-10,346**	**-15,390**	**-1,228**	**-2,742**	**-285**	**-37,586**
Carrying amount as of Dec 31, 2012	**3,685**	**3,866**	**9,319**	**5,679**	**10,155**	**560**	**1,346**	**3,020**	**37,630**
Carrying amount as of Dec 31, 2011	3,892	3 849	9,181	5 909	9,959	541	1,296	2 745	**37,372**

[1] Additions include € 94 million from credit items from previous years and interest on debt capital of € 6 million based on an average debt capital cost rate of 4 07 %

Property, plant and equipment as of Dec 31 – € million	Land	Commercial, operating and other buildings	Permanent way structures	Track infrastructure, signaling and control equipment	Rolling stock for passenger and freight transport	Technical equipment and machinery	Other equipment, operating and office equipment	Advance payments and assets under construction	Total
COST OF PURCHASE AND COST OF PRODUCTION									
As of Jan 1, 2011	4,488	6,117	12,851	15,494	24,141	1 618	3 706	3 075	71,490
Changes in the scope of consolidation	4	11	0	0	7	1	3	0	26
thereof additions	4	11	0	0	7	1	3	0	26
thereof disposals	0	0	0	0	0	0	0	0	0
Additions [1]	78	198	498	1 415	825	96	415	3,870	7,395
Investment grants	-1	-59	-391	-1,185	-12	-13	-41	-3 228	-4,930
Transfers	-126	174	271	125	162	36	70	-712	0
Transfers related to assets held for sale	0	1	0	0	-1	0	3	-3	0
Disposals	-78	-90	-16	-172	-488	-27	-264	26	-1,109
Currency translation differences	4	2	1	-2	20	1	7	1	34
As of Dec 31, 2011	**4,369**	**6,354**	**13,214**	**15,675**	**24,654**	**1,712**	**3,899**	**3,029**	**72,906**
ACCUMULATED DEPRECIATION									
As of Jan 1, 2011	-553	-2,307	-3 825	-9,313	-13 760	-1 105	-2 470	-284	-33,617
Changes in the scope of consolidation	0	-7	0	0	-4	-1	-3	0	-15
thereof additions	0	-7	0	0	-4	-1	-3	0	-15
thereof disposals	0	0	0	0	0	0	0	0	0
Depreciation	-11	-198	-191	-641	-1,277	-89	-339	0	-2,746
Impairments	-1	-3	-1	-4	-66	-1	-3	-1	-80
Reversal of impairment losses	0	0	0	19	1	0	0	0	20
Transfers	51	-48	-27	29	5	1	-10	0	1
Transfers related to assets held for sale	0	0	0	0	0	0	0	0	0
Disposals	38	59	12	143	421	25	227	1	926
Currency translation differences	-1	-1	-1	1	-15	-1	-5	0	-23
As of Dec 31, 2011	**-477**	**-2,505**	**-4,033**	**-9,766**	**-14,695**	**-1,171**	**-2,603**	**-284**	**-35,534**
Carrying amount as of Dec 31, 2011	**3,892**	**3,849**	**9,181**	**5,909**	**9,959**	**541**	**1,296**	**2,745**	**37,372**
Carrying amount as of Dec 31, 2010	3,935	3 810	9 026	6 181	10,381	513	1,236	2,791	37,873

[1] Including € 193 million for credit items from previous years

Impairments of € 368 million (previous year € 80 million) mainly relate to real estate and track of DB Netze Track (€ 273 million) as well as real estate and vehicles of DB Schenker Rail (€ 78 million), whose use is limited

Reversals of impairments of € 4 million (previous year € 20 million) relate mainly to track of DB Netze Track

The positive carrying amount value disposals of € 147 million (previous year € 26 million) relating to work in progress are attributable to the repayment of investment grants received and shown as assets in previous years

Financial debt was backed by property, plant and equipment with carrying amounts of € 159 million (previous year € 223 million) This is mainly applicable to rolling stock and buses which are used as collateral for loans and which are in use at the operating companies in the segment DB Arriva Restrictions to rights of disposal in relation to property, plant and equipment existed to the extent of € 51 million (previous year € 51 million) mainly at SüdbadenBus GmbH, S A B Autoservizi S R L, Bergamo/Italy and S I A Societa Italiana Autoservizi S P A

Property, plant and equipment includes rented assets which are shown separately in the following overview The rented property, plant and equipment comprises assets which are substantially but not legally owned by DB Group, so that the underlying lease agreements have to be classified as finance leases

Leased assets – € million	Land	Commercial operating and other buildings	Permanent way structures	Track infrastructure, signaling and control equipment	Rolling stock for passenger and freight transport	Technical equipment and machinery	Other equipment operating and office equipment	Total
ASSETS LEASED FROM THIRD PARTIES UNDER FINANCE LEASE								
Cost of purchase and cost of production	33	809	19	-	899	4	-	1,764
Accumulated depreciation	-14	-240	-3	-	-516	-2	-	-775
Carrying amount as of Dec 31, 2012	**19**	**569**	**16**	**-**	**383**	**2**	**-**	**989**
Cost of purchase and cost of production	18	792	19	-	1,112	6	-	1,947
Accumulated depreciation	-1	-217	-3	-	-636	-3	-	-860
Carrying amount as of Dec 31, 2011	**17**	**575**	**16**	**-**	**476**	**3**	**-**	**1,087**

The figure shown for the commercial, operating and other buildings under leased assets mainly relates to concourse buildings of DB Station&Service AG The figure shown under rolling stock for passenger and freight transport relates mainly to rolling stock used by the transport companies of DB Group (locomotives, freight wagons and busses) The additions in the financial year amounted to € 34 million (costs of purchase) and depreciation of € 81 million

The assets which are in certain cases leased (as lessor) by way of an operating lease and which have been calculated on the basis of retrospective calculations and also on the basis of our own surveys report a residual carrying amount for land and buildings of € 1,061 million as of December 31, 2012 including accumulated depreciation of € 385 million (previous year residual carrying amount of € 1,048 million including accumulated depreciation of € 324 million) and for moveable assets (mainly rolling stock) a residual carrying amount of € 2,160 million including accumulated depreciation of € 3,224 million (previous year residual carrying amount € 2,210 million[1] including accumulated depreciation of € 2,925 million) The decline in the residual carrying amounts of real estate and moveable assets is mainly attributable to the depreciation of the rental assets Rental and leasing income resulting from the rental and leasing of these assets are expected to be received in future years as detailed in the following

Expected rental and leasing payments – € million (nominal value)	RESIDUAL MATURITY Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total more than 1 year	Total
DEC 31, 2012								
Minimum lease payments	449	273	223	186	157	825	1,664	2,113
DEC 31, 2011								
Minimum lease payments	447	276	236	203	169	871	1,755	2,202

[1] Previous year's figures adjusted

(14) Intangible assets

Intangible assets – € million	Capitalized development costs-products in use	Capitalized development costs-products under development	Purchased intangible assets	Goodwill	Payments made on account	Total
COST OF PURCHASE AND COST OF PRODUCTION						
As of Jan 1, 20112	30	82	1 999	2 971	1	5,083
Changes in the scope of consolidation	0	1	2	9	0	12
thereof additions	0	1	2	9	0	12
thereof disposals	0	0	0	0	0	0
Additions	4	45	66	0	0	115
Investment grants	0	0	0	0	0	0
Transfers	3	-20	14	0	0	-3
Transfers related to assets held for sale	0	0	0	0	0	0
Changes with no impact on the income statement	0	0	20	0	0	20
Disposals	0	0	-15	-1	0	-16
Currency translation differences	0	1	15	42	0	58
As of Dec 31, 2012	**37**	**109**	**2,101**	**3,021**	**1**	**5,269**
ACCUMULATED DEPRECIATION						
As of Jan 1, 2012	-29	0	-865	-20	0	-914
Changes in the scope of consolidation	0	0	-1	0	0	-1
thereof additions	0	0	-1	0	0	-1
thereof disposals	0	0	0	0	0	0
Depreciation	-2	0	-166	0	0	-168
Impairments	0	0	-12	0	0	-12
Reversal of impairment losses	0	0	0	0	0	0
Transfers	0	0	-1	0	0	-1
Transfers related to assets held for sale	0	0	0	0	0	0
Disposals	0	0	15	1	0	16
Currency translation differences	0	0	-3	0	0	-3
As of Dec 31, 2012	**-31**	**0**	**-1,033**	**-19**	**0**	**-1,083**
Carrying amount as of Dec 31, 2012	**6**	**109**	**1,068**	**3,002**	**1**	**4,186**
Carrying amount as of Dec 31, 2011	1	82	1,134	2 951	1	4,169

Intangible assets – € million	Capitalized development costs-products in use	Capitalized development costs-products under development	Purchased intangible assets	Goodwill	Payments made on account	Total
COST OF PURCHASE AND COST OF PRODUCTION						
As of Jan 1, 2011	30	86	1 906	2,931	1	**4,954**
Changes in the scope of consolidation	0	0	29	1	0	**30**
thereof additions	0	0	29	1	0	**30**
thereof disposals	0	0	0	0	0	**0**
Additions	0	32	74	1	0	**107**
Investment grants	0	0	-2	0	0	**-2**
Transfers	0	-36	37	0	0	**1**
Transfers related to assets held for sale	0	0	0	0	0	**0**
Changes with no impact on the income statement	0	0	0	0	0	**0**
Disposals	0	0	-54	0	0	**-54**
Currency translation differences	0	0	9	38	0	**47**
As of Dec 31, 2011	**30**	**82**	**1,999**	**2,971**	**1**	**5,083**
ACCUMULATED DEPRECIATION						
As of Jan 1, 2011	-28	0	-752	-20	0	**-800**
Changes in the scope of consolidation	0	0	0	0	0	**0**
thereof additions	0	0	0	0	0	**0**
thereof disposals	0	0	0	0	0	**0**
Depreciation	-1	0	-157	0	0	**-158**
Impairments	0	0	0	0	0	**0**
Reversal of impairment losses	0	0	0	0	0	**0**
Transfers	0	0	-1	0	0	**-1**
Transfers related to assets held for sale	0	0	0	0	0	**0**
Disposals	0	0	48	0	0	**48**
Currency translation differences	0	0	-3	0	0	**-3**
As of Dec 31, 2011	**-29**	**0**	**-865**	**-20**	**0**	**-914**
Carrying amount as of Dec 31, 2011	**1**	**82**	**1,134**	**2,951**	**1**	**4,169**
Carrying amount as of Dec 31, 2010	2	86	1,154	2,911	1	**4,154**

The acquired intangible assets mainly comprise acquired customer and franchise agreements (approximately € 525 million carrying amount), franchises and rights (approximately € 292 million carrying amount) and software (approximately € 107 million carrying amount).

There are no other legal, regulatory, contractual, competition-related, economic or other factors which limit the useful life of the acquired Arriva brand (carrying amount € 34 million).

Impairments of € 12 million (previous year: € 0) are mainly attributable to customer relations/customer base of DB Arriva and DB Schenker Rail.

Segment reporting shows the allocation of reported goodwill to the various segments.

(15) Investments accounted for using the equity method

€ million	2012	2011
As of Jan 1	579	528
Additions	0	29
Disposals	-55	0
Group share of profit	14	19
Capital increase	2	4
Other movements in capital	0	0
Dividends received	-18	-11
Impairments	-	0
Transfers	0	0
Currency translation differences	3	10
Other valuations	4	0
As of Dec 31	**529**	**579**

The figure shown in the balance sheet as of December 31, 2012 refers to goodwill of € 57 million (previous year € 47 million) and is mainly attributable to the shares held in the associated companies EUROFIMA, Basel/Switzerland, Barraqueiro SGPS SA, Lisbon/Portugal and BLS Cargo AG, Bern/Switzerland The negotiability of the shares in EUROFIMA is limited

(16) Deferred tax assets

€ million	Dec 31, 2012	Dec 31 2011
Deferred tax assets in respect of temporary differences	471	517
Deferred tax assets in respect of tax losses carried forward	1,029	944
Total	**1,500**	**1,461**

No deferred tax assets have been created in relation to the following losses carried forward and temporary differences

€ million	Dec 31 2012	Dec 31, 2011
Tax loss carry-forwards for which no deferred tax asset has been created	13,207	13 445
Temporary differences for which no deferred tax asset has been created	3 921	4,439
Temporary differences for which IAS 12 24b in conjunction with 12 33 prohibits recognition of a deferred tax asset	3,795	4,097
Total	**20,923**	**21,981**

The losses carried forward are mainly attributable to the tax law treatment of Federal Government grants paid in previous years to DB AG in accordance with section 21 (5) and section 22 (1) Deutsche Bahn Establishment Act (Deutsche Bahn Gründungsgesetz, DBGrG) as a contribution

On the basis of current law, the domestic losses carried forward are fully allowable in accordance with current legislation (in terms of the actual amount and justification)

The temporary differences which are not permitted to be recognized in accordance with IAS 12 24b in conjunction with 12 33 relate exclusively to additional tax depreciation from previously received tax-free investment grants

The following deferred tax assets and deferred tax liabilities shown in the balance sheet are attributable to statement and valuation differences for the individual balance sheet items and tax losses carried forward

As of Dec 31 – € million	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	2012	2011	2012	2011
NON-CURRENT ASSETS				
Property, plant and equipment	77	76	184	230
Intangible assets	2	2	160	185
Investments accounted for using the equity method	1	1	10	10
Real estate held as financial assets	0	5	0	1
Other financial assets	0	0	2	2
CURRENTS ASSETS				
Inventories	0	0	2	2
Trade receivables	31	24	4	9
Other financial assets	6	6	4	1
Assets held for sale	0	4	9	3
NON CURRENT LIABILITIES				
Financial debt	68	66	5	3
Other liabilities	37	32	18	0
Derivative financial instruments	58	3	15	22
Retirement benefit obligations	24	31	12	8
Other provisions	194	194	1	4
CURRENT LIABILITIES				
Financial debt	36	31	6	2
Other liabilities	38	37	13	14
Other provisions	92	152	4	4
Losses carried forward	1 029	944	0	0
Subtotal	**1,693**	**1,608**	**449**	**500**
Offsetting [1]	-193	-147	-193	-147
Amount stated in the balance sheet	**1,500**	**1,461**	**256**	**353**

[1] To the extent permitted by IAS 12 (Income Taxes)

Tax assets and liabilities are netted if they exist in relation to the same tax authority, if they are of identical maturity and if they relate to the same tax subject

Of the deferred tax assets of € 1,693 million (previous year € 1,608 million), a figure of € 315 million (previous year € 290 million) will probably be realized in the course of the next 12 months Of the deferred tax liabilities of € 449 million (previous year € 500 million), a figure of € 42 million (previous year € 35 million) will probably be realized in the course of the next 12 months

Deferred tax assets of € 60 million (previous year € 5 million) shown directly in equity and deferred tax liabilities of € 15 million (previous year € 11 million) are included in the deferred taxes shown in the balance sheet

(17) Available-for-sale financial assets

€ million	INVESTMENTS IN SUBSIDIARIES		OTHER INVESTMENTS		SECURITIES		TOTAL	
	2012	2011	2012	2011	2012	2011	**2012**	**2011**
As of Jan 1	0	0	14	59	4	5	**18**	**64**
Currency translation differences	0	0	0	-1	0	0	**0**	**-1**
Changes in the scope of consolidation	0	0	0	0	0	0	**0**	**0**
Additions	0	0	0	2	0	0	**0**	**2**
Disposals through sale	0	0	0	-29	0	-1	**0**	**-30**
Other disposals	0	0	0	0	0	0	**0**	**0**
Fair value changes	0	0	0	-4	0	0	**0**	**-4**
Reclassifications	0	0	0	-14	4	0	**4**	**-14**
Impairment losses	0	0	-1	0	0	0	**-1**	**0**
Other	0	0	0	1	0	0	**0**	**1**
As of Dec 31	**0**	**0**	**13**	**14**	**8**	**4**	**21**	**18**
Non current amount	0	0	13	14	4	3	**17**	**17**
Current amount	0	0	0	0	4	1	**4**	**1**

(18) Inventories

€ million	Dec 31, 2012	Dec 31, 2011
Raw materials, consumables and supplies	1,092	1,043
Unfinished products, work in progress	155	189
Finished products and goods	48	52
Advance payments	5	6
Impairments	-311	-299
Total	**989**	**991**

(19) Receivables and other assets

€ million	Trade receivables	Receivables from financing	Advance payments	Other assets	Total
DEC 31, 2012					
Gross value	4,457	73	172	756	**5,458**
Impairments	-231	-1	0	-41	**-273**
Net value	**4,226**	**72**	**172**	**715**	**5,185**
thereof due from related parties	54	9	0	103	**166**
DEC 31, 2011					
Gross value	4,369	58	210	636	**5,273**
Impairments	-250	-1	0	-32	**-283**
Net value	**4,119**	**57**	**210**	**604**	**4,990**
thereof due from related parties	48	19	0	78	**145**

The impairments for the financial instruments classified in accordance with IFRS 7 have developed as follows (IFRS 7.16):

€ million	Trade receivables	Receivables from financing	Other assets	Total
As of Jan 1, 2012	-250	-1	-32	-283
Additions	-23	0	-10	-33
Release	28	0	1	29
Amounts used	15	0	0	15
Changes in the scope of consolidation	0	0	0	0
Currency translation differences	-1	0	0	-1
As of Dec 31, 2012	**-231**	**-1**	**-41**	**-273**
As of Jan 1, 2011	-250	-3	-38	-291
Additions	-42	0	-3	-45
Release	33	0	4	37
Amounts used	10	1	5	16
Changes in the scope of consolidation	0	0	0	0
Currency translation differences	-1	1	0	0
As of Dec 31, 2011	**-250**	**-1**	**-32**	**-283**

Individual allowances are created in relation to receivables if there are objective indications of an impairment. In the case of identical receivables (portfolios of receivables) which cannot be identified as impaired individually, global allowances (based on experience) are recognized on the basis of the age structure of such receivables. Any impairments which are recognized are deducted from financial assets on the assets side of the balance sheet. Previous impairments are reversed if the reasons for the original impairments are no longer applicable.

The total amount of allocations to impairments of € 33 million (previous year: € 45 million) consists of individual allowances of € 25 million (previous year: € 30 million) and global individual allowances of € 8 million (previous year: € 15 million).

The reversals have recognized reductions of individual allowances of € 26 million (previous year: € 31 million) and reductions of global individual allowances of € 3 million (previous year: € 6 million).

Costs of € 39 million were incurred for the complete derecognition of receivables and other assets (previous year: € 47 million).

Income of € 6 million was reported for amounts received in relation to previously derecognized receivables and other assets (previous year: € 5 million).

The following overview shows the maturity structure of the receivables for the financial instruments classified in accordance with IFRS 7 and the advanced payments which have been made:

€ million	Residual maturity: Less than 1 year	1–2 years	2–3 years	3–4 years	4–5 years	More than 5 years	Total more than 1 year	Total
DEC 31, 2012								
Trade receivables	4,202	18	4	0	0	2	24	4,226
Receivables from financing	40	3	17	2	8	2	32	72
Advance payments	147	25	0	0	0	0	25	172
Other assets	630	16	1	3	0	65	85	715
Total	**5,019**	**62**	**22**	**5**	**8**	**69**	**166**	**5,185**
thereof non-financial assets	179	25	0	0	0	1	26	205
DEC 31, 2011								
Trade receivables	4,094	14	9	1	1	0	25	4,119
Receivables from financing	33	2	2	16	0	3	23	56
Advance payments	182	28	0	0	0	0	28	210
Other assets	587	5	1	1	0	11	18	605
Total	**4,896**	**49**	**12**	**18**	**1**	**14**	**94**	**4,990**
thereof non-financial assets	230	28	0	0	0	2	30	260

The slight increase in trade receivables mainly relates to the segments DB Bahn Regional and Subsidiaries/Other, opposite developments were reported for the segment DB Netze Track

The increase in the other non-current assets is due to the fact that there was theoretical surplus cover in some pension plans as of December 31, 2012 (pension asset), in accordance with the regulations of IAS 19, this is not permitted to be netted against the amount of provisions from the other pension plans, and accordingly has to be shown separately

As a result of the large number of customers in the various operating segments, there is no evidence of any concentration of credit risks with trade receivables

The fair values of the receivables and other assets are to a large extent equivalent to the carrying amounts

The maximum default risk is essentially equivalent to the carrying amount in each case No collateral is normally held

The gross amounts of the individually adjusted receivables as well as the age structure in accordance with IFRS 7 37a are shown in the following

€ million	Gross value adjusted	Neither impaired nor overdue	NOT IMPAIRED NOR OVERDUE WITHIN THE FOLLOWING PERIOD OF TIME (DAYS)					
			Less than 29	30–59	60–89	90–179	180–359	More than 359
DEC 31, 2012								
Trade receivables	215	2,973	870	162	60	64	63	50
Receivables from financing	0	59	4	0	0	1	1	8
Other assets	40	374	39	11	3	7	10	12
Total	**255**	**3,406**	**913**	**173**	**63**	**72**	**74**	**70**
DEC 31, 2011								
Trade receivables	237	2,931	808	155	71	71	55	41
Receivables from financing	0	46	1	0	0	1	2	8
Other assets	32	299	53	4	2	5	10	14
Total	**269**	**3,276**	**862**	**159**	**73**	**77**	**67**	**63**

As of the closing date, there are no indications that debtors of the receivables which are neither impaired nor overdue will not meet their payment obligations

(20) Income tax receivables

The income tax receivables mainly relate to advance payments which have been made as well as allowable withholding taxes

(21) Derivative financial instruments

The volume of hedges which have been taken out is shown in the following overview of nominal values

€ million	2012	2011
INTEREST BASED CONTRACTS		
Interest swaps	195	206
	195	**206**
CURRENCY-BASED CONTRACTS		
Currency swaps	937	1 954
Currency forward/future contracts	882	579
Interest currency swaps	3,965	3 615
	5,784	**6,148**

Volume	2012	2011
OTHER CONTRACTS		
Diesel (1,000 tons)	1 861	1,658
HSL (1,000 tons)	265	187
Hard coal (1 000 tons of a coal equivalent ("MTCE"))	2,054	1 660

The volume of interest swaps declined slightly to € 195 million, no new business was conducted The nominal value of the cross-currency swaps increased in the year under review by € 350 million to € 3,965 million, as the hedges for the issued currency bonds and the foreign currency loans to subsidiaries, which were converted into euros in each case, more than compensated for expiring transactions

The portfolio of foreign currency swaps declined significantly by € 1,017 million to € 937 million This is mainly attributable to the replacement of a short-term financing arrangement by a long-term financing arrangement at a subsidiary in Great Britain New short-term financing arrangements have also been hedged with currency forwards This has resulted in an increase of € 303 million in the volume of currency forwards, to € 882 million

The volume of energy price hedges increased overall in the year under review as a result of an increase in hedges

All derivative financial instruments are marked-to-market on the reporting date The following overview shows the structure of the item stated in the balance sheet depending on the type of underlying hedge

€ million	ASSETS 2012	ASSETS 2011	LIABILITIES 2012	LIABILITIES 2011
INTEREST BASED CONTRACTS				
Interest swaps	0	0	34	23
Interest forward/ future contracts	0	0	0	0
	0	**0**	**34**	**23**
CURRENCY BASED CONTRACTS				
Currency swaps	8	18	4	11
Currency forward/ future contracts	3	2	2	4
Other currency derivatives	0	0	0	0
Interest currency swaps	103	272	222	143
	114	**292**	**228**	**158**
OTHER CONTRACTS				
Energy price derivatives	87	159	53	8
	87	**159**	**53**	**8**
TOTAL	**201**	**451**	**315**	**189**
Interest based contracts	0	0	34	22
Currency based contracts	105	251	197	126
Other contracts	73	116	35	7
Non current portion	**178**	**367**	**266**	**155**
Current portion	23	84	49	34

CASH FLOW HEDGES

In order to minimize the interest rate and exchange rate risk, foreign currency issues as well as internal foreign currency loans are translated into euros, and floating-rate financial liabilities are generally converted into fixed-income financial liabilities Energy price hedging was intended to reduce price fluctuations attributable to energy sourcing

The negative valuation of the interest rate swaps is due to a continuous decline in the level of interest rates since the transactions were concluded Considerable shifts in the international currency structures, and in particular the strengthening of the euro against the Japanese yen, resulted in a decline in assets and an increase in liabilities for the cross currency swaps

The development in the value of the currency swaps is mainly attributable to the lower volume of such instruments

The decline in the market value of the energy price derivatives is mainly due to the expiry of favorable legacy hedges in the year under review Lower coal prices were also reflected in a negative valuation of coal price hedges

The market values of the cash flow hedges are shown as follows under assets and liabilities

€ million	ASSETS 2012	ASSETS 2011	LIABILITIES 2012	LIABILITIES 2011
INTEREST BASED CONTRACTS				
Interest swaps	0	0	34	23
	0	**0**	**34**	**23**
CURRENCY BASED CONTRACTS				
Currency swaps	8	18	4	11
Currency forward/ future contracts	0	0	0	0
Interest currency swaps	103	272	222	143
	111	**290**	**226**	**154**
OTHER CONTRACTS				
Energy price derivatives	87	159	53	8
	87	**159**	**53**	**8**
TOTAL	**198**	**449**	**313**	**185**
Interest based contracts	0	0	34	22
Currency based contracts	104	251	197	126
Other contracts	73	116	35	7
Non-current portion	**177**	**367**	**266**	**155**
Current portion	21	82	47	30

The following tables show the periods within which the hedged cash flows of the underlyings (interest and redemption payments as well as energy payments) will occur

Nominal value – million	Due in 2013	2014	2015	2016	2017	2018 ff
REDEMPTION						
EUR	-	-	-	-	-	-
USD	70	-	-	400	-	-
GBP	293	55	47	42	17	11
CHF	1	-	6	-	525	850
JPY	-	55,000	-	-	-	54 600
HKD	314	250	-	486	-	-
NOK	271	-	-	2,000	-	-
SEK	5,385	1,467	867	117	117	785
DKK	681	96	96	89	67	316
SGD	129	210	61	-	-	156
NZD	-	-	-	-	10	-
MXN	30	-	-	-	-	-
PLN	373	416	-	-	-	-
CZK	66	31	20	15	3	33
RON	15	-	-	-	-	-
SAR	13	-	-	-	-	-
AED	3	-	-	-	-	-
INTEREST PAYMENTS						
EUR	1	1	1	2	1	6
USD	9	8	9	10	-	-
GBP	7	5	3	2	1	1
CHF	22	22	22	21	21	50
JPY	1 562	1,562	658	658	658	1,849
HKD	22	16	10	10	-	-
NOK	75	68	68	68	-	-
SEK	233	124	69	37	32	81
DKK	25	21	18	15	13	13
SGD	16	11	7	5	5	3
NZD	1	1	1	1	1	-
MXN	-	-	-	-	-	-
PLN	40	22	-	-	-	-
CZK	3	2	2	1	1	3
RON	-	-	-	-	-	-
SAR	-	-	-	-	-	-
ENERGY – € MILLION						
Diesel	409	394	337	80	24	25
HSL	33	45	44	4	-	-
Hard coal	46	70	64	5	-	-

The interest payments are normally reflected in the income statement in the above-mentioned periods. The period during which interest is recognized in the income statement may differ from the maturities of the interest payments.

The energy payments are recognized in the income statement in the periods in which they fall due.

In the case of interest and interest-currency hedges, the effectiveness of the hedge is assessed prospectively using the Critical Terms Match method. This method is used because the major valuation parameters of the underlying and hedges are identical. The retrospective effectiveness measurement is carried out as of every balance sheet date by means of the Hypothetical Derivative method. In this method, the development in value of the hedge which is actually taken out is compared with the development in value of a theoretical hedge in which all valuation-relevant parameters are identical to those of the underlying. In the case of energy price derivatives, the effectiveness of the hedge is assessed prospectively using the linear regression. The effectiveness is measured retrospectively as of each balance sheet date by using the dollar-offset method. The changes in the market values of the underlying are compared with the changes in the market value of the hedging instrument. The resultant quotient determines the inefficiency.

The inefficiencies of cash flow hedges of the energy price derivatives recognized in the income statement amounted to € -1 million in the year under review (previous year € -1 million).

NON-HEDGE DERIVATIVES

Currency forwards taken out to hedge operations are normally classified as non-hedge derivatives. There has only been a slight change in the market values at the end of the year compared with the previous year.

The market values of the non-hedge derivatives are shown under assets and liabilities as follows:

€ million	Assets 2012	Assets 2011	Liabilities 2012	Liabilities 2011
INTEREST BASED CONTRACTS				
Interest swaps	0	0	0	0
Interest forwards/ futures contracts	0	0	0	0
	0	0	0	0
CURRENCY BASED CONTRACTS				
Currency forward/ future contracts	3	2	2	4
Other currency derivatives	0	0	0	0
Interest currency swaps	0	0	0	0
	3	2	2	4
OTHER CONTRACTS				
Energy price derivatives	0	0	0	0
	0	0	0	0
TOTAL	3	2	2	4
Interest based contracts	0	0	0	0
Currency based contracts	1	0	0	0
Non-current portion	1	0	0	0
Current portion	2	2	2	4

(22) Cash and cash equivalents

€ million	Dec 31 2012	Dec 31 2011
Cash at bank and in hand	2,173	1,702
Cash equivalents	2	1
Total	**2,175**	**1,703**
Effective interest rate on short-term bank deposits (%)	0.39	1.04
Average term of short term bank deposits (months)	0.1	0.1

The interest rates for current bank deposits were in a range of between 0.0% and 1.9% (previous year 0.3% to 2.1%).

(23) Held-for-sale assets and liabilities

The disposal of € 11 million relates to the shares in PCC INTERMODAL S.A., Gdynia/Poland, these are now shown under the available-for-sale financial assets.

(24) Subscribed capital

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

(25) Reserves

A) CAPITAL RESERVES

Capital reserves comprise reserves which have not been part of earnings.

B) RESERVE RESULTING FROM VALUATION WITH NO IMPACT ON PROFIT OR LOSS

Reserve for currency translation differences

The currency translation differences resulting from the method of functional currency (IAS 21) are shown separately as part of consolidated shareholders' equity.

Reserve for market valuation of securities

The reserve includes the market changes of financial instruments which have been classified as "available-for-sale financial assets" and which have to be recognized with no impact on profit or loss. The reserve has to be reversed to the income statement or eliminated when a financial instrument is sold or in the event of a permanent reduction in the market value of a financial instrument.

The measurement of financial instruments directly in equity has resulted in the creation of deferred tax assets of € 1 million in the year under review (previous year: deferred tax assets € 1 million).

Reserve attributable to the market valuation of cash flow hedges

The development in the reserve is shown in the following:

€ million	2012	2011
As of Jan 1	23	38
Changes in fair value	-369	78
Reclassifications		
Financial result	165	-104
Net interest income	3	0
Cost of materials	1	1
Changes in deferred taxes	58	10
As of Dec 31	**-119**	**23**

Reclassification effects relate exclusively to this reserve.

Other changes in the reserves: this item mainly shows amounts resulting from transactions in relation to reductions or increases in minority interests between the shareholders of DB AG and the minority shareholders.

(26) Retained earnings

The generated shareholders' equity comprises the entire net profits generated since January 1, 1994 less the goodwill offset under HGB up to December 31, 2002 as well as the dividend paid to the shareholders in 2012.

This item also shows the impact on shareholders' equity attributable to the first-time adoption of IFRS if they are not included in the reserves attributable to valuation with no impact on the income statement.

(27) Minority interests

Minorities comprise the share of third parties in the net assets of consolidated subsidiaries. Third-party interests in the currency reserve amount to € 3 million (previous year: € 5 million). With the above exception, there are no third-party interests in relation to reserves.

(28) Financial debt

This item shows all interest-bearing liabilities including the interest-free Federal loans stated with their present values. The maturity structure of financial debt is as follows:

€ million	Less than 1 year	1–2 years	2–3 years	3–4 years	4–5 years	More than 5 years	Total more than 1 year	Total
	RESIDUAL MATURITY							
DEC 31 2012								
Federal loans	215	206	197	188	169	814	1,574	1,789
Bonds	749	508	696	1,563	1,795	8,785	13,347	14,096
Commercial paper	0	0	0	0	0	0	0	0
Bank borrowings	80	10	6	403	0	402	821	901
EUROFIMA loans	0	519	0	0	0	200	719	719
Finance lease liabilities	449	69	164	158	19	239	649	1,098
Other financial liabilities	10	0	0	0	0	0	0	10
Total	**1,503**	**1,312**	**1,063**	**2,312**	**1,983**	**10,440**	**17,110**	**18,613**
thereof due to related companies	221	725	197	188	169	1,016	2,295	2,516
DEC 31 2011								
Federal loans	380	206	197	189	180	940	1,712	2,092
Bonds	651	748	573	695	1,454	8,513	11,983	12,634
Commercial paper	202	0	0	0	0	0	0	202
Bank borrowings	116	26	11	7	404	427	875	991
EUROFIMA loans	434	0	519	0	0	200	719	1,153
Finance lease liabilities	192	452	68	163	157	238	1,078	1,270
Other financial liabilities	9	0	0	0	0	0	0	9
Total	**1,984**	**1,432**	**1,368**	**1,054**	**2,195**	**10,318**	**16,367**	**18,351**
thereof due to related companies	819	206	716	188	180	1,140	2,430	3,249

The following fair values are summarized compared with the carrying amounts

€ million	Carrying amount 2012	Fair value 2012	Carrying amount 2011	Fair value 2011
Federal loans	1,789	2,068	2,092	2,289
Bonds	14,096	15,742	12,634	13,595
Commercial paper	0	0	202	202
Bank borrowings	901	903	991	993
EUROFIMA loans	719	800	1,153	1,222
Finance lease liabilities	1,098	1,266	1,270	1,426
Other financial liabilities	10	10	9	9
Total	**18,613**	**20,789**	**18,351**	**19,736**

The differences between the carrying amounts and the fair values of the financial debt are due to the usually changed market interest rates for financial debt with a comparable risk profile. In view of the short maturities involved and also in view of the fact that interest charged is closely linked to market rates, there are no significant differences between the carrying amounts and the fair values of other financial liabilities.

Federal loans are attributable almost exclusively to financing provided by the Federal Republic of Germany for capital expenditures in expanding and replacing track. This is based on the responsibility for the transport needs of the public which is anchored in section 87e (4) of the Basic Law (Grundgesetz) and specified in the Federal Track Expansion Act (Bundesschienenwegeausbaugesetz, BSWAG). The loans are generally extended as interest-free loans.

The arrangements for repaying the loans are detailed in individual and collective financing agreements. In general, the loans are repaid in equal annual installments, which are based on the corresponding annual depreciation applicable for the financed assets.

The Federal loans granted by the Federal Government have developed as follows:

€ million	2012	2011
As of Jan 1	2,092	2,936
Redemption	-385	-954
Reclassification	0	10
Cumulative interest	82	100
As of Dec 31	**1,789**	**2,092**

A loan of € 660 million had to be repaid in four equal installments at the beginning of the years 2009 to 2012. For this period, interest was charged on the installments – contrary to the common situation.

The decline in the volume of redemptions compared with the previous year is due to the redemption ahead of schedule of interest-free government loans in the amount of the present value of € 583 million in 2011.

The issued bonds consist of the following transactions:

€ million	Volume of issue	Issue currency	Residual maturity (years)	Effective interest rate (%)	Carrying amount 2012	Fair value 2012	Carrying amount 2011	Fair value 2011
UNLISTED BONDS								
Total DB AG	21	USD	–		0	0	16	16
Total DB Finance	395	HKD, JPY, CHF, EUR	1.5–13.9		384	413	438	445
Total					**384**	**413**	**454**	**461**
LISTED BONDS OF DB FINANCE								
Bond 2001–2013	750	EUR	0.9	5.250	749	782	748	801
Bond 2002–2012	500	EUR	-	5.500	-	-	500	511
Bond 2003–2018	1,000	EUR	5.2	5.000	992	1,183	991	1,124
Bond 2003–2015	700	EUR	2.5	4.600	696	761	695	753
Bond 2004–2018	300	EUR	5.2	4.850	299	354	298	337
Bond 2004–2016	500	EUR	3.9	4.300	499	564	499	547
Bond 2004–2014	366	JPY	1.9	1.700	440	452	498	515
Bond 2006–2018	300	EUR	5.2	4.510	303	355	304	337
Bond 2006–2017	500	EUR	4.0	4.116	498	562	497	540
Bond 2007–2019	600	EUR	6.6	5.110	597	731	596	686
Bond 2009–2019	1,000	EUR	6.2	4.923	995	1,208	995	1,136
Bond 2009–2021	600	EUR	8.8	4.445	597	723	597	666
Bond 2009–2017	500	EUR	4.8	3.774	498	561	497	533
Bond 2010–2020	500	EUR	7.5	3.572	498	563	497	521
Bond 2010–2025	500	EUR	12.5	3.870	494	580	494	519
Bond 2010–2020	410	JPY	7.8	1.150	413	426	469	472
Bond 2010–2022	500	EUR	9.8	3.464	496	562	496	505
Bond 2010–2020	567	CHF	7.4	1.924	614	667	609	643
Bond 2011–2021	700	EUR	8.4	3.797	698	804	697	743
Bond 2011–2016	500	EUR	3.5	3.003	498	538	497	521
Bond 2011–2017	323	CHF	5.0	1.566	310	328	308	319
Bond 2011–2016	160	NOK	3.7	3.551	169	176	160	167
Bond 2011–2016	78	HKD	3.8	2.021	82	84	83	83
Bond 2011–2016	146	USD	3.9	FRN	152	155	155	155
Bond 2012–2017	124	CHF	4.6	0.799	124	127	-	-
Bond 2012–2024	83	CHF	11.1	1.586	82	86	-	-
Bond 2012–2024	500	EUR	11.2	3.119	494	540	-	-
Bond 2012–2022	495	GBP	9.5	2.821	487	503	-	-
Bond 2012–2017	368	GBP	4.8	1.456	366	369	-	-
Bond 2012–2023	400	EUR	10.1	2.116	396	398	-	-
Bond 2012–2072	75	GBP	59.9	4.524	73	81	-	-
Bond 2012–2016	97	NOK	3.7	3.179	103	106	-	-
Total					**13,712**	**15,329**	**12,180**	**13,134**
Adjustments from derivatives					0	0	0	0
Total amount bonds					**14,096**	**15,742**	**12,634**	**13,595**

The following bonds were repaid in 2012: one unlisted bond of DB AG which had become due (USD 20 million, € 21 million), three unlisted bonds which had become due of Deutsche Bahn Finance B.V. (DB Finance), Amsterdam/the Netherlands (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 which had become due.

DB Finance has also issued eight new bonds 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 (€ 257 million)

Bank borrowings are detailed in the following table

(III) Bank borrowings – € million	Currency	Residual maturity (years)	Nominal interest rate (%)	Carrying amount 2012	Fair value 2012	Carrying amount 2011	Fair value 2011
Loan 2002-2016	EUR	3 7	FRN	200	200	200	200
Loan 2002-2022	EUR	9 7	FRN	200	200	200	200
Loan 2003-2016	EUR	3 7	FRN	200	200	200	200
Loan 2003-2022	EUR	9 7	FRN	200	200	200	200
Other				101	103	191	193
Total				**901**	**903**	**991**	**993**

The decline in other bank borrowings was attributable to scheduled repayments and as a result of liabilities of DB Arriva which were redeemed ahead of schedule

Bank borrowings were secured in an amount of € 22 million (previous year € 85 million) Secured bank borrowings are acquisition-related, and the decline is attributable to the redemption ahead of schedule of liabilities of DB Arriva Liabilities are not secured in DB Group

As of December 31, 2012, guaranteed credit facilities with a total volume of € 3,495 million (previous year € 3,871 million) were available to DB Group Of this figure, € 2,030 million (previous year € 2,505 million) was attributable to back-up lines for the € 2 0 billion commercial paper program of DB AG and DB Finance None of these back-up lines had been drawn down as of December 31, 2012 The volume has been reduced by changing over the back-up lines from 364 days to two years Global credit facilities totaling € 1,465 million (previous year € 1,366 million) are used for working capital and surety for payment financing of subsidiaries with worldwide operations, primarily in the segments DB Schenker Logistics and DB Arriva

The liabilities due to EUROFIMA are detailed in the following

(III) Liabilities due to EUROFIMA – € million	Currency	Residual maturity (years)	Nominal interest rate (%)	Carrying amount 2012	Fair value 2012	Carrying amount 2011	Fair value 2011
Loan 2000-2014	EUR	1 8	5 970	219	240	219	244
Loan 2001-2014	EUR	1 7	5 410	300	325	300	330
Loan 2002-2012	EUR	–	FRN	–	–	34	34
Loan 2002-2012	EUR	–	FRN	–	–	400	400
Loan 2010-2021	EUR	8 8	4 050	200	235	200	214
Total				**719**	**800**	**1,153**	**1,222**

In the year under review, two EUROFIMA loans totaling € 434 million which had fallen due were redeemed No new EUROFIMA loans were raised The liabilities due to EUROFIMA are secured by way of transfer of ownership of rail material (rolling stock) in view of the statutes of EUROFIMA

Of the figure stated for liabilities attributable to finance leases, € 378 million (previous year € 397 million) relate to real estate leasing agreements for various concourse buildings of DB Station&Service AG and a logistics center of Schenker Deutschland AG in Echingen, a further figure of € 361 million (previous year € 469 million) relates to leasing agreements for various rolling stock (multiple units, locomotives, freight cars) as well as buses These agreements have been concluded mainly as sale-and-leaseback transactions for achieving advantageous financing conditions with German lessors

The following table provides information concerning the main finance leases

€ million	Nominal amount	Currency	Residual maturity (years)	Nominal interest rate (%)	Carrying amount 2012	Fair value 2012	Carrying amount 2011	Fair value 2011
FINANCE LEASES - MOBILE ASSETS								
Double-deck coaches (1994)	174	DEM	0 0	5 87	0	0	87	90
Locomotives/freight cars (1999)	182	NLG	0 3	5 69 - 5 83	15	15	16	17
Freight locomotives (2000)	101	DEM	3 0	5 35	60	68	65	73
Freight locomotives (2000)	154	EUR	4 0	5 40	108	124	115	130
Locomotives (2001)	178	EUR	2 5 - 4 0	4 87	127	142	134	147
Diesel rail cars for regional transport (2009)	55	EUR	6 0	8 34	51	69	52	70
					361	**418**	**469**	**527**
FINANCE LEASES - REAL ESTATE								
Logistics center (1986)	24	DEM	3 0	8 50	5	5	7	8
Concourse buildings (1998)	497	DEM	0 3 - 9 0	4 00 - 5 95	373	385	390	408
					378	**390**	**397**	**416**
Other					359	458	404	483
Total					**1,098**	**1,266**	**1,270**	**1,426**

The above finance leases for locomotives and multiple units cannot be terminated during a fixed basic lease term, and have a maximum remaining term of six years Most of the contracts contain a clause enabling the lessee to purchase the assets for the residual value or the higher market value after the end of the lease, whereby the difference between the residual value and the market value at the end of the lease is shared between the lessor (25%) and the lessee (75%)

The decline in finance leases for moveable assets is due to scheduled redemptions and repayments ahead of schedule in the DB Arriva segment, and is also mainly due to the termination of a finance lease for double-deck cars in Germany

The finance leases for the concourse buildings of DB Station & Service AG have a maximum remaining term of nine years, and cannot be terminated during the fixed lease At the end of the lease, the lessee is able to buy the assets for a fixed price If this option is not exercised, the lease is extended for a second period, at the end of which the lessor has a put option for the real estate with regard to DB Station & Service AG

In addition, liabilities attributable to finance leases (see Note (13)) are secured by rights of the lessors in relation to the leased assets The leased assets have a carrying amount of € 989 million (previous year € 1,087 million)

The position "Other" comprises numerous Europe-wide leases for buses and trains at DB Arriva and the carrying amount of a power procurement agreement of DB Energie GmbH worth € 108 million (previous year € 115 million) as well as the carrying amount of an inverter agreement of DB Energie GmbH in the amount of € 49 million (previous year € 52 million) Both agreements are classified as embedded financial leases as a result of the fact that the power is procured primarily by DB Energie GmbH and also in view of the underlying agreement duration in accordance with IFRIC 4 in conjunction with IAS 17

In the subsequent years, the following payments have to be made in connection with finance leases

€ million	RESIDUAL MATURITY Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total more than 1 year	Total
DEC 31, 2012								
Minimum lease payments (nominal value)	494	106	197	182	36	415	936	1,430
- Future interest changes	45	37	33	24	17	176	287	332
Finance lease liabilities	**449**	**69**	**164**	**158**	**19**	**239**	**649**	**1,098**
DEC 31, 2011								
Minimum lease payments (nominal value)	262	499	104	196	180	412	1,391	1,653
- Future interest changes	70	47	36	33	23	174	313	383
Finance lease liabilities	**192**	**452**	**68**	**163**	**157**	**238**	**1,078**	**1,270**

(29) Other liabilities

€ million	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total more than 1 year	Total
	RESIDUAL MATURITY							
DEC 31, 2012								
Trade liabilities including deposits received	4,406	47	32	32	33	119	263	4,669
Miscellaneous/other liabilities	2 986	13	16	10	8	36	83	3,069
Total	7,392	60	48	42	41	155	346	7,738
thereof non-financial liabilities	1,275	27	24	25	27	109	212	1,487
thereof deposits received	104	27	24	25	27	109	212	316
thereof due to related parties	315	0	0	0	0	0	0	315
DEC 31, 2011								
Trade liabilities including deposits received	4,312	45	43	30	31	151	300	4,612
Miscellaneous/other liabilities	3,004	13	8	10	6	13	50	3,054
Total	7,316	58	51	40	37	164	350	7,666
thereof non-financial liabilities	1 400	37	27	24	25	136	249	1,649
thereof deposits received	141	37	27	24	25	136	249	390
thereof due to related parties	327	0	0	0	0	0	0	327

The miscellaneous/other liabilities comprise the following

€ million	Dec 31, 2012	Dec 31 2011
PERSONNEL RELATED LIABILITIES		
Unused holiday entitlements	306	290
Outstanding overtime	244	237
Social security	96	88
Severance payments	19	21
Christmas bonuses	7	8
Holiday pay	16	16
Other personnel obligations	587	598
OTHER TAXES		
Value-added tax	62	73
Payroll and church taxes solidarity surcharge	107	93
Miscellaneous other taxes	101	128
Interest payable	255	251
Sales discounts	107	113
Deferred construction grants	94	111
Liabilities due to Railway Crossings Act	8	6
Reconveyance obligations	2	2
Miscellaneous liabilities	1 058	1 019
Total	3,069	3,054

The other personnel obligations also include bonus obligations

The other liabilities were secured in an amount of € 0 million in the year under review (previous year € 0 million)

(30) Income tax liabilities

The income tax liabilities as of December 31, 2012 related mainly to obligations to the fiscal authorities in Great Britain, Australia and Italy

(31) Additional disclosures relating to the financial instruments

Carrying amounts and fair values are based on valuation categories

CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS OF DEC 31, 2012 - ASSETS

Valuation categories (according to IAS 39) – € million	HELD FOR TRADING[1] Fair value (recognized in the income statement)	HELD TO MATURITY At amortized cost
CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES		
ASSETS		
NON CURRENT FINANCIAL ASSETS		
Shares in affiliated companies (at cost)	0	0
Subsidiaries (at cost)	0	0
Securities (at cost)	0	0
Securities (at fair value)	0	0
Available-for-sale financial assets	**0**	**0**
Trade receivables	0	0
Receivables from financing	0	0
Receivables from finance leases	0	0
Advance payments and accrued income	0	0
Plan assets according to IAS 19	0	0
Miscellaneous/other assets	0	0
Receivables and other assets	**0**	**0**
Interest based derivatives – hedging	0	0
Currency based derivatives – hedging	0	0
Commodity derivatives - hedging	0	0
Interest-based derivatives - non hedging	0	0
Currency-based derivatives - non hedging	1	0
Derivative financial instruments	**1**	**0**
Total non-current financial assets	**1**	**0**
CURRENT FINANCIAL ASSETS		
Subsidiaries (at cost)	0	0
Securities (at cost)	0	0
Securities (at fair value)	0	0
Available-for-sale financial assets	**0**	**0**
Trade receivables	0	0
Receivables from financing	0	0
Receivables from finance leases	0	0
Advance payments and accrued income	0	0
Held to maturity securities	0	0
Receivables from other taxes	0	0
Plan assets according to IAS 19	0	0
Miscellaneous/other assets	0	0
Other receivables and assets	**0**	**0**
Currency-based derivatives – hedging	0	0
Commodity derivatives - hedging	0	0
Interest based derivatives - non hedging	0	0
Currency based derivatives - non hedging	2	0
Commodity derivatives - non-hedging	0	0
Derivative financial instruments	**2**	**0**
Cash and cash equivalents	0	0
Available for sale assets	0	0
Total current financial assets	**2**	**0**

[1] Including non-hedge derivatives. DB Group did not apply the fair value option according to IAS 39. Thus the sub-category "held for trading" was used instead of the main category "fair value through profit and loss."

	AVAILABLE FOR SALE		LOANS AND RECEIVABLES				
	At cost	Fair value (with no impact on the income statement)	At cost	At amortized cost	Not attributable to a category according to IAS 39[2]	Total	Fair value
	0	0	0	0	0	0	n/a
	15	0	0	0	0	15	n/a
	0	0	0	0	0	0	n/a
	0	2	0	0	0	2	2
	15	**2**	**0**	**0**	**0**	**17**	**2**
	0	0	0	24	0	24	24
	0	0	0	4	0	4	4
	0	0	0	0	28	28	28
	0	0	0	0	25	25	n/a
	0	0	0	0	58	58	n/a
	0	0	0	25	2	27	27
	0	**0**	**0**	**53**	**113**	**166**	**83**
	0	0	0	0	0	0	0
	0	0	0	0	104	104	104
	0	0	0	0	73	73	73
	0	0	0	0	0	0	0
	0	0	0	0	0	1	1
	0	**0**	**0**	**0**	**177**	**178**	**178**
	15	**2**	**0**	**53**	**290**	**361**	**263**
	0	0	0	0	0	0	n/a
	0	0	0	0	0	0	n/a
	0	4	0	0	0	4	4
	0	**4**	**0**	**0**	**0**	**4**	**4**
	0	0	0	4 202	0	4,202	4 202
	0	0	0	26	0	26	26
	0	0	0	0	14	14	14
	0	0	0	0	147	147	147
	0	0	0	0	0	0	0
	0	0	0	0	168	168	168
	0	0	0	0	0	0	0
	0	0	0	431	31	462	462
	0	**0**	**0**	**457**	**360**	**817**	**817**
	0	0	0	0	7	7	7
	0	0	0	0	14	14	14
	0	0	0	0	0	0	0
	0	0	0	0	0	2	2
	0	0	0	0	0	0	0
	0	**0**	**0**	**0**	**21**	**23**	**23**
	0	0	0	2,175	0	2,175	2 175
	0	0	0	0	0	0	0
	0	**4**	**0**	**6,834**	**381**	**7,221**	**7,221**

[2] For the transition from the categories of financial assets and financial liabilities to the figures stated in the balance sheet

CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS OF DEC 31, 2011 – ASSETS

Valuation categories (according to IAS 39) – € million	HELD FOR TRADING[1] Fair value (recognized in the income statement)	HELD TO MATURITY At amortized cost
CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES		
ASSETS		
NON CURRENT FINANCIAL ASSETS		
Shares in affiliated companies (at cost)	0	0
Subsidiaries (at cost)	0	0
Securities (at cost)	0	0
Securities (at fair value)	0	0
Available-for-sale financial assets	**0**	**0**
Trade receivables	0	0
Receivables from financing	0	0
Receivables from finance leases	0	0
Advance payments and accrued income	0	0
Plan assets according to IAS 19	0	0
Miscellaneous/other assets	0	0
Receivables and other assets	**0**	**0**
Interest based derivatives - hedging	0	0
Currency based derivatives - hedging	0	0
Commodity derivatives - hedging	0	0
Interest based derivatives - non hedging	0	0
Currency-based derivatives - non hedging	0	0
Derivative financial instruments	**0**	**0**
Total non-current financial assets	**0**	**0**
CURRENT FINANCIAL ASSETS		
Subsidiaries (at cost)	0	0
Securities (at cost)	0	0
Securities (at fair value)	0	0
Available-for-sale financial assets	**0**	**0**
Trade receivables	0	0
Receivables from financing	0	0
Receivables from finance leases	0	0
Advance payments and accrued income	0	0
Held to maturity securities	0	0
Receivables from other taxes	0	0
Plan assets according to IAS 19	0	0
Miscellaneous/other assets	0	0
Other receivables and assets	**0**	**0**
Currency-based derivatives - hedging	0	0
Commodity derivatives - hedging	0	0
Interest based derivatives - non-hedging	0	0
Currency based derivatives - non-hedging	2	0
Commodity derivatives - non hedging	0	0
Derivative financial instruments	**2**	**0**
Cash and cash equivalents	0	0
Available for sale assets	0	0
Total current financial assets	**2**	**0**

[1] Including non-hedge derivatives. DB Group did not apply the fair value option according to IAS 39. Thus the sub-category "held for trading" was used instead of the main category "fair value through profit and loss."

	AVAILABLE FOR SALE		LOANS AND RECEIVABLES				
	At cost	Fair value (with no impact on the income statement)	At cost	At amortized cost	Not attributable to a category according to IAS 39 [2]	Total	Fair value
	0	0	0	0	0	0	n/a
	14	0	0	0	0	14	n/a
	1	0	0	0	0	1	n/a
	0	2	0	0	0	2	2
	15	**2**	**0**	**0**	**0**	**17**	**2**
	0	0	0	25	0	25	25
	0	0	0	4	0	4	4
	0	0	0	0	19	19	19
	0	0	0	0	28	28	n/a
	0	0	0	0	1	1	n/a
	0	0	0	16	1	17	17
	0	**0**	**0**	**45**	**49**	**94**	**65**
	0	0	0	0	0	0	0
	0	0	0	0	251	251	251
	0	0	0	0	116	116	116
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	**0**	**0**	**0**	**367**	**367**	**367**
	15	**2**	**0**	**45**	**416**	**478**	**434**
	0	0	0	0	0	0	n/a
	1	0	0	0	0	1	n/a
	0	0	0	0	0	0	0
	1	**0**	**0**	**0**	**0**	**1**	**0**
	0	0	0	4 094	0	4,094	4,094
	0	0	0	22	0	22	22
	0	0	0	0	11	11	11
	0	0	0	0	182	182	182
	0	0	0	0	0	0	0
	0	0	0	0	166	166	166
	0	0	0	0	0	0	0
	0	0	0	373	48	421	421
	0	**0**	**0**	**395**	**407**	**802**	**802**
	0	0	0	0	39	39	39
	0	0	0	0	43	43	43
	0	0	0	0	0	0	0
	0	0	0	0	0	2	2
	0	0	0	0	0	0	0
	0	**0**	**0**	**0**	**82**	**84**	**84**
	0	0	0	1,703	0	1,703	1 703
	11	0	0	0	0	11	11
	12	**0**	**0**	**6,192**	**489**	**6,695**	**6,694**

[2] For the transition from the categories of financial assets and financial liabilities to the figures stated in the balance sheet

CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS OF DEC 31, 2012 – EQUITY AND LIABILITIES

Valuation categories (according to IAS 39) – € million	HELD FOR TRADING[1] Fair value (recognized in the income statement)	OTHER LIABILITIES At cost	At amortized cost	Not attributable to a category according to IAS 39[2]	Total	Fair value
CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES						
EQUITY AND LIABILITIES						
NON CURRENT FINANCIAL LIABILITIES						
Federal loans	0	0	1,574	0	**1,574**	1,853
Bonds	0	0	13,347	0	**13,347**	14,993
Commercial paper	0	0	0	0	**0**	0
Bank borrowings	0	0	821	0	**821**	821
EUROFIMA loans	0	0	719	0	**719**	800
Finance lease liabilities	0	0	0	649	**649**	817
Financial debt	**0**	**0**	**16,461**	**649**	**17,110**	**19,284**
Trade liabilities including received deposits	0	0	48	215	**263**	48
Miscellaneous/other liabilities	0	0	83	0	**83**	83
Other liabilities	**0**	**0**	**131**	**215**	**346**	**131**
Interest based derivatives - hedging	0	0	0	34	**34**	34
Currency based derivatives - hedging	0	0	0	197	**197**	197
Commodity derivatives - hedging	0	0	0	35	**35**	35
Currency-based derivatives - non hedging	0	0	0	0	**0**	0
Derivative financial instruments	**0**	**0**	**0**	**266**	**266**	**266**
Total non-current financial liabilities	**0**	**0**	**16,592**	**1,130**	**17,722**	**19,681**
CURRENT FINANCIAL ASSETS						
Federal loans	0	0	215	0	**215**	215
Bonds	0	0	749	0	**749**	749
Commercial paper	0	0	0	0	**0**	0
Bank borrowings	0	0	80	0	**80**	80
EUROFIMA loans	0	0	0	0	**0**	0
Finance lease liabilities	0	0	0	449	**449**	449
Other financial liabilities	0	0	10	0	**10**	10
Financial debt	**0**	**0**	**1,054**	**449**	**1,503**	**1,503**
Trade liabilities including received deposits	0	0	4,302	104	**4,406**	4,406
Trade liabilities including received deposits	**0**	**0**	**4,302**	**104**	**4,406**	**4,406**
Liabilities from other taxes	0	0	0	269	**269**	269
Miscellaneous/other liabilities	0	0	1,442	1,275	**2,717**	2,717
Other liabilities	**0**	**0**	**1,442**	**1,544**	**2,986**	**2,986**
Interest-based derivatives - hedging	0	0	0	0	**0**	0
Currency-based derivatives - hedging	0	0	0	29	**29**	29
Commodity derivatives - hedging	0	0	0	18	**18**	18
Currency-based derivatives - non hedging	2	0	0	0	**2**	2
Commodity derivatives - non hedging	0	0	0	0	**0**	0
Derivative financial instruments	**2**	**0**	**0**	**47**	**49**	**49**
Available-for sale liabilities	0	0	0	0	**0**	0
Total current financial liabilities	**2**	**0**	**6,798**	**2,144**	**8,944**	**8,944**

[1] Including non-hedge derivatives. DB Group did not apply the fair value option according to IAS 39.
Thus the sub-category "held for trading" was used instead of the main category "fair value through profit and loss."

[2] For the transition from the categories of financial assets and financial liabilities to the figures stated in the balance sheet

CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS OF DEC 31, 2011 – EQUITY AND LIABILITIES

Valuation categories (according to IAS 39) – € million	HELD FOR TRADING [1]	OTHER LIABILITIES				
	Fair value (recognized in the income statement)	At cost	At amortized cost	Not attributable to a category according to IAS 39 [2]	**Total**	Fair value
CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES						
EQUITY AND LIABILITIES						
NON CURRENT FINANCIAL LIABILITIES						
Federal loans	0	0	1,712	0	**1,712**	1 909
Bonds	0	0	11,983	0	**11,983**	12,944
Commercial paper	0	0	0	0	**0**	0
Bank borrowings	0	0	875	0	**875**	875
EUROFIMA loans	0	0	719	0	**719**	1,656
Finance lease liabilities	0	0	0	1 078	**1,078**	1,234
Financial debt	**0**	**0**	**15,289**	**1,078**	**16,367**	**18,618**
Trade liabilities including received deposits	0	0	51	249	**300**	51
Miscellaneous/other liabilities	0	0	50	0	**50**	50
Other liabilities	**0**	**0**	**101**	**249**	**350**	**101**
Interest based derivatives – hedging	0	0	0	23	**23**	23
Currency based derivatives – hedging	0	0	0	125	**125**	125
Commodity derivatives – hedging	0	0	0	7	**7**	7
Currency-based derivatives – non-hedging	0	0	0	0	**0**	0
Derivative financial instruments	**0**	**0**	**0**	**155**	**155**	**155**
Total non current financial liabilities	**0**	**0**	**15,390**	**1,482**	**16,872**	**18,874**
CURRENT FINANCIAL ASSETS						
Federal loans	0	0	380	0	**380**	380
Bonds	0	0	651	0	**651**	651
Commercial paper	0	0	202	0	**202**	202
Bank borrowings	0	0	116	0	**116**	116
EUROFIMA loans	0	0	434	0	**434**	434
Finance lease liabilities	0	0	0	192	**192**	192
Other financial liabilities	0	0	9	0	**9**	9
Financial debt	**0**	**0**	**1,792**	**192**	**1,984**	**1,984**
Trade liabilities including received deposits	0	0	4,171	141	**4,312**	4,312
Trade liabilities including received deposits	**0**	**0**	**4,171**	**141**	**4,312**	**4,312**
Liabilities from other taxes	0	0	0	293	**293**	293
Miscellaneous/other liabilities	0	0	1 452	1,259	**2,711**	2 711
Other liabilities	**0**	**0**	**1,452**	**1,552**	**3,004**	**3,004**
Interest-based derivatives – hedging	0	0	0	0	**0**	0
Currency based derivatives – hedging	0	0	0	28	**28**	28
Commodity derivatives – hedging	0	0	0	2	**2**	2
Currency-based derivatives – non hedging	4	0	0	0	**4**	4
Commodity derivatives – non hedging	0	0	0	0	**0**	0
Derivative financial instruments	**4**	**0**	**0**	**30**	**34**	**34**
Available-for-sale liabilities	0	0	0	0	**0**	0
Total current financial liabilities	**4**	**0**	**7,415**	**1,915**	**9,334**	**9,334**

[1] Including non hedge derivatives. DB Group did not apply the fair value option according to IAS 39. Thus the sub-category "held for trading" was used instead of the main category "fair value through profit and loss."

[2] For the transition from the categories of financial assets and financial liabilities to the figures stated in the balance sheet.

The financial instruments recognized at fair value are classified under valuation level 2 and to a lesser extent under valuation level 1 in accordance with IFRS 7 27

Cash and cash equivalents, trade receivables as well as other receivables mostly have short remaining terms Accordingly, their carrying amounts as of the closing date closely approximate the fair value

The fair values of other non-current receivables with remaining terms of more than one year are equivalent to the present values of the cash flows associated with the assets

Trade liabilities and other liabilities generally have short remaining terms The recognized figures are approximately equivalent to the fair values

The fair values of other non-current receivables with remaining terms of more than one year are equivalent to the present values of the cash flows associated with the assets

No held-to-maturity securities are shown as of the balance sheet date

The net results according to valuation categories are detailed in the following

€ million	Interest income	Interest expense	Other income	Other expenses	FROM EXCHANGE RATE TRANSACTION at fair value	from currency translation	from impairments	Total net result
DEC 31, 2012								
Held for trading assets and liabilities including non hedge derivatives	0	0	0	0	3	0	0	3
Available for sale	0	0	34	-17	8	0	-1	24
Loans and receivables	28	0	1	0	0	-8	-36	-15
Other liabilities	0	-713	0	-3	0	0	0	-716
Total	**28**	**-713**	**35**	**-20**	**11**	**-8**	**-37**	**-704**
thereof recognized in the income statement	28	-713	35	-20	3	-8	-37	-712
thereof directly offset in equity	0	0	0	0	8	0	0	8
DEC 31, 2011								
Held for trading assets and liabilities including non hedge derivatives	0	0	0	0	0	0	0	0
Available for sale	0	0	7	-10	0	0	0	-3
Loans and receivables	79	0	5	0	0	3	-45	42
Other liabilities	0	-740	0	-5	0	0	0	-745
Total	**79**	**-740**	**12**	**-15**	**0**	**3**	**-45**	**-706**
thereof recognized in the income statement	79	-740	12	-15	0	3	-45	-706
thereof directly offset in equity	0	0	0	0	0	0	0	0

The net results mainly include net interest income of € -685 million (previous year € -661 million)

The interest attributable to financial instruments is shown in net interest income (see point (9) in the Notes), the other components of net result are shown under other financial result

The net result of financial liabilities in the cate gory "Other liabilities" includes interest expenses attributable to the cumulative interest relating to interest-free loans

Foreign currency gains and losses attributable to the translation of foreign currency liabilities are opposed by almost identical losses/gains attributable to derivatives (see point (10) in the Notes)

(32) Pension obligations

The retirement benefit schemes in DB Group comprise schemes for civil servants and also schemes for employees

PENSIONS FOR CIVIL SERVANTS

After they retire, civil servants assigned to the companies of DB Group receive pensions from the Federal Railroad Fund under the Civil Servants Benefits Act (Beamtenversorgungsgesetz) as a result of their status as civil servants

Only while the assigned civil servants are actively working for DB Group are payments made to the Federal Railroad Fund as part of a pro forma settlement in the same way as for newly recruited employees (section 21 (1) DBGrG) This also includes theoretical amounts for contributions to statutory pension insurance schemes as well as theoretical costs in accordance with the collective bargaining agreement regarding the additional company pension scheme for employees of DB AG (ZVersTV) The payments made to the Federal Railroad Fund for retirement pensions and supplementary benefits of civil servants are defined contribution retirement schemes

PENSIONS FOR EMPLOYEES

The retirement benefit obligations with regard to employees mainly relate to the following

a) Employees who were employed by DB AG before the company was established (January 1, 1994) enjoy supplementary benefits in view of their former membership of the public sector The employees are entitled to benefits from this additional pension insurance from Deutsche Rentenversicherung Knappschaft-Bahn-See (KBS) As an official authority, KBS has not only assumed responsibility for managing and paying the statutory pension for DB Group employees, it also continues the additional pension insurance for the transferred employees who are beneficiaries

The Federal Railroad Fund bears the costs of these additional benefits, less the contribution made by the employees themselves (section 14 (2) DBGrG) Accordingly, DB AG does not set aside any provisions for these public sector benefits

b) Employees of the former Deutsche Reichsbahn and the employees who have been recruited after January 1, 1994 receive an additional company pension from DB AG within the framework of the ZVersTV This supplementary company pension is a defined benefit scheme, which is linked to salary and length of service

c) Domestic employees of DB Schenker Logistics mainly have a commitment for benefits from a defined contribution employer financed benefit plan which is not salary-linked Depending on the extent of benefits and in the event of early payment of benefits, capital payments have to be made or, if appropriate, pension benefits to be capitalized have to be provided For senior executives, there is a defined contribution employer financed benefit scheme which is salary-linked The benefits have to be provided in the form of an annuity with a capital option

There are no plan assets for both benefit schemes In addition, most employees are able to participate in an employee financed benefit scheme in which a defined contribution direct commitment without plan assets is provided in return for a salary waiver The employee contributions are topped up by the employer

Senior executives have a purely employee financed benefit scheme This scheme has plan assets which are capable of being netted

Employees of DB Schenker Logistics abroad mainly have final-salary benefit schemes with and without a length-of-service link These include some government schemes

Approximately half of the benefit obligations abroad is funded exclusively by provisions The other half is included in schemes featuring proportionate fund and insurance cover Employee and employer contributions are normally paid into these schemes

In Germany, there are defined contribution plans in the form of direct insurance at DB Schenker Logistics Abroad, some benefit schemes have to be treated as defined contribution plans

d) The direct commitments provided to senior executives as a result of employment agreements and the commitments arising from other pension obligations comprise defined benefit as well as defined contribution retirement benefit schemes These are employee as well as employer financed and are partially or completely covered with plan assets eligible for netting purposes

e) In addition, there are also employee financed direct insurance policies, mainly with DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a G , as well as a purely employee financed pension fund at DEVK Pensionsfonds-AG which is the subject of a collective bargaining agreement These external forms of pension benefit schemes are not relevant with regard to necessity of setting-up provisions

f) Abroad, there are mainly compensation-linked defined benefit schemes with and without a link to the period of service with the company The obligations are financed by provisions and are also proportionately fund-backed or insurance-backed by means of employee as well as employer contributions

g) The company pension scheme of DB Schenker Rail (UK) is essentially a defined benefit pension scheme (linked to salary and length of service) within the British "Railway Pension Scheme " The costs of the pension scheme are shared between the employer and the employee in the ratio 60 40 and accordingly recognized in the balance sheet The plan assets are managed by an independent trustee The assets were most recently valued as of December 31, 2011 The process of collating the data of members in the plan for the purpose of compliance with legal requirements in relation to the members of the plan is generally carried out every three years, most recently as of December 31, 2010 As of the intermediate valuation dates, the obligations in the plan are measured on the basis of the correspondingly updated data

h) Within DB Arriva, there are mainly defined benefit retirement benefit commitments By far the most important defined benefit plans (related to salary and length of service) relates to employees of DB Arriva within the "Railway Pension Scheme" in Great Britain The costs of the pension scheme are also shared between the employer and the employee in the ratio 60 40 and proportionally recognized in the balance sheet The corresponding pension obligations are to a large extent covered by fund assets

Some companies pay contributions within the framework of a franchise contract to the British "Railway Pension Scheme" for employees loaned for the period of the contract (franchise period) The obligations with regard to these employees as well as the plan assets are recognized in full The process of recognizing the effect of franchise contracts recognizes that part of the shortfall or surplus cover will probably not be financed by the DB Group

In addition, individual companies of DB Arriva also issued defined contribution retirement benefit commitments to their employees Under such arrangements, the employer does not enter into any obligations apart from paying contributions to an external benefit scheme The extent of the future pension benefits depends exclusively on the amount of contributions paid to the external benefit scheme, including the income generated by investing these contributions

In addition, some contributions have also been paid to social pension funds within the context of statutory regulations (government schemes) DB Arriva is also involved in some joint plans of several employers

The figures stated for pension provisions in the balance sheet are detailed in the following

€ million	2012	2011
Funded obligations	3,684	3,084
Unfunded obligations	2,596	1,992
Total obligations as of Dec 31	**6,280**	**5,076**
Fair value of plan assets as of Dec 31	-2,891	-2 597
Unrecognized actuarial losses	-1 078	-305
Effects due to cost sharing	-193	-129
Effects due to franchise contracts	-106	-64
Unrecognized past service cost	0	0
Amount not recognized as an asset due to limitation of IAS 19 58	0	0
Assets recognized in the balance sheet as pension assets	59	0
Net liability recognized in the balance sheet	**2,071**	**1,981**

The total pension commitment has developed as follows

€ million	2012	2011
Obligations as of Jan 1	5 076	4,844
Service cost, excluding employee contributions	119	119
Employee contributions	42	31
Interest expense	198	187
Pensions paid	-198	-153
Past service costs	2	11
Settlements of retirement benefit obligations	-1	0
Plan cuts	-16	-1
Transfers	-2	43
Changes in the scope of consolidation	4	0
thereof additions	4	0
Actuarial gains (-)/losses	989	-88
Currency effects	67	83
Obligations as of Dec 31	**6,280**	**5,076**

The development of the plan assets is detailed in the following

€ million	2012	2011
Fair value of plan assets as of Jan 1	2,597	2 442
Employer contributions	90	77
Employee contributions	40	29
Expected return on plan assets	123	133
Pensions paid	-129	-91
Settlements of retirement benefit obligations	-1	0
Plan cuts	0	0
Transfers	4	57
Changes in the scope of consolidation	2	0
thereof additions	2	0
Actuarial gains (-)/losses	110	-121
Currency effects	55	71
Fair value of plan assets as of Dec 31	**2,891**	**2,597**

The reported plan assets are broken down as follows

€ million	2012	2011
Stocks and other securities	1 687	1 944
Interest bearing securities	541	376
Real estate or other self used assets	4	4
Reinsurance	153	150
Other assets	506	123
	2,891	**2,597**
thereof realized as pension asset	-59	0
	2,832	**2,597**

The actual income from plan assets amounted to € 233 million (previous year income of € 12 million)

Changes in the net pension provisions are detailed in the following

€ million	2012	2011
Provisions as of Jan 1	1 981	1,938
Pension expenses	189	194
Employer contribution	-90	-77
Pensions paid	-69	-62
Transfers	-6	-14
Changes in the scope of consolidation	2	0
thereof additions	2	0
Currency effects	5	2
Assets realized as pension assets	59	0
Provisions as of Dec 31	**2,071**	**1,981**

The expenses to be stated in the income statement are detailed in the following

€ million	2012	2011
Amortization of unrealized gains (-)/losses	7	9
Service cost excluding employee contributions	119	119
Employee contributions	2	2
Interest expense	198	187
Past service costs	2	11
Expected return on plan assets	-123	-133
Plan cuts	-16	-1
Settlements of retirement benefit obligations	0	0
Asset ceiling	0	0
Pension expense	**189**	**194**

The interest expense and expected income from the plan assets are recorded under net interest income

The expected income from plan assets has been derived on the basis of the income actually generated in the past

All other items are recognized under personnel expenses

The actuarial parameters used for the valuation of most of the pension provision are set out in the following

%	2012	2011
Discount rate	3 00[1]/4 40[2]	4 25[1]/5 00[2]
Expected rate of salary increases	2 50[1]/3 50[3]/3 80[4]	2 50[1]/4 00[3] [4]
Expected rate of pension increases (dependent on staff group)	2 00[1]/2 10[2]	2 00[1]/2 00[2]
Expected average staff turnover	2 67	2 67
Expected return on plan assets	1 25 - 6 55	1 25 - 8 00

[1] Domestic and foreign (except Great Britain)

[2] Great Britain

[3] DB Schenker Rail (UK)

[4] Segment DB Arriva

The 2005 G mortality tables of Professor Dr Klaus Heubeck have been used for valuing the pension obligations for the German Group companies Country-specific mortality tables have been used for valuing the pension obligations of the other Group companies

In the 2013 financial year, direct pension payments are expected to be € 76 million, and payments into plan assets are expected to be € 88 million

€ million	2012	2011	2010	2009	2008
Present value of pension obligations as of Dec 31	6,280	5,076	4,844	3 104	2,581
Fair value of plan assets as of Dec 31	-2,891	-2,597	-2,442	-1,010	-813
Deficit	**3,389**	**2,479**	**2,402**	**2,094**	**1,768**
Experience based adjustment of retirement benefit obligations	26	-11	-85	91	3
Experience based adjustment of plan assets	-110	121	-148	-88	368

(33) Other provisions

	PERSONNEL RELATED PROVISIONS		SALES DISCOUNTS		PROVISIONS FOR PENDING LOSSES		DECOMMISSIONING PROVISIONS		ENVIRONMENTAL PROTECTION PROVISIONS		OTHER PROVISIONS		TOTAL	
€ million	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	**2012**	**2011**
As of Jan 1	1,148	1,327	549	579	433	445	465	374	1,438	1,490	1,577	2,041	**5,610**	**6,256**
Currency translation differences	0	1	0	0	1	2	0	0	0	0	2	4	**3**	**7**
Changes in the scope of consolidation	0	0	0	0	0	0	0	0	0	0	1	3	**1**	**3**
thereof additions	0	0	0	0	0	0	0	0	0	0	1	3	**1**	**3**
thereof disposals	0	0	0	0	0	0	0	0	0	0	0	0	**0**	**0**
Amounts used	-248	-241	-143	-172	-177	-142	-23	-20	-63	-58	-390	-499	**-1,044**	**-1,132**
Unused amounts reversed	-180	-260	-112	-88	-61	-40	-8	-3	-201	0	-326	-340	**-888**	**-731**
Reclassifications	-5	-32	-5	0	0	-1	0	0	0	-1	43	9	**33**	**-25**
Additions	429	318	263	230	205	151	39	75	1	7	388	347	**1,325**	**1,128**
Compounding/discounting	58	35	0	0	14	18	23	39	4	0	23	12	**122**	**104**
As of Dec 31	**1,202**	**1,148**	**552**	**549**	**415**	**433**	**496**	**465**	**1,179**	**1,438**	**1,318**	**1,577**	**5,162**	**5,610**

The following table breaks down the other provisions into current and non-current amounts, and also details their estimated residual maturity

€ million	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total more than 1 year	Total
	RESIDUAL MATURITIES							
DEC 31 2012								
Personnel-related provisions	335	164	94	41	112	456	867	1,202
Sales discounts	552	0	0	0	0	0	0	552
Provisions for pending losses	128	93	80	69	33	12	287	415
Decommissioning provisions	32	32	32	32	32	336	464	496
Environmental protection provisions	83	70	73	69	68	816	1,096	1,179
Other provisions	983	113	42	29	25	126	335	1,318
Total	**2,113**	**472**	**321**	**240**	**270**	**1,746**	**3,049**	**5,162**
DEC 31 2011								
Personnel-related provisions	339	171	103	59	97	379	809	1,148
Sales discounts	549	0	0	0	0	0	0	549
Provisions for pending losses	143	70	85	51	46	38	290	433
Decommissioning provisions	32	0	0	0	0	433	433	465
Environmental protection provisions	86	80	84	82	95	1,011	1,352	1,438
Other provisions	1,086	270	59	30	22	110	491	1,577
Total	**2,235**	**591**	**331**	**222**	**260**	**1,971**	**3,375**	**5,610**

PROVISIONS FOR ENVIRONMENTAL PROTECTION

Of the figure stated for environmental protection provisions, € 1,159 million (previous year € 1,417 million) relate to remedial action obligations of DB AG In order to take account of the remedial action obligations recognized in the environmental protection provisions, DB AG has set up the following programs

> 4-stage soil decontamination program
> 3-stage sewerage network program
> 2-stage landfill shut-down program

These measures will ensure that the work on investigating and carrying out remedial action will be systematic, cost-efficient and consistent with the legal situation

In the 4-stage soil decontamination program, the contamination in the soil and/or groundwater is localized using the following stages historical investigation, rough examination and detailed analysis The program involves a feasibility study, implementation and approval planning as well as remedial action, and due consideration is given to technical and legal requirements for the remedial action which aims to ensure appropriate utilization

The 3-stage sewerage network program aims to remedy any contamination of soil and/or groundwater resulting from leaks The program also involves a plan to optimize the existing sewerage network to ensure that it is capable of meeting future requirements and to ensure that the need to take remedial action can be limited to this future network The network which is not utilized will be decommissioned

The 2-stage landfill program will guarantee that landfill sites on rail property are identified and measured in a standard manner, and that these landfill sites will be decommissioned in accordance with the Landfill Regulation (Deponieverordnung, DepV)/Technical Instructions for Residential Area Waste (Technische Anleitung Siedlungsabfall, TASi) and the German Federal Soil Protection Act (Bundesbodenschutzgesetz, BBodSchG)

The provisions attributable to the individual programs were reviewed and adjusted at year-end This review has resulted in the reversal of provisions of € 200 million This is also accompanied by an extension of the term to 2032 (previously 2028)

STAFF-RELATED PROVISIONS

€ million	Dec 31, 2012	Dec 31, 2011
Obligations under employment contracts	730	659
Early retirement/part time working in the run-up to retirement obligations	215	239
Service anniversary provisions	109	108
Other	148	142
Total	**1,202**	**1,148**

The staff-related provisions include obligations which result from the entitlement of many employees under labor law and the willingness of DB AG not to terminate employment contracts for operational reasons. In such cases, DB Group will incur losses in the form of personnel expenses which will have to be borne until the employment contract is terminated or the employee is placed with another company; no reciprocal benefit will be provided in return for these costs. DB AG has set up a separate subsidiary, namely DB JobService GmbH, in order to absorb employees who have been made redundant.

The provisions set aside to cover semi-retirement and early retirement obligations cover the obligations arising from collective bargaining agreements, and have been calculated on the basis of actuarial reports.

DECOMMISSIONING PROVISIONS

The decommissioning provisions refer to the company's pro rata decommissioning obligation in relation to a joint power plant. The valuation of the provision is based on an unchanged discount rate of 5.0%.

OTHER PROVISIONS

The other provisions comprise provisions for litigation risks, decommissioning, and demolition as well as obligations for maintenance, claims for damages, other taxes as well as other real estate risks and numerous other aspects which individually are of minor significance.

(34) Deferred income

€ million	Dec 31, 2012	Dec 31, 2011
Deferred Federal grants	1,408	1,565
Deferred revenues	498	462
Deferred profits from sale-and-leaseback transactions	31	43
Other	280	245
Total	**2,217**	**2,315**
Non-current share	1,510	1,657
Current share	707	658

The deferred Federal grants comprise mainly the interest benefit (difference between the nominal value and present value) attributable to the interest-free loans; this has developed as follows during the year under review:

€ million	2012	2011
As of Jan 1	1,363	1,537
Additions	0	0
Reclassifications	0	-2
Reversals	-144	-172
As of Dec 31	**1,219**	**1,363**

Of the figure shown for the reversal in the year under review, € 59 million (previous year: € 30 million) is attributable to the changed method for reversing deferred items. The remainder is attributable to the reversal of amortized deferred income corresponding to the planned useful life of the financed assets. In the previous year, part of the reversal (€ 58 million) was attributable to the compensation of the compounding amount of the present value of interest-free Federal loans.

With regard to the income from the reversal of accruals, please refer to the comments in the section "Comparability with the previous year."

Deferred revenues constitute that part of compensation which is attributable to the period after the balance sheet date.

The deferred profits from sale-and-leaseback transactions relate to concourse buildings of various stations with the related retail premises as well as rolling stock.

NOTES TO THE CASH FLOW STATEMENT

The cash flow statement shows the changes in cash and cash equivalents in the year under review, and was prepared in accordance with IAS 7 (Cash Flow Statements). The cash flows are broken down into operating activities, investing activities and financing activities. The indirect method has been used for showing cash flow from operating activities.

Interest income and interest payments, dividend income as well as tax payments are stated under operating activities.

Cash and cash equivalents include the cash and cash equivalents stated in the balance sheet with a residual maturity of less than three months (cash in hand, cash deposited with the Bundesbank, cash at banks and checks as well as securities).

Cash flow from operating activities

The cash flow from operating activities is calculated by adjusting the net profit for the period before taxes by items which are not cash-effective (in particular additions to and reversals of other provisions) and by adding other changes in current assets, liabilities (excluding financial debt) and provisions. The cash flow from operating activities is then established after due consideration is given to interest and tax payments.

The strong increase in the cash flow from operating activities is attributable to considerably higher profits before taxes on income (€ +189 million) as well as a stronger decline (compared with the previous year) in derivative financial instruments as well as a lower increase in trade receivables. On the other hand, there was reduced utilization of the other provisions as well as an increase in deferred items.

The increase in non-cash-effective income compared with the previous year is mainly attributable to higher income from the reversal of other provisions, the non-cash-effective expenses increased as a result of higher additions to the other provisions. Overall, the other non-cash-effective expenses and income have declined.

Cash flow from investing activities

The cash flow from investing activities is calculated as the inflow of funds attributable to the disposal of property, plant and equipment and intangible assets as well as investment grants, and the outflow of funds for capital expenditures in property, plant and equipment and intangible assets as well as non-current financial assets.

Inflows of funds attributable to investment grants are shown under investing activities, because there is a close relationship between investment grants which are received and the outflows of funds for capital expenditures in property, plant and equipment.

The strong increase in the outflow of cash from investing activities is mainly due to the 7% increase in outflows for capital expenditures in property, plant and equipment in conjunction with a simultaneous decline in the net inflows of investment grants. Outflows for the acquisition of shares in consolidated companies (in the period under review: € 14 million mainly for the acquisition of Suomen Kiitoautot, previous year: € 16 million for the acquisition of Grand Central Railway and Jean Heck) were virtually unchanged. In addition, the decline in inflows from the sale of financial assets as well as higher inflows from the disposal of assets accounted for using the equity method (particularly from the sale of METRANS a.s.) compared with the previous year have also resulted in lower inflows.

When changes take place in the scope of consolidation as a result of the acquisition or sale of companies, the acquisition price which is paid (excluding any liabilities which are transferred) less the acquired or sold financial resources are stated as cash flow from investing activities. The other effects of the acquisition or sale on the balance sheet are eliminated in the corresponding items of the three categories.

The figure shown for the outflows for the acquisition of shares in consolidated companies includes an amount of € 4 million for a subsequent purchase price payment attributable to the contingent purchase price elements of the acquisition of Grand Central Railway.

Cash flow from financing activities

The cash flow from financing activities is due to the net inflows and outflows attributable to issued bonds, bank loans and other loans which have been raised as well as outflows for the redemption of Federal loans

In conjunction with an increase of € 25 million in the profit distribution to the Federal Government, the much lower outflow of cash from financing activities was attributable to the net increase in inflows from the issuing and redemption of bonds, a reduction in the repayment of Federal loans as well as a net outflow attributable to the repayment of funds, particularly with regard to the redemption of EUROFIMA loans (€ 434 million)

NOTES TO THE SEGMENT REPORT

Segment reporting of DB Group has been prepared in accordance with IFRS 8 (Operating Segments) The operating segments of the DB Group result from the aggregation of fully consolidated legal entities, these legal entities have been allocated to specific segments on the basis of the company-specific operational performance on a defined market The Management Board of the Group takes its decisions and carries out economic analyses as well as appraisals at the level of the operating segments ("management approach")

The allocation of legal entities to operating segments in external accounting is consistent with the allocation in internal management reporting This means that the management and legal structure of DB Group are coincident As a result of this allocation principle, there are no partial balance sheets or partial income statements within a legal entity which are allocated to different segments

In this connection, management reporting is addressed to the Group Management Board in its function as the primary decision maker Management reporting in DB Group is based on the accounting principles in accordance with IFRS With regard to reconciling the segment data with the corresponding corporate data, it is accordingly mainly necessary to take account of consolidation effects For this reason, a consolidation column is used for reconciliation purposes The operations of the Group divisions are covered in the reporting format in line with the corporate organization structure of DB Group The main regions covered by DB Group are detailed in the segment information based on regions

DB Group uses the following primary segments

> ***DB Bahn Long-Distance***
  This segment comprises all cross-regional transport operations and other services in long-distance rail passenger transport Most of these transport services are provided in Germany
> ***DB Bahn Regional***
  The activities for the German transport and general services in regional rail and road local passenger transport are combined in the DB Bahn Regional segment These activities also comprise the S-Bahn operations in Berlin and Hamburg
> ***DB Arriva***
  All European local transport activities (rail and bus) outside Germany are pooled in the DB Arriva segment
> ***DB Schenker Rail***
  This segment pools the European activities for rail freight transport services It operates primarily in Germany, Denmark, the Netherlands, Italy, Great Britain, France, Poland and Spain
> ***DB Schenker Logistics***
  All global logistics activities of DB Group are managed in the DB Schenker Logistics segment These comprise the freight forwarding, transport and other services in commodity and goods transport
> ***DB Netze Track***
  This segment is responsible for installing, maintaining and operating the complete track-related rail infrastructure in Germany
> ***DB Netze Stations***
  This segment comprises the operation, development and marketing of passenger stations and retail facilities in stations in Germany
> ***DB Services***
  DB Services segment provides all types of services, mainly in the fields of transport, logistics, information technology and telecommunications The companies in this segment mainly render their services within the Group
> ***Subsidiaries/other***
  DB AG and DB ML AG with their numerous management, financing and service functions in their capacity as the management holding of DB Group are shown in this segment In addition, this segment also comprises DB Energie GmbH, DB ProjektBau GmbH and the other subsidiaries and remaining activities

The data concerning the segments are shown after intra-segment relations have been eliminated The transactions between the segments (inter-segment relations) are eliminated in the column "Consolidation"

The income and expenses detailed on the basis of operating segments in the segment information are adjusted by issues which are of an exceptional nature in terms of the amount involved or in terms of the reason for the specific issue A general adjustment is recognized for book profits and losses attributable to transactions with investments/financial investments and in the amount of the depreciation on long-term customer agreements, which have been capitalized as part of the purchase price allocation process or company acquisitions In addition, an adjustment is recognized for individual issues if they are of an exceptional nature, if they are definable for accounting purposes, if they can be measured and if the amount involved is material They are shown in the reconciliation column

Segment reporting is based on the management parameters which are used for internal management of the operating segments These parameters form the basis of the value-oriented management concept (see section "Capital management in DB Group")

The external revenues and other revenues consist exclusively of income generated by the segments with parties who are external to the Group The internal revenues and other income show the income with other segments (inter-segment income) Market prices are used for establishing the transfer prices for internal transactions

EBITDA (earnings before interest, taxes, depreciation and amortization) is used for assessing the purely operational profitability of the operating segments It does not include any costs of capital employed in the form of depreciation and interest Accordingly, EBITDA is not influenced by segment-specific financing structures and long-term investment cycles (in particular in the infrastructure segments), consequently, depreciation is incurred sooner than the positive returns generated by these investments EBITDA thus has the character of pre-tax cash flow

On the other hand, EBIT additionally comprises depreciation recognized in relation to fixed assets (property, plant and equipment and intangible assets) EBIT is the result generated by operations which is available for meeting the return requirements of the providers of capital

The financing costs which are incurred as a result of the (in certain cases) very high amounts of capital tied up in the operating segments of DB Group (particularly in the infrastructure segments) are also relevant for a long-term assessment of results This is the reason why operational net interest income is additionally taken into consideration in the parameter "operating profit after interest"

The essential assets which are used (capital employed) also have to be taken into consideration in addition to the abovementioned parameters for internal management of the operating segments The capital employed comprises the essential capital which was made available by providers of equity and providers of debt and for which interest has to be paid

Net financial debt is defined as the balance of interest-bearing external liabilities and finance lease liabilities as well as liquid assets and interest bearing external receivables The net financial debt of the segments also comprises the receivables and liabilities attributable to Group financing and internal finance leasing within the Group

The gross capital expenditures consist of all investments in property, plant and equipment and intangible assets Net capital expenditures are calculated by deducting the participation of third parties in the financing of specific investment projects (essentially the building investment grants of the Federal Government and the Federal states)

Additions from changes in the scope of consolidation are shown as part of segment gross capital expenditures, and comprise exclusively the capital expenditures in property, plant and equipment and intangible assets, including the goodwill acquired as part of company acquisitions or included in the consolidated financial statements for the first time

The number of employees comprises the workforce, excluding trainees, at the end of the reporting period, part-time employees have been converted to full-time employees

The segments are subject to the same accounting and valuation principles which are described in the section "Basic principles and methods" and which are applicable for the remainder of the consolidated financial statements Internal segment transactions within the Group are generally conducted on an arm's length basis

Explanations concerning the information according to regions

External revenues are stated on the basis of the registered offices of the Group company providing the service

Non-current assets are allocated on the basis of the location of the company The contents are determined in accordance with segment reporting The non-current assets comprise intangible assets, property, plant and equipment as well as non-current receivables and other assets (excluding financial instruments, deferred tax assets, rights from insurance policies as well as assets in conjunction with benefits after termination of the employment agreement)

Information concerning major clients

In the year under review and the previous year, no single customer accounted for more than 10% of overall revenues at DB Group

RISK MANAGEMENT AND DERIVATIVE FINANCIAL INSTRUMENTS

Management of financial and energy price risks

As a mobility, transport and logistics group with international operations, DB Group is exposed to financial risks in the form of changes in interest rates and exchange rates In addition, there are also energy price risks on the procurement side as a result of fluctuations in the prices of diesel fuel and electricity One of the aspects of corporate policy is to actively manage and thus limit these risks by means of the use of derivative financial instruments

DB AG with its central Group Treasury is responsible for all financing and hedging transactions of DB Group It cooperates with the subsidiaries to identify, evaluate and control financial and energy price risks At regular intervals, the Management Board is informed of major financial risks and receives a schedule of all financial instruments as well as information on the impact on results and the balance sheet Speculation is not permitted Ongoing market and risk assessment takes place as part of risk management

The Management Board of DB AG has defined principles for risk management The guidelines for Group financing and for the internal control system contain binding rules for the use of derivative financial instruments for managing interest rate and foreign exchange risks and the risks of energy price changes, as well as the procedure for dealing with related counterparty default risks In the structure and procedure organization, there is a clear functional and organizational segregation between scheduling and trading on the one hand (front office) as well as settlement and monitoring on the other (back office) Group Treasury operates on the global financial markets using the minimum requirements applicable for risk management (Mindestanforderungen an das Risikomanagement, MaRisk) of the banks prepared by the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin), and is subject to regular internal and external control

Derivative financial instruments are used exclusively for hedging interest, currency and energy price risks All individual transactions correspond to on-balance-sheet or anticipated underlyings (for instance bonds, purchases of diesel fuel and electricity) The aim is to achieve qualification as an effective hedge in accordance with IAS 39

Interest rate risks

In line with the length of time that assets are tied up, the financial requirement is covered mainly by issuing long-term and fixed-interest bonds Interest rate management comprises a comparatively low amount of variable interest for optimizing interest costs Interest rate derivatives such as interest rate swaps, caps, floors and collars may be used for managing the fixed-floating ratio

In accordance with IFRS 7, existing interest rates are detailed by means of a sensitivity analysis which investigates the effects of theoretical changes in market interest rates on results and shareholders' equity

The sensitivity analysis which has been carried out has taken account of the following financial instruments

> Derivatives designated in cash flow hedges (interest hedges and interest/currency hedges) have an impact on the hedge reserve in shareholders' equity and are therefore taken into consideration in the sensitivity calculations relating to shareholders' equity,
> Financial instruments with a variable return have an impact on net interest income This is applicable to variable-income interest-currency swaps as well as variable-rate loans/finance leases
> Cash at banks and current borrowings/deposits with banks have an impact on net interest income

If the level of market interest rates for the exposure had been 100 basis points higher (lower) as of the balance sheet date, the result would have been affected as follows

€ million	CHANGES IN MARKET LEVEL OF INTEREST RATES			
	2012		2011	
	+100 BP[1]	-100 BP[1]	+100 BP[1]	-100 BP[1]
Impact on comprehensive income	+5	-4	-17	+18
thereof recognized in the statement of income	+3	-3	-12	+12
thereof covered directly in equity	+2	-1	-5	+6

[1] Basis points

The reversal of the interest rate sensitivities compared with the previous year is attributable to the expiry of variable-interest liabilities and also the considerably higher liquidity holdings of DB AG

Foreign currency risks

The foreign currency risks are attributable to financing measures and operating activities

In order to avoid interest rate and foreign currency risks, the foreign currency bonds issued within the framework of Group financing are converted into euro liabilities by means of interest/currency swaps However, it is not necessary for such bonds to be converted in individual cases if there is a guarantee that the bond can be serviced out of inflows of foreign currency payments

Group Treasury extends loans to foreign subsidiaries in their functional currency These positions are normally hedged with the aid of derivative financial instruments

We have international operations with our activities and are thus exposed to operational exchange rate risks In order to minimize these risks, the subsidiaries take out internal foreign exchange transactions with Group Treasury and hedge all major foreign currency positions in their functional currency Group Treasury in turn hedges its open foreign currency positions by way of opposite transactions on the financial markets In exceptional cases and to a limited extent, subsidiaries are permitted to hedge foreign currency positions with banks themselves

In order to present foreign currency risks, IFRS 7 requires a sensitivity analysis which investigates the effects of theoretical changes in foreign currency relations on result and shareholders' equity

The currency sensitivity analysis is based on the following assumptions

- The interest/currency swaps which are concluded and the currency transactions are always allocated to original underlyings
- All major foreign currency positions arising from operating activities are always 100% hedged If exchange rate changes are 100% hedged, they do not have any impact on results or capital
- Foreign currency risks can only occur if a 100% hedge does not exist in justified exceptional cases, for instance if a conservative estimate is made for hedge volumes for anticipated foreign currency cash flows in order to avoid overhedging
- On-balance-sheet foreign currency risks may result from energy price hedging which is not denominated in the respective functional currency

If the following foreign currencies for currency hedges had weakened (or strengthened) by 10% as of the balance sheet date, the result would have been affected as follows

€ million	APPRECIATION OF FOREIGN CURRENCY BY			
	2012		2011	
	+10%	-10%	+10%	-10%
GBP	+12	-15	+23	-28
CHF	+1	-1		
HKD	-3	+3		
SGD	+2	-2		
TRY			-1	+1
USD			-1	+1

DB Group has numerous equity investments in foreign subsidiaries, whose net assets are exposed to a translation risk This translation risk is not perceived to be a foreign currency risk for the purposes of IFRS 7, and is not hedged

Energy price risks

DB Group is the largest consumer of electricity in Germany In addition, the Group also requires considerable volumes of diesel fuel The high energy procurement volume and the volatility of electricity and mineral oil markets result in substantial earnings risks, which are continuously monitored

The Energy Price Risk Management Committee (ERMC) is responsible for managing and minimizing these risks, this committee is responsible for ensuring the implementation of the risk policy of DB Group specifically with regard to energy price risks The ERMC takes decisions with regard to specific hedging strategies and measures in which financial and energy derivatives are used

Swaps relating to the commodities underlying the price formulae (coal and heating oil) are used as hedges for the risks of price changes for sourcing electricity

Diesel price risks are for instance limited by taking out diesel swaps (hybrid hedges of diesel price and currency risks and individual hedges of currency risks are possible in exceptional cases)

Energy price risks are quantified by means of sensitivity analyses in accordance with IFRS 7 These provide information concerning the effects of theoretical energy price changes on result and shareholders' equity (in relation to the balance sheet exposure on the balance sheet date)

The following assumptions have been made for performing the sensitivity analyses

> In the case of energy price swaps, the effective part is recognized in shareholders' equity, and the ineffective part is recognized in the income statement
> If options are used (collars), the intrinsic value constitutes the effective part of the hedge, so that the intrinsic value is shown in shareholders' equity On the other hand, the fair value is not part of the hedge, and is shown in the income statement

If the energy prices at the end of the year had been 10% lower (or higher), the result would have been affected as follows

	CHANGE IN MARKET PRICES			
	2012		2011	
€ million	+10%	-10%	+10%	-10%
Impact on comprehensive income	+152	-152	+126	-126
thereof recognized in the statement of income	-1	+1	-1	+1
Diesel	-1	+1	-1	+1
Coal	+0	+0	+0	+0
HSL	+0	+0	+0	+0
thereof covered directly in equity	+153	-153	+127	-127
Diesel	+128	-128	+107	-107
Coal	+14	-14	+12	-12
HSL	+11	-11	+8	-8

Counterparty default risk of interest, currency and energy derivatives

Counterparty default risk is defined as possible losses due to the default of counterparties ("worst case scenario") It represents the replacement costs (at market values) of the derivative financial instruments for which DB Group has claims against contract partners The counterparty default risk is monitored and actively managed by way of strict requirements relating to the creditworthiness of the counterparty at the point at which the transactions are concluded and also throughout the entire life of the transactions, and also by way of defining risk limits

In order to minimize the counterparty default risk, DB Group has started to conclude credit support agreements (CSAs) The mutual provision of collateral in cash is agreed in the CSAs In 2012, CSAs were concluded with eight banks No exchange has yet taken place in the year under review

The maximum counterparty default risk resulting from the derivative financial instruments as of the reporting date is € 201 million (previous year € 451 million) The decline in the counterparty default risks compared with the previous year is mainly attributable to the development in value of the interest/currency swaps and the energy price derivatives The maximum individual risk – default risk in relation to individual contract partners – is € 67 million, and exists in relation to a bank with a Moody's rating of A2 For transactions with terms of more than one year, all banks which are exposed to a counterparty default risk have at least a Moody's rating of Baa1

Liquidity risk

Liquidity management involves maintaining adequate liquid assets, constantly tapping the commercial paper market for ensuring adequate market liquidity and depth and the constant availability of financial resources via guaranteed credit facilities of banks (see Note (28))

The following table shows the contractually agreed undiscounted interest payments and redemption payments relating to the original financial liabilities as well as the derivative financial instruments with a positive and negative fair value of DB Group

MATURITY ANALYSIS OF FINANCIAL LIABILITIES

Maturity analysis of financial liabilities as of Dec 31, 2012 – € million	2013		2014		2015–2017		2018–2022		2023 ff	
	Fixed/variable interest	Redemption	Fixed/variable interest	Redemption	Fixed/variable interest	Redemption	Fixed/variable interest	Redemption	Fixed/variable interest	Redemption
NON-DERIVATIVE FINANCIAL LIABILITIES										
Federal loans	–	220	–	220	–	645	–	859	–	311
Bonds	494	750	461	509	1,250	4 068	961	7,092	285	1,746
Commercial paper	–	–	–	–	–	–	–	–	–	–
Bank borrowings	15	81	17	9	41	409	41	402	–	–
EUROFIMA loans	37	–	37	519	24	–	32	200	–	–
Finance lease liabilities	45	449	37	69	74	341	61	136	117	103
Other financial liabilities	–	10	–	–	–	–	–	–	–	–
Trade liabilities	–	4,406	–	47	–	97	–	119	–	–
Other/miscellaneous liabilities	–	2,814	–	13	–	34	–	36	–	–
DERIVATIVE FINANCIAL LIABILITIES (NET/GROSS SETTLED)										
Interest/currency derivatives connected with cash flow hedges	97	510	78	491	163	891	96	911	6	84
Interest derivatives not connected with hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	1	–	1	–	1	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	248	–	–	–	–	–	–	–	–
Currency derivatives not connected with hedges	–	322	–	–	–	–	–	–	–	–
Energy prices derivatives	17	–	21	–	15	–	–	–	–	–
DERIVATIVE FINANCIAL ASSETS (GROSS SETTLED)										
Interest/currency derivatives connected with cash flow hedges	40	24	40	422	57	498	34	365	–	–
Interest derivatives not connected with hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	674	–	13	–	–	–	–	–	–
Currency derivatives not connected with hedges	–	442	–	5	–	16	–	47	–	–
Energy prices derivatives	–	–	–	–	–	–	–	–	–	–

Maturity analysis of financial liabilities as of Dec 31, 2012 – € million	2013		2014		2015–2017		2018–2022		2023 ff	
	Fixed/variable interest	Redemption	Fixed/variable interest	Redemption	Fixed/variable interest	Redemption	Fixed/variable interest	Redemption	Fixed/variable interest	Redemption
VOLUNTARY INFORMATION ABOUT DERIVATIVES										
DERIVATIVE FINANCIAL ASSETS (NET SETTLED)										
Interest/currency derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives not connected with hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives not connected with hedges	–	–	–	–	–	–	–	–	–	–
Energy prices derivatives	-39	–	-24	–	-29	–	-1	–	–	–
INFLOW OF FUNDS FROM DERIVATIVE FINANCIAL INSTRUMENTS (GROSS SETTLED)										
Interest/currency derivatives connected with cash flow hedges	-92	-506	-78	-951	-141	-1,370	-69	-1,319	-3	-84
Interest derivatives not connected with hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	-926	–	-14	–	–	–	–	–	–
Currency derivatives not connected with hedges	–	-765	–	-6	–	-16	–	-47	–	–
Energy prices derivatives	–	–	–	–	–	–	–	–	–	–
FINANCIAL WARRANTIES	–	136	–	–	–	–	–	–	–	–

Maturity analysis of financial liabilities as of Dec 31, 2011 – € million	2012		2013		2014–2016		2017–2021		2022 FF	
	Fixed/variable interest	Redemption	Fixed/variable interest	Redemption	Fixed/variable interest	Redemption	Fixed/variable interest	Redemption	Fixed/variable interest	Redemption
NON DERIVATIVE FINANCIAL LIABILITIES										
Federal loans	9	385	-	220	-	659	-	907	-	468
Bonds	481	652	448	750	1,184	2,733	1,026	7,270	108	1 092
Commercial paper	-	202	-	-	-	-	-	-	-	-
Bank borrowings	20	116	19	26	53	422	45	26	6	400
EUROFIMA loans	43	434	37	-	53	519	40	200	-	-
Finance lease liabilities	70	192	47	452	92	388	57	135	117	103
Other financial liabilities	-	9	-	-	-	-	-	-	-	-
Trade liabilities	-	4 312	-	45	-	104	-	151	-	-
Other/miscellaneous liabilities	-	3,004	-	13	-	24	-	13	-	-
DERIVATIVE FINANCIAL LIABILITIES (NET/GROSS SETTLED)										
Interest/currency derivatives connected with cash flow hedges	91	162	86	366	185	706	154	1,477	-	-
Interest derivatives not connected with hedges	-	-	-	-	-	-	-	-	-	-
Interest derivatives connected with cash flow hedges	-	-	-	-	-	-	-	-	-	-
Currency derivatives connected with cash flow hedges	-	1,398	-	-	-	-	-	-	-	-
Currency derivatives not connected with hedges	-	367	-	1	-	1	-	-	-	-
Energy prices derivatives	3	-	2	-	2	-	-	-	-	-
DERIVATIVE FINANCIAL ASSETS (GROSS SETTLED)										
Interest/currency derivatives connected with cash flow hedges	36	139	32	55	50	804	7	56	-	-
Interest derivatives not connected with hedges	-	-	-	-	-	-	-	-	-	-
Interest derivatives connected with cash flow hedges	-	-	-	-	-	-	-	-	-	-
Currency derivatives connected with cash flow hedges	-	532	-	19	-	13	-	-	-	-
Currency derivatives not connected with hedges	-	205	-	1	-	-	-	-	-	-

Maturity analysis of financial liabilities as of Dec 31, 2011 — € million	2012		2013		2014 2016		2017-2021		2022 ff	
	Fixed/variable interest	Redemption	Fixed/variable interest	Redemption	Fixed/variable interest	Redemption	Fixed/variable interest	Redemption	Fixed/variable interest	Redemption
Energy prices derivatives	-	-	-	-	-	-	-	-	-	-
VOLUNTARY INFORMATION ABOUT DERIVATIVES										
DERIVATIVE FINANCIAL ASSETS (NET SETTLED)										
Interest/currency derivatives connected with cash flow hedges	-	-	-	-	-	-	-	-	-	-
Interest derivatives not connected with hedges	-	-	-	-	-	-	-	-	-	-
Interest derivatives connected with cash flow hedges	-	-	-	-	-	-	-	-	-	-
Currency derivatives connected with cash flow hedges	-	-	-	-	-	-	-	-	-	-
Currency derivatives not connected with hedges	-	-	-	-	-	-	-	-	-	-
Energy prices derivatives	-76	-	-41	-	-56	-	-2	-	-	-
INFLOW OF FUNDS FROM DERIVATIVE FINANCIAL INSTRUMENTS (GROSS SETTLED)										
Interest/currency derivatives connected with cash flow hedges	-90	-307	+81	+410	-163	+1 616	+89	-1 628	-	-
Interest derivatives not connected with hedges	-	-	-	-	-	-	-	-	-	-
Interest derivatives connected with cash flow hedges	-	-	-	-	-	-	-	-	-	-
Currency derivatives connected with cash flow hedges	-	-1,933	-	-21	-	-15	-	-	-	-
Currency derivatives not connected with hedges	-	-571	-	-2	-	-1	-	-	-	-
Energy prices derivatives	-	-	-	-	-	-	-	-	-	-
FINANCIAL WARRANTIES	-	195	-	-	-	-	-	-	-	-

This includes all instruments which were held at the end of 2012 and for which payments had already been agreed. Foreign currency amounts have been translated using the spot rate applicable as of the reference date. The variable interest payments attributable to the financial instruments have been calculated on the basis of the interest rates applicable on December 31, 2012 (previous year on December 31, 2011). Financial liabilities which can be repaid at any time are allocated to the earliest possible time segment.

The financial liabilities are opposed by cash and cash equivalents of € 2,175 million, consisting of positive account balances (50%) and current fixed-term deposits (50%).

OTHER DISCLOSURES

(35) Contingent receivables and liabilities as well as guarantee obligations

Contingent receivables were stated as € 53 million as of December 31, 2012 (previous year € 51 million), and mainly comprise a claim for a refund of investment grants which had been paid, however, as of the balance sheet date, the extent and due date of the claim was not sufficiently certain. The increase is attributable to the increase in a refund claim.

Injunction proceedings and official investigations were initiated or continued in relation to various cartel issues in the course of the year under review. As of the balance sheet date, no contingent receivables had been recognized for all injunction proceedings in view of the high level of uncertainty relating to refund claims, the timing of refunds and the probability of refunds.

The contingent liabilities are broken down as follows

€ million	Dec 31, 2012	Dec 31, 2011
Contingent liabilities from		
Issuance and transfer of bills	-	-
Provisions of collateral for third-party liabilities	-	-
Provision of warranties	0	1
Other contingent liabilities	105	99
Total	**105**	**100**

Other contingent liabilities also comprise risks arising from litigation which had not been stated as provisions because the expected probability of occurrence is less than 50%

There are also contingencies of € 97 million from guarantees as of December 31, 2012 (previous year € 137 million) Fixed assets with carrying amounts of € 159 million (previous year € 223 million) were also used as security for loans The reported figure essentially relates to rolling stock and buses which are used at the operating companies in the segment DB Arriva

Cartel authorities have been investigating companies in the freight forwarding industry worldwide since the autumn of 2007 On March 28, 2012, the EU Commission imposed a fine totaling € 34 9 million on Schenker/BAX On June 12, 2012, Schenker and BAX appealed against the decision to impose this fine

On September 30, 2010, the US Department of Justice (DOJ) concluded plea agreements with Schenker AG and BAX Global Inc for terminating the cartel proceedings pending in the USA According to the plea agreements, the fines for Schenker AG and for BAX Global Inc amount to USD 3 53 million and USD 19 75 million respectively In return, the DOJ has agreed not to institute legal proceedings against Schenker AG and BAX Global Inc The settlement was given court approval on December 9, 2011

A class action for damages in the USA was settled for the companies of DB Group in return for the payment of USD 8 75 million and in return for the promise of various cooperation services – subject to the court approval which is still outstanding

Proceedings of further cartel authorities have since been suspended or terminated Not all cartel authority proceedings are expected to be concluded before the end of 2013

DB Group acts as guarantor mainly for equity participations and joint ventures, and is subject to joint and several liability for all syndicates in which it is involved

On December 12, 2012, the Management Board presented the Supervisory Board with a revised forecast of costs for the Stuttgart 21 project with predicted additional costs A decision regarding future procedures will probably be taken on March 5, 2013 in an extraordinary meeting of the Supervisory Board

These consolidated financial statements have been prepared on the assumption that the project will be continued

If the project is not continued, 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 which were sold in previous years with the obligation to repay the agreed sales prices plus interest, the obligation to repay investment grants which have been received as well as claims for damages for the cancellation of construction services which have been ordered and the cancellation of planning agreements which have been concluded

(36) Other financial obligations

The other financial obligations amounted to € 20,280 million as of December 31, 2012 (as of December 31, 2011 € 18,632 million)

Capital expenditures in relation to which the company has entered into contractual obligations as of the balance sheet date, but for which no consideration has yet been received, are broken down as follows

€ million	Dec 31, 2012	Dec 31 2011
Committed capital expenditures		
Property plant and equipment	13 951	12 501
Intangible assets	2	3
Outstanding capital contributions	389	387
Total	**14,342**	**12,891**

The increase in purchase commitments for property, plant and equipment is mainly due to an increased volume of contracted capital expenditures due to own construction services particularly in connection with the Stuttgart 21 project and the new Wendlingen–Ulm line. In the case of some supply arrangements, there are independent admissions of guilt with regard to fulfilling the order commitment, these are opposed by claims of the same amount, backed by bank guarantees and insurance policies with maximum ratings.

Of the figure shown for outstanding contributions, € 389 million (as of December 31, 2011: € 387 million) relates to outstanding contributions at EUROFIMA which have not been called in. Various companies in DB Group have leased assets, e.g. property, buildings, technical equipment, plant and machinery as well as operational and business equipment within the framework of operating lease agreements.

The terms of the future minimum payments arising from operating lease agreements are set out in the following table.

€ million	NOMINAL VALUES	
	Dec 31, 2012	Dec 31, 2011
Less than 1 year	1,319	1,220
1–2 years	899	871
2–3 years	737	666
3–4 years	586	537
4–5 years	486	476
More than 5 years	1,911	1,971
Total	**5,938**	**5,741**

The slight increase mainly reflects the prolongation of existing rental agreements.

(37) Infrastructure and transport contracts

The following notes and information refer to the requirements of SIC-29 (Disclosure – Service Concession Arrangements).

INFRASTRUCTURE CONTRACTS

The main rail infrastructure companies of DB Group are DB Netz AG, DB Station&Service AG and DB Energie GmbH.

On the basis of section 6 of the General Railways Act (Allgemeines Eisenbahngesetz, AEG), the rail infrastructure companies which operate track, control and security systems or platforms require approval for such operations. This is applicable particularly for DB Netz AG and DB Station&Service AG, whose approvals are valid until the end of December 31, 2048.

The rights of the rail infrastructure companies to operate the railway infrastructure is connected to various obligations. They are required in particular to manage their operations safely, construct the rail infrastructure in a safe manner and ensure that it is maintained in a safe condition (section 4 (1) AEG). With regard to compliance with this regulation, the rail infrastructure companies of DB Group are regulated by the EBA.

In addition, the rail infrastructure companies also have to observe statutory duties with regard to noise abatement in the case of any new and expansion projects. DB Group voluntarily participates in the "Rail noise abatement program" for existing lines.

The rail infrastructure companies provide non-discriminatory access to the rail infrastructure in accordance with sections 14 et seq. AEG, and charge the train operating companies for this access. The charges of DB Netz AG and DB Station&Service AG must comply with the requirements of the AEG and Rail Infrastructure Utilization Ordinance (Eisenbahninfrastruktur-Benutzungsverordnung, EIBV), in accordance with the decision of November 9, 2010, DB Energie GmbH is obliged to have its charges for the use of traction power lines approved in accordance with the Energy Industry Act (Energiewirtschaftsgesetz, EnWG. The first approval proceedings have been concluded – retrospectively for the years 2005 to 2013. The cost audit for the second incentive regulation period (2014–2018) is ongoing at present.

In the year under review, DB Netz AG, DB Station&Service AG as well as DB Energie GmbH generated overall revenues of € 8,398 million (previous year: € 8,299 million), of this figure, € 2,360 million (previous year: € 2,284 million) was generated with external customers of the Group.

The assets of the rail infrastructure are the legal and economic property of the companies.

TRANSPORT CONTRACTS

Service licenses and similar approvals which guarantee the general public access to important economic and public facilities have been granted to companies in DB Group. This is applicable particularly for DB Regio AG as well as its subsidiaries which conduct regional rail passenger operations.

DB Regio AG and its subsidiaries provide transport services on the basis of ordered-service contracts These so-called "transport contracts for local passenger transport services" are signed with the organization which orders the transport services (e g Federal states, special-purpose association, local transport company), these contracts determine the way in which the transport service is provided and continued, and also governs the relevant compensation (concession fees) paid for the transport services

The funds necessary for this purpose are made available to the Federal states by the Federal Government in accordance with the regulations of the Regionalization Act (Regionalisierungsgesetz, RegG) The concession fees received by the subsidiaries of the segment DB Bahn Regional amounted to a total of € 4,266 million in the year under review (previous year € 4,276 million) (see Note (1))

The transport contracts usually run for periods of between eight and 15 years In the year under review, the fact that most national transport agreements include a provision for the concession fee to increase by 1 5% p a , as well as revenues attributable to final settlements of previous years and successful quality improvements could not compensate for the effects of invitation-to-tender losses and loss of margin as well as cuts of the ordering organizations in the year under review

In addition, there are similar transport agreements with international ordering organizations in the segment DB Arriva, with a volume of € 471 million (previous year € 328 million) (see Note (1))

The overall number of secured transport contracts will remain constant until the end of 2014, 75% of the transport contracts are due to run until at least 2017, 50% are due to run until at least 2020 and 25% until at least 2025 The transport contracts can only be terminated by the ordering organization during the term of the contract for a compelling reason

The companies enjoy legal and beneficial ownership of virtually all of the assets necessary for providing the services, and in particular the rolling stock No special obligations exist after the end of the contract term

(38) Related-party disclosures

The following parties are deemed to be related parties of DB Group in accordance with IAS 24 (Related-Party Disclosures)

- the Federal Government in its capacity as the owner of all shares in DB AG,
- the companies or enterprises subject to the control of the Federal Republic of Germany (referred to in the following as "Federal companies"),
- affiliated, non-consolidated and associated companies as well as joint ventures of DB Group, as well as
- the members of the Management Board and the Supervisory Board of DB AG and their close relatives

Transactions with related parties are conducted on an arm's length basis

The figures attributable to related companies and persons are stated under the corresponding items of the "Notes to the Balance Sheet" with the designation "thereof " Individual figures are set out in the Notes (19), (28) and (29)

Details and explanations of transactions between DB Group and the Federal Republic of Germany are included in the Notes (3), (5), (9), (13), (32), (36) and (37)

Significant economic relations which need to be reported separately between DB Group and related companies and persons are explained in the following

RELATIONSHIPS WITH THE FEDERAL REPUBLIC OF GERMANY

	FEDERAL GOVERNMENT	
€ million	2012	2011
SERVICES RECEIVED BY DB GROUP		
Purchase of goods and services	1,658	1 712
Lease and rental payment made	1	0
Licenses received	0	0
Investment grants received	4 116	4,396
Other income grants received	186	243
	5,961	**6,351**
SERVICES RENDERED BY DB GROUP		
Sale of goods and services	322	332
Lease and rental payments received	10	11
Other services rendered	108	110
Repayment of loans	385	1,225
Repayment of investment grants	110	120
Repayment of other income grants	3	1
	938	**1,799**
OTHER DISCLOSURES		
Unsecured receivables [1]	103	78
Unsecured liabilities [1]	2,079	2 387
Current total of guarantees received [1]	1 595	2,023

[1] As of the balance sheet date

Purchases of goods and services mainly comprise the fees paid to the Federal Government within the framework of the pro forma billing of the allocated civil servants as well as cost refunds for staff secondments in the service provision field

In 2012, the Federal Employment Agency (Agentur für Arbeit) refunded to DB Group subsidies of around € 20 million for which an application has been made in accordance with the Semi-Retirement Act (Altersteilzeitgesetz, AltTZG) section 3 in conjunction with sections 4, 16 AltTZG The claim to such payments is justified when a person is appointed to the position which has become free as a result of the semi-retirement arrangement

With effect from January 1, 2009, DB AG and the Federal Government signed a performance and financing agreement (Leistungs- und Finanzierungsvereinbarung, LuFV) with a volume of € 2 5 billion per annum until 2013, this agreement has fundamentally reformed the financing regime for the existing network The purpose of this agreement is to ensure that the use of Federal funds is managed in a quality-oriented manner The aim is to improve the plannability, efficiency and transparency of funding for maintaining the infrastructure The Federal Government undertakes to pay € 2 5 billion per annum for carrying out replacement capital expenditures in the existing network, the contribution of DB AG is € 500 million per annum DB Group guarantees the maintenance and sales of infrastructure, and is measured in terms of meeting the quality objectives and also providing supporting evidence for minimum replacement capital expenditures and minimum maintenance expenses (€ 1 0 billion to € 1 25 billion per annum) Stipulations of the LuFV regarding quality parameters were defined precisely or extended with effect from January 1, 2010 More precise details were also provided with regard to supporting evidence for capital expenditures and maintenance

Further investment grants are provided in accordance with the Municipal Transport Financing Act (Gemeindeverkehrsfinanzierungsgesetz, GVFG) for measures of the transport program The Federal Government provided DB AG with funds for carrying out measures at passenger stations within the framework of the infrastructure acceleration program (Infrastrukturbeschleunigungsprogramm, IBP) which was signed in the course of 2012 The retrospective increase in the fixed payment for planning costs for the years 2009 to 2011 resulted in the payment of a grant to the rail infrastructure companies in the year under review

DB AG has been approved funds of the European Union for infrastructure projects in the fields of trans-European networks (TEN) and for the regional development of transport infrastructure (EFRE)

Investment grants under the economic stimulus programs I and II were most recently extended to DB AG in 2011 In the case of track, further financing for demand planning measures which had commenced – economic stimulus program I – was provided in accordance with sections 8–10 of the Federal Railway Expansion Act (Bundesschienenwegeausbaugesetz, BSchwAG), in the case of passenger stations, further financing was provided in accordance with the LuFV In the case of measures of the demand plan, the completion of economic stimulus program II projects will be financed using funds in accordance with sections 8–10 BSchwAG or LuFV or via own funds In the case of passenger stations, further financing will be provided out of funds of the LuFV for the infrastructure acceleration program

The grants recognized in the income statement relate also to payments provided by the Federal Government for covering excessive burdens borne by DB Group as a result of operating and maintaining equal-height crossings with roads of all construction authorities

Sales of goods and services also comprise services for carrying severely disabled persons, conscripts and persons who are working on alternative military service and Bundeswehr traffic The "journey home to visit family" service was only utilized to a minor extent as a result of the decision of the Federal Government to discontinue "general conscription" as of July 1, 2011

DB AG repaid to the Federal Government loans of € 385 million which had been extended by the Federal Government in accordance with the BSchwAG The payments were made within the framework of the agreed annual standard payment of the Federal Government

The liabilities due to the Federal Government comprise the extended loans, which are shown here with their present values, and other liabilities of € 290 million (previous year € 295 million)

The guarantees received from the Federal Government primarily relate to the loans received from EUROFIMA as well as the outstanding contributions and liabilities arising from collective liability of DB AG at EUROFIMA The guarantees which have been received include a maximum commitment of € 1,153 million of the Federal Government for loans of EUROFIMA The loan volume amounted to € 719 million as of the balance sheet date

The following agreements were concluded with the Federal Government in the year under review

Ten new financing agreements were concluded in addition to the amendment agreement 2012 (Anpassungsvereinbarung, APV) and the amendment agreement for financing agreement "New line Wendlingen–Ulm " The Federal Government has provided finance totaling approximately € 1,777 million for the new agreement Of this figure, approximately € 41 million relates to the year under review With the individual measures "New line Wendlingen–Ulm," the involvement of the Federal Government will be increased by around € 942 million The financing agreements have different terms, which in certain cases go beyond the year 2020 Financing is provided completely in the form of investment grants which do not have to be repaid

For the years 2004 to 2008, DB AG has waived its entitlement to reimbursement of the costs for employees and assigned civil servants which it incurs as a result of the fact that employment contracts which were transferred to DB AG in accordance with section 14 (2) of the Deutsche Bahn Foundation Act (Deutsche Bahn Gründungsgesetz, DBGrG) cannot be terminated (see section 21 (5) and (6) DBGrG) although the personnel requirement of DB AG has diminished because of technical, operational and organizational measures Starting in 2009, these claims will be settled by the Federal Government for the years 2009 to 2012 with an annual amount of around € 70 million in accordance with the regulations of section 21 (5) DBGrG For the entire period, DB AG received a refund of around € 279 million

Within this context, DB AG repaid Federal loans of around € 660 million, which were granted on the basis of the joint declaration regarding the extent of track capital expenditures in the years 2001 to 2003 (trilateral agreement) In line with the agreements which have been reached, interest was charged on the loan starting January 1, 2009, and, starting in the year 2009, the loan will be repaid to the Federal Government in four annual installments of around € 165 million each The final installment was paid at the beginning of 2012

RELATIONS WITH FEDERAL COMPANIES

Most of the transactions carried out in accordance with IAS 24 in the year under review and in the previous year period related to operations, and overall were of minor significance for DB Group The receivables and liabilities which had arisen were virtually completely settled as of the balance sheet date

Business relations with Deutsche Telekom and Deutsche Post regarding the use of telecommunications and postal services have taken place to the usual extent

RELATIONS WITH AFFILIATED, NON-CONSOLIDATED COMPANIES, ASSOCIATES AND JOINT VENTURES

In the year under review, DB Group purchased goods and services worth € 186 million (previous year € 153 million), mainly for purchasing passenger and freight transport services At € 181 million (previous year € 148 million), most of the total figure which has been reported is attributable to transactions with associates Rental and leasing payments of € 6 million were also made (previous year € 4 million)

Interest payments of € 42 million (previous year € 43 million) were also incurred in the year under review This figure relates almost exclusively to interest payments for the loans extended by EUROFIMA Please refer to the details under Note (28)

In the year under review, DB Group generated revenues of € 472 million (previous year € 622 million) from sales of goods and services The revenues were generated mainly in the DBSchenker Rail segment and relate to revenues generated by transport services which were provided

Guarantees totaling € 25 million (previous year € 25 million) have been extended, of this figure € 25 million (previous year € 24 million) was attributable to joint ventures An equivalent volume of transactions with related companies was conducted in the previous year

RELATIONS WITH THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF DB AG

The following section sets out the transactions between DB Group and the members of the Management Board and the Supervisory Board, as well as the companies in which members of the Management Board or the Supervisory Board own a majority interest

€ thousand	2012	2011
SERVICES RENDERED BY DB GROUP		
Sale of goods and services	18 291	19,311
Trade receivables as of Dec 31	196	492
SERVICES RECEIVED BY DB GROUP		
Sale of goods and services	36,465	78,087
Trade receivables as of Dec 31	1 992	4 968

The revenues of € 18,291 thousand (previous year € 19,311 thousand) generated by DB Group (service provider) mainly comprise transport and freight forwarding services of DB Schenker Rail and DB Schenker Logistics segments, of this figure, € 4,354 thousand (previous year € 2,637 thousand) was generated with the SMS GmbH Group, and € 13,884 thousand (previous year € 16,655 thousand) was generated with the Georgsmarienhütte Holding GmbH Group

The goods and services purchased by DB Group (service recipient) comprise almost entirely supplies of Georgsmarienhütte Holding GmbH Group

COMPENSATION OF THE MANAGEMENT BOARD

€ thousand	2012	2011
Total compensation of the Management Board	11 429	10,781
Fixed	5,941	5,983
Variable	5 488	4,798
Severance payments including additional benefits	0	0
Payments from deferred compensation	0	0
Short term	7,134	6,883
Long term [1]	4 295	3,898
Compensation of former members of the Management Board	3,693	3 246
Retirement benefit obligations in respect of former members of the Management Board and their surviving dependants [2]	65,471	58 256

[1] The figure for long-term compensation consists of retirement provisions (€ 2,729 thousand) and long term incentives (€ 1 556 thousand)

[2] Details of defined benefit obligations

No loans and advances were extended to members of the Management Board in the year under review Nor did the company take on any contingencies for the benefit of members of the Management Board

COMPENSATION OF THE SUPERVISORY BOARD

€ thousand	2012	2011
Total compensation of the Supervisory Board	940	1,008
thereof short term	940	1,008
thereof fixed	522	525
thereof variable	230	299
thereof attendance fees	34	35
thereof pecuniary advantage condition from travel benefits	57	51
thereof compensation for membership in Supervisory Boards / Advisory Boards of DB Group companies (including attendance fees)	97	98

No compensation was incurred for former members of the Supervisory Board and their surviving dependants There are no pension obligations for former members of the Supervisory Board and their surviving dependants

No loans and advances were extended to members of the Supervisory Board in the year under review Nor did the company take on any contingencies for the benefit of members of the Supervisory Board

Individual details as well as further details concerning the payments of the members of the Management Board and Supervisory Board are included in the ***Corporate Governance report (1)*** in the Group management report

(39) Events after the balance sheet date

In January 2013, DB Finance issued two bonds with a total volume of € 350 million The two bonds have terms of five and 15 years respectively, and were issued as a private placing in Asia

(1) > Page 40 ff

(40) Exemption of subsidiaries from the disclosure requirements of the German Commercial Code

The following subsidiaries intend to utilize the possibility of section 264 (3) and section 264 b HGB respectively and not disclose their financial statements

- A. Philippi GmbH, Quierschied
- AMEROPA-REISEN GmbH, Bad Homburg v. d. Höhe
- Autokraft GmbH, Kiel
- Bayern Express & P. Kühn Berlin GmbH, Berlin
- BBH BahnBus Hochstift GmbH, Paderborn
- BRN Busverkehr Rhein-Neckar GmbH, Ludwigshafen am Rhein
- BRS Busverkehr Ruhr-Sieg GmbH, Meschede
- BTL Nord GmbH, Lübeck
- BVO Busverkehr OstWestphalia GmbH, Bielefeld
- BVR Busverkehr Rheinland GmbH, Düsseldorf
- DB Busverkehr Hessen GmbH, Weiterstadt
- DB Dialog GmbH, Berlin
- DB Dienstleistungen GmbH, Berlin
- DB European Railservice GmbH, Dortmund
- DB FuhrparkService GmbH, Frankfurt am Main
- DB Gastronomie GmbH, Frankfurt am Main
- DB Intermodal Services GmbH, Mainz
- DB International GmbH, Berlin
- DB JobService GmbH, Berlin
- DB Kommunikationstechnik GmbH, Berlin
- DB Media & Buch GmbH, Kassel
- DB Mobility Logistics AG, Berlin
- DB ProjektBau GmbH, Berlin
- DB Regio Bus Bayern GmbH, Coburg
- DB Regio Bus Ost GmbH, Potsdam
- DB Rent GmbH, Frankfurt am Main
- DB Schenker BTT GmbH, Mainz
- DB Schenker Nieten GmbH, Freilassing
- DB Schenker Rail Automotive GmbH, Kelsterbach
- DB Schenker Rail Corridor Operations GmbH, Mainz
- DB Schenker Rail Deutschland Aktiengesellschaft, Mainz
- DB Services Immobilien GmbH, Berlin
- DB Sicherheit GmbH, Berlin
- DB Systel GmbH, Frankfurt am Main
- DB Vertrieb GmbH, Frankfurt am Main
- DB Zeitarbeit GmbH, Berlin
- DVA Deutsche Verkehrs-Assekuranz-Vermittlungs-GmbH, Bad Homburg
- ELAG Emder Lagerhaus und Automotive GmbH, Emden
- ELSPED Speditions-Gesellschaft m. b. H., Hamburg
- EVAG Emder Verkehrs und Automotive Gesellschaft mbH, Emden
- EVB Handelshaus Bour GmbH, Landau in der Pfalz
- Friedrich Müller Omnibusunternehmen GmbH, Schwäbisch Hall
- Haller Busbetrieb GmbH, Walsrode-Honerdingen
- Hanekamp Busreisen GmbH, Cloppenburg
- Intertec GmbH, Landau in der Pfalz
- Intertec Retail Logistics GmbH, Landau in der Pfalz
- Inter-Union Technohandel GmbH, Landau in der Pfalz
- Karpeles Flight Services GmbH, Frankfurt am Main
- NVO Nahverkehr OstWestphalia GmbH, Münster/Westphalia
- Omnibusverkehr Franken GmbH (OVF), Nuremberg
- ORN Omnibusverkehr Rhein-Nahe GmbH, Mainz
- RBO Regionalbus Ostbayern GmbH, Regensburg
- Regional Bus Stuttgart GmbH RBS, Stuttgart
- Regionalbus Braunschweig GmbH -RBB-, Brunswick
- Regionalverkehr Allgäu GmbH (RVA), Oberstdorf
- Regionalverkehr Kurhessen GmbH (RKH), Kassel
- Regionalverkehr Oberbayern Gesellschaft mit beschränkter Haftung, Munich
- Rheinpfalzbus GmbH, Ludwigshafen am Rhein
- RMV Rhein-Mosel Verkehrsgesellschaft mbH, Koblenz
- RVE Regionalverkehr Euregio Maas-Rhein GmbH, Aachen
- RVN Regionalverkehr Niederrhein GmbH, Wesel
- RVS Regionalbusverkehr Südwest GmbH, Karlsruhe
- Saar-Pfalz-Bus GmbH, Saarbrücken
- SBG SüdbadenBus GmbH, Freiburg im Breisgau
- Schenker (BAX) Europe Holding GmbH, Essen
- Schenker Aktiengesellschaft, Essen
- SCHENKER BETEILIGUNGS GmbH, Dortmund
- Schenker Dedicated Services Germany GmbH, Essen
- Schenker Deutschland AG, Frankfurt am Main
- SCHENKER INTERNATIONAL AKTIENGESELLSCHAFT, Essen
- Stinnes Beteiligungs-Verwaltungs GmbH, Essen
- Stinnes Immobiliendienst GmbH & Co. KG, Mülheim an der Ruhr
- Stinnes Logistics GmbH, Essen
- Südwest Mobil GmbH, Mainz
- TFG Transfracht Internationale Gesellschaft für kombinierten Güterverkehr mbH & Co. KG, Frankfurt am Main
- TLS Transa Logistik & Service GmbH, Offenbach am Main
- TRANSA Spedition GmbH, Offenbach am Main
- UBB Usedomer Bäderbahn GmbH, Heringsdorf
- Verkehrsgesellschaft mbH Untermain -VU-, Aschaffenburg
- WB Westphalia Bus GmbH, Münster
- Weser-Ems Busverkehr GmbH (WEB), Bremen
- Zentral-Omnibusbahnhof Berlin GmbH, Berlin
- Zweite Kommanditgesellschaft Stinnes Immobiliendienst GmbH & Co., Mülheim an der Ruhr

(41) *List of shareholdings*

The list of shareholdings is set out on the following pages

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

Subsidiary – Name and domicile	Currency	Equity in TLC [1]	Ownership in %
DB BAHN LONG DISTANCE			
FULLY CONSOLIDATED			
DB Bahn Italia S r l , Verona/Italy	EUR	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			
Alteo 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 [2,5]	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
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

III Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
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
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

III Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
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
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 (VHB), 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

Subsidiary — Name and domicile	Currency	Equity in TLC[1]	Ownership in %
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
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
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 , Prag/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

Subsidiary – Name and domicile	Currency	Equity in TLC[1]	Ownership in %
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
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

Subsidiary – Name and domicile	Currency	Equity in TLC[1]	Ownership in %
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
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

Subsidiary – Name and domicile	Currency	Equity in TLC[1]	Ownership in %
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
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	37,286	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
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

(III) Subsidiary – Name and domicile	Currency	Equity in TLC [1]	Ownership in %
County Bus Holdings Ltd, Sunderland/Great Britain	GBP	0	100 00
Cowie Aviation Limited, Sunderland/Great Britain	GBP	0	100 00
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
Great North Eastern Railway Company Ltd York/Great Britain	GBP	0	75 10

(III) Subsidiary – Name and domicile	Currency	Equity in TLC [1]	Ownership in %
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
London Pride Sightseeing Ltd Sunderland/Great Britain	GBP	3,389	100 00
Londonlinks Buses Limited Sunderland/Great Britain	GBP	0	100 00

Subsidiary – Name and domicile	Currency	Equity in TLC[1]	Ownership in %
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
Moordale 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
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 Upou/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
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

Subsidiary – Name and domicile	Currency	Equity in TLC [1]	Ownership in %
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

Subsidiary – Name and domicile	Currency	Equity in TLC [1]	Ownership in %
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
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

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
PTI (South East) Limited, Sunderland/Great Britain [6]	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 [3] [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] [3]	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 Logistica 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 , Győr/Hungary	EUR	106	100 00
Container-Terminal Puchov s r o Puchov/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 , Győr/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
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

Subsidiary – Name and domicile	Currency	Equity in TLC [1]	Ownership in %
Loadhaul Ltd Doncaster/Great Britain	GBP	16 131	100 00
Locomotive 6667 Ltd, Doncaster/Great Britain	GBP	0	100 00
Logistica 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
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
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

Subsidiary – Name and domicile	Currency	Equity in TLC[1]	Ownership in %
DB SCHENKER LOGISTICS			
FULLY CONSOLIDATED			
Air Terminal Handling S.A., Tremblay en-France/France	EUR	-4,575	94.50
ALB Automotive 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
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 Speditionsgesellschaft m.b.H., Vienna/Austria	EUR	351	100.00
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

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
KB Forsmark 2-Stockholm, Stockholm/Sweden	SEK	63,979	100 00
KB Forsmark 3-Stockholm, Stockholm/Sweden	SEK	159 424	100 00
KB Forsmark 5 Stockholm, Göteborg/Sweden	SEK	-305	100 00
KB Frysen 1 Visby, Visby/Sweden	SEK	16 392	100 00
KB Fryshuset 3-Visby, Visby/Sweden	SEK	813	100 00
KB 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
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, Constanța/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
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

Subsidiary – Name and domicile	Currency	Equity in TLC [1]	Ownership in %
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 B 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
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

Subsidiary – Name and domicile	Currency	Equity in TLC [1]	Ownership in %
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

Subsidiary – Name and domicile	Currency	Equity in TLC [1]	Ownership in %
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
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

Subsidiary – Name and domicile	Currency	Equity in TLC [1]	Ownership in %
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
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 Immobiliendienst GmbH & 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 [3]	EUR	654	20 00

Subsidiary – Name and domicile	Currency	Equity in TLC [1]	Ownership in %
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., Aldeamayor de 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
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 Entwicklungsgesellschaft 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 [3]	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 Vermietungsgesellschaft 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
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

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
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
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

Subsidiary — Name and domicile	Currency	Equity in TLC [1]	Ownership in %
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
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
[6] 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)

(42) Management Board and Supervisory Board

MANAGEMENT BOARD

The names and mandates of the members of the Supervisory Board and the Management Board of DB AG are on pages 30 and 31

SUPERVISORY BOARD

Prof Dr Dr Utz-Hellmuth Felcht
Chairman of the Supervisory Board,
Partner One Equity Partners Europe GmbH,
Munich
a) > DB Mobility Logistics AG (Chairman)
b) > CRH plc, Dublin/Ireland
> Jungbunzlauer Holding AG, Basel/Switzerland (Administrative Board)

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

Dr Hans Bernhard Beus
State Secretary in the Federal Ministry of Finance,
Berlin
a) > DB Mobility Logistics AG Deutsche Telekom AG
b) > 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 Verkehrsinfrastrukturfinanzierungsgesellschaft mbH
b) > DFS Deutsche Flugsicherung GmbH (Advisory Board)

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

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,
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 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,
Wiesbaden
a) > DB Mobility Logistics AG
> Lenze SE (Chairman)
b) > Peek&Cloppenburg KG (Advisory Board)

Prof. Dr Knut Löschke
Management consultant,
Leipzig
a) > Stratos Business Solutions AG
b) > Druck&Werte GmbH (Advisory Board, Chairman)
> 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 Deutschland AG NL Süd-Ost,
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 (Chairman)
> 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

Members of the Executive Committee
Prof Dr Dr Utz-Hellmuth Felcht (Chairman)
Günter Kirchheim (up to June 20, 2012)
Alexander Kirchner
Michael Odenwald (since October 29, 2012)
Prof Klaus-Dieter Scheurle (up to October 10, 2012)
Jens Schwarz (since September 13, 2012)

Members of the Audit and Compliance Committee
Dr Jürgen Krumnow (Chairman)
Michael Odenwald (since October 29, 2012)
Jörg Hensel (since September 13, 2012)
Helmut Kleindienst (up to June 30, 2012)
Regina Rusch-Ziemba
Prof Klaus-Dieter Scheurle (up to October 10, 2012)

Members of the Personnel Committee
Prof Dr Dr Utz-Hellmuth Felcht (Chairman)
Günter Kirchheim (up to June 20, 2012)
Alexander Kirchner
Michael Odenwald (since October 29, 2012)
Prof Klaus-Dieter Scheurle (up to October 10, 2012)
Jens Schwarz (since September 13, 2012)

Members of the Mediation Committee
Prof Dr Dr Utz-Hellmuth Felcht (Chairman)
Günter Kirchheim (up to June 20, 2012)
Alexander Kirchner
Michael Odenwald (since October 29, 2012)
Prof Klaus-Dieter Scheurle (up to October 10, 2012)
Jens Schwarz (since September 13, 2012)

* 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.

Berlin, February 2013

Deutsche Bahn Aktiengesellschaft
The Management Board

Independent Auditors' report

» TO DEUTSCHE BAHN AKTIENGESELLSCHAFT BERLIN

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Deutsche Bahn Aktiengesellschaft, Berlin, and its subsidiaries, which comprise the consolidated statement of income and the reconciliation of the consolidated comprehensive income, the consolidated balance sheet, consolidated statement of cash flows, consolidated statement of changes in equity and the notes to the consolidated financial statements for the business year from January 1 to December 31, 2012

Board of Managing Directors' Responsibility for the Consolidated Financial Statements

The Board of Managing Directors of Deutsche Bahn Aktiengesellschaft is responsible for the preparation of these consolidated financial statements This responsibility includes that these consolidated financial statements are prepared in accordance with International Financial Reporting Standards, as adopted by the EU, and the additional requirements of German commercial law pursuant to §(Article) 315a Abs (paragraph) 1 HGB ("Handelsgesetzbuch" German Commercial Code) and that these consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements The Board of Managing Directors is also responsible for the internal controls as the Board of Managing Directors determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit We conducted our audit in accordance with §317 HGB 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 additionally observed the International Standards on Auditing (ISA) Accordingly, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements The selection of audit procedures depends on the auditor's professional judgment This includes the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error In assessing those risks, the auditor considers the internal control system relevant to the entity's preparation of consolidated financial statements that give a true and fair view The aim of this is to plan and perform audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control system An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Audit Opinion

According to §322 Abs 3 Satz (sentence) 1 HGB, we state that our audit of the consolidated financial statements has not led to any reservations

In our opinion based on the findings of our audit, the consolidated financial statements comply, in all material respects, with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to §315a Abs 1 HGB and give a true and fair view of the net assets and financial position of the Group as at December 31, 2012, as well as the results of operations for the business year then ended, in accordance with these requirements

REPORT ON THE GROUP MANAGEMENT REPORT

We have audited the accompanying group management report of Deutsche Bahn Aktiengesellschaft for the business year from January 1 to December 31, 2012 The Board of Managing Director of Deutsche Bahn Aktiengesellschaft is responsible for the preparation of the group management report in accordance with the requirements of German commercial law applicable pursuant to §315a Abs 1 HGB We conducted our audit in accordance with §317 Abs 2 HGB and German generally accepted standards for the audit of the group management report promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) Accordingly, we are required to plan and perform the audit of the group management report to obtain reasonable assurance about whether the group management report is consistent with the consolidated financial statements and the audit findings, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development

According to §322 Abs 3 Satz 1 HGB we state, that our audit of the group management report has not led to any reservations

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

Berlin, February 26, 2013

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

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

Additional information

DB Advisory Board

In 2002 the Management Board established the DB Advisory Board to provide independent counsel for public debates and to position the corporation

The DB Advisory Board consists of renowned personalities from the worlds of business, science and public life, with whom DB Group intensively discusses central corporate positions and issues The DB Advisory Board's mission is to challenge and question DB Group's positions and then to discuss their findings with the Management Board Moreover, the Board also assists in substantiating statements and supporting dialogue between DB Group and the general public

The DB Advisory Board meets at least twice yearly to review current issues related to the corporate development of DB Group Furthermore, the DB Advisory Board has also established committees for the purpose of deeply reviewing core issues with the appropriate specialist departments within DB Group

Prof Dr Dr h c Gerd Aberle (Chairman)
Justus-Liebig University, Gießen

Prof. Dr Thomas Ehrmann
Westfälische Wilhelms University, Münster

Dr Volker Hauff
Federal minister (Ret)

Hans Jochen Henke
Lawyer, State Secretary (Ret)

Prof Dr Herbert Henzler
Ludwig-Maximilians University, Munich

Prof. Dr Dr h.c mult Peter Hommelhoff
Ruprecht-Karls University, Heidelberg

Prof Jürgen Hubbert
Former Chairman of Daimler AG

Dr Walther Leisler Kiep
Minister (Ret)

Prof Dr Dr Dr h.c Christian Kirchner
Humboldt University, Berlin

Prof Dr-Ing Jörn Pachl
Technical University, Brunswick

Prof Dr Werner Rothengatter
University of Karlsruhe

Prof Dr Thomas Straubhaar
Hamburg World Economic Institue

Dr Jürgen Weber
Chairman of the Supervisory Board
of Deutsche Lufthansa AG

Glossary

FINANCIAL TERMS

> ***Capital employed*** This encompasses property, plant and equipment (including intangible assets) and net working capital

> ***Commercial paper program (CP program)*** Contractual framework or standard documentation for the issue of short term debt issues

> ***Cost of capital*** Minimum required return, calculated based on market values as the weighted average cost of debt and equity capital

> ***Credit facilities*** Lines of credit provided by banks that can be tapped into as required These are agreed lines of credit with different maturities that serve in part as available liquidity reserves, while "umbrella credit lines" are available in particular to foreign subsidiaries as financing for working capital and as a guarantee reserve

> ***Debt issuance program*** Contractual framework or standard documentation for the issue of bonds Provides a high degree of flexibility in issuing activity

> ***Derivative financial instruments (derivatives)*** Derivatives are financial instruments for which the price or value depends on the future prices of other goods assets or benchmarks (interest rates, indices) These are contracts within which the parties agree to buy, sell or swap assets in the future at certain conditions, or to provide alternative payment of the notional amount

> ***Earnings before interest and taxes (EBIT)*** Operating profit before the subtraction of interest and taxes

> ***Earnings before interest, taxes, depreciation and amortization (EBITDA)*** Operating profit before the subtraction of interest, taxes depreciation and amortization

> ***Equity method*** Process of treating subsidiaries that are to be included in the consolidated financial statements with all assets and liabilities on a basis of full consolidation The investment book value of the investment is adjusted to reflect the development of the pro rata share of equity

> ***Equity ratio*** Financial ratio based on the balance sheet structure proportion of total assets equal to equity, expressed as a percentage

> ***Gearing*** Key financial performance indicator that provides a structural indicator of the ratio of net financial debt to equity expressed as a percentage

> ***Gross capital expenditures*** Total investments made in property, plant and equipment and assets regardless of financing method

> ***Interest-free loan*** A loan from the Federal Government that is to be repaid but is not subject to interest These emerge from financial participation of the German Federal Government in capital expenditures in the expansion and replacement of rail infrastructure

> ***International Financial Reporting Standards (IFRS)*** Internationally recognized accounting standard The term IFRS is used to refer to the global language for business affairs approved by the International Accounting Standards Board in 2002 Standards approved prior to this are still cited as International Accounting Standards (IAS)

> ***Investment grants*** Financial participation of third parties in specific capital expenditures projects without future repayment requirements

> ***Net capital expenditure*** Gross capital expenditure minus third-party investment grants for example, for infrastructure capital expenditures

> ***Net financial debt*** The total of interest bearing external liabilities and finance lease liabilities as well as cash and cash equivalents and interest bearing external receivables

> ***Operating leases*** Off-balance sheet financial instruments leased or rented assets.

> ***Operating profit after interest*** Results indicator that also takes into account costs of financing in order to be able to assess earnings in the long term (mainly important in the infrastructure business units) In contrast to EBIT the net operating interest income is also taken into account when calculating this figure

> ***Plan assets*** Assets netted with gross pension obligations

> ***Rating*** An assessment of creditworthiness issued by rating agencies that affects the refinancing options available to a company and the associated costs

> ***Redemption coverage*** Key financial performance indicator showing the ratio between ongoing financial power and the financial obligations of the company (adjusted net financial debt)

> ***Return on capital employed (ROCE)*** Key ratio used for value-oriented management Ratio of (adjusted) EBIT to capital employed, expressed as a percentage

> ***Scope of consolidation*** The subsidiaries within a group that are included in the consolidated financial statements

> ***Swap*** A swap is a financial transaction based on the exchange of future payment flows This enables the targeted hedging of financial risks (interest, currency risks raw materials)

BUSINESS-SPECIFIC TERMS

> ***Block train transport*** A freight transport service for transporting freight cars linked to form an entire train

> ***Bus kilometer (bus km)*** One bus kilometer is equivalent to the route traveled by a bus over a distance of one kilometer

> ***Combined transport*** The integrated transportation of containers or entire trucks both by road and by rail

> ***Contract logistics*** The bundling of a variety of different logistics activities The service provider not only organizes transport services but is also responsible for additional services along the supply chain

> ***Existing network*** The existing rail network, which is the backbone of the rail infrastructure

> ***Freight carrier*** A company that is used for the transport of goods

> ***Integrated Group structure*** Train operating company that is also the rail infrastructure operator

> ***Intermodal competition*** Competition among different modes of transport for example between rail and air transport

> ***Interoperability (multisystem capability)*** The ability of rolling stock to adapt to different technical standards (e g track widths or power systems) and to operate on the varying rail networks in different countries with as little delay as possible

> ***Intramodal competition*** Competition within a mode of transport for example, within the rail sector

> ***Network access*** Rail infrastructure companies provide their rail networks for a fee to train operating companies for train runs

> ***Ordering organization*** Generally German Federal states, which, as transport authorities, are responsible for ordering local rail passenger transport services from transport companies

> ***Passenger kilometers (pkm)*** Unit of measurement for volume sold in passenger transport services the product of the number of passengers transported and the mean journey distance

> ***Requirement plan*** New line construction and line expansion set out in the Federal Transport Infrastructure Plan

> ***Single-car transport*** A freight transport service for the haulage of single freight cars that are attached to a train with other freight cars The individual freight cars of such trains can have different departure and destination stations

> ***Station pricing system*** Transparent, non-discriminatory pricing system for the use of passenger stations The specific station price depends on the level of performance and equipment of each station

> ***Supply chain*** The supply chain of a product encompasses all activities that generate value including the production and sales stages, beginning with raw materials and continuing to the finished product

> ***Ton kilometers (tkm)*** Unit of measurement for volume sold in freight transport product of the freight carried (tons) and the distance traveled (kilometers)

> ***Traction*** Propulsion for the operation of trains Depending on energy source drive and transmission, a differentiation is made between electric diesel-electric and diesel hydraulic traction, among other things Traction units that have both electric and diesel traction are also known as hybrid vehicles

> ***Train kilometer (train km)*** One train kilometer is equivalent to the route traveled by a train over a distance of one kilometer

> ***Train-path*** Route traveled by a train as set out in the timetable

> ***Train-path kilometers (train-path km)*** See Volume produced

> ***Train-path pricing system (TPS)*** This provides transparent non-discriminatory prices for use of the rail network by internal and external customers taking into account the individual characteristics of the infrastructure used

> ***Transport contract*** A contract between an ordering organization and a train operating company for the provision of passenger transport services

> ***Twenty-foot equivalent unit (TEU)*** Standardized container unit with a length of 20 feet (1 foot = 30 cm)

> ***Volume produced*** Distance traveled by train operating companies on the rail network Unit of measurement train-path kilometers (train-path km)

> ***Volume sold*** Central key performance indicator used to measure services provided in passenger and freight transport Unit of measurement passenger kilometers (pkm), ton kilometers (tkm)

List of abbreviations

> A

ABS – Expansion line
AEG – General Railways Act
AgvMoVe – Mobility and Transport Services Association
APS – Facility pricing system
ATOC – Association of Train Operating Companies

> B

bbl – Barrel
BDZ – Bulgarian state railway company
BEV – Federal Railroad Fund
BGH – Federal Court of Justice
BilMoG – Accounting Law Modernization Act
BMVBS – Federal Ministry of Transport Building and Urban Development
BNetzA – Federal Networks Agency for Electricity Gas, Telecommunications, Post and Railways
BR – Series
BSOG – Bus Service Operators Grant
Bus km – Bus kilometers

> C

CEE – Central and Eastern Europe
CHF – Swiss franc
CL – Contract logistics
CO_2 – Carbon dioxide

> D

DB AG – Deutsche Bahn AG
DB Finance – Deutsche Bahn Finance B.V.
DB Group – Deutsche Bahn Group
DB ML AG – DB Mobility Logistics AG
DB ML Group – DB Mobility Logistics Group
DfT – Department for Transport
DNK – German Sustainability Code
DOJ – US Department of Justice
DSA – Dynamic visual display units
DSB – Danske Statsbaner (Danish state railway)

> E

EBA – Federal Railway Authority
EC – EuroCity
ECB – European Central Bank
ECR – Euro Cargo Rail
ERA – European Railway Agency
ERTMS – European Rail Traffic Management System
ESTW – Electronic interlocking
EMU – Electric multiple unit
ETCS – European Train Control System
EUROFIMA – European Company for the Financing of Railroad Rolling Stock
EVG – Railway and Transport Workers Union

> F

FIS – Corporate information system
FS – Ferrovie dello Stato (Italian state railway)
FTE – Full-time employees

> G

GDP – Gross domestic product
GBP – Pound sterling
GDL – German Train Drivers' Union
GFR – Grup Feroviar Român (Romanian state railway)
GPS – Global positioning system
GWh – Gigawatt hour

> H

HFM – Hyperion Financial Management
HGB – German Commercial Code
HKD – Hong Kong dollar
HR – Human Resources

> I

IC – InterCity
ICE – Intercity Express
IFRS – International Financial Reporting Standards
InnoZ – Innovation Center for Mobility and Societal Change

> J

JPY – Japanese yen

> K

KonTraG – Corporate Sector Supervision and Transparency Act
kV – Kilovolt

> L

LIB Index – Liberalization index
LuFV – Service and Financing Agreement

> M

M&A – Mergers and acquisitions
MaRisk – Minimum requirements for risk management
MJ – Megajoule
MWh – Megawatt hour

> N

NBS – Newly built line
Nkm – Commercial vehicle kilometers
NOK – Norwegian krone
NS – Dutch state railway

> O

ÖBB – Austrian state railway
OECD – Organisation for Economic Co-operation and Development
OPEC – Organization of the Petroleum Exporting Countries
ORR – Office of Rail Regulation

> P

P – Passengers
PBefG – German Passenger Transport Act
PCGK – German Federal Public Corporate Governance Code
Pkm – Passenger kilometers
PKP – Polskie Koleje Państwowe (Polish state railway)
PPA – Purchase price allocation

> R

RDG – Rail Delivery Group
Renfe – Red Nacional de los Ferrocarriles Españoles (Spanish state railway)
ROCE – Return on capital employed

> S

SBB – Swiss state railway company
SCM – Supply Chain Management
SI – Satisfaction index
SNCF – Société Nationale des Chemins de Fer Français (French state railway)
SPS – Station pricing system
S&P – Standard & Poor's

> T

t – Tons
TEL – Trans Eurasia Logistics
TEN – Trans European Networks
TEU – Twenty foot equivalent unit
tkm – Ton kilometers
TOC – Train operating company
TPS – Train path pricing system
Train km – Train kilometers
Train-path km – Train path kilometers

> U

UIC – International Union of Railways
UMC – Environmental Mobility Check
USD – US dollar

> V

VDE – German unification transport project

> W

WACC – Weighted average cost of capital

> Z

ZBA – Train formation yard

Contacts

INVESTOR RELATIONS

Deutsche Bahn AG
Investor Relations
Europaplatz 1
10557 Berlin
Germany
Phone +49-30-297-64031
Fax +49-069-265-20110
E-mail ir@deutschebahn com
Internet www deutschebahn com/ir-e

This Annual Report, the Annual Report of DB Mobility Logistics Group and the Financial Statements of Deutsche Bahn AG and additional information are available on the Internet

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CORPORATE COMMUNICATION

Corporate publications, the Competition report and the Sustainability Report are available on the Internet or can be requested from Corporate Communications

Deutsche Bahn AG
Corporate Communications
Potsdamer Platz 2
10785 Berlin
Germany
Phone +49-30-297-61480
Fax +49-30-297-61485
E-mail presse@deutschebahn com
Internet www deutschebahn com/presse

DB SERVICE NUMBER

Our service number +49-1805-996633 gives you direct access to all of our telephone services The access includes information regarding general information, booking of train tickets, finding train times, our customer dialogue and our frequent traveler system (BahnCard)

Calls will be charged as follows calls from the German fixed-line network cost 14 ct/min Charges from the German cell phone network cost 42 ct/min at most

Financial calendar

JULY 25, 2013

Interim Results Press Conference, Publication of the Interim Report January–June 2013

MARCH 27, 2014

Annual Results Press Conference, Publication of 2013 Annual Report

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10-year summary

€ million	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003[1]
STATEMENT OF INCOME										
Revenues	39,296	37,979	34,410	29,335	33,452	31,309	30,053	25,055	23,962	28,228
Overall performance	41,910	40,436	36,617	31 271	35,324	33,254	31,943	26,728	25,890	30 438
Other operating income	3 443	3 062	3,120	3,864	3,046	3 219	2,859	2,366	2,860	3,138
Cost of materials	-21,039	-20,906	-19,314	-15,627	-18 544	-17,166	-16 449	-12,650	-12 054	-15,776
Personnel expenses	-13,817	-13,076	-11,602	-11 115	-10,583	-9,913	-9,782	-9,211	-9,556	-10,337
Depreciation	-3,328	-2,964	-2,912	-2 825	-2,723	-2 795	-2,950	-2,801	-2,722	-2,694
Other operating expenses	-4,640	-4,375	-4,092	-3 360	-3,927	-3,704	-3,144	-3,080	-3,274	-4,316
Operating profit (EBIT)	2,529	2 177	1,817	2,208	2,593	2 895	2,477	1,352	1,144	-
Results from investments accounted for using the equity method	14	19	17	9	21	32	18	76	49	-
Other financial result	-13	3	-23	-4	-47	-3	1	7	-55	-
Net interest income	-982	-840	-911	-826	-760	-908	-941	-945	-984	-637
Profit before taxes on income	1,548	1,359	900	1 387	1 807	2,016	1,555	490	154	-133
Net profit for the year	1,477	1,332	1 058	830	1,321	1,716	1,680	611	180	-245
OPERATING INCOME										
EBITDA adjusted	5,601	5,141	4,651	4 402	5,206	5,113	-	-	-	-
EBIT adjusted	2,708	2,309	1 866	1,685	2,483	2,370	2 143	1,350	1,011	465
VALUE MANAGEMENT										
Capital employed as of Dec 31	32,691	31,732	31,312	28 596	27,961	27,393	28,693	27 013	26 490	30,964
Return on capital employed (ROCE) (%)	8 3	7 3	6 0	5 9	8 9	8 7	7 5	5 0	3 8	1 5
Redemption coverage (%)	22 1	20 5	18 1	19 4	22 5	21 1	18 6	14 7	12 7	-
Gearing (%)	103	110	118	115	131	151	213	256	276	-
Net financial debt/EBITDA (multiple)	2 9	3 2	3 6	3 4	3 1	3 2	3 9	-	-	-
CASH FLOW/CAPITAL EXPENDITURES										
Cash flow from operating activities	4,094	3,390	3,409	3 133	3,539	3,364	3,678	2 652	2 736	-
Gross capital expenditures	8,053	7,501	6 891	6,462	6,765	6,320	6,584	6,381	7,238	9,121
Net capital expenditures	3 487	2 569	2,072	1,813	2,599	2 060	2,836	2,362	3,251	4 013
BALANCE SHEET AS OF DEC 31										
Non current assets	44,206	44,059	44 530	41,308	42,353	42,046	43 360	42,907	43,200	-
thereof property plant and equipment and intangible assets	41 816	41 541	42 027	39,509	39 976	39 855	41,081	40 430	40 861	40 093
thereof deferred taxes	1,500	1,461	1,471	1 173	1,692	1,644	1,800	1,556	1,301	-
Current assets	8,284	7 732	7 473	5,995	5,840	6 483	5 080	4,194	4,416	-
thereof cash and cash equivalents	2 175	1 703	1,475	1,470	879	1 549	295	305	765	265
Equity	15,934	15,126	14 316	13 066	12,155	10,953	9,214	7,675	7,067	5 076
Equity ratio (%)	30 4	29 2	27 5	27 6	25 2	22 6	19 0	16 3	14 8	10 7
Non-current liabilities	24 608	24,238	24,762	23 359	23 161	25,612	26,319	27,963	29,440	30,464
thereof financial debt	17,110	16,367	16,394	14 730	14 083	16,228	17,165	18 310	19,045	-
thereof retirement benefit obligations	2,071	1,981	1 938	1,736	1,649	1,594	1 514	1 414	1,341	-
Current liabilities	11 948	12 427	12,925	10 878	12 877	11 964	12 907	11,463	11 109	12,107
thereof financial debt	1,503	1,984	2 159	1,780	2,770	1,834	2,716	1,664	1,231	-
Net financial debt	16,366	16 592	16 939	15,011	15,943	16,513	19,586	19 669	19,511	-
Total assets	52 490	51,791	52,003	47 303	48,193	48,529	48 440	47,101	47 616	47 647
RAIL PERFORMANCE FIGURES										
PASSENGER TRANSPORT[2]										
Passengers (million)	2,035	1,981	1 950	1 908	1,920	1,835	1,854	1,785	1,695	1,681
Long distance transport	131	125	126	123	123	119	120	119	115	117
Regional and urban transport	1 904	1 856	1 824	1 785	1 797	1,717	1,735	1 667	1,580	1,564
Volume sold (million pkm)	82,366	79,228	78,582	76 772	77,812	74,792	74,788	72,554	70,260	69,534
Long distance transport	37,357	35,565	36 026	34,708	35,457	34 137	34 458	33,641	32 330	31,619
Regional and urban transport	45 009	43,663	42,556	42,064	42 355	40,654	40,331	38 913	37,930	37 915
FREIGHT TRANSPORT										
Freight carried (million t)	398 7	411 6	415 4	341 0	378 7	312 8	307 6	274 6	295 3	282 3
Volume sold (million tkm)	105,894	111,980	105 794	93,948	113,634	98,794	96,388	88 022	89,494	85,151
INFRASTRUCTURE										
Train kilometers on track infrastructure (million train-path km)	1,039	1 051	1 034	1,003	1 043	1 050	1 016	998	1,001	988
thereof non Group customers	231	220	195	170	162	147	128	110	88	70
EMPLOYEES (FTE)										
Average	286 237	282,260	251,810	239 888	240 008	231,356	228,990	220,343	229,830	249,251
At year end	287,508	284,319	276,310	239 382	240 242	237,078	229,200	216,389	225,632	242 759

[1] Figures according to German GAAP (HGB)

[2] Excluding Arriva

Contents

DB2020 Strategy

Our future:
Sustainably successful

Our three dimensions

Economic
Profitable market leader

Social
Top employer

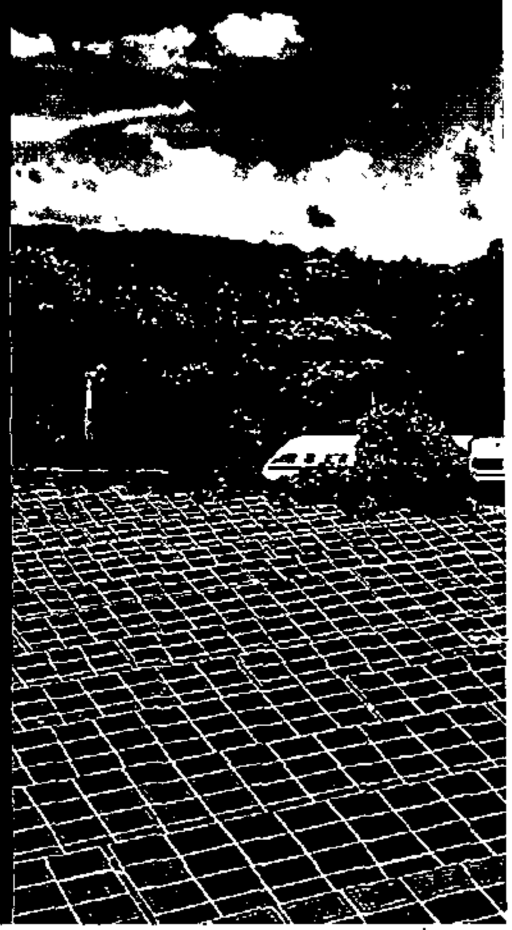
Environmental
Eco-pioneer

Our four strategic directions

Customer and quality
Profitable growth

Cultural change / employee satisfaction

Resource preservation / emissions and noise reduction



Deutsche Bahn AG
Potsdamer Platz 2
10785 Berlin
Germany

www.deutschebahn.com