

Mobility
Networks
Logistics

Deutsche Bahn

2014 Integrated Report

Integrated thinking. Sustainable action. Long-term success.

AT A GLANCE

SELECTED KEY FIGURES [€ MILLION]	2014	2013	Change absolute	Change %
Revenues adjusted	39,720	39,119	+601	+1.5
Profit before taxes on income	937	876	+61	+7.0
Net profit for the year	988	649	+339	+52.2
EBITDA adjusted	5,110	5,139	-29	-0.6
EBIT adjusted	2,109	2,236	-127	-5.7
Equity as of Dec 31	14,525	14,912	-387	-2.6
Net financial debt as of Dec 31	16,212	16,362	-150	-0.9
Total assets as of Dec 31	55,883	52,894	+2,989	+5.7
Capital employed as of Dec 31	33,683	33,086	+597	+1.8
Return on capital employed (ROCE) (%)	6.3	6.8	-	-
Redemption coverage (%)	20.9	20.5	-	-
Gross capital expenditures	9,129	8,224	+905	+11.0
Net capital expenditures	4,442	3,412	+1,030	+30.2
Cash flow from operating activities	3,896	3,730	+166	+4.5
PASSENGER TRANSPORT				
Passengers (million)	4,348	4,355	-7	-0.2
RAIL PASSENGER TRANSPORT				
Punctuality passenger transport (rail) in Germany (%)	94.5	94.1	-	-
Passengers (million)	2,254	2,235	+19	+0.9
thereof in Germany	2,030	2,016	+14	+0.7
Volume sold (million pkm)	88,407	88,746	-339	-0.4
Volume produced (million train-path km)	763.3	765.8	-2.5	-0.3
BUS TRANSPORT				
Passengers (million)	2,094	2,120	-26	-1.2
Volume sold [1] (million pkm)	8,097	8,375	-278	-3.3
Volume produced (million bus km)	1,601	1,574	+27	+1.7
RAIL FREIGHT TRANSPORT				
Freight carried (million t)	329.1	390.1	-61.0	-15.6
Volume sold (million tkm)	102,871	104,259	-1,388	-1.3
FREIGHT FORWARDING AND LOGISTICS				
Shipments in European land transport (thousand)	98,867	95,543	+3,324	+3.5
Air freight volume (export) (thousand t)	1,112	1,092	+20	+1.8
Ocean freight volume (export) (thousand TEU)	1,983	1,891	+92	+4.9
Warehouse space contract logistics (m^2 million)	7.1	6.2	+0.9	+14.5
RAIL INFRASTRUCTURE				
Punctuality DB Group (rail) in Germany (%)	94.3	94.0	-	-
Train kilometers on track infrastructure (million train-path km)	1,044	1,035	+9	+0.9
thereof non-Group railways	261.0	247.4	+13.6	+5.5
share of non-Group railways (%)	25.0	23.9	-	-
Station stops (million)	148.4	146.2	+2.2	+1.5
thereof non-Group railways	28.6	27.2	+1.4	+5.1
ADDITIONAL INFORMATION				
Order book passenger transport as of Dec 31 (€ billion)	84.2	87.5	-3.3	-3.8
Length of line operated (km)	33,426	33,448	-22	-0.1
Passenger stations	5,676	5,668	+8	+0.1
Rating Moody's/Standard&Poor's	Aa1/AA	Aa1/AA	-	-
Employees as of Dec 31 (FTE)	295,763	295,653	+110	-
Employee satisfaction - index	3.7	3.6 [2]	-	-
Employer attractiveness - rank	13	22	+9	-
Share of women in Germany as of Dec 31 (%)	22.8	22.5	-	-
Health rate in Germany (%)	94.1	94.0	-	-
Coverage of external staffing needs in Germany (%)	96.4	98.1	-	-
Reduction of specific CO_2 emissions compared to 2006 (%)	22.7	18.7	-	-
Share of renewable energy in the traction current mix (%)	39.6	35.2	-	-
Track kilometers noise remediated in total [3] (km)	1,400	1,300	+100	+7.7
Freight cars refitted with whisper brakes in total [3]	6,500	650	+5,850	-
Recycling rate (%)	95.6	94.2	-	-

[1] *Excluding DB Arriva.*

[2] *Results employee survey 2012.*

[3] *Rounded.*

WORLD-WIDE PRESENCE



DB BAHN LONG-DISTANCE

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

DB BAHN REGIONAL

EUROPE: *Germany*

DB ARRIVA

EUROPE: *Croatia, Czech Republic, Denmark, Great Britain, Hungary, Italy, the Netherlands, Poland, Portugal, Serbia, Slovakia, Slovenia, Spain, Sweden*

DB SCHENKER RAIL

EUROPE: *Belgium, Bulgaria, Denmark, France, Germany, Great Britain, Hungary, Italy, the Netherlands, Poland, Romania, Russia, Spain, Sweden, Switzerland*

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, Kyrgyzstan, Korea, Kuwait, Laos, Lebanon, Macao, Malaysia, Maldives, Mauritius, Myanmar, 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, Madagascar, Morocco, Mozambique, Namibia, Nigeria, Senegal, South Africa, Tanzania, Tunisia, Uganda, Zambia, Zimbabwe*

AMERICAS: *Argentina, Aruba, Barbados, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Cuba, Curacao, Dominican Republic, Ecuador, El Salvador, Guatemala, 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*

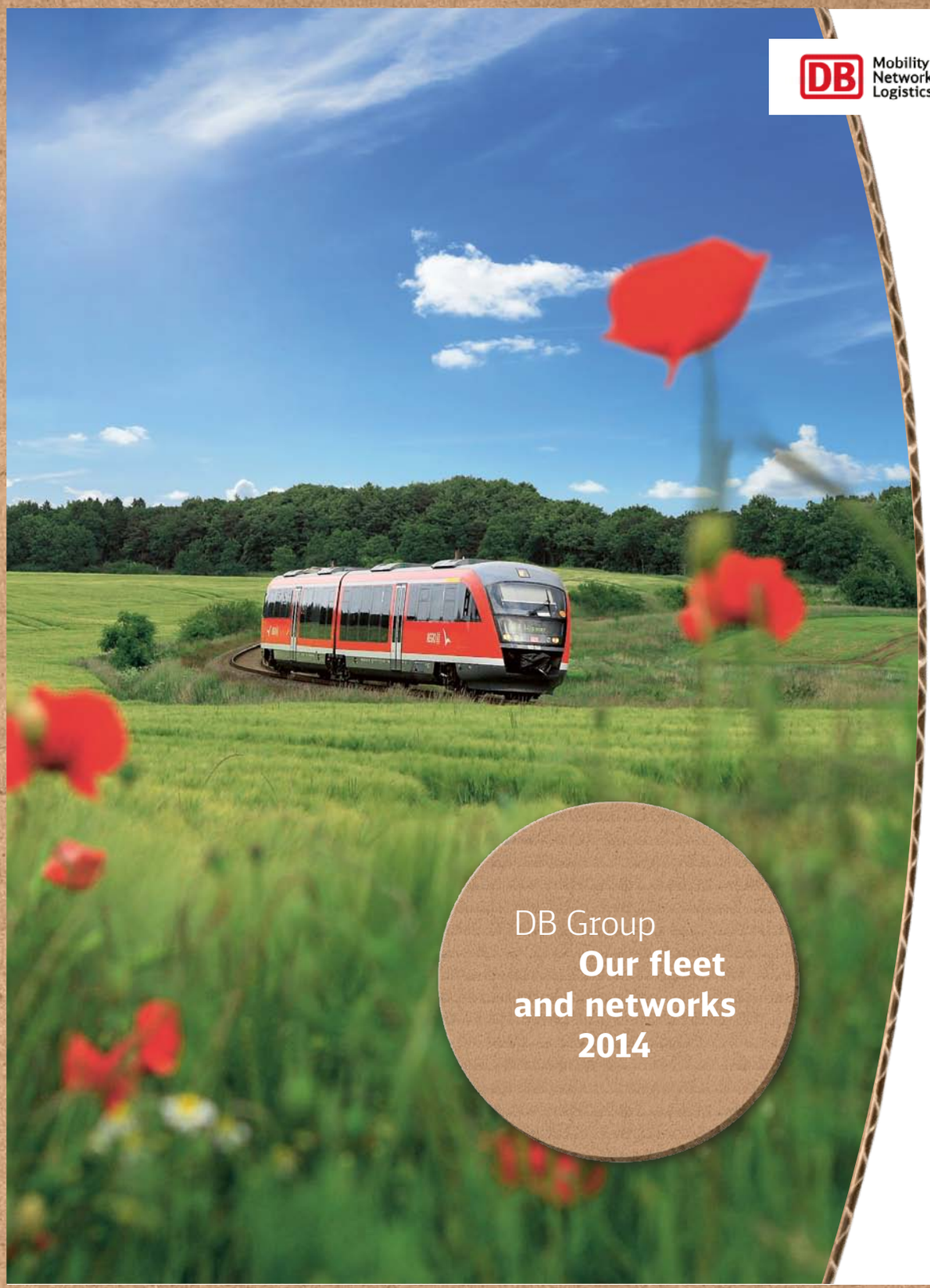
DB INTERNATIONAL

EUROPE: *Croatia, Georgia, Germany, Great Britain, Lithuania, the Netherlands, Norway, Poland, Romania, Russia, Serbia, Spain, Sweden, Turkey*

ASIA / PACIFIC: *Australia, China, India, Israel, Jordan, Kazakhstan, Malaysia, Mongolia, Oman, Qatar, Saudi Arabia, Singapore, Taiwan, Thailand, United Arab Emirates, Uzbekistan, Vietnam*

AFRICA: *Algeria, Egypt, South Africa*

AMERICAS: *Brazil, USA*



△ World-wide presence / Our fleet and networks △

DB2020 STRATEGY

OUR THREE DIMENSIONS



OUR FOUR STRATEGIC DIRECTIONS



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2014 INTEGRATED REPORT

INTEGRATED THINKING



SUSTAINABLE ACTION



LONG-TERM SUCCESS



ABOUT THIS REPORT



INTEGRATED REPORTING: WHAT DOES IT MEAN?

Integrated reporting is more than just a simple combination of the Annual Report and the Sustainability Report. In our integrated report, we want to collect information, combine it, and present it in context. Our aim: a comprehensive overview of DB Group and its DB 2020 STRATEGY with its three dimensions: ECONOMIC, SOCIAL and ENVIRONMENTAL.

FULFILLED REPORTING STANDARDS

In our integrated report, we fulfill all of the standards applicable in Germany for financial reporting and the international guidelines (G3) of the Global Reporting Initiative (GRI) for sustainability reporting. The GRI Index starting on page 285 provides compact information about the GRI indicators.



HOW DO YOU USE THIS REPORT?

In order to simplify using this report, we have added a few features that, for example, serve to link information or go into greater depth.



SUPPLEMENTAL INFORMATION

We have also highlighted an additional level of information next to the main text. We distinguish between two forms: critical topics and in-depth information.



CRITICAL TOPICS

This is what we call topics that are critical for our success, although neither we nor a third party are delivering the required performance level yet.



IN-DEPTH INFORMATION

This is how we identify specific topics that are of particular interest for us. We provide additional information by means of images and/or text.

MORE INFORMATION ONLINE

You can find additional and supplemental information in the online report or on the Internet. We have set up a special Web page for links at www.db.de/links-e. The corresponding points in the report are marked with the symbol.

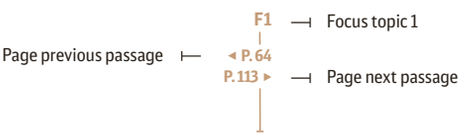
We have also identified additional offers in the online report. The download symbol notes that the content can be downloaded online, for example as an Excel file. Graphics that offer online value are marked with a QR code that is linked directly to the online graphic.

INTERNET

FOCUS TOPICS

A RED THREAD THROUGH THE REPORT

We have defined FIVE FOCUS TOPICS [PAGE 58] for the 2014 Integrated Report: Demographic Development (F1), Climate Change (F2), High-Performance Infrastructure (F3), Growth at DB Schenker Rail (F4) and Future Mobility (F5). Whenever focus topics appear in the report, they are marked with the symbol and a direct identification of the text passage:



WHERE IS A SPECIFIC GRI STANDARD COVERED?

The GRI Index shows you the page where you can find information on specific GRI indicators. To show which text passages on one page refer to a specific GRI indicator, we have complemented the GRI Index by marking the side of the text at the start of each chapter with GRI 1.1, or with GRI EC8 and the GRI symbol directly in the paragraph.

GRI

REFERENCE

DELVE INTO A TOPIC

Text references within the 2014 Integrated Report are always marked as follows: KEYWORD [PAGE XX]

[XX]

MORE INFORMATION ON A SECTION

We refer to additional information on a specific section within the 2014 Integrated Report with the following designation:

MORE DETAILS PAGE XX

CARRYING ON

MEMBERS OF THE MANAGEMENT BOARDS OF DB AG AND DB ML AG



DR. VOLKER KEFER

Infrastructure and Services
Born in 1956
Appointed until 2017
With DB Group since 2006
— Deutsche Bahn AG
— DB Mobility Logistics AG

PROJECT
— High-performance Infrastructure

ULRICH HOMBURG

Passenger Transport
Born in 1955
Appointed until 2019
With DB Group since 2000
— DB Mobility Logistics AG

PROJECT
— Initiative Mobility 4.0

DR. KARL-FRIEDRICH RAUSCH

Transport and Logistics
Born in 1951
Appointed until 2015
With DB Group since 2001
— DB Mobility Logistics AG

PROJECT
— Next Generation eServices

DR. RÜDIGER GRUBE

CEO and Chairman
Born in 1951
Appointed until 2017
With DB Group since 2009
— Deutsche Bahn AG
— DB Mobility Logistics AG

PROJECT
— Action Plan Digitalization

MORE DETAILS



DR. HEIKE HANAGARTH

Technology and Environment
Born in 1959
Appointed until 2016
With DB Group since 2013
- Deutsche Bahn AG
- DB Mobility Logistics AG

PROJECT
- Infomobile Noise Prevention

DR. RICHARD LUTZ

Finance/Controlling
Born in 1964
Appointed until 2018
With DB Group since 1994
- Deutsche Bahn AG
- DB Mobility Logistics AG

PROJECT
- Graduate trainee program "Finance Track"

GERD BECHT

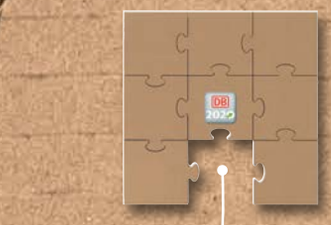
Compliance, Privacy, Legal Affairs and Group Security
Born in 1952
Appointed until 2017
With DB Group since 2009
- Deutsche Bahn AG
- DB Mobility Logistics AG

PROJECT
- Avoiding cartel damages

ULRICH WEBER

Human Resources
Born in 1950
Appointed until 2017
With DB Group since 2009
- Deutsche Bahn AG
- DB Mobility Logistics AG

PROJECT
- Culture development



ON OUR WAY INTO THE DIGITAL FUTURE

Action Plan Digitalization







Dr. Rüdiger Grube, CEO and Chairman

“WE ARE FACING THE MOST RADICAL CHANGE SINCE THE GERMAN RAIL REFORM, AND WE HAVE TO ADJUST TO THE CHANGING REALITIES OF PEOPLE’S LIVES.”

The digital revolution is taking place in our markets in the mobility and logistics sector, and in the rail infrastructure sector. The needs of customers are changing. Competitive pressure is increasing. Information and communications technologies are already exercising a major influence on passenger and freight transport. They will revolutionize our products, our business models, and how we do our work. Mobility 4.0, Infrastructure 4.0, Logistics 4.0 and Working World 4.0: we, at DB Group, are shaping the digital future with these four initiatives. We are also working on an innovation-friendly culture because there are major opportunities for us in the digital age!

MORE DETAILS PAGE 72 FF.

4.0

INDUSTRY 4.0: THE "INTERNET OF THINGS" CONTAINS THE CONNECTION BETWEEN THE REAL WORLD AND THE VIRTUAL ONE.

Digitalization requires contributions from all parts of DB Group. We have resolved to embrace this change and, in so doing, to shape the future.





Digitalization is not just a trend; it is the fourth industrial revolution. It is becoming increasingly important for us to digitize our products and adjust to customer needs in real time. Digitalization offers us a major opportunity to gain long-term customer loyalty and approach new target groups.

The digital revolution affects all of DB Group's units and activities.



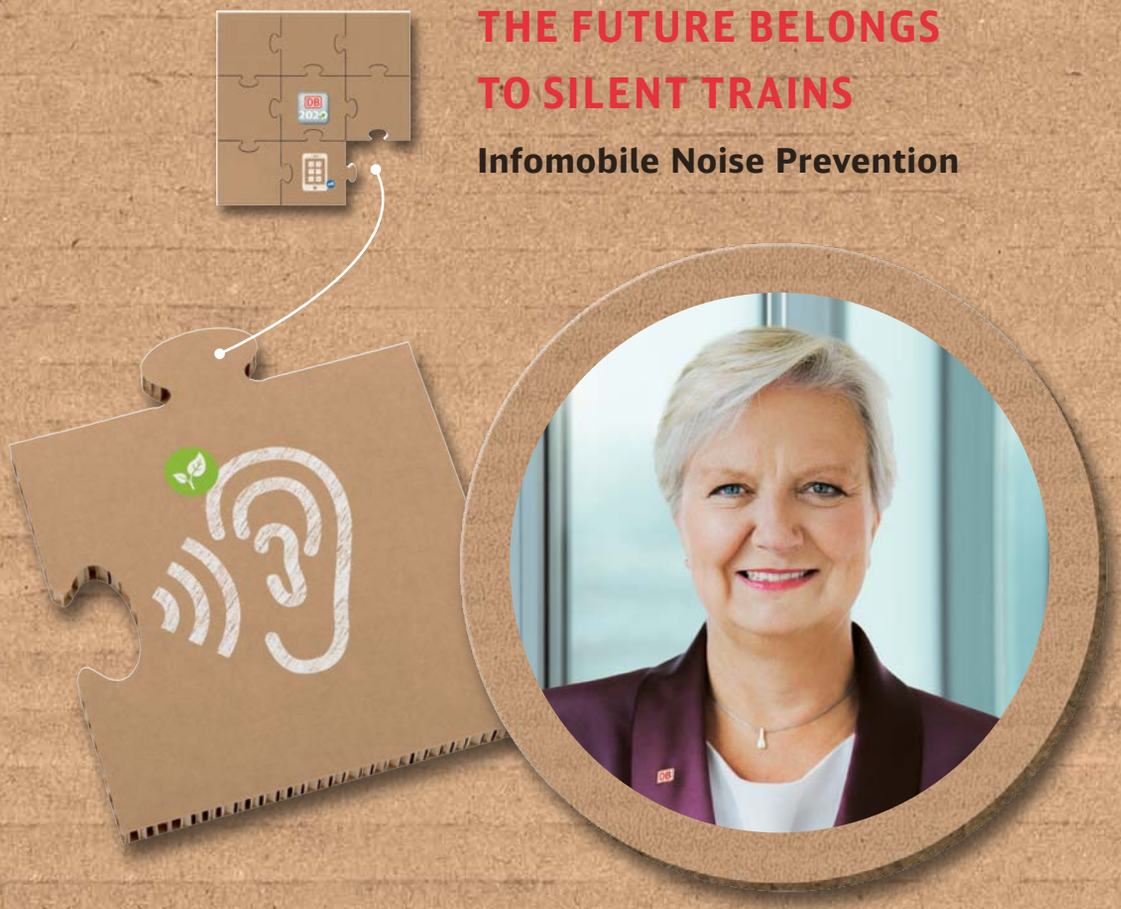
Digitalization requires innovation and new ways of thinking, better networking and teamwork with agile decision-making. The digital world is already part of our everyday core business. The public mobility mix – train, bus, car-sharing, bike rentals – now offers what until recently was only possible with your own car: freedom and flexibility. Digitalization is opening up new opportunities for all of our customers and employees, for the environment, and therefore for DB Group's sustainable success in the context of our **DB2020** strategy.



Internet access and comprehensive travel information will become increasingly important for customers when selecting their means of transport. We also have to continue digitizing our customer interfaces in the transport and logistics business. This is why we are constantly strengthening our digital products. Big data has long been a reality for us.

2020

HALF OF THE WORLD'S POPULATION WILL HAVE ACCESS TO MOBILE DATA.



THE FUTURE BELONGS TO SILENT TRAINS

Infomobile Noise Prevention

Dr. Heike Hanagarth, Technology and Environment

“WE ARE RELYING ON A GROUP-WIDE STRATEGY TO PROTECT RESIDENTS WHO ARE AFFECTED BY RAILWAY NOISE. OUR TARGET IS TO CUT IN HALF THE LEVEL OF RAIL TRANSPORT NOISE BY 2020.”



Traffic noise is one of our greatest environmental problems. And railway traffic also generates noise. We believe that we, in particular, have to meet our high environmental standards. In our DB2020 strategy, we have committed to cutting our rail noise levels from 2000 in half by 2020. This means a noise reduction of 10 dB(A), which corresponds to half of what the human ear perceives as noise. The most environmentally friendly mode of transport – rail – should therefore take on a pioneering role in reducing noise.

560

KM OF SOUND BARRIERS HAVE BEEN BUILT UP TO NOW AND 53,400 APARTMENTS HAVE BEEN EQUIPPED WITH NOISE-CONTROL MEASURES.

The Infomobile Noise Prevention is underway throughout Germany, providing informational events for the public. Interactive exhibits make noise prevention tangible.



In order to be able to reach our goal by 2020, we are setting our sights on a comprehensive total concept that is based fundamentally on two pillars: local fixed noise-reduction measures on routes and buildings, and reducing noise on the vehicles themselves. Around 11 % of our 34,000 km rail network are considered heavily polluted with noise. We prefer to build local noise protection in the form of sound barriers and facilities directly on the tracks in these noisy sections.



Visitors can get information at interactive consoles.

The most effective method, however, is to prevent noise directly at its source: where the wheels meet the rail. What causes noise are brake shoes made out of gray cast iron because over time the wheel surfaces become abraded and this causes them to produce more noise. The Europe-wide approval of LL brake shoes in mid-2013 means that existing freight cars can be upgraded without expensive overhauls of the braking systems. This cuts the rolling noise of the freight cars in half compared to conventional gray cast iron brake shoes. This upgrade therefore makes the most sustainable impact on noise reduction.

MORE DETAILS PAGE 119 FF.







14,500

SILENT FREIGHT CARS ARE IN DB GROUP'S GERMAN FLEET, OF WHICH ABOUT 6,500 HAVE BEEN REFITTED; THE REST ARE NEW VEHICLES.



Professional refitting: installing the LL brake shoe in our facility in Maschen.



FOCUSING ON DEVELOPING YOUNG TALENT

Graduate trainee program “Finance Track”



Dr. Richard Lutz, CFO

“

FOR A SUCCESSFUL FUTURE OF DB GROUP, IT IS ALSO OF FUNDAMENTAL IMPORTANCE TO BE ATTRACTIVE TO YOUNG PEOPLE WHO WANT TO START THEIR PROFESSIONAL CAREER. OUR ANSWER IN THE FINANCIAL SECTOR IS THE ‘FINANCE TRACK.’

”



The finance department has agreed on essential themes in the “F2020” agenda so that we can support our goal of becoming a top employer. The priorities in this agenda are to develop our employees and to secure qualified new talent in order to be able to fill specialist and management positions from our own ranks in the medium- and long-term. One building block for this is our inter-divisional “Finance Track” graduate trainee program. This program prepares our graduate trainees in 18 months for their future tasks in DB Group’s financial department.

Recruiting of skilled young professionals and developing high potentials are essential factors for the successful implementation of DB2020 .



10

PARTICIPANTS FIRST HAVE TO COMPLETE THEIR FIRST YEAR OF THE "FINANCE TRACK." ALL OF THE PARTICIPANTS SUCCESSFULLY COMPLETED THE PROGRAM IN MARCH 2015.



The "Finance Track" has a modular design with six stations. DB Group participants obtain multifaceted insights into DB Group's national and international activities in custom-tailored programs. They continuously develop their competencies so that they can actively shape DB Group's future as a finance business partner.

Refine competencies and come into dialog with executives.

The “Finance Track” program includes real-world assignments in different units of DB Group, off-the-job training sessions and regular feedback discussions. In addition, there are ample opportunities to build up a personal network. Our graduate trainees therefore get to know the broad spectrum of the finance department with its multiple interfaces between different functions.

MORE DETAILS

8

**COUNTRIES,
9 BUSINESS UNITS,
18 MONTHS,
82 DEPARTMENTS.**



From planning processes for winter services in rail transport, to the coordination of international teams and projects, to the research of the future: our “Finance Track” graduate trainees receive a broad overview of the complexity of topics and tasks in DB Group – including beyond financial topics.

Real-world excursions provide insights into the diversity of DB Group.





ACT BEFORE DAMAGES OCCUR

Avoiding cartel damages





**Gerd Becht, Compliance,
Privacy, Legal Affairs and Group Security**



“OUR SYSTEM FOR PREVENTING CARTEL DAMAGES ESTABLISHES THE FOUNDATION FOR SUSTAINABLE COMPLIANCE WITH PROCUREMENT PRICES THAT ARE IN LINE WITH THE MARKET.”

Tight markets with few suppliers and high purchasing volumes increase the danger of cartels for DB Group. This presents us with two challenges: first, we have to uncover cases as they occur. We rigorously prosecute cartel members and assert claims for damages. In the last three years, we were able to reach payments for damages in the three-digit-million range. Second, we rely on prevention to prevent damages in the future. In January 2014, we were the first German company to introduce a comprehensive cartel damages prevention system as a preventive measure against damages resulting from cartels among suppliers.

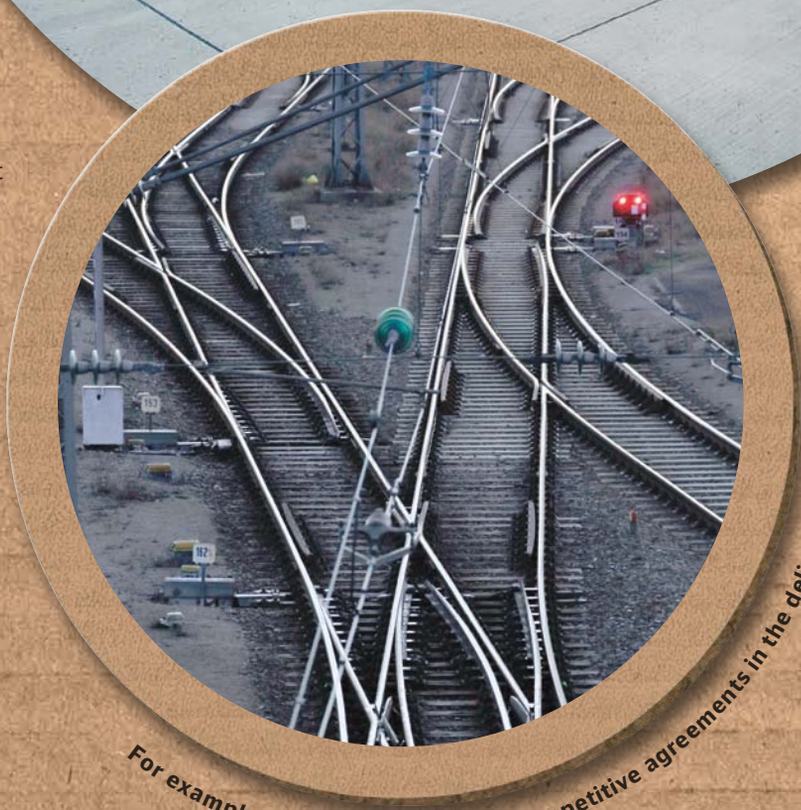




15%

OF THE CONTRACT VALUE IS APPLIED FOR PREVENTION IN OUR GENERAL PURCHASING CONDITIONS AS A LUMP SUM COMPENSATION.

The cartel damages prevention system is meant to identify, qualify and reduce cartel risks. This requires, among other things, training programs to make procurement employees aware of the risks of cartels, as well as economic screening methods for identifying markets that lean toward cartels. Suppliers in these markets are then required to introduce antitrust compliance programs. Processes have also been implemented across Europe to monitor antitrust authorities.



For example, there have been anti-competitive agreements in the delivery of rails.

Cartel damages prevention is more than legal consulting. It is also about the effective integration of prevention mechanisms in purchasing processes. We can only fully attain our goals with regard to cartel damages prevention through committed, inter-divisional teamwork. This also strengthens the acceptance of the entire prevention system. The introduction of this kind of system is therefore an essential contribution to the realization of the goals of DB2020, for both economic and social reasons.

The goal of the cartel damages prevention system is to protect DB Group from damages caused by cartels, for example in the purchasing of transport and construction services, as well as food.





25%

AVERAGE CARTEL INFLATION OF PRICES FOR GOODS AND SERVICES OVER REGULAR COMPETITIVE PRICES.

Cartelization has occurred even in escalators and onboard catering.



DEVELOPING THE STRATEGIES OF TOMORROW WITH OUR EMPLOYEES

Culture development





Ulrich Weber, Human Resources

“A GOOD CORPORATE CULTURE DOESN’T COME ABOUT ON ITS OWN. WE HAVE TO WORK ON IT. A LOT OF SMALL STEPS AT THE BEGINNING WILL CREATE A MAJOR TRANSFORMATION AT THE END.”

A future-proof company needs not only a pioneering strategy and well-functioning structures, but also a strong culture. We want a culture that enables executives and employees to give their best and to be satisfied with their work and their working environment. This is why a continued dialog about how we can best harmonize the needs of employees with the company’s requirements is so important.

In 2014, five workshops on the future were held for the five central fields of action in the cultural development process: teamwork, further development, communications/information/inclusion, leadership and the organization of working time and conditions.



526

IDEAS FOR SOLUTIONS WERE DEVELOPED IN THE FIVE WORKSHOPS ON THE FUTURE.



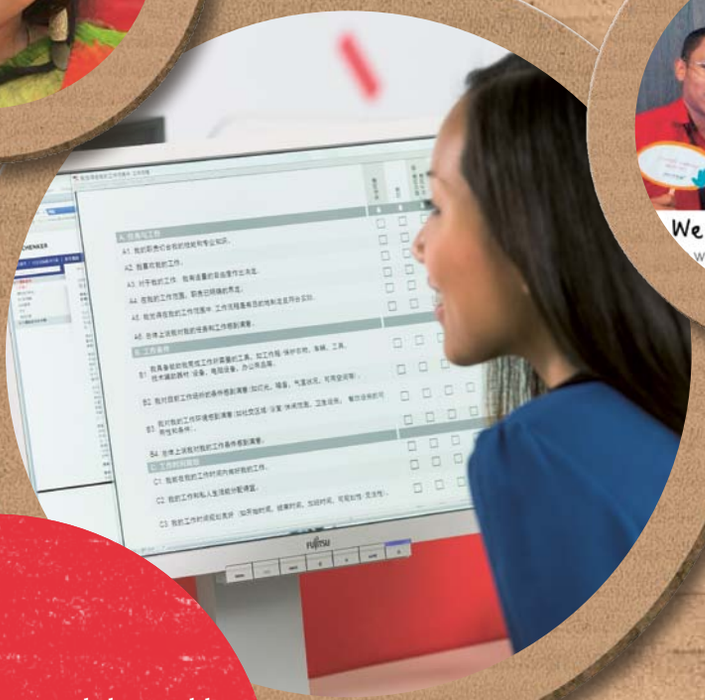


Culture doesn't develop overnight. The workshops on the future are the next step in our cultural development process towards a stronger focus on implementation. We need a continuous process that constantly tells us where we stand. This is why we again asked employees to give us their opinion in the fall of 2014. In 2015, we will work intensively with the results to evaluate what has changed in comparison to 2012 and to develop new measures for improving teamwork. This is because if employee satisfaction goes up, we will be able to offer customers better services – that is what we believe.

3.7

WAS THE RESULT OF THE 2014 EMPLOYEE SURVEY. THIS PUTS US IN THE RANGE OF "GOOD EMPLOYEE SATISFACTION" – WITH ROOM TO IMPROVE.



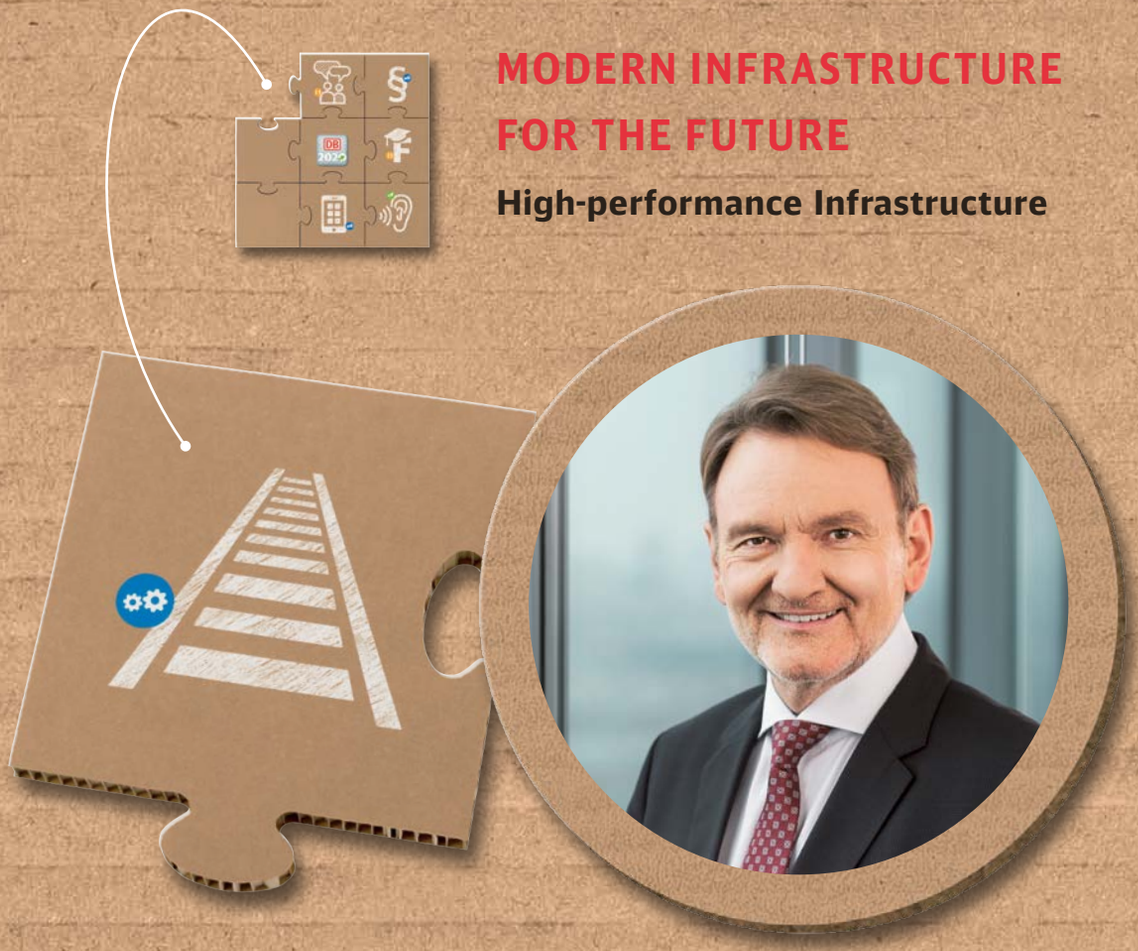




300,000 employees around the world were called upon to participate in the second Group-wide employee survey – in 67 countries and 36 languages. About 190,000, or 60.1% of all DB employees, participated.

We want a corporate culture in which employees and managers can act on their own initiative, think in innovative terms, and constructively contribute to change. To reach this goal, everyone has to pitch in – employees and managers as well as representatives. This is because a live cooperation between employer and employee representatives is part of a good corporate culture. This is why we insist on strong, confident trade unions and works councils that collaborate with us as partners on the future of our company.

MORE DETAILS PAGE 112 F.



MODERN INFRASTRUCTURE FOR THE FUTURE

High-performance Infrastructure

Dr. Volker Kefer, Infrastructure and Services

“THE SECOND PERFORMANCE AND FINANCING AGREEMENT IS A MILESTONE IN INFRASTRUCTURE FINANCING. THE GREATEST MODERNIZATION PROGRAM IN THE HISTORY OF DB GROUP IS GETTING THE RAIL NETWORK READY FOR THE FUTURE AND GIVES US THE OPPORTUNITY TO TACKLE INVESTMENT DELAYS.”

Our second Performance and Financing Agreement (LuFV II), developed jointly with the Federal Government in 2014, signals a clear commitment to the existing network. It is particularly worth noting the implementation of what is called the closed financing circle: with the LuFV II, every cent earned by railway infrastructure companies is paid as a dividend to the federal budget and is then returned in full to the infrastructure. The LuFV II is a mammoth program for the existing network; it is a challenge and an opportunity at the same time.

875

BRIDGES WILL BE REBUILT BY 2019. THERE ARE € 3 BILLION EARMARKED FOR THIS PURPOSE.





On average, a bridge lasts for one hundred years. Almost one-third of rail bridges in Germany are older than that.

One priority topic in the next five years is the modernization of bridges: between 2015 and 2019, we will rebuild (at least) 875 bridges; up to now, that figure was about 120 per year.

17,000

KM OF RAILS AND 8,700 SWITCHES WILL BE REBUILT BY 2019.







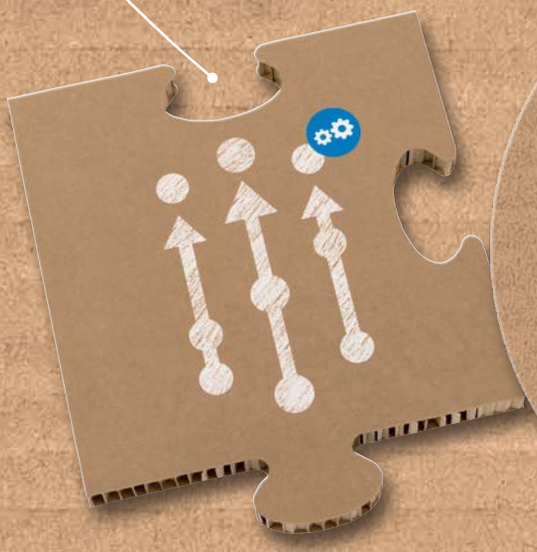
From 2015 to 2019, we invested about € 28 billion (€ 20 billion in capital expenditures, € 8 billion in maintenance) together with the Federal Government to maintain the existing network. In 2015 alone, about 500 individual construction measures in about 80 corridors throughout the country have been bundled in order to work efficiently and keep the impact on customers as low as possible. We finance maintenance – such as ballast cleaning – completely with our own funds.

MORE DETAILS PAGE 89



MEETING NEW MOBILITY NEEDS

Initiative Mobility 4.0





Ulrich Homburg, Passenger Transport

“TECHNOLOGICAL DEVELOPMENTS AND SEVERAL NEW PROVIDERS WILL INCREASINGLY CHANGE INDIVIDUAL MOBILITY. WE WILL DEVELOP INNOVATIVE PRODUCTS AND SERVICES IN THE CONTEXT OF THE INITIATIVE MOBILITY 4.0.”

Our new initiative Mobility 4.0 launched in 2014 is dedicated to the future field of digitalization in passenger transport. Our customers want customized mobility. They expect smart solutions. New competitors are responding to this and flooding the mobility market. We want to take advantage of this field of the future and take part in shaping it. The focus is centered on three main questions: How is the mobility market of the future developing and how will DB Group be positioned within it? With which products and services will we excite our customers? How can we design an even more high-performance organization with increased innovative capacity?

5,200

KM OF THE CORE ICE NETWORK, ON WHICH ABOUT 98 % OF ICE TRANSPORT PERFORMANCE IS PROVIDED, ARE EQUIPPED FOR INTERNET RECEPTION.



The expansion of WiFi in the trains of our ICE fleet and our new ICE Portal with numerous information, service and entertainment products are our next steps into the digital world, which are noticeable for our customers.



In 2015, the ICE Portal will become a standard feature of all ICE trains.

255

ICE TRAINS ARE EQUIPPED WITH INTERNET RECEPTION.





Many paths lead to the same destination. In passenger transport, we respond to about 90 million travel information requests per month on the mobile Internet. With our apps, such as Qixxit and DB Navigator, or regional apps such as the one for the S-Bahn (metro) Berlin, we give our customers fast and flexible information about their optimal travel plans.

13

MILLION: THE NUMBER OF TIMES THE DB NAVIGATOR APP HAS BEEN DOWNLOADED.

With our new DB Mobility Lab, we are creating space for ideas. It serves us as a radar for trends and technology, especially through internal and external networking. Modular working areas permit maximum flexibility. We want to support innovation from the idea to the prototypes to the transfer into line functions. The Lab serves in this process as a pacesetter. We will offer innovative products and services in the context of the initiative Mobility 4.0 so that we can continue to excite our customers with smart solutions well into the future.



SIMPLIFY AND AUTOMATE PROCESSES

Next Generation eServices





Dr. Karl-Friedrich Rausch, Transport and Logistics

“

WHETHER LAND, AIR OR OCEAN FREIGHT, eSCHENKER OFFERS OUR CUSTOMERS ONE SYSTEM FOR EVERYTHING: WITH UNIFORM STANDARDS AND FLEXIBLE SOLUTIONS.

”



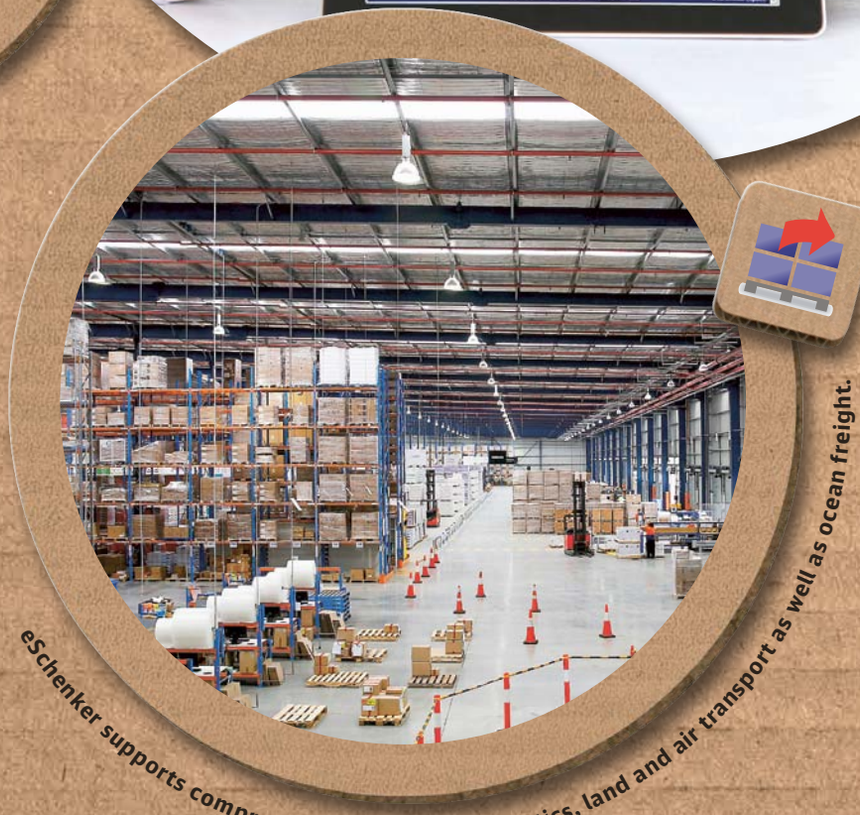
eServices, or Web-based services, are playing an increasingly important role in logistics. For some time, eSchenker has offered our customers the opportunity to take advantage of various online services. However, multiple parallel platforms have existed up to now without uniform standards, meaning with global, regional and local differences in electronic services. These products have now been bundled into one platform called eSchenker.

One for all: the new global eSchenker platform brings together several advantages in just one application.





In our Next Generation eServices project, we implemented a new strategic direction towards a new global portal for all DB Schenker business units in order to expand eServices, streamline and automate processes, and guarantee transparency. A flexible and configurable booking screen offers classic services such as booking and shipment tracking, and can also call up more specialized services. Integrative solutions were created to make the conversion as easy as possible. This means that already existing eServices can be integrated into the new portal.



eSchenker supports comprehensively contract logistics, land and air transport as well as ocean freight.

Our aim is to support all customers. eSchenker integrates solutions for the smallest and largest customers, and is also available around the clock. The system has been available globally to all national companies and customers since January 2015. It can be used in a total of 130 countries. In order to ensure effective use of this service, the national companies determine local conditions and particularities so that they can offer their customers the right eServices. DB Schenker Rail is currently developing a similar tool for customers in rail freight transport.

MORE DETAILS

Customers can plan online services, place orders, track them and pay for them. This creates clear value for our customers.



24

HOURS A DAY, THIS EASY-TO-USE SYSTEM IS AVAILABLE FOR OUR CUSTOMERS AROUND THE GLOBE.



130

COUNTRIES CAN USE ESCHENKER SERVICES.

OUR INTEGRATED THINKING IS SHOWING US THE WAY



The gigantic and successful whole is like a puzzle that consists of several individual parts. An overall image will only emerge if all of the parts synchronize perfectly. This also applies to the achievement of visions and targets.

Our sustainable DB2020 strategy proves that we are striving for harmony and unity in the ECONOMIC, ENVIRONMENTAL and SOCIAL dimensions. To do this, it is essential to consider contexts, connections and interdependencies, and to incorporate them into decision-making processes. An essential requirement for this is integrated thinking, which we want to express by means of our integrated reporting.

Integrated thinking for us means a constant and continuous engagement with all three dimensions of sustainability. In our decisions, we consider how actions in one area can affect other areas, and in the end how this all affects our top targets. To do this, we observe such things as trends and developments in our markets, constantly connect financial and non-financial information, assess opportunities and risks, and then derive recommendations for what to do next.

We do this out of a deep conviction that companies can only be sustainably successful if they deliver a solid performance in all three dimensions – economic, social and environmental.

TO OUR STAKEHOLDERS

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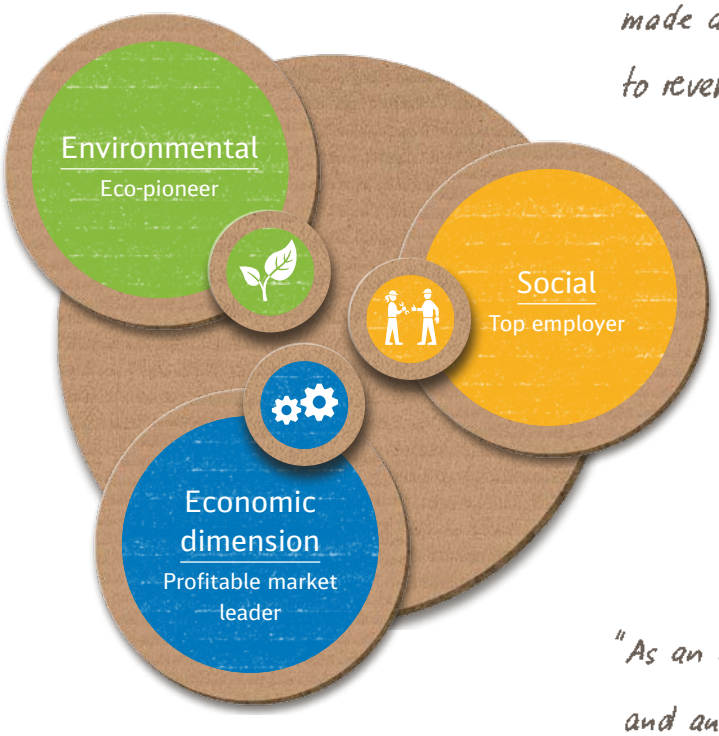
DR. RÜDIGER GRUBE
CEO AND CHAIRMAN OF THE
MANAGEMENT BOARD OF
DEUTSCHE BAHN AG

CHAIRMAN'S LETTER

"We are holding the course set in our DB2020 strategy, adapting to changing parameters and shaping the digital transformation."

"The first integrated report meets our most fundamental requirement for the documentation of all our business activities: total transparency."

"The new passenger record in our trains has made a major contribution to revenue growth."



"The dawn of the 4.0 age provides us with great opportunities."

"We are laying the foundations for continued growth in rail services with the largest modernization program in our history."

"As an attractive employer and an eco-pioneer, we set the standards in Germany."

Dear ladies and gentlemen,

GRI 1.1

We are pleased to present the first Integrated Report of Deutsche Bahn Group. The Annual Report and the Sustainability Report have been merged into one compact package. For the first time, the Integrated Report brings together all of the facts and figures for the financial year 2014 from the three dimensions economic, social and environmental, as well as a great deal of supplemental information on current developments within Deutsche Bahn Group – at one time, in one publication.

The parallel online reporting at www.deutschebahn.com/ib-e has become even more comprehensive and user-friendly. All of the following text and illustrations have been fully digitized and can also be viewed on smartphones and tablets.

The Integrated Report represents a leap in qualitative and quantitative terms. Financial and non-financial developments are described in similar ways. One of the completely new features is the results of our first stakeholder survey. The report places business figures in their proper context, connects information and illuminates mutual effects within the Group.

We want to make it even easier for you to understand our business and what we are doing in terms of improvement. Our first Integrated Report is less of a retrospective balance sheet than it is taking stock of our company as we look to the future.

We are following the logic of our **DB2020** strategy, namely to fully and equally cover all three dimensions of sustainability: economic, social and environmental.

2014 is an important benchmark with regard to our strategy. It has been three years since we put **DB2020** on track. One-third of the time frame is now up. How have we done in the last three years?

We are further than we planned in a few areas. We have even reached a few targets already. We continue to work hard on other target values to defend and improve our market positions.

The new passenger record proves that our efforts in product quality and customer satisfaction are paying off in our core business. Out of a total of 2.03 billion passengers, we had 14 million additional passengers in 2014 in our trains in Germany alone. And this was despite a year with 165 hours of strikes by the GDL and days of limited rail capacity due to the destruction wreaked by storm Ela in early summer. Regional transport in metropolitan areas continued to develop especially positively.

Customer growth in rail traffic contributed to an increase of revenues by 1.5 percent to € 39.7 billion in 2014. Operating profit before interest and taxes is again over € 2 billion, which is slightly below the previous year's figures due to the aforementioned external influences.

We have made significant strides with regard to our attractiveness as an employer. Among heavily recruited engineering graduates, Deutsche Bahn Group broke into the Top Ten most attractive employers in Germany for the first time in Universum's company rankings. The market research institute trendence even included Deutsche Bahn Group as one of the last five years' high achievers among college graduates.

Our high attractiveness as an employer is also demonstrated in our low employee turnover rate and the low dropout rate among vocational trainees. While 24 percent of all vocational trainees in Germany leave their training workplace prematurely, this figure is only 11 percent at Deutsche Bahn Group.

With a total of over 12,000 new colleagues brought on board, we are once again among the employers with the most new hires.

Deutsche Bahn Group is setting standards in Germany both as an employer and as an eco-pioneer. The share of renewable energy in the traction current mix is now just under 40 percent. And we have already achieved our target of reducing our global specific CO_2 emissions by 20 percent between 2006 and 2020; we hit 22.7 percent this year, six years ahead of schedule.

Clearly, we cannot rest on the laurels of our success, or ignore the targets we have not yet completed. On the contrary: we will meet increasing competition in the mobility market with new product concepts that provide clear advantages to our customers.

In doing so, we want to take full advantage of the various opportunities presented by digitalization. We already handle about 90 million travel information requests concerning passenger transport per month on the mobile Internet. Big data has long been a reality for us. Nevertheless, we are still at the beginning. We will actively shape the future of mobility and logistics with our 4.0 initiatives.

Demand for rail services is growing. This is clear from rising passenger numbers. We will lay the foundation for further growth with the largest modernization program for the existing rail infrastructure that there has ever been. Together with the Federal Government, we are investing about € 28 billion in the existing network in the next five years. Approximately € 7 billion more will go to new construction and expansion lines.

We are looking forward with optimism and confidence. It is clear that digitalization will lead to even more far-reaching disruptions in the mobility and logistics markets. Deutsche Bahn Group is also facing the greatest change since the German Rail Reform of 1994. Yet we view this upheaval as a lift-off! We will be leaders in the digital transformation, not followers. And we will still keep a cool head.

We will continue following the course laid out in our **DB2020** strategy. This is exactly why Deutsche Bahn Group will continue representing stability, solidity, quality and reliability, as well as comprehensive and sustainable business success.

Sincerely
yours



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

REPORT OF THE SUPERVISORY BOARD

GRI 3.13 4.1 4.2 4.3

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 the entire 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 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 of 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 Chairman of the Management Boards 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, one extraordinary meeting and one strategy meeting. One Supervisory Board member fully participated in less than half of the meetings held in the year under review. No resolutions were adopted by written ballot in the year under review. 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 Deutsche Bahn Group's (DB Group) revenues, profit and employment situation, as well as capital expenditures and participation projects. The Supervisory Board also discussed the strategy of DB Group and of the major business units and/or Group divisions at its special strategy meeting.

In the year under review, the Supervisory Board worked intensively in all of its meetings on the financing of rail infrastructure and the performance and financing agreement between the Federal Government and DB AG, which was renegotiated in 2014. In all scheduled meetings during the year under review, the Supervisory Board intensively dealt with the progress and cost development of the major Stuttgart 21/Wendlingen-Ulm project. Furthermore, the Supervisory Board discussed the delivery situation for ordered rolling stock, which remains unsatisfactory.

In a special strategy session, the market and competition situation for the major business units was subjected to intensive discussion. The focus of the Supervisory Board's deliberations, both in its strategy sessions and regularly scheduled meetings, was on the effect that the opening up of the long-distance bus market has had on DB rail passenger transport.

In an extraordinary meeting, the Supervisory Board approved the application of S-Bahn Berlin GmbH to provide a service to a subnetwork of the S-Bahn (metro) Berlin on its own.

The Supervisory Board furthermore was briefed about important individual items, such as a railway accident and decisions about closing maintenance facilities.

In December, the Supervisory Board approved DB Group's budget and capital expenditures planning for the 2015 financial year.

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, one extraordinary meeting and one strategy meeting. One Supervisory Board member fully participated in less than half of the meetings held in the year under review. No resolutions were adopted by written ballot in the year under review. Meetings of the



PROFESSOR DR. DR. UTZ-HELLMUTH FELCHT CHAIRMAN OF THE SUPERVISORY BOARD OF DEUTSCHE BAHN AG

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 DB Mobility Logistics Group's (DB ML Group) revenue, 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 major business units and/or Group divisions at its special strategy meeting.

In a special strategy session, the market and competition situation for the major business units was subjected to intensive discussion. The focus of the Supervisory Board's deliberations, both in its strategy sessions and other regularly scheduled meetings, was on the effect that the opening up of the long-distance bus market has had on DB rail passenger transport. Furthermore, the Supervisory Board discussed the delivery situation for ordered rolling stock, which remains unsatisfactory.

In an extraordinary meeting, the Supervisory Board approved the application of S-Bahn Berlin GmbH to provide a service to a subnetwork of the S-Bahn (metro) Berlin on its own.

The Supervisory Board was informed in detail about important individual items, such as a railway accident and decisions about closing maintenance facilities.

In December, the Supervisory Board approved DB ML Group's budget and expenditures planning for the 2015 financial year.

MEETINGS OF THE SUPERVISORY BOARD COMMITTEES

DB AG

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

The Audit and Compliance Committee met six times during the year under review, addressing, in particular, the Group's current financial situation and individual business units, the quarterly and half-year financial statements, the review findings concerning these, and the half-yearly review of major capital expenditures projects. The Audit and Compliance Committee discussed the continuation of the major Stuttgart 21 project and the progress of costs associated with the project. Furthermore, it addressed changes to internal risk reporting, updates in corporate governance as well as changes to the internal controlling system necessitated by the German Accounting Law

Modernization Act (BilMoG). 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. Moreover, the committee dealt with the economic development of acquisitions and was informed in detail about economically significant individual items. 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. The committee prepared data especially concerning the Management Board members' performance target attainment for 2013 and the Management Board's performance target agreements for the year under review. The comparison of the appropriateness of the remuneration of Management Board members, completed during the year under review, was also discussed.

The Mediation Committee established in accordance with section 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 facilitate its work efficiently. The Supervisory Board's Executive Committee met five times in the year under review and was in regular contact with the Management Board regarding all major business policy issues. In its meetings, it focused in particular on preparing the focal topics for each of the Supervisory Board meetings.

The Audit and Compliance Committee met six times during the year under review, addressing, in particular, the Group's current financial situation and individual business units, the quarterly and half-year financial statements, and the review findings concerning these. Furthermore, it addressed changes to internal risk reporting, updates in corporate governance as well as changes to the internal controlling system necessitated by the German Accounting Law Modernization Act (BilMoG). 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. Moreover, the committee dealt with the economic development of acquisitions and was informed in detail about economically significant individual items. 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.

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The Mediation Committee established in accordance with section 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 Federal 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 the application of the Public Corporate Governance Code within DB Group and DB ML 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, 2014 were audited and awarded an unqualified audit opinion by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PwC), the auditor appointed by resolution at the Annual General Meeting. The auditor also reviewed the early-warning 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 16, 2015 and was discussed in full at the Supervisory Board's financial statements meeting held on March 18, 2015, 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 2014 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, 2014 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 16, 2015 and was discussed in full at the Supervisory Board's financial statements meeting held on March 18, 2015, 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 2014 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.

CHANGES IN THE COMPOSITION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

DB AG

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

Dr. Hans Bernhard Beus resigned from his post on the Supervisory Board of DB AG, effective January 8, 2014. On March 20, 2014, State Secretary Dr. Thomas Steffen from the Federal Ministry of Finance was seconded as successor to the Supervisory Board of DB AG.

In addition, Dr. Bernhard Heitzer resigned from his post effective January 29, 2014. State Secretary Dr. Rainer Sontowski from the Federal Ministry of Economics and Energy was seconded as successor to the Supervisory Board of DB AG effective January 30, 2014. Dr. Sontowski resigned from his Supervisory Board post effective July 9, 2014. Ms. Brigitte Zypries from the Federal Ministry of Economics and Energy was seconded as successor to the Supervisory Board of DB AG effective September 8, 2014.

On June 30, 2014, Mr. Wolfgang Joosten and Mr. Patrick Döring resigned from their posts on the Supervisory Board of DB AG. The Regional Court of Berlin-Charlottenburg appointed Mr. Ludwig Koller as a member of the Supervisory Board as of September 12, 2014, as successor to Mr. Joosten. Bundestag member Ms. Kirsten Lühmann was selected on July 17, 2014, to succeed Mr. Döring as a member of the Supervisory Board.

DB ML AG

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

Dr. Hans Bernhard Beus resigned from his post on the Supervisory Board of DB ML AG effective January 8, 2014. On March 20, 2014 State Secretary Dr. Thomas Steffen from the Federal Ministry of Finance was seconded as successor to the Supervisory Board of DB ML AG.

In addition, Dr. Bernhard Heitzer resigned from his post effective January 29, 2014. State Secretary Dr. Rainer Sontowski from the Federal Ministry of Economics and Energy was seconded as successor to the Supervisory Board of DB ML AG effective January 30, 2014. Dr. Sontowski resigned from his Supervisory Board post effective July 9, 2014. Ms. Brigitte Zypries from the Federal Ministry of Economics and Energy was seconded as successor to the Supervisory Board of DB ML AG effective September 8, 2014.

Furthermore, Mr. Helmut Polzer also resigned effective July 31, 2014. The Regional Court of Berlin-Charlottenburg appointed Ms. Sabine Gröben as a member of the Supervisory Board as of September 1, 2014, as successor to Mr. Polzer.

The Supervisory Board thanks the departing members of the Supervisory Board for their committed and constructive support for the company.

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

Berlin, March 2015
For the Supervisory Board



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

CORPORATE GOVERNANCE REPORT

The Corporate Governance report is 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 Governance Code with one exception

GRI 4.1 4.2 4.3 4.4 4.6 4.7 4.8

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 Federal Government 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 26, 2014, 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 (the insurance deductible when taking out D&O liability insurance for the Supervisory Board). 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 Supervisory Board.

One Supervisory Board member appointed at the instigation of the Federal Government exceeded 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, when he resigned in January 2014. This exceeding of recommendations was based on organizational and functional reasons that can be attributed to the Federal Government. The Supervisory Board member was not prevented from fulfilling his duties as a member of the Group's Supervisory Board because of this, as the Supervisory Board member had 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 PCGK 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 [PAGE 263 FF.] 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, Human Resources, Technology and Environment, Infrastructure and Services as well as Compliance, Privacy, Legal and Group Security.

The Management Board of DB ML AG consists of eight divisions. As well as the division of the CEO, the Management Board also encompasses the following divisions: Finance/Controlling, Human Resources, Passenger Transport, Transport and Logistics, Compliance, Privacy, Legal and Group Security, Technology and Environment, as well as 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 (Mitbestimmungsgesetz; MitbestG), the Supervisory Board of DB AG consists of 20 members, of whom ten members are shareholders' representatives and ten members are employee 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 three 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 employee 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. There are currently four women 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 [PAGE 251] of the individual Supervisory Board members of each company are stated 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 any such conflicts. 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 statements, the tasks of the Supervisory Board include auditing the company's management report, the consolidated financial statements, 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 annual 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 2014 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 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 [PAGE 265] can be found in the notes to the consolidated financial statements. The SUPERVISORY BOARD REPORTS ON THE WORK OF THE COMMITTEES [PAGE 37 F.] in the year under review in its report. Details of the FUNCTIONS OF THE INDIVIDUAL COMMITTEES can be found on our Web site.

TRANSPARENCY

All 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. 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 monitoring 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 management system complies with the requirements of section 91 (2) of the German Stock Corporation Act (Aktiengesetz; AktG).

COMPLIANCE

Compliance is the foundation of the corporate and leadership culture in DB Group. To us, compliance means ensuring our business activities comply with the relevant laws and regulations that apply to them.

The compliance work of DB Group includes the early detection of compliance risks as well as the introduction of relevant countermeasures. This work includes conducting compliance programs, constant communication and process improvements.

Additional information on the topic of compliance can be found in our COMPLIANCE AND PRIVACY REPORT [PAGE 55 F.] or on our Web site.

ACCOUNTING AND AUDITING

On March 26, 2014, the Annual General Meetings of DB AG and DB ML AG appointed PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PwC), Berlin, as auditor for the 2014 financial year. The Audit and Compliance Committees prepared the proposals of the Supervisory Boards regarding the election of the 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 2013.

GRI 4.4 4.5 4.9 4.10

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. An audit of the appropriateness of the compensation of Management Board members was completed during the year under review.

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 incentive plan based on multiyear figures. 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 targets set out by corporate planning. The parameters for this relationship are in equal parts operational success (operating income 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 targets (meeting targets). If company results 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 corporate planning 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 the operating profit targets included in the medium-term planning 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 the Management Board member was not personally responsible through his or her actions for the termination. The severance fee is based on the remaining term of the contract, the agreed target salary 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 (Bürgerliches 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 the Board member was not responsible for the termination, 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 base salary 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 to 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 2014 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 2014 financial year

DB AG MANAGEMENT BOARD

The director's fee for the previous financial year is due at the end of the month in which the company's Annual General Meeting takes place. The long-term incentive for the tranche first issued in 2011 with a four-year term was paid at the end of the 2014 financial year.

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			Other [3]	Total [4]
		Short-term [1]	Long-term (payment 2015)	Long-term [2]		
INCUMBENT MEMBERS OF THE MANAGEMENT BOARD OF DB AG AS OF DECEMBER 31, 2014						
Dr. Rüdiger Grube	900	1,349	152	152	18	**2,419**
Gerd Becht	664	904	97	99	33	**1,700**
Dr. Heike Hanagarth [5]	400	581	-	81	35	**1,097**
Dr. Volker Kefer	650	976	69	139	17	**1,782**
Dr. Richard Lutz	650	886	69	122	29	**1,687**
Ulrich Weber	683	931	97	102	8	**1,724**
Total	**3,947**	**5,627**	**484**	**695**	**140**	**10,409**

[1] *Subject to the decision of the Supervisory Board.*

[2] *Long-term variable compensation refers to additions to and releases of provisions for long-term incentives.*

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

[4] *Total without payout amount 2015 from long-term variable compensation.*

[5] *Admission to DB Group took place in 2013, which means no participation in the LTI tranche payout coming in 2015 (long-term variable compensation).*

DB ML AG MANAGEMENT BOARD

The director's fee for the previous financial year is due at the end of the month in which the company's Annual General Meeting takes place. The long-term incentive for the tranche first issued in 2011 with a four-year term was paid at the end of the financial year 2014.

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			Other [4]	Total [5]
		Short-term [2]	Long-term (payment 2015)	Long-term [3]		
INCUMBENT MEMBERS OF THE MANAGEMENT BOARD OF DB ML AG AS OF DECEMBER 31, 2014						
Dr. Rüdiger Grube [1]	–	–	–	–	–	–
Gerd Becht [1]	–	–	–	–	–	–
Dr. Heike Hanagarth [1]	–	–	–	–	–	–
Ulrich Homburg	598	750	69	123	30	**1,501**
Dr. Volker Kefer [1]	–	–	–	–	–	–
Dr. Richard Lutz [1]	–	–	–	–	–	–
Dr. Karl-Friedrich Rausch	715	911	97	112	26	**1,764**
Ulrich Weber [1]	–	–	–	–	–	–
Total	**1,313**	**1,661**	**166**	**235**	**56**	**3,265**

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

[2] Subject to the decision of the Supervisory Board.

[3] Long-term variable compensation refers to additions to and releases of provisions for long-term incentives.

[4] Non-cash benefits accruing from travel discounts, usage of company cars, and insurance and housing allowances.

[5] Total without payout amount 2015 from long-term variable compensation.

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 year under review.

PENSION BENEFITS OF THE MANAGEMENT BOARD IN THE 2014 FINANCIAL YEAR

DB AG Management Board

During the year under review, an amount totaling € 3,699 thousand was added to the pension provisions.

ADDITIONS TO PENSION PROVISIONS (SERVICE COSTS) [€ THOUSAND]	2014
INCUMBENT MEMBERS OF THE MANAGEMENT BOARD OF DB AG IN THE 2014 FINANCIAL YEAR	
Dr. Rüdiger Grube	977
Gerd Becht	782
Dr. Heike Hanagarth	312
Dr. Volker Kefer	409
Dr. Richard Lutz	178
Ulrich Weber	1,041
Total	**3,699**

Individual figures are rounded and therefore may not add up.

PENSION PROVISIONS [PAGE 251] 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 € 925 thousand was added to the pension provisions.

ADDITIONS TO PENSION PROVISIONS (SERVICE COSTS) [€ THOUSAND]	2014
INCUMBENT MEMBERS OF THE MANAGEMENT BOARD OF DB ML AG IN THE 2014 FINANCIAL YEAR	
Dr. Rüdiger Grube [1]	–
Gerd Becht [1]	–
Dr. Heike Hanagarth [1]	–
Ulrich Homburg	349
Dr. Volker Kefer [1]	–
Dr. Richard Lutz [1]	–
Dr. Karl-Friedrich Rausch	576
Ulrich Weber [1]	–
Total	**925**

Individual figures are rounded and therefore may not add up.

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

Compensation of the Supervisory Board for the 2014 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 a fixed annual compensation of € 20,000, plus performance-linked annual compensation. The performance-based salary is calculated based on the relationship between operating profit (EBIT) for the financial year compared to the previous year's figures, and the attaining of specific operational performance figures. Performance-based salary 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 or 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 the 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 18, 2015, the members of the Supervisory Board of DB AG will receive the following compensation for their duties during the year under review:

TOTAL COMPENSATION OF THE SUPERVISORY BOARD [€ THOUSAND]	Annual income 2014				
	Fixed compensation	Variable compensation	Attendance fees	Ancillary services	Total
INCUMBENT MEMBERS OF THE SUPERVISORY BOARD OF DB AG AS OF DECEMBER 31, 2014					
Prof. Dr. Dr. Utz-Hellmuth Felcht	70.0	14.0	2.8	–	**86.8**
Alexander Kirchner	40.0	8.0	2.5	6.9	**57.4**
Jürgen Beuttler	20.0	4.0	1.5	–	**25.5**
Christoph Dänzer-Vanotti	20.0	4.0	1.5	6.9	**32.4**
Dr.-Ing. Dr. E. h. Jürgen Großmann	20.0	4.0	1.5	6.9	**32.4**
Jörg Hensel	25.0	5.0	2.3	1.0	**33.2**
Klaus-Dieter Hommel	20.0	4.0	1.5	6.9	**32.4**
Ludwig Koller	6.7	1.3	0.3	6.9	**15.1**
Dr. Jürgen Krumnow	40.0	8.0	2.8	1.0	**51.7**
Prof. Dr. Knut Löschke	20.0	4.0	1.3	6.9	**32.1**
Kirsten Lühmann	10.0	2.0	0.5	–	**12.5**
Vitus Miller	20.0	4.0	1.5	1.0	**26.5**
Fred Nowka	20.0	4.0	1.5	6.9	**32.4**
Michael Odenwald	35.0	7.0	3.3	1.0	**46.2**
Mario Reiß	20.0	4.0	1.5	6.9	**32.4**
Regina Rusch-Ziemba	25.0	5.0	2.8	6.9	**39.6**
Jens Schwarz	30.0	6.0	2.8	1.0	**39.7**
Dr. Thomas Steffen	16.7	3.3	2.0	–	**22.0**
Dr.-Ing. E. h. Dipl.-Ing. Heinrich Weiss	20.0	4.0	1.3	6.9	**32.1**
Brigitte Zypries [1]	–	–	–	–	**–**
SUPERVISORY BOARD MEMBERS THAT LEFT THE SUPERVISORY BOARD OF DB AG DURING THE YEAR UNDER REVIEW					
Dr. Hans Bernhard Beus	1.7	0.3	–	–	**2.0**
Patrick Döring	10.0	2.0	1.0	–	**13.0**
Dr. Bernhard Heitzer	1.7	0.3	–	–	**2.0**
Wolfgang Joosten	10.0	2.0	0.8	6.9	**19.6**
Dr. Rainer Sontowski	11.7	2.3	1.0	–	**15.0**
Total	**514**	**103**	**38.0**	**80.9**	**734**
Compensation for further mandates in DB subsidiaries					**93**
Total					**827**

Individual figures are rounded and therefore may not add up.

[1] *Ms. Brigitte Zypries waived the compensation for her work as a member of the Supervisory Board.*

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 Supervisory Board 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 the 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 18, 2015, the members of the Supervisory Board of DB ML AG will receive the following compensation for their duties during the year under review:

TOTAL COMPENSATION OF THE SUPERVISORY BOARD [€ THOUSAND]	Annual income 2014				
	Fixed compensation	Variable compensation	Attendance fees	Ancillary services	**Total**
INCUMBENT MEMBERS OF THE SUPERVISORY BOARD OF DB ML AG AS OF DECEMBER 31, 2014					
Prof. Dr. Dr. Utz-Hellmuth Felcht	15.0	–	2.8	–	**17.8**
Alexander Kirchner	7.5	–	2.5	–	**10.0**
Dr. Thomas Steffen	4.2	–	2.0	–	**6.2**
Wolfgang Erler	6.3	–	2.8	–	**9.0**
Sabine Gröben	1.3	–	0.3	–	**1.5**
Margarita Kiefer	6.3	–	2.8	–	**9.0**
Dr. Jürgen Krumnow	7.5	–	2.8	–	**10.3**
Heike Moll	5.0	–	1.0	–	**6.0**
Michael Odenwald	8.8	–	3.3	–	**12.0**
Dr.-Ing. E. h. Dipl.-Ing. Heinrich Weiss	5.0	–	1.3	–	**6.3**
Wolfgang Zell	10.0	–	2.5	–	**12.5**
Brigitte Zypries [1]	–	–	–	–	**–**
SUPERVISORY BOARD MEMBERS THAT LEFT THE SUPERVISORY BOARD OF DB ML AG DURING THE YEAR UNDER REVIEW					
Dr. Hans Bernhard Beus	0.4	–	–	–	**0.4**
Dr. Bernhard Heitzer	0.4	–	–	–	**0.4**
Helmut Polzer	2.9	–	1.0	–	**3.9**
Dr. Rainer Sontowski	2.9	–	1.0	–	**3.9**
Total	**83.5**		**26.1**		**109**
Compensation for further mandates in DB subsidiaries					**4**
Total					**113**

Individual figures are rounded and therefore may not add up.

[1] *Ms. Brigitte Zypries waived the compensation for her work as a member of the Supervisory Board.*

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.

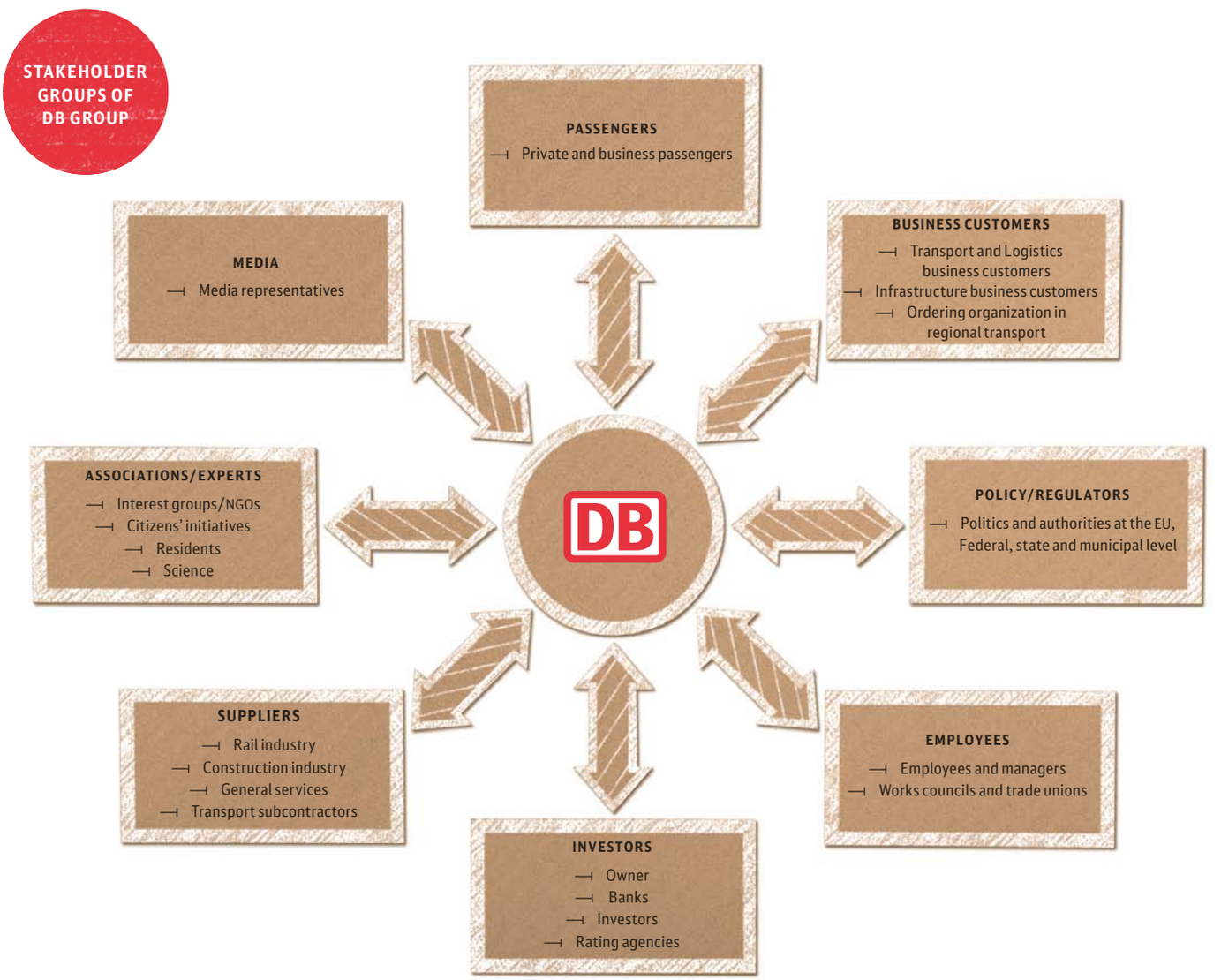
STAKEHOLDER DIALOG

First comprehensive stakeholder survey conducted
Materiality analysis reveals important topics for DB Group
Third DB Sustainability Day sets the tone

GRI 4.4 4.14 4.15 SO5

Stakeholder acceptance is an essential requirement for the sustainable success of DB Group. This is why we cultivate an open and collaborative exchange with all stakeholder groups and take their interests seriously.

In the year under review we conducted the first comprehensive stakeholder survey, with several thousand respondents. The results formed the foundation for a systematic MATERIALITY ANALYSIS [PAGE 52 FF.] while simultaneously providing an impetus for numerous constructive follow-up discussions. We have continued to rely on a broad spectrum of dialog formats and platforms in this process. The THIRD DB SUSTAINABILITY DAY [PAGE 51] was especially important; representatives of all stakeholder groups came together to meet with the top management of DB Group. On this occasion, the targets and achievements of DB Group in the dimensions of PROFITABLE MARKET LEADER, TOP EMPLOYER and ECO-PIONEER were critically appraised, and the results of the materiality analysis were used to provide stimuli for the further implementation for the DB2020 strategy.



GRI 4.16 4.17

MANAGEMENT APPROACH

Guidelines for collaborative cooperation

DB Group relies on collaborative dialog and a trustworthy relationship with all 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. Critical topics for which shared solutions still need to be developed are a firm component of this open exchange.

Our stakeholder charter forms the foundation for all dialog activities. It articulates principles that apply Group-wide for responsible interactions between DB Group and its stakeholders. This provides the foundation for including stakeholders in the setting of important agendas, for example in noise reduction measures or the development or introduction of product offers.

Public policy dialog follows clear rules

As one of the largest mobility and logistics service providers, DB Group is subject like almost no other company to public scrutiny and public policy. This is why we are a sought-after dialog partner, especially in public debates. DB Group takes stances on public policy issues related to transport at the national and international level vis-a-vis political and administrative institutions, parties, associations and scientific fields that are relevant for the company. DB Group seeks to contribute to a constructive opinion-forming process with objective arguments. The principles of the Stakeholder Charter also apply to our dialog on matters of public policy. Furthermore, DB Group has established strict internal standards for participation in political processes; these are summarized in the "Group Principles – Ethics – Code of Conduct" and compliance is mandatory Group-wide.

Our committees

DB ADVISORY BOARD ACTIVE SINCE 2002

In 2002, DB Group's Management Board established the DB Advisory Board to provide independent counsel for public debates and to position the corporation. The Advisory Board is comprised of 12 renowned individuals from the fields of science and business. The members are independent and do not represent the institutions at which they work. Prof. Dr. Dr. h. c. Gerd Aberle has been Chairman of the Advisory Board since 2008. DB Advisory Board's task is to challenge and question DB Group's positions and then to discuss their findings with the Management Board, as well as to support dialog between DB Group and experts. The members meet at least four times a year for this purpose. The DB Advisory Board has no duties in the sense of stock corporation law.

During the year under review, the DB Advisory Board focused especially on the following topics: the energy transition and our role as an eco-pioneer, technology strategy, communications and customer dialog, digitalization, collective bargaining negotiations and infrastructure financing.

A complete list of the MEMBERS OF THE DB ADVISORY BOARD is available online.

TEN YEARS OF THE DB PASSENGER ADVISORY BOARD

How can we increase customer satisfaction and establish long-term customer loyalty? How can we more strongly integrate customers into the company, learn more about what customers want, and more effectively utilize customer suggestions? These considerations led us in 2004 to be the first major company in Germany to establish a Passenger Advisory Board. The response from customers was enormous: the first invitation resulted in 5,400 passengers responding with interest in being involved with DB Group.

Since its founding, the Advisory Board has held 20 meetings, provided several valuable initiatives and set numerous measures into action. The Passenger Advisory Board consists of 30 voluntary members who are appointed for three-year terms and who come from important customer groups in regional and long-distance transport. The Advisory Board meets twice a year at ordinary meetings while also providing support and advice on numerous projects that are relevant to customers. During the year under review, the focus of our shared work was on improving passenger information throughout the entire travel chain, inclusion in topics such as vehicles and products, as well as the development of sustainable ideas for designing interlinked mobility. In a workshop on MATERIALITY ANALYSIS [PAGE 52 FF.], representatives from the Passenger Advisory Board also discussed in the year under review the results of the Stakeholder Survey and provided specific initiatives for the associated action recommendations.

Memberships in associations

DB Group is a member in numerous economic, industry-related and other associations, whether directly or through its subsidiaries. The targets of our commitment include information, exchange and networking, as well as cooperative representation of our interests.

The following memberships are especially relevant for public policy dialog at the national and international level:

- Pro-Rail Alliance (Allianz pro Schiene; ApS)
- Mobility and Transport Services Association (Arbeitgeber- und Wirtschaftsverband der Mobilitäts- und Verkehrsdienstleister; Agv MoVe)
- Association Francaise du Rail (AFRA)
- Community of European Railway and Infrastructure Companies (CER)
- German Transport Forum (Deutsches Verkehrsforum; DVF)
- Union Internationale des Chemins de Fer (UIC)
- Association of German transport companies (Verband Deutscher Verkehrsunternehmen; VDV)

MATERIAL ACTIVITIES IN 2014



A GOOD TRADITION: DB TOP MANAGEMENT MEETS WITH STAKEHOLDERS

The DB Sustainability Day is a platform for direct exchange with our partners in public policy, industry, the workforce, organizations, investors, suppliers and customers.

Third DB Sustainability Day

In mid-November, around 140 representatives of all stakeholder groups came to the third DB Sustainability Day to discuss such issues as the results and conclusions of the MATERIALITY ANALYSIS [PAGE 52 FF.]. The Sustainability Day serves as a way to take stock of where we are and to assess our performance.

The previously conducted STAKEHOLDER SURVEY [PAGE 52 FF.] formed the foundation for the third Sustainability Day, which is traditionally a direct exchange with high-ranking representatives of all stakeholders, led by the DB Management Board and other top managers. Statements were integrated into a materiality matrix that was discussed intensively in forums and became more concrete. An essential result of this process was that the majority of the participants in attendance approved the matrix in terms of content.

At the fourth DB Sustainability Day, we will report on the implementation of the proposals developed during the third Sustainability Day, as well as our further progress on the DB2020 strategy.

Workshop as dialog platform

The established "Passenger, Environment and Transport" workshop, a dialog platform between DB Group and various associations, was held for the 18th time in 2014. Priority topics included an elaboration of the action packages for the "eco-pioneer" target enshrined in the DB2020 strategy: noise reduction in rail transport, financing for infrastructure and resource efficiency.



Strategy DB2020 raises our ambitions regarding the integration of individual stakeholder groups. Two years after its introduction, stakeholders were to evaluate whether we achieved this aim, along with a reassessment of its perspective on essential topics. We conducted a comprehensive online survey for this purpose.

Third DB Innovation Workshop

Together with Bombardier, Deutsche Telekom and scientific organizations, we held the third Innovation Workshop at the beginning of July. The aim is to improve mobility and logistics with varied ideas. One essential instrument in this context is the interactive platform, MOVINGIDEAS. MovingIDEAS is open to everyone. With this platform's support, ideas can be further developed together and guided to market readiness.

Large range of dialog formats continues

In addition to the aforementioned stakeholder activities, we implemented additional dialog formats to guarantee a concentrated exchange with all stakeholder groups. The most important activities are summarized in the following table:

STAKEHOLDERS	Top topics 2014	The most important dialog formats
Passengers	— Passengers Information — Punctuality	— Passenger advisory board — Online dialog platforms — Personal and telephone surveys — Dialog forum with BahnCard 100 customers — "Train laboratory" with passengers
Business customers	— Customer satisfaction — Customer information — Punctuality and reliability	— Direct customer exchange — Dialog events such as the "Ports Conference" and the "Pulp & Paper Summit" — Customer workshops — Personal and telephone surveys
Policy/regulators	— Infrastructure development and financing — Future of financing for public transport — Public policy, especially noise reduction; energy taxes and charges	— Symposia on "20 Years of Rail Reform" — Parliamentary evenings — National committee talks with Bundestag factions — Rail summit in the German Federal states — Initiative group for preventing corruption in Federal administration and the economy
Employees	— Employee satisfaction — Employer attractiveness — Demographic preparedness	— Global employee survey — trendence survey (employer ranking) — Workshops on the future — Negotiations with trade unions — Meetings with works councils
Investors	— Competitive situation — Developments in factor costs — Dividend policy — Attainment of value management figures	— Roadshows — One-on-ones — Direct contacts — Investor relations online presence
Suppliers	— Quality — Innovation — Antitrust law — Ombudspersons — Business partner audits	— "Railway Forum" dialog event — DB supplier forum at the "InnoTrans" trade fair — Compliance dialogs with business partners — Round table on business partner compliance
Associations/experts	— Infrastructure development and financing — Energy policy context — Noise reduction — Compliance: human rights, integrity and sponsoring	— Annual conference of the Association of German Transport Companies, with DB Group as host — "Passenger, Environment and Transport" workshop — Top-level meetings and expert exchanges with passenger, environmental and industry associations, the rail industry and public transport authorities — Compliance forums
Media	— Quality in passenger transport — Competition with long-distance buses — DB Group as employer — Strikes of the GDL	— Media workshops — Press tours and press conferences — Background meetings — Interviews — Social media (Facebook, Twitter)

MATERIALITY ANALYSIS

The DB2020 strategy raises our ambitions regarding the integration of individual stakeholder groups. In order to consider their perspectives on DB Group in a systematic way, we conducted our first comprehensive stakeholder survey in the year under review.

The survey provided a basis for creating a Group-wide materiality matrix, from which we will develop central topics and action areas for the sustainable success of DB Group. The results were also the guiding theme of the THIRD DB SUSTAINABILITY DAY [PAGE 51]. With this multi-level procedure, we have initiated a broad discussion with all stakeholder groups and within DB Group about the important topics of today and tomorrow, and we will continue this conversation in many ways.

The survey process

— Selection of the surveyed 33 thematic fields by DB GROUP'S SUSTAINABILITY COMPETENCE CENTER [PAGE 81] including various stakeholder representatives. All 33 topics are relevant for DB Group.
— Online survey of about 3,400 stakeholders with a request to prioritize the thematic fields and assess DB Group's performance (stakeholder perspective).
— The DB Executive Board also prioritized the topics (DB perspective).
— The stakeholder survey and the survey of the Executive Board therefore form the foundation for DB Group's first materiality analysis.
— Evaluation based on the top-two method. Information in the materiality matrix shows what percentage of survey respondents have classified a topic as having extraordinarily high or very high importance.
— The evaluation focused on commonalities and differences between the stakeholders perspective and the DB perspective.

The survey results

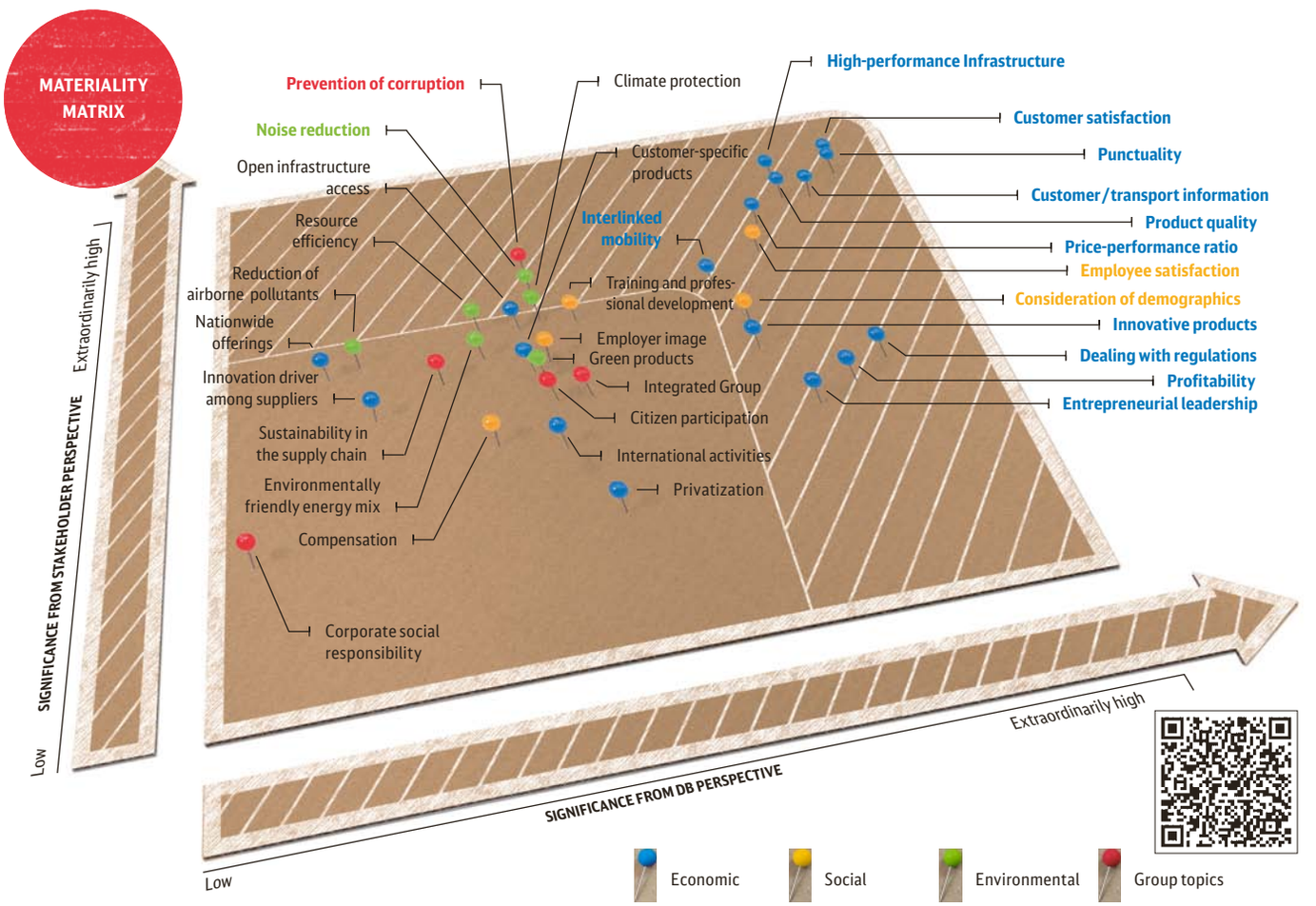
EVALUATION OF THE SIGNIFICANCE OF TOPICS

- Stakeholders and/or DB top management rated 15 thematic fields as having very high importance and the other 18 topics were considered of middle to low importance.
- The shared top themes are those related to customers. Among these: punctuality, customer satisfaction, customer/transport information, price-performance ratio and product quality.
- Stakeholders and DB perspectives valued a high-performance infrastructure, employee satisfaction and interlinked mobility as very important.

Major differences in stakeholder and DB perspectives: importance

TOPIC	Stakeholder perspective	DB perspective
Dealing with regulations	Less high importance	Extraordinarily high importance
Nationwide offerings	High importance	Low importance
Profitability	Less high importance	Extraordinarily high importance
Entrepreneurial leadership	Less high importance	Very high importance
Reduction of airborne pollutants [1)]	High importance	Low importance

[1)] *Airborne pollutants do not include CO_2 emissions.*



There were some major divergences between stakeholders and DB perspectives in the evaluation of the importance of certain topics.

- DB Group placed greater importance than stakeholders on profitability, considering demographics, innovative products, dealing with regulations and entrepreneurial leadership.
- Stakeholders are not focused on the management of DB Group according to entrepreneurial principles.
- The top 15 topics also include preventing corruption and reducing noise. Environmental topics came in immediately afterwards in terms of importance. The opposite was true for all of these topics; stakeholders considered them more important than did the top management of DB Group.

ASSESSMENT OF PERFORMANCE

Topics with very high importance, such as customer topics, high-performance infrastructure, interlinked mobility and employee satisfaction, were given the lowest performance levels by both sides.

- The stakeholder perspective assigns a low performance rating to the topics of nationwide offerings, citizen participation, innovation driver among suppliers, open infrastructure access, employer image and consideration of demographics.
- Stakeholders gave the highest performance marks for environmental topics, the prevention of corruption, training and professional development, corporate social responsibility and dealing with regulations.
- Stakeholders generally assign high social acceptance to DB Group: 80% believe that DB Group provides an indispensable contribution to the population and the economy.
- About 55% agreed with the statement that DB Group takes on responsibility in society and is a credible and reliable partner.
- Stakeholders perceived room for improvement in stakeholder dialog performance: two-thirds of all stakeholders believe that DB Group's decision-making processes are not transparent enough and they do not feel included.

Major differences in stakeholder and DB perspectives: performance

TOPIC	Stakeholder perspective	DB perspective
Open infrastructure access	Poor performance	Good performance
Nationwide offerings	Very poor performance	Rather poor performance
Climate protection	Rather poor performance	Good performance
Environmentally friendly energy mix	Rather poor performance	Good performance
Innovative products	Poor performance	Very poor performance

Overall, the difference between the perspectives of stakeholders and DB Group with regard to performance evaluation are less than those for the rating of importance. There is very high agreement between both perspectives.

The most significant deviations in performance evaluation occurred in the topics of open infrastructure access, comprehensive offerings, climate protection, environmentally friendly energy mix and innovative products.

With the exception of the innovative product topic, stakeholders delivered a consistently worse evaluation than did DB top management.

The opposite was the case for the topics of profitability, corporate social responsibility, interlinked mobility and product quality; stakeholders ranked performance noticeably better than DB top management.

Important survey results

The results of the stakeholder survey fundamentally affirm the path we have chosen with the DB2020 strategy. The results provide us with a yardstick that we can use constantly to improve our performance in all dimensions.

In the ECONOMIC dimension we have a major need for action:

- CUSTOMER AND QUALITY: There is definitely room for improvement here. In the year under review we implemented and initiated numerous measures [PAGE 93 F.] and planned more for 2015 [PAGE 181 F.]. DB Group also affirms its responsibility for a high-performance infrastructure, which is documented in its agreement to the ambitious quality targets in the LUFV II [PAGE 89]. We must get better at the planning and execution of construction measures as well as maintaining infrastructure.
- PROFITABLE GROWTH: The central challenge here is to make the importance of economic topics clearer to stakeholders. DB AG is organized as a private company and has to pay attention to profitability and financial stability. Profits are also an essential basis for the ability to make capital expenditures and therefore to secure the company's future. We must communicate this more intensively.

In the SOCIAL dimension, our strategic approach was affirmed by the rating of importance and performance in employee satisfaction, demographics and employer image.

In the ENVIRONMENTAL dimension, we want to further consolidate our solid position in environmental issues (medium importance, high performance) with stakeholders.

In addition, DB Group wants to become more transparent in stakeholder dialog and more intensively incorporate stakeholders where there is enough decision-making latitude to do so. The implementation of these conclusions began already at the third DB Sustainability Day. We will continue to intensify and substantiate our dialog with our stakeholders in 2015.

COMPLIANCE AND PRIVACY REPORT

The Compliance and privacy report is a component of the Group management report
Compliance of business partners strengthened
Expansion of international privacy

GRI DMA HR 4.8 4.11

COMPLIANCE

Compliance is the foundation of the corporate and leadership culture in DB Group. To us, compliance means ensuring our business activities comply with the relevant laws and regulations that apply to them.

DB Group's compliance activities focus on preventing corruption and other corporate crime, as well as the consistent fight to combat it. Mandatory compliance policies serve to protect the company, our employees and our executives. Raising the awareness of our employees and executives remains very important. Only employees who are aware of risks can recognize and also successfully avoid or at least reduce them.

The Audit and Compliance Committee (PCA) of the Supervisory Board has supported compliance as a key topic for the monitoring of the internal control system. In 2014, we again expanded the number of subsidiaries inspected during the course of the internal corporate audits carried out under DB Group's compliance management system.

Expansion of compliance instruments ☺

GRI HR10 SO2

GRI As part of DB Group's compliance management system, the compliance risk atlas provides an overview of compliance risks in our business activities. The risk atlas includes and documents all of the results of compliance activities in the relevant year under review, for example the results of deep risk analyses, process analyses or consulting work related to compliance.

MORE DETAILS PAGE 268

Further develop compliance of business partners

Successful lasting business operations require the careful selection of business partners and suppliers who must then be informed of DB Group values and commit to collaboration based on shared values. E-learning for business partners fulfills this purpose, among others.

MORE DETAILS PAGE 268 F.

Whistle-blowing management in DB Group

In DB Group, the Group Works Agreement governs whistle-blowing management and the Group Committee of Executive Representatives Agreement regulates how to deal with incoming whistle-blowing reports. On the one hand, the processes implemented by DB Group protect a whistle-blower; on the other hand, this policy also considers the interests of the person affected by allegations by setting clearly defined requirements for the conclusiveness and materiality of a whistle-blowing report.

Whistle-blowers have several ways to deliver a report: the electronic Business Keeper Monitoring System (BKMS) for whistle-blowing, which can be used in seven languages; three ombudspersons who, as attorneys, are legally sworn to attorney-client confidentiality; and the Whistle-blowing Team at DB Group.

Trade compliance

The year under review saw intense consulting and expert support for projects by various DB companies in foreign trade law. This process took potential risks into account, such as those that could arise from international developments such as the Russia/Ukraine crisis.

Focus on compliance with antitrust law

Executives and employees are made aware of the topic of cartels in ongoing DB Group-wide in-person training events. The training style is customized according to the requirements of the business units or Group functions. The target group is all executives and employees of DB Group who have contact with competitors or hold positions that are relevant for competition. DB Schenker Logistics updated their cartel law e-learning program during the year under review, which uses case studies drawn from specific business units to illuminate the critical regulations governing cartel law.

System for prevention of damages from cartels in force

DB Group's Cartel Damage Prevention System (KSPS) went into force on January 1, 2014. The system aims to minimize the risk of DB Group becoming the victim of anticompetitive agreements and to react quickly and effectively in cases where anticompetitive acts by suppliers are suspected. The KSPS employs a three-stage approach. Risks of anticompetitive practices for procurement are identified; purchasing agents are made aware of the risks of anticompetitive practices in procurement procedures in a training program designed specifically for cartel risks; and finally, relevant risks are evaluated and classified. These risks are minimized with targeted defensive measures.

PRIVACY

The privacy organization in DB Group stands for compliance with the personal rights of customers, employees, and business partners. DB Group has reached an exemplary, innovative and sustainable level of privacy through a mix of measures including advising, awareness-raising, monitoring and development of national and international standards.

Awareness-raising and training

Along with raising awareness through communication and awareness measures, target-group-specific training sessions were conducted for employees to expand their knowledge about topics related to privacy. Another priority in the year under review was further training for employees in the privacy organization.

Sustainable employee privacy

The year under review also saw the privacy organization make considerable contributions to concluding privacy-related works council agreements. Technological developments, such as mobile end devices and security technology, played a major role in consultation activities. Another important topic in the year under review was the consideration of privacy concerns in the Group-wide employee survey.

Customer privacy – advice on innovation trends and partner in conquering new sales markets

Customer privacy dealt with the increasing digitalization of consumption and mobility behaviors, such as the design of new digital interfaces to customers (Web sites, apps) and new trends in social media marketing. Another consulting priority included the use of video surveillance in DB Group's trains and buildings.

International privacy expanded

International privacy topics during the year under review included project-specific consulting, such as conducting the second global employee survey and the implementation of a uniform Group-wide personnel master data system.

Structured and systematic risk management

Services providers inside and outside of DB Group continued their continuous, systematic audits in the year under review. The re-auditing of the central systems that process customer and employee data also began. The audit concept is constantly being adjusted to match the development of international Group standards in privacy.

Privacy as an element of corporate culture

The Privacy Advisory Board worked throughout the year under review on major and current privacy-related procedures in DB Group. One aim of the Privacy Advisory Board's work is to provide appropriate initiatives to the Management Board that shape privacy at DB Group in an exemplary and future-proof way, including the development of recommendations for action for the privacy organization. During the year under review, the Privacy Advisory Board advocated the systematic strengthening of privacy in DB Group by means of a process-related, organizational embedding for corporate decisions relevant to privacy. The Privacy Advisory Board also emphasized the importance of privacy as a component of the corporate culture and in the context of debates about values. The work of the advisory board is moreover an important contribution to our STAKEHOLDER MANAGEMENT [PAGE 49 FF.] in the sense of the sustainability approach.

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OVERVIEW

Weak development in the economic dimension
Improvements in the social dimension
Additional progress towards becoming an eco-pioneer

DEVELOPMENT OF THE TOP TARGETS

TOP TARGETS	2013	2014	2020
Customer satisfaction B2C (SI)	75.1	76.1	≥ 79
Customer satisfaction B2B (SI)	66.6	68.2	≥ 73
Product quality – punctuality of DB Group (rail) in Germany (%)	94.0	94.3	> 95
Profitability – ROCE (%)	6.8	6.3	≥ 10
Market position – revenues (€ billion)	39.1	39.7	> 50
Financial stability – redemption coverage (%)	20.5	20.9	≥ 30

- Customer satisfaction increasing.
- Punctuality improving.
- Financial figures experienced weak development.

TOP TARGETS	2013	2014	2020
Employee satisfaction – index	3.6 [1]	3.7	4.0
Employer attractiveness – rank	22	13	≤ 10
Demographic preparedness – share of women in Germany as of Dec 31 (%)	22.5	22.8	25.0
Demographic preparedness – health rate in Germany (%)	94.0	94.1	94.3
Demographic preparedness – coverage of external staffing needs in Germany (%)	98.1	96.4	95.0

[1] *Results of the 2012 employee survey.*

- Employee satisfaction increased in comparison to the first survey.
- Major progress in employer attractiveness.
- Figures for our demographic preparedness are developing in a stable manner.

TOP TARGETS	2013	2014	2020
Reduction of specific CO_2 emissions compared to 2006 (%)	18.7	22.7	20
Share of renewable energy in the traction current mix (%)	35.2	39.6	35
Noise reduction – track kilometers noise remediation in total (km) [1]	1,300	1,400	≥ 2,000
Noise reduction – number of freight cars refitted with whisper brakes in total [1]	650	6,500	60,000
Material/resource efficiency – recycling rate (%)	94.2	95.6	≥ 95

[1] *Rounded.*

- Environmental figures had very positive developments.
- We have already exceeded our targets for CO_2 reduction and the share of renewable energy. The target values are being revised.
- Further progress in noise reduction.

FOCUS TOPICS IN THE 2014 INTEGRATED REPORT

There are central topics in the 2014 Integrated Report that constitute a common thread running through the many sections of the report. Usually these topics come from the DB trend landscape and have effects and even opportunities and risks associated with them. Out of the entirety of topics, we have selected five strategically important topics to focus on and marked them in this report with the symbol. A summarized OVERVIEW OF THE FOCUS TOPICS is available online.

Focus topic 1: demographic development

Competition to attract qualified specialists and changes in mobility requirements are major effects of demographic change that affect DB Group.

Focus topic 2: climate change

The number and intensity of extreme weather events continues to grow. In order to fulfill our claim as an eco-pioneer, we are reducing our CO_2 emissions and meeting the challenges of climate change head-on.

Focus topic 3: high-performance infrastructure

The existing network is essential for the quality and the exploitation of growth opportunities in rail transport in Germany. We were able to secure financing together with the Federal Government up to 2019.

Focus topic 4: growth at DB Schenker Rail

We expect growth potential in rail freight transport, especially in combined traffic and in the European market. To tap this potential, we are expanding our European network and focusing on growth industries.

Focus topic 5: future mobility

We are expecting fundamental changes in the mobility market, driven by trends such as digital life and intelligent simplicity. We are preparing for this with the initiative MOBILITY 4.0 [PAGE 24 FF.], among others.

OVERVIEW OF DB GROUP

EXTERNAL REVENUES BY DIVISION [%] 100%

	2014	2013
Passenger Transport	43.0	43.1
Transport and Logistics	48.9	49.4
Infrastructure	6.7	6.1
Other	1.4	1.4

EMPLOYEES (FTE) BY BUSINESS UNIT AS OF DEC 31 [%] 100%

	2014	2013
Passenger Transport	33.4	33.9
Transport and Logistics	32.3	32.1
Infrastructure	16.9	16.5
Other	17.4	17.5

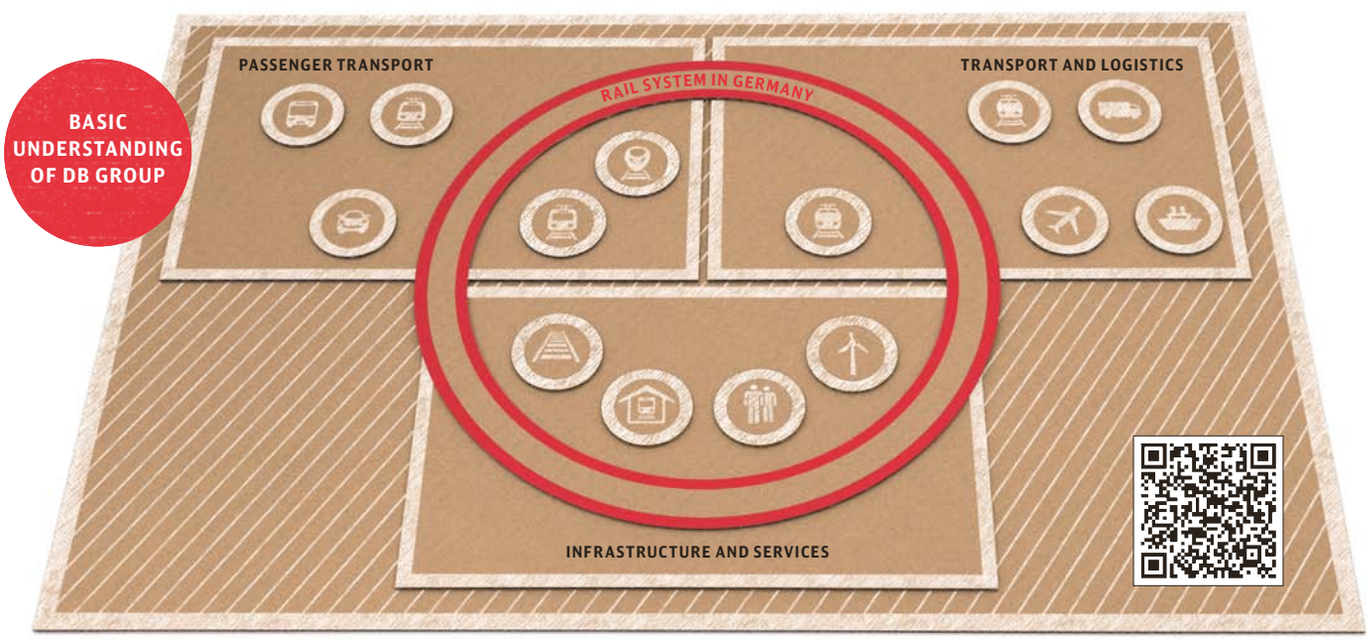
EXTERNAL REVENUES BY REGIONS [%] 100%

	2014	2013
Germany	57.7	57.9
Europe (excluding Germany)	31.1	30.7
Asia/Pacific	6.2	6.3
North America	3.7	3.8
Rest of the world	1.3	1.3

EMPLOYEES (FTE) BY REGION AS OF DEC 31 [%] 100%

	2014	2013
Germany	63.5	63.5
Europe (excluding Germany)	28.4	28.5
Asia/Pacific	4.7	4.6
North America	2.6	2.5
Rest of the world	0.8	0.9

2014 *2013*



DB GROUP

Integrated Group structure with two management holdings
Transparent business and financial relationships in DB Group
DB Group assumes responsibility for society and environment

GRI 2.1 2.3 2.4 2.5 2.8 2.9

GROUP STRUCTURE

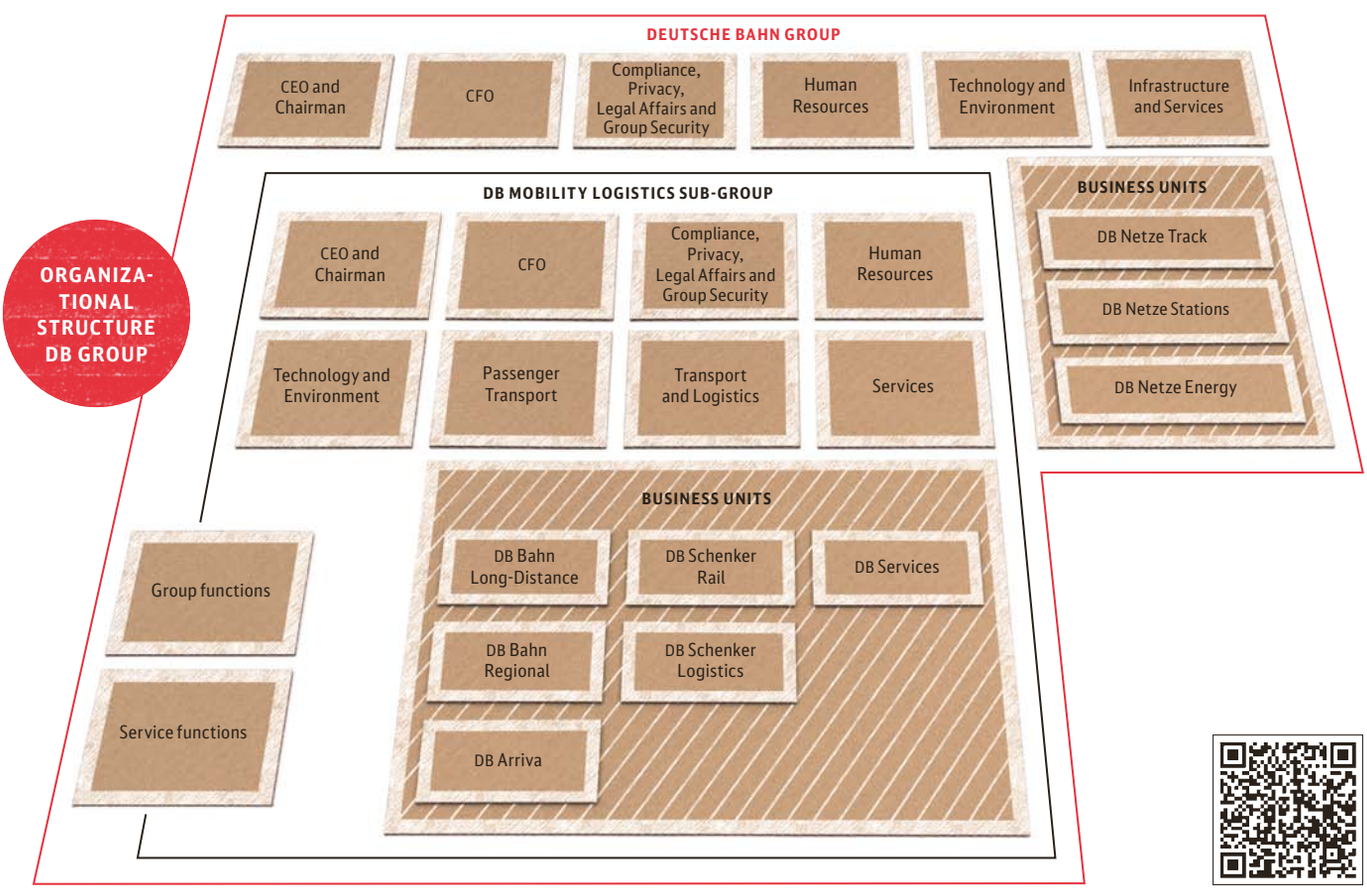
Deutsche Bahn Group (DB Group) is an international provider of mobility and logistics services operating globally in more than 130 countries. Its headquarters are in Berlin. DB Group has more than 300,000 employees, with just over a third of these abroad. DB Group already occupies leading positions in Europe and globally today. We want to be the world's leading mobility and logistics company by 2020.

We are designing and operating the transport networks of the future. By integrating transport and the railway infrastructure, as well as using smart economic and environmental networking of all types of transport, we move both people and goods.

In terms of passenger transport, we transport 12 million people each day on our trains and buses. In the area of transport and logistics, around 330 million t of goods are transported by rail and around 99 million shipments by road each year via our European network. More than 1.1 million t of air freight and just under 2.0 million TEUs of ocean freight are processed in our global networks. We operate the longest rail network in Europe, at around 33,000 km in length. We are also the fifth-largest energy provider in Germany.

GRI 2.6

GRI Deutsche Bahn AG (DB AG) has been a joint stock corporation in accordance with German law since it was founded in 1994. Accordingly, it has a dual management and controlling structure comprising a Management Board and Supervisory Board. It is wholly owned by the Federal Republic of Germany (Federal Government). Within DB Group, DB AG manages the Infrastructure division with its business units DB Netze Track, DB Netze Stations and DB Netze Energy



directly. The remaining six business units are consolidated under the management of the wholly owned subsidiary DB Mobility Logistics AG (DB ML AG). Within DB Group, DB AG and DB ML AG both function as operational management holding companies. The DB AG and DB ML AG Board divisions are largely occupied by the same people (in dual roles).

DB Group's business portfolio includes nine business units. These are allocated to the three operating divisions of Passenger Transport, Transport and Logistics as well as Infrastructure and Services and are managed on an integrated basis. The structure is completed by the central Group and service functions (including Legal, Strategy, Controlling, Treasury and DB Environment). Their services are provided by DB AG or by DB ML AG. This is also complying with the unbundling requirements according to the European and national law. Accordingly the infrastructure companies are separate entities with separate balance sheets, profit and loss accounts and accounting systems. There is also a so-called functional unbundling which guarantees independent decisions of DB Netz AG on infrastructure access and charges.

F3 P. 89 ▸ The Infrastructure business units act as commercial enterprises. Reliability and stability provide proof of the high quality of the infrastructure. Programs such as "Future Infrastructure" are aimed at ensuring that performance pledges, deadlines and costs are met in operations and for construction projects. Specific customer requirements are also made possible through targeted adaptation of the infrastructure, including with the use of own funds.

The essential cornerstones for profitable business are sustainable financing of the existing infrastructure and expansion of this in line with needs. Completion of the second PERFORMANCE AND FINANCING AGREEMENT [PAGE 89] plays a crucial role in securing maintenance of the existing network.

MORE DETAILS

Changes in DB Group

FURTHER DEVELOPMENT OF THE TECHNOLOGY DIVISION

Renaming of the Technology Board division as "Technology and Environment" underlines DB Group's responsibility for the environment and climate. Our target of being an ECO-PIONEER is also reflected in the Board division's name.

DB SYSTEMTECHNIK has also been allocated to the Technology and Environment Board division. DB Systemtechnik's expert knowledge and service portfolio make an essential contribution towards successful implementation of the division's strategic targets.

Corporate Governance report and Compliance and privacy report

The CORPORATE GOVERNANCE REPORT [PAGE 41 FF.] and the COMPLIANCE AND PRIVACY REPORT [PAGE 55 F.] are components of the Group management report.

Service and financial relationships in DB Group

Within DB Group, because of strong operative interconnections and dependencies, there are service and financial relationships between the holding companies and the individual business units, as well as between business units.

These can be organized into four groups:

- Operational service relationships between two companies, which may arise through the use of infrastructure, such as when DB Regio AG uses the rail network of DB Netz AG, for which it pays train-path usage charges.
- Service relationships due to Group and service functions: the two management holdings DB AG and DB ML AG are responsible for providing services for the operating companies such as central purchasing, which organizes and controls the procurement process for trains.
- Group financing: the two management holdings perform and consolidate the financing function in DB Group. In this context, DB AG taps the capital markets through its financing subsidiary DB FINANCE [PAGE 99 FF.] and transfers these funds as loans to the Group companies.
- 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.

The "at arm's length" principle serves as the fundamental characteristic of the development of service relationships. This means that the compensation is always oriented to market prices. In DB Group, this applies to operational service relationships, service functions and Group financing. For example, DB Group-internal customers pay exactly the same prices for utilization of train-paths as DB Group-external customers. The prices for intra-DB Group purchased 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 applies in particular to GROUP AND SERVICE FUNCTIONS [PAGE 61].

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

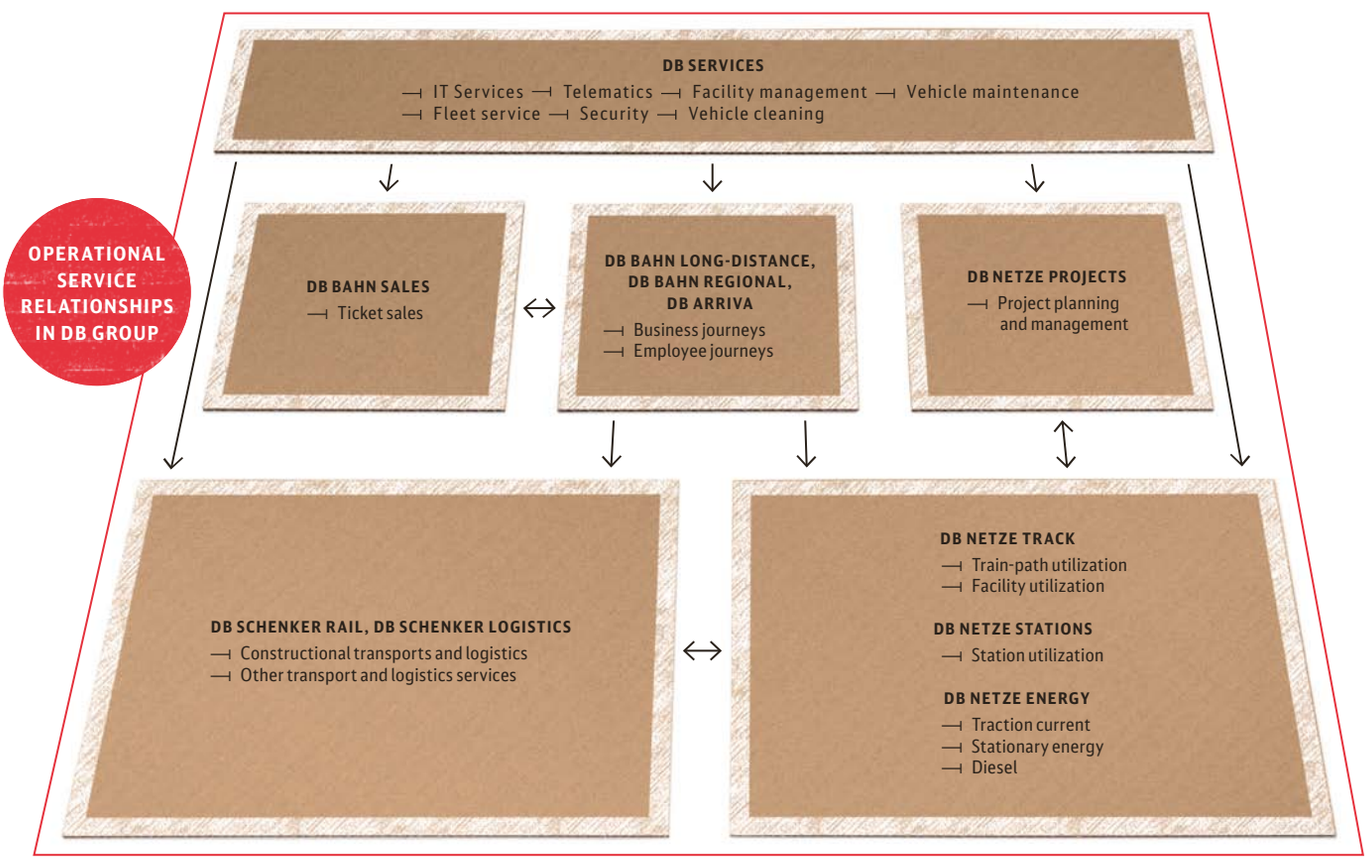
- A value-based corporate management approach can only be achieved if it is embedded at all levels in DB Group. This, in turn, can only be achieved on the basis of fair market conditions. Success and failure must be transparent in order to facilitate economic control.
- Performance-based remuneration for employees and management also takes place at the company level and is therefore dependent on the conditions pertaining to service 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 (Bundesnetzagentur; BNetzA) assesses whether prices are in line with the market. Prices are transparent for everyone.
- Alignment of service relationships with market conditions is also 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 service 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 service relationships

The most extensive operational service relationships arise from the use of the rail infrastructure and the procurement of energy from DB Netze Energy. Charges for the use of infrastructure are based on the corresponding pricing systems for non-DB Group customers (train-path pricing system, facility pricing system and station pricing system). 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 main effects from the intra-Group settlement of service relationships between the various DB Group business units for services rendered in infrastructure are illustrated in the table on the next page.



← *Fundamental DB intra-Group relationships.*

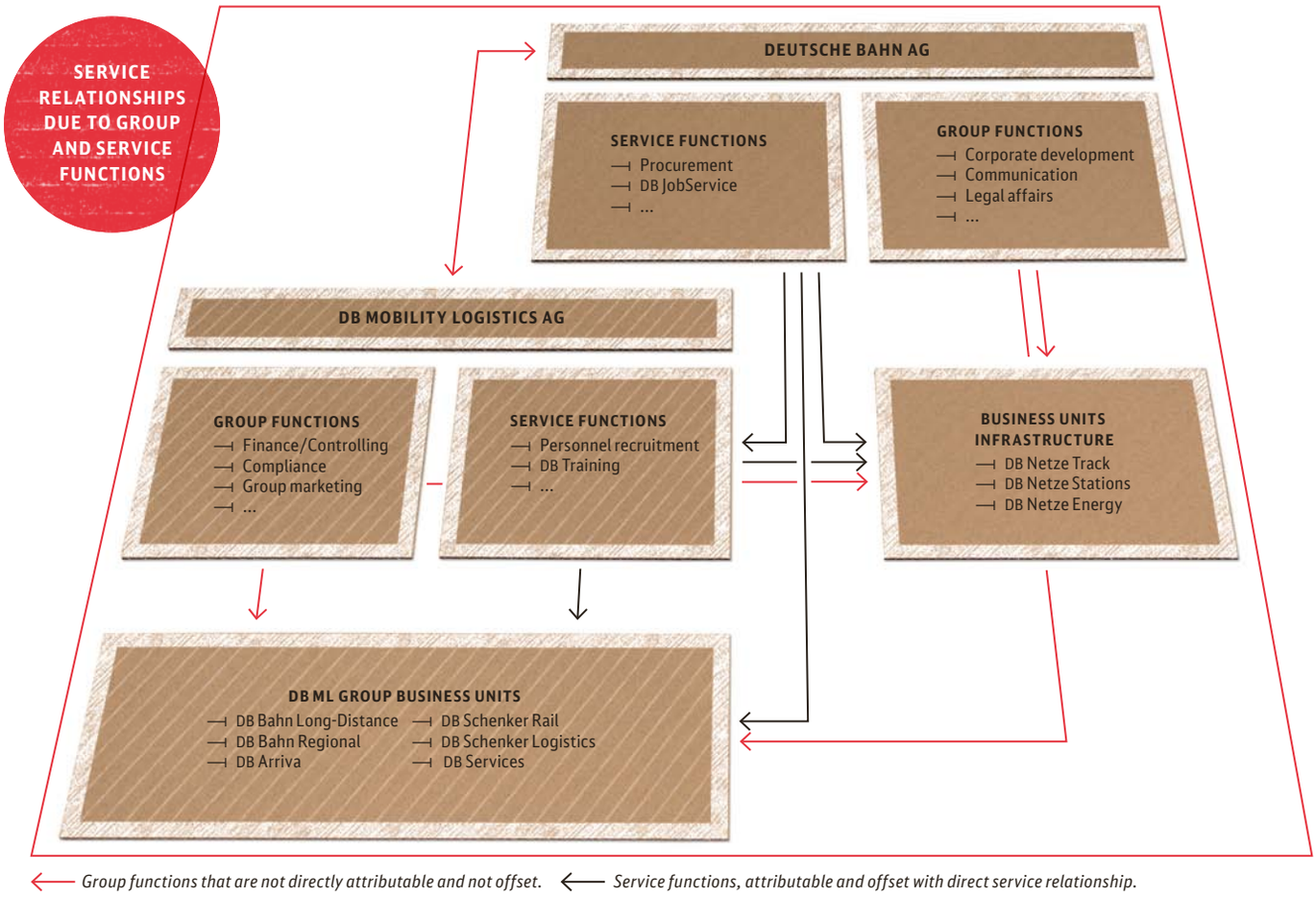
BUSINESS RELATIONSHIPS FOR SERVICES RENDERED IN INFRASTRUCTURE WITHIN DB GROUP IN 2014 [€ MILLION]	DB Bahn Long-Distance	DB Bahn Regional	DB Arriva	DB Schenker Rail	DB Schenker Logistics	DB Services	DB Netze Track	DB Netze Stations	DB Netze Energy	Subsidiaries/ Other
Train-path utilization	832	2,210	1	434	0	0	-3,481	0	0	4
Utilization of local infrastructure	28	55	0	137	0	1	-223	0	2	0
Station utilization	98	555	0	0	0	0	-6	-648	0	1
Energy settlement	337	738	0	357	0	27	144	92	-1,718	23

Other operational service relationships result from the consolidation of service functions (DB Bahn Sales and DB Services) in the broader sense for the purpose of concentrating expertise and increasing efficiency and productivity. In the infrastructure area, DB Netze Projects carries out planning and project management for the DB Netze Track, DB Netze Stations and DB Netze Energy business units.

Service relationships due to Group and service functions

The two management holdings DB AG and DB ML AG incorporate various GROUP AND SERVICE FUNCTIONS [PAGE 61] that, apart from a few regulatory exceptions, perform functions for the entire DB Group. The costs for Group functions are not transferred to the business units (no "Group charges"). Expenses for service functions are only charged if these result from direct service relationships with the business units or expenditures that are directly attributable to a tangible service. This applies in particular to transferal of real estate, central purchasing and technology services, insurance provisions consolidated centrally, as well as the separate allocation of costs for DB ML Group's use of trademarks.

In order to prevent distortions or arbitrary demands for payment, the costs of services rendered are borne by the respective holding companies and not passed on. This means that Group business units pay no Group charges for these services.



Group functions that are not directly attributable and not offset. *Service functions, attributable and offset with direct service relationship.*

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

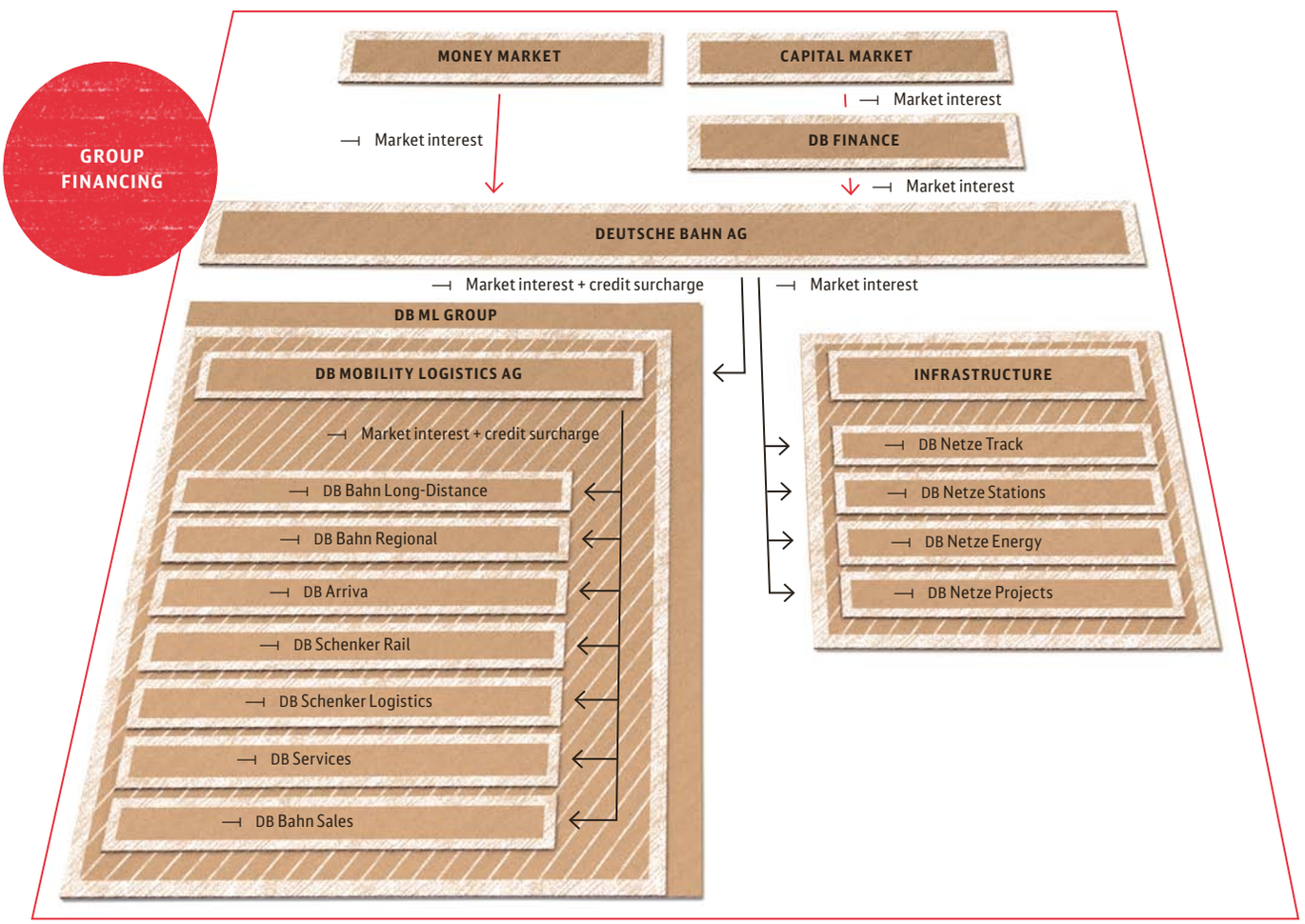
Group financing

The GROUP TREASURY [PAGE 99] at DB AG is responsible for DB 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. All Group companies have business relationships with the Treasury. DB ML Group's business is separated from that of DB Group's infrastructure companies. It predominantly involves the borrowing and investment of financial resources and the pooling of liquidity. 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 mean 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 Group companies are higher and are based on an internal performance-based credit rating and the credit margins quoted on the capital market.

All financial transactions are based on contractual agreements. If a DB Group company invests cash flow surplus at DB ML AG, the respective company remains the owner of these funds and has an interest-bearing financial claim against DB ML AG. These outstanding accounts are due and payable immediately, except in the case of fixed-term deposits.

Consolidation of the Group finance function in DB AG gives us a coherent market presence in the financial and capital markets, and allows us to achieve economies of

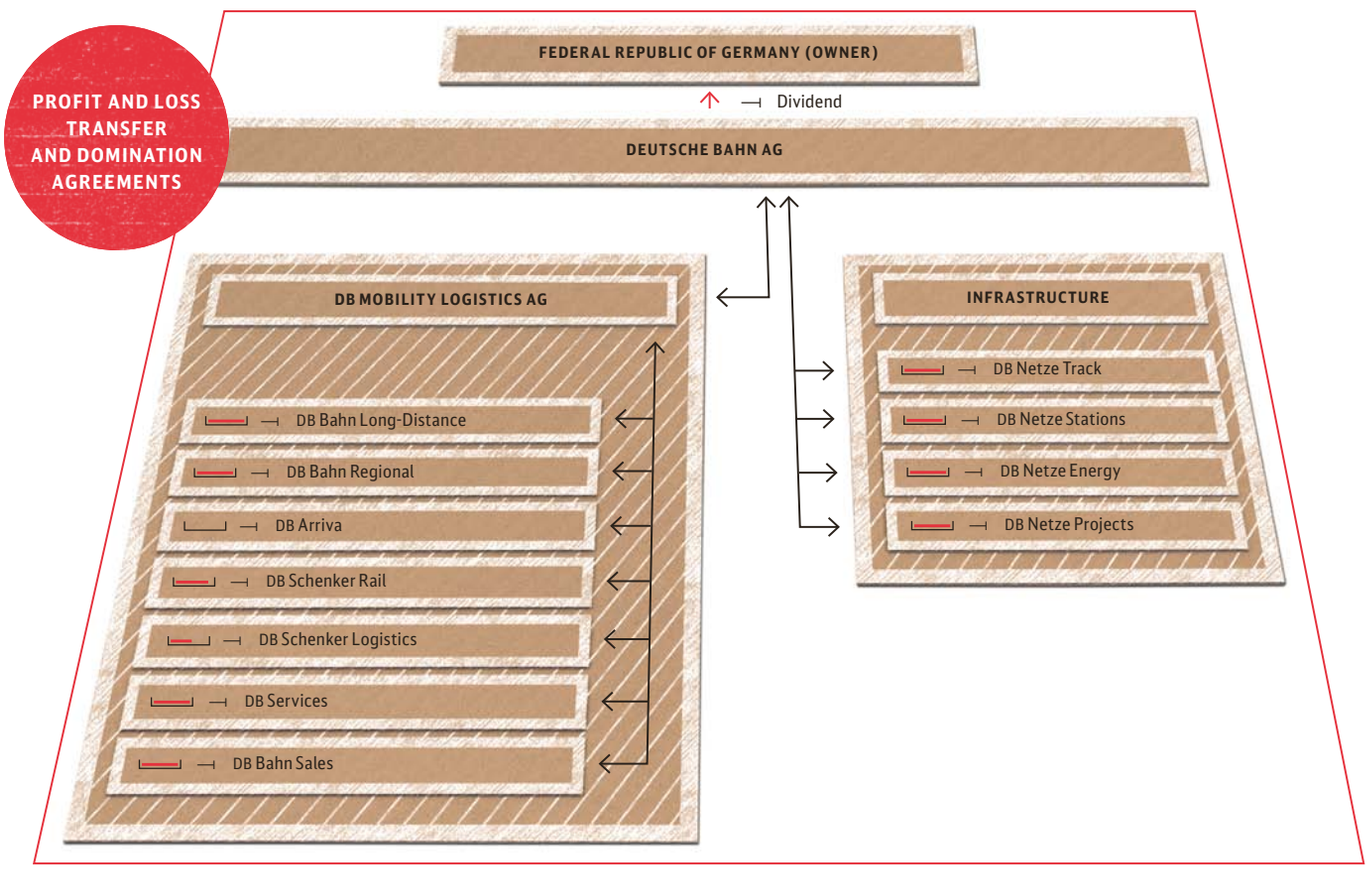


scale and cost benefits. In addition, central Group financing enables us to adequately monitor all financial transactions and achieve comprehensive risk management.

Profit and loss transfer and domination agreements

Profit transferred and losses offset do not constitute service relationships. On the contrary, 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 and loss transfers are based on economically viable decisions and are necessary for funding capital expenditures. Investors are only willing to provide capital if amortization and returns are guaranteed. A purely debt-based financing model is not commercially viable and is associated with high risks.



← *Profit transfer/capital measures.* ⊣ *Tax group; integration into the profit and loss transfer agreement of DB AG with automatic transfer of profits and compensation of losses.*

CASH FLOWS BETWEEN DB AG AND MAJOR DIRECT SUBSIDIARIES [€ MILLION]	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	**2014**	**Total**
FROM PROFIT AND LOSS TRANSFER AGREEMENTS																
DB Netz AG	+790	+181	+548	+324	+183	+260	+212	−146	−338	−768	+44	−307	−197	−66	−217	**+503**
DB Station & Service AG	+70	−0	+251	−37	−55	−69	−52	−90	−190	−150	−141	−155	−160	−169	−188	**−1,135**
DB Energie GmbH	−34	−2	−29	−43	−47	−44	−111	−106	−18	−91	−38	+38	−62	+37	−39	**−589**
DB Mobility Logistics AG	–	–	–	–	–	–	–	–	−1,263	−113	+109	−827	−1,040	−397	−395	**−3,926**
FROM CAPITAL INCREASES BY DB AG																
DB Netz AG	–	–	–	–	–	+600	–	–	–	–	+620	–	–	+5	–	**+1,125**
DB Station & Service AG	–	–	–	–	–	–	–	+286	–	+28	+111	+14	–	–	–	**+439**

(+) Inflow of capital to subsidiary. (−) Outflow of capital to DB AG.

Profits are essential for maintaining DB Group's capital expenditure capacity. Profits generated are either retained or distributed to the sole shareholder, the Federal Government. The share of profit retained in the company increases the Group's capital expenditures and borrowing capacity.

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

The main performance-offsetting items arising from service relationships between DB ML Group and the remaining DB Group companies are illustrated in the following table:

SERVICES RENDERED BY DB ML GROUP [€ MILLION]	2014	2013	Change absolute	Change %
Transport services	222	212	+10	+4.7
Data processing services	221	215	+6	+2.8
Telematics	152	138	+14	+10.1
Maintenance services	187	170	+17	+10.0
Rental income	103	100	+3	+3.0
Interest income	1	1	-	-
Facility management	55	59	-4	6.8
Group charges	147	155	-8	-5.2
Other income	690	697	-7	-1.0
DB ML Group income	**1,778**	**1,747**	**+31**	**+1.8**

BUSINESS MODEL

The RAIL SYSTEM IN GERMANY [PAGE 59] 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.

Today, our passenger transport business activities are more broadly diversified. They comprise not only bus and rail transport, but also intelligent linkage 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 area are based on an international platform from very early on. DB Schenker Logistics and DB Schenker Rail are active first and foremost in the business-to-business segment. The customer base is widely spread in both business units. It covers predominantly the automotive, chemical, industrial and commercial goods, high tech/electronics, consumer goods, health care, iron, coal and steel (montan), building materials and steel industries. In our market penetration and product development activities, we attach great importance to industry-specific solutions for comprehensive logistics services and multimodal products. This way we strengthen synergies between our networks and are able to offer high-quality logistics solutions to internationally active companies and to develop synergies between transport networks in the interest of our customers.

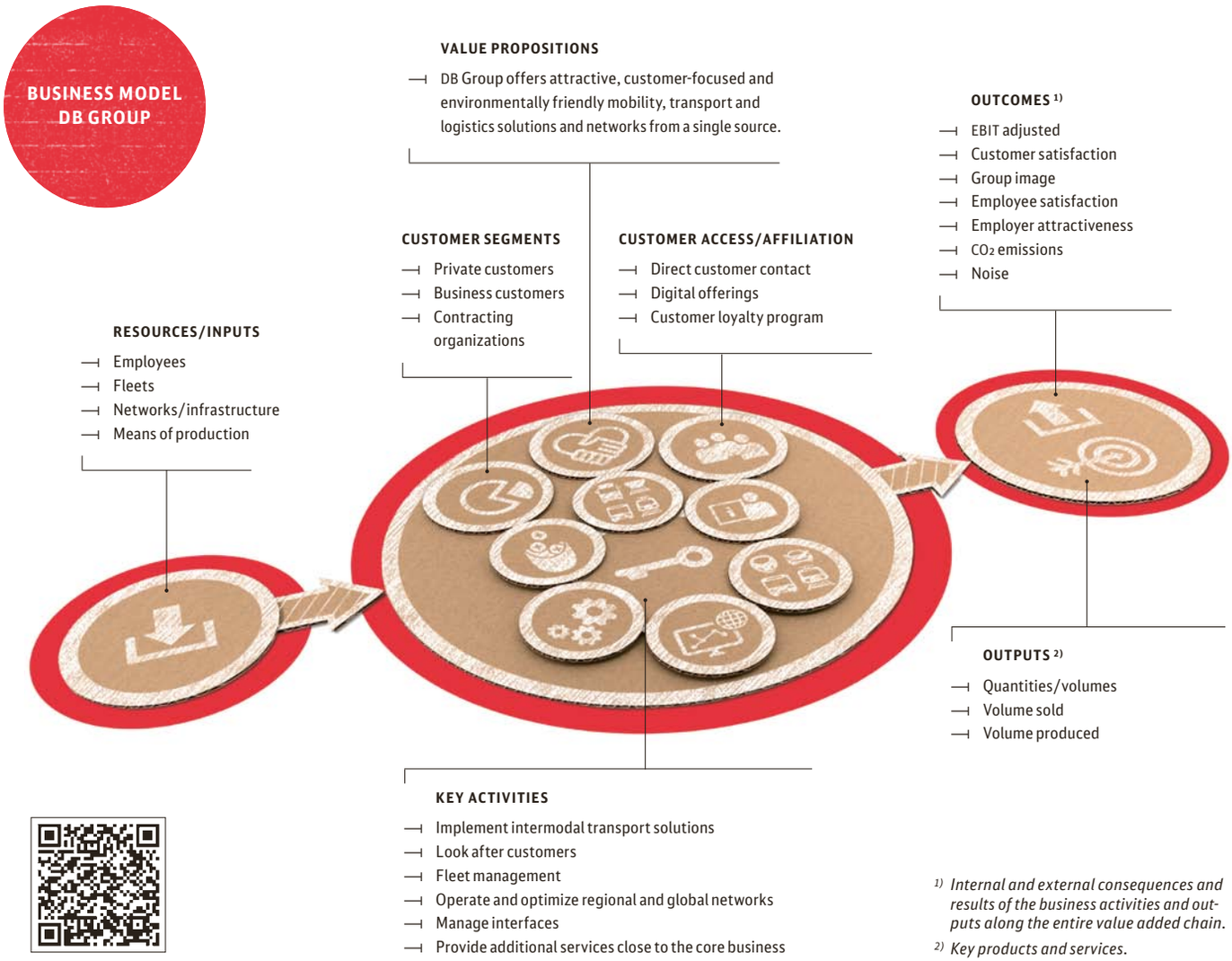
Operating transport networks often necessitates a high level of capital commitment, long investment cycles and distinct fixed-cost structures. In this respect, achieving optimal capacity utilization of our networks and systematically developing, integrating and cost-effectively operating these networks with efficient use of resources are extremely important to DB Group's economic development. Increasing volumes in our networks not only lead 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 are an important success factor for customer satisfaction and profitability.

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).

DB Group has an effective business model through the interlocking of the Passenger Transport, Transport and Logistics as well as Infrastructure divisions. This allows DB Group to offer services from one single source and means that it operates successfully in all segments of the transport market with its national and international services.

The four key success factors in the positive development of DB Group which are a central component in DB Group's business model 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 the target of capital market viability.
- Integrated Group: as a system integrator in Germany, DB Group optimizes the wheel-rail system. In doing so, it serves as an important driving force for technological innovation. The integrated Group structure enables us to achieve positive synergies and align our infrastructure to support efficiency, market orientation and profitability.



1) *Internal and external consequences and results of the business activities and outputs along the entire value added chain.*

2) *Key products and services.*

- 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. We intelligently link 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

GRI 2.2 2.5 2.7

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. DB Group already occupies leading market positions today. It wants to be the world's leading mobility and logistics company by 2020.

- DB Group is first in local rail passenger transport and second in long-distance rail passenger transport in Europe. DB Group occupies third position in European public road passenger transport. DB Group is also first for rail infrastructure and in operating stations in Europe, as well as for European rail freight transport and European land transport.
- DB Group occupies third place both for air freight globally, as well as for global ocean freight and fifth place for contract logistics.

PASSENGER TRANSPORT

In passenger transport, our objective is to maintain our strong market position in Germany in the long term while growing in Europe. With our DB BAHN LONG-DISTANCE [PAGE 124 FF.] and DB BAHN REGIONAL [PAGE 128 FF.] business units, we are extremely well-positioned in the German rail and bus transport markets.

Throughout Europe, transport contracts are being increasingly tendered in regional and urban transport. We intend to profit from these as well in the future. Through our DB ARRIVA [PAGE 133 FF.] business unit, we are successfully active in the regional bus and/or rail transport business in 14 European countries. This puts us in a good position for continued growth.

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 transport market has not yet been opened to competition.

TRANSPORT AND LOGISTICS

We strategically positioned ourselves as a leading transport and logistics service provider worldwide early on in order to respond to current and future market demands. We have dense networks in European rail freight and land transport, global air and ocean freight transport, as well as industry-specific expertise in global contract logistics. Both of the business units DB SCHENKER RAIL [PAGE 139 FF.] and DB SCHENKER LOGISTICS [PAGE 144 FF.] are managed in the Transport and Logistics division.

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 meet these challenges with integrated and branch-specific services and solutions.

By developing efficient and international logistics networks in land transport, we maintain contact with our customers and create 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: we are both the operator and primary user of the rail 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 target 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. We also take care of both the rail network and passenger stations as well as the power supply for the train operating companies in Germany.



MARKET POSITIONS PASSENGER TRANSPORT 2013

NO. 2 IN EUROPEAN LONG-DISTANCE RAIL PASSENGER TRANSPORT [BASED ON REVENUES]	NO. 1 IN EUROPEAN LOCAL RAIL PASSENGER TRANSPORT [BASED ON REVENUES]	NO. 3 IN EUROPEAN PUBLIC ROAD PASSENGER TRANSPORT [BASED ON REVENUES]
1. Société Nationale des Chemins de fer Français (SNCF)	**1. DB Group**	1. Transdev
2. DB Group	2. SNCF	2. Régie autonome des transports Parisiens (RATP)
3. Ferrovie dello Stato (FS)	3. First Group	**3. DB Group**
4. Swiss railways (SBB)	4. FS	4. SNCF
5. Nederlandse Spoorwegen (NS)	5. Go Ahead	5. London Underground

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

MARKET POSITIONS TRANSPORT AND LOGISTICS 2013

NO. 1 IN EUROPEAN RAIL FREIGHT TRANSPORT [BASED ON TKM]	NO. 1 IN EUROPEAN LAND TRANSPORT [BASED ON REVENUES]	NO. 3 IN WORLDWIDE AIR FREIGHT [BASED ON T]
1. DB Schenker	**1. DB Schenker**	1. DHL
2. Fret SNCF	2. DHL	2. Kuehne + Nagel
3. PKP Cargo	3. DSV	**3. DB Schenker**
4. Rail Cargo Group	4. Dachser	4. Panalpina
5. Trenitalia Cargo Group	5. Geodis	

NO. 3 IN WORLDWIDE OCEAN FREIGHT [BASED ON TEU]	NO. 5 IN WORLDWIDE CONTRACT LOGISTICS [BASED ON REVENUES]
1. Kuehne + Nagel	1. DHL
2. DHL	2. CEVA Logistics
3. DB Schenker	3. Kuehne + Nagel
4. Panalpina	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 [PAGE 122 F.] entered into with Germany's Federal states and franchisers in other European countries constitutes a key performance metric. There are also long-term contractual relationships with customers in the contract logistics/SCM line of business in the DB Schenker Logistics business unit, which generates around 5% of Group 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-DB Group customers.

GRI DMA SO SO1

RESPONSIBILITY AND SOCIAL COMMITMENT

We have derived our responsibility for social affairs and the environment from DB Group's close links with Germany's social and economic development. At the beginning of 2013 we founded the DEUTSCHE BAHN FOUNDATION as a non-profit organization. The DB MUSEUM, including its three locations in Nuremberg, Koblenz and Halle (Saale), has been incorporated into the Deutsche Bahn Foundation. Up to 0.5% of the annual operating profit of DB Group will be allocated to the foundation. Christina Rau has become the foundation's patron. After having founded the Deutsche Bahn Foundation, DB Group itself continues to be committed to social projects such as Bahn apprentices against hate and violence (Bahn Azubis gegen Hass und Gewalt), where young employees work to combat xenophobia, right-wing extremism and discrimination.

We also promote the work of the more than 100 railway station missions (Bahnhofsmissionen) in Germany. These not only carry out social work and pastoring tasks, they also provide help free of charge to people who have limited mobility to get on and off and change trains and they accompany children traveling alone as part of the "Kids on Tour" program. The Bahnhofsmissionen reach more than two million people each year. DB Group provides its premises in stations rent-free for this purpose and supports employees with free travel. The Bahnhofsmission is also the only institution that has the right to collect donations at stations.

Outside of Germany, we also cooperate in Great Britain with the Youth Offending Service. Youth Offending Service is a partnership between various institutions aimed at combating youth crime. DB Arriva provides support to young offenders within the framework of reintegration projects at DB Arriva Trains Wales stations.

Deutsche Bahn Foundation

The Deutsche Bahn Foundation works in a practical, high-impact and cooperative manner. This approach was set out in the principles for the work of the foundation. The mission statement developed in the year under review guides its conduct: it wants to help build a society in which people take responsibility for themselves and for others. It encourages people to share their concerns and enables them to become actively involved for this purpose. Three higher-level targets were set out for this that guide the foundation's conduct.

ENSURING A CONNECTION: DEUTSCHE BAHN FOUNDATION PROVIDES SOLIDARITY WITH PEOPLE ON THE FRINGES OF SOCIETY

The Deutsche Bahn Foundation campaigns for people in emergencies and supports projects that help people to gain or to regain a livelihood.

The BERLIN CITY MISSION (Berliner Stadtmission) receives support in running a clinic for homeless people. Thanks to the financial support, the clinic was able to stay open two days per week through the whole of the year under review.

The mobile case helper project (Mobilen Einsatzhelfer), started in 2013 at Berlin's Zoo Station, could be continued with assistance from the Deutsche Bahn Foundation. The street social workers have since been working throughout Berlin in order to help people who are unable to help themselves and cannot cope, as well as the homeless. The work of the City Station Berlin was secured through a one-off donation from the Deutsche Bahn Foundation in the year under review. The target of the deacon's institution is to motivate and support homeless people on the road towards an independent life in the community.

Up to 2,500 children and young people end up on the streets every year. Providing these youngsters with a new life perspective is the target of the OFF ROAD KIDS FOUNDATION. The Deutsche Bahn Foundation has provided nine transferrable annual season tickets for the German rail network to the street social workers allowing them to provide support to children on the streets all over Germany. Around 60 children from youth care homes took part in the DB KIDS CAMP vacation program which was organized in conjunction with the ORK Foundation in the year under review.

With support from DB Schenker, the Deutsche Bahn Foundation is committed to providing ad hoc disaster aid worldwide. A massive aid convoy from the organization LUFTFAHRT OHNE GRENZEN E. V. (aviation without borders) received support in May 2014 following the flood disaster in the Balkans. Ten DB Schenker trucks delivered more than 100 t of urgent humanitarian aid to the victims of the disaster, including in particular baby food and drinking water along with blankets and hygiene goods. The Deutsche Bahn Foundation also transported 276 tents and cooking units valued at € 100,000 to the crisis and refugee areas of Northern Iraq as part of a humanitarian aid convoy. The Deutsche Bahn Foundation had the tents produced in Ankara/Turkey. DB Schenker Arkas was responsible for their transport.

CREATING LINKS: DEUTSCHE BAHN FOUNDATION OVERCOMES BARRIERS BETWEEN PEOPLE

The Deutsche Bahn Foundation campaigns to remove prejudices between people with the aim of integrating underprivileged people from everyday life. Their projects cover issues that connect people from different parts of society and create mutual understanding.

The "Depression Research Center" of the FOUNDATION GERMAN DEPRESSION AID could be set up in Leipzig in the year under review with the help of the Deutsche Bahn Foundation. The aim of the research center is to engage in comprehensive research into depression independently of the pharmaceutical industry and to develop new approaches to therapy. The Deutsche Bahn Foundation also championed the expansion of regional associations against depression. This makes us the first major company to campaign for emotional well-being and the fight against depression.

Together with the Free University of Berlin (FU), the Deutsche Bahn Foundation is committed to promoting the moral understanding, social skills and civil courage of children and young people and supports the "Fair player" training program developed by the FU. The Deutsche Bahn Foundation supported advanced training in the year under review for 100 teachers, school social workers and other interested parties from the schools sector at 50 schools in Berlin. Educational experts from Hessen were also able to take part in the four-day training course for the first time.

SETTING THE COURSE: DEUTSCHE BAHN FOUNDATION PROVIDES PEOPLE WITH OPPORTUNITIES FOR THE FUTURE

The Deutsche Bahn Foundation highlights perspectives related, in particular, to education to people through its projects, allowing them to make the most of their individual potentials and to achieve their personal targets. This enables them to take responsibility for themselves and their environment. One element of this is to convey the railway culture and history in Germany.

The Deutsche Bahn Foundation took over responsibility for organizing and holding the DB Schenker Awards for the first time in the year under review. The award is one of the most important international prizes in the logistics sector. Awards are given to outstanding scientific work in logistics, transport and traffic. The prizes include € 10,000 for the winner and € 5,000 for the corresponding academic chair. A paper on how the management of disaster-aid measures can be systematically improved was also given an award in the year under review.

The Deutsche Bahn Foundation supports the commitment of the STIFTUNG LESEN (Reading Foundation) aimed at promoting reading with its slogan "Awakening the joy of reading. Strengthening reading skills." This makes the Deutsche Bahn Foundation one of the biggest supporters of the reading and language culture for children and young people in Germany. A special edition of the reading and book case for social institutions was issued in the year under review, which was developed for little patients in children's clinics and hospices. The reading case project "All the children in the world" is aimed at awakening intercultural understanding among children. The Deutsche Bahn Foundation also initiated the Reading Aloud Day across the whole of Germany. This involved 10,000 people reading books to children.



11TH GERMAN READING ALOUD DAY

More than 80,000 readers took part in the 11th German Reading Aloud Day. These included the patron of the Deutsche Bahn Foundation, Christina Rau. The sponsors of the Reading Aloud Day, i.e. the weekly newspaper DIE ZEIT, the Reading Foundation and the Deutsche Bahn Foundation want to set an example for reading which has an impact on the public through this day of action.

The DB Museum in Nuremberg has completed the preparation of its new permanent exhibition of the period from 1990 to the present day. Since then the Museum has been presenting the entire history of rail in Germany from 1835 to the present day, including a look at the future of mobility. Several special exhibitions such as the photo exhibition on famous stations in literature ensured additional visitors. The Museum has been accessible to visually impaired and blind people since the year under review. The DB Museum made the history of German rail an international hit with its guest spot in the railway museum of the Mexican city of San Luis Potosí.



DB MUSEUM

The Deutsche Bahn Museum is in Nuremberg – the city that saw Germany's first railway journey. Modern day and tradition are combined in the exhibitions.

The Deutsche Bahn Foundation also supports environmental education projects such as the UN Decade Project "FairFuture II" which was awarded a prize in 2010. As a result of the support from the Deutsche Bahn Foundation, 47 schools across Germany were able to hold events at which more than 11,000 pupils took part.

MORE DETAILS PAGE 269

TRENDS AND IMPLICATIONS

DB Group's business environment is in a state of constant change
DB trend landscape includes 24 highly cross-linked trends from four clusters
The basis for gearing business towards the future and actively utilizing opportunities

GRI 1.2
GRI EC9

DB TREND LANDSCAPE

GRI DB Group's environment is in a state of constant change. The DB trend landscape outlines the 24 most important developments from the four trend clusters of customers, society, politics and global economy, towards which DB Group gears its activities in order to benefit from opportunities at an early stage and counter risks in a comprehensive manner. The DB trend landscape was developed as a basis for DB Group's strategy work and has been transferred into the strategic management process (SMP). Our aim is to transform potentials into business success at an early stage. A broad look at the environment focused on a large number of developments which were analyzed, combined and prioritized in relation to DB Group's business activities. DB Group wishes to understand complex developments and be actively involved in shaping change. Potential crucial effects on the future development of DB Group are presented in the OPPORTUNITY AND RISK REPORT [PAGE 168 FF.].

Trend clusters

CUSTOMERS

Our customers' needs and expectations have changed significantly over the last few years, particularly as a result of digitization. What they want are intermodal interlinked mobility and logistics services which can be conveniently managed while on the go and in real time. At the same time, demand is also growing for environmentally and socially sustainable products. Fewer and fewer young people in Europe have their own car, and purchasing power related to mobility will drop overall as a result of rising costs of living and of provision for old age. These developments represent major challenges to us, but they also present us with opportunities, for instance in terms of further growth in public transport through new products and services.

SOCIETY

Population growth is continuing from a global perspective. Increasing numbers of people are moving to the cities in search of work and prosperity. The demand for more efficient low-emissions mobility and logistics solutions will increase as a result. This also applies to Europe, even though birth rates are stagnant and the population is ageing here. It is also making the war among employers for talent more and more intense. The young generation is showing that it is motivated, but is also looking for an individual sense of meaning and demanding time for a private life at the same time. This is accompanied by increased sensitivity for their own environment. The readiness to become involved politically at the local level and to formulate their own social demands is growing when major projects involve changes to their personal environment.

POLITICS

GRI EC8

GRI The political environment is characterized by an increasing acceptance of state regulation and at the same time a call for increased competition and liberalization. Climate change is a central issue here. The discussion surrounding binding targets for CO_2 reduction has not seen results at UN level up until now. Germany, on the other hand, is holding onto its role as a pioneer and is continuing in its efforts to convert to renewable energy. However, the arrangements and allocation of costs related to the electricity transition are subject to controversy. Government debt levels are also continuing to rise in many countries in the European Union (EU), limiting funds both for investments in infrastructure and for grants for local transport. At the same time, the European Commission's attempts at liberalization are also aimed at achieving further quality improvements in the traffic sector. However, actual implementation of new mobility concepts with greater linkage and the promotion of low-emission drives has so far been taking place based on local initiatives in towns and major cities where heavy volumes of traffic are increasing the pressure to act.

GLOBAL ECONOMY

The structure of the global economy has been faced with rising global risks since the 2008/2009 financial crisis. While the ascent of the emerging nations is continuing, particularly China, this will not be on a permanent basis, thereby harboring further risks for the global economy. Flows of commodities will be regionalized for many products with the ascent of the emerging nations. The share of intra-Asia transports will increase in particular. This is also associated with changes in the conditions for value creation in logistics which are strengthening as a result of technical innovations and oil resources, which are becoming more

sparse over the long term. The decrease in availability of crude oil will put increased pressure for innovation on the mobility and logistics sector. Growing global transport needs will not be covered over the long term without drive technology which is not dependent on oil.

Trend focus 2014

DIGITAL LIVING, SMART SIMPLICITY, INTERLINKED TRANSPORT AND YOUNG PEOPLE WHO DO NOT OWN A CAR

F5 P. 77 ▸

Smartphones and the mobile Internet are the essential innovations of the last few years which affect us daily and have changed virtually every aspect of modern life. This has also led to new requirements in terms of mobility and logistics services. Customers today expect integration with complete solutions with minimum interfaces. Technology ought to meet complex requirements, although it should be designed in an uncomplicated and intuitive manner for the user.

A desire for smart simplicity for products and services is also coming to the fore. This can, for instance, be seen in the desire to use a car without owning it. Providers wanting to survive the competition for smart and simple solutions have to transfer complex background processes into simple products and services.

In addition to new drive and control technologies, the transport sector is also banking on improved linkage of different modes of transport. Multimodal transport chains are becoming increasingly important in logistics as a result of tightening infrastructures and regulatory measures. Car-sharing services are increasingly becoming a fixed component in the travel chain in terms of passenger transport. In the urban environment, the trend for young people to own a car has declined sharply. The solution is being provided by smart networked and digitally accessible products and services in local and long-distance transport. The growing need for better linkage is encouraging the development of new apps and online platforms which allow mobility chains across all types of transport.

REGIONALIZATION OF TRADE FLOWS

Products and services are increasingly being produced in the same business region in which they are in demand. This is driven primarily by the economic rise of the emerging nations. On the one hand, prosperity is rising in the emerging regions along with domestic demand. On the other, unit labor costs are also rising in emerging nations, meaning, for instance, that cost-effective production sites in Eastern Europe are becoming increasingly important for European sales markets. This is bolstering development of intraregional trade flows in Europe.

NATIONAL DEBT

National debt within the Eurozone remains at high levels. Countries have been forced to consolidate national budgets in order to remain capable of acting. This represents a major challenge for the traffic sector, which is also targeted to achieve significant savings potentials.

DEMOGRAPHIC CHANGE, DIVERSE LIFESTYLES AND AN ACHIEVEMENT-ORIENTED SOCIETY

F1 P. 78 ▸

The world's population is set to grow by 50 % to nine billion people by 2060. Demographic change features some significant regional differences. European companies need to adapt to ageing workforces and implement measures aimed at maintaining staff. New recruitment methods need to be found in order to acquire sufficient numbers of employees. Being an attractive employer is therefore becoming more and more important.

People's lifestyles are becoming increasingly diverse. Companies need to ask themselves how they can satisfy these different interests of their employees and customers. Diversity management is steadily becoming more important as a result of this. The work-life balance is becoming a competitive factor.

CLIMATE CHANGE, ENERGY TRANSITION AND SUSTAINABLE CONSUMPTION

F2 P. 79 ▸

The high number of greenhouse gas emissions caused by humans is resulting in changes to climatic conditions. The consequence of this is an increased number of extreme weather events of growing intensity. Germany is gradually switching electricity generation to CO_2-free energy sources in order to keep climate change at bay. The question of how the costs of this energy transition should be distributed in a socially acceptable manner without distortions in competition remains largely unanswered.

The authorities and public sector in many European countries are pushing for greater environmental and social compatibility in the transport sector in order to counter climate-related and other environmental problems. The introduction of tolls on roads, entry bans for vehicles and CO_2 directives is encouraging demand for sustainable mobility products and services. New mobility offerings are increasingly competing directly with public transport. If the latter wishes to position itself successfully as a sustainable offering, it must remain competitive in terms of price.

In logistics, sustainability is becoming increasingly important as a result of increased demand for corporate responsibility in the supply chain. The focus here is not only on production processes but also on transport and logistics services.

DB TREND LANDSCAPE

SMART SIMPLICITY
The demand and readiness to pay extra for smart, simple products and services are increasing.

SUSTAINABLE CONSUMPTION
Social and environmental conditions for the production and transport of goods and services are having an increasingly significant impact on consumer decisions.

INTERLINKED TRANSPORT SYSTEMS
Customers are increasingly demanding inter/multimodal transport solutions or those based on benefit.

FALLING PURCHASING POWER IN TERMS OF MOBILITY
Purchasing power for mobility solutions will fall as a result of rising energy costs and changes in consumer preferences accompanied by stagnant real income.

DIGITAL LIVING
Daily life, hobbies and work are increasingly being organized via the Internet and smart devices.

TRANSPORT INNOVATION
Cars and trucks are becoming more interlinked, safer and more efficient – CO_2-neutral fully automatic cars will be ready for serial production before 2030.

YOUNG PEOPLE WHO DO NOT OWN A CAR
Car ownership among young people under 30 has been falling for more than ten years.

Digitalization and linkage are shaping the future: Customers are increasingly open to intermodal mobility and logistics solutions – provided that these are smart and simple.

Increased consumption and lower car usage by young people in Europe, accompanied by limited purchasing power in relation to mobility, promises further growth in public transport.

CUSTOMERS

SOCIETY

ACTIVE CITIZENS
Citizens want to be more actively involved in designing projects, particularly those related to infrastructure.

CITY LIVING
More and more people will be working and living in condensed urban regions in the future.

DIVERSE LIFESTYLES
More diverse lifestyles and consumer patterns are resulting in increased demand for diverse product and service offerings.

DEMOGRAPHIC CHANGE
The world's population will continue to grow until 2060 – Europe's population is ageing and contracting.

ACHIEVEMENT-ORIENTED SOCIETY
Knowledge intensity and stress at work are increasing – a work-life balance is becoming a fixed competitive factor.

WAR FOR TALENT
The demographic change in Europe is resulting in an acute shortage of workers and qualified professionals.

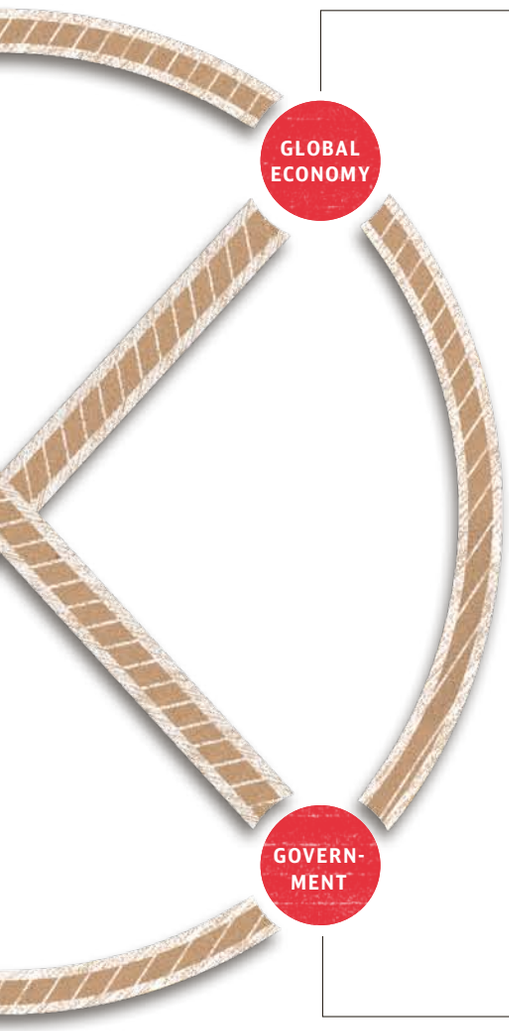
The world's population is growing with people increasingly moving to the cities. Infrastructure-efficient and CO_2-free mobility and logistics are in demand globally.

There will be a shortage of workers over the long term in Germany and Europe. The young generation is more versatile and motivated, but they are increasingly also looking for meaning in their work; only the best employers will survive in the war for talent.

Climate change and dwindling oil resources are materializing. The risk of external shocks is rising. The economy is becoming more volatile on the whole.

Growth in the emerging nations is continuing, not least as a result of continued population growth. New and strong internal markets are emerging.

Increased significance of regional trade flows harbors growth opportunities for logistics.



Regulation by government institutions is increasing; citizens are becoming more and more involved, e.g. in infrastructure projects.

Energy transition towards renewable energy plus opening up of the traffic markets to competition are progressing.

Public funding for traffic projects is becoming more difficult in many countries as a result of national debt; however, thinking is changing at the local level towards linkage and moving to more environmentally friendly modes of transport.

DWINDLING OIL RESOURCES
Conventional oil resources are dwindling constantly – unconventional resources are incapable of covering increased demand over the long term.

VOLATILITY IN THE REAL ECONOMY
Fluctuations have persisted in the real economy since the 2008/2009 financial and economic crisis.

CHANGES IN THE CONDITIONS FOR VALUE CREATION IN LOGISTICS
Technological, customer and economic developments are changing the logistics business of the future.

ASCENT OF THE EMERGING NATIONS
Demographic change and economic development are shifting global economic power to Asia in particular.

REGIONALIZATION OF TRADE FLOWS
Increasing costs for fuel, customer requirements and converging unit labor costs are pushing forward regionalization, i.e. greater importance for local sales markets (e.g. inner Asian).

RETHINKING IN TRAFFIC PLANNING
Sponsorship and expansion of public transport, interlinked transport systems and associated infrastructures are increasingly being discussed and planned by politicians and society.

LIBERALIZATION
Liberalization of the European railway market is being pushed forward at EU level.

ENERGY TRANSITION
Network expansions, generations systems and market designs are being synchronized more closely in order to make energy transition a success.

NATIONAL DEBT
Many countries have remained in debt since the sharp rise in national debt during the 2008/2009 economic and financial crisis.

REGULATION
The regulatory framework is becoming narrower both in the rail sector as well as in other industries such as the automobile and energy sectors.

CLIMATE CHANGE
The Earth's temperature is increasing through increased concentration of CO_2 – the number of extreme weather conditions will continue to increase, as will their intensity.

MORE DETAILS

CORPORATE STRATEGY

Ongoing implementation of the DB2020 strategy
Focus on sustainable business success and social acceptance
Digitalization is a central strategic area of action

GRI 4.8 DMA EC DMA EN DMA LA DMA HR DMA PR

DB2020 STRATEGY

With the DB2020 strategy, DB Group has created a general framework that harmonizes the ECONOMIC, SOCIAL and ENVIRONMENTAL dimensions in order to guarantee sustainable business success and social acceptance. To achieve our vision to become the world's leading mobility and logistics company, we have set ambitious targets for all three dimensions: we aim to become a PROFITABLE MARKET LEADER with a focus on CUSTOMER AND QUALITY, a TOP EMPLOYER and an ECO-PIONEER. To break down the strategic approach with regard to content and to monitor its implementation DB Group has developed an integrated target system. Twelve top targets along four directions ensure a balanced picture of the sustainable strategy.

The target system applies throughout DB Group and takes into account the specific challenges to each business unit. The target system is also intended to enable the implementation of measures based on concrete targets, to identify CONFLICTING TARGETS [PAGE 79 F.] with regard to our aim to harmonize the economic, social and environmental dimensions, and to show the progress of implementation of the DB2020 strategy by monitoring throughout the course of the year.

In the annual SMP, the business units have translated the DB2020 strategy for themselves and developed their own similar visions and strategies. Along with the corresponding targets and the programs derived from them, the DB2020 strategy is included in the medium-term planning. Targets from all of our four strategic directions have been taken into account since 2013 in the end-of-year bonuses for managers and employees not subject to wage agreements.

We are actively communicating the DB2020 strategy in order to assure the necessary transparency and inclusion of all relevant shareholders. The linkage of the themes strategy, leadership and corporate culture is particularly crucial for successful implementation.



F5 ◂ P. 73 P. 124 ▸

Digitalization is a comprehensive strategic field of action which is singled out and which influences us in determining fundamental changes to our markets, competitors and the needs of our customers. It represents a huge challenge for us but also provides the opportunity to address new target groups, increase our efficiency, improve quality and develop new products and services at the same time. As a result we have launched initiatives such as MOBILITY 4.0 [PAGE 24 FF.], Logistics 4.0 and Infrastructure 4.0 across DB Group in order to optimize our efforts to transition our products, services and processes into the digital age.

DIMENSIONS AND MANAGEMENT APPROACHES

Profitable market leader

As a **PROFITABLE MARKET LEADER**, *DB Group wants to offer its customers first-class mobility and logistics solutions. Two strategic directions are significant if we are to achieve this target: customer and quality as well as profitable growth.*

STRATEGIC DIRECTION: CUSTOMER AND QUALITY

We want to provide first-class mobility and logistics services, thereby fulfilling a crucial requirement in increasing customer satisfaction. Significant capital expenditures are required in our networks, infrastructure and fleets in addition to the continuous optimization of all service processes.

The following fields of action are being pursued within the framework of the strategic direction **CUSTOMER AND QUALITY**:

- consistent process quality,
- expanded customer information and service,
- linkage between global IT systems,
- renewal and expansion of the infrastructure,
- modernization and expansion of stations,
- modernization of the vehicle fleet, and
- accelerated product and process innovation.

Top targets

- Increasing **CUSTOMER SATISFACTION**: In addition to capital expenditures in new trains and in modernizing the existing fleet, continuous optimization of the transport and other services on offer, comprehensive information and first-class service are further levers used to increase customer satisfaction. Customer satisfaction surveys are carried out in each business unit on a regular basis. DB Group uses the findings from these to derive continuous improvement actions in accordance with the guiding principle that "customer wishes determine how we act."
- Improvements in **PRODUCT QUALITY**: Punctuality is the most important indicator of the product quality. Punctuality is a central component in our performance pledge. Reducing operational failures is at the center of the efforts to increase punctuality, particularly through operational planning measures. A broad-based portfolio of corresponding improvement projects was initiated for this purpose. Coping with the continuous growth in volumes of traffic on the rails and, of course, the implementation of intensive new construction and maintenance projects during ongoing operations represent particular challenges.
- Driving **INNOVATION**: We are constantly investing in innovative projects and solutions aimed at developing progressive processes and innovative business models. Our innovation activities include our focus on developing new products and services which meet tomorrow's needs. The aim is to establish an innovation-friendly corporate culture throughout DB Group. This includes, for instance, the innovation management pilot in passenger transport. Further innovations are also planned for online and mobile distribution channels. We are also banking on the opportunities provided through digitalization. WiFi in trains and stations, new apps for even more comfortable travel (for instance TRAIN RADAR, QIXXIT and the ICE portal), digital solutions for planning schedules and for tracking shipments and saving resources in logistics are some of the examples.

MORE DETAILS PAGE 93 F.

STRATEGIC DIRECTION: PROFITABLE GROWTH

In recent years, we were able to build up our market position through organic growth and portfolio additions. Our intention is to continue on our path of further growth. Part of this will involve consistently making the most of the synergies available to us thanks to the integrated Group structure. Improvement of capacity utilization and productivity, and the continuous provision of competitive cost structures are an important prerequisite in order to maintain position in our markets and to grow profitably.

Top targets

- Improving PROFITABILITY: Cost-effectiveness as an overriding target in VALUE MANAGEMENT [PAGE 101 FF.] ensures that appropriate long-term returns are achieved over several economic cycles. We calculate the weighted average cost of capital (WACC) of debt and equity capital on an annual basis using risk-adjusted market values. The actual return, i.e. the return on capital employed (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).
- Expanding MARKET POSITION: DB Group has a target of continuing to expand its leading market positions in all relevant markets/market segments in future.
- Ensuring FINANCIAL STABILITY: As an asset-intense company, it is essential that DB Group has constant access to the capital markets at favorable terms and conditions. Consequently, an additional material target is achieving appropriate key debt figures from the standpoint of our debt investors. A central figure for controlling indebtedness is redemption coverage (ratio of operating cash flow to the adjusted net financial debt).

MORE DETAILS PAGE 94 FF.

Top employer

DB Group wants to become a TOP EMPLOYER and to be one of the ten leading companies on the German labor market as well as occupying top positions internationally by 2020.

STRATEGIC DIRECTION: CULTURAL CHANGE/ EMPLOYEE SATISFACTION

As a TOP EMPLOYER we want to attract and retain qualified employees who are enthusiastic about working for DB Group and its customers. We will continue to drive forward the cultural change that has been initiated and continue to increase our employee satisfaction.

Top targets

- Strengthening our ATTRACTIVENESS AS AN EMPLOYER: We work intensively on increasing our attractiveness as an employer – for both our current and future employees. A visible and persuasive presence in the labor market is decisive for success in the competition for technical and management personnel. We therefore continued our successful employer branding campaign in the year under review, with the focus on groups subject to shortages. Yet it takes more to be, and to remain, an attractive employer; this is why we provide our employees with meaningful tasks and activities, attractive employment conditions and an appreciative corporate culture.
- Increase EMPLOYEE SATISFACTION: Contented employees mean satisfied customers and thus the sustained success of our business. This is why we have been working on developing our corporate culture since 2010. It should be characterized by a collaborative approach and consistent inclusion, appreciative cooperation and management that leads by example. The second group-wide employee survey was carried out in the fall of 2014. It provides a comprehensive picture of satisfaction levels along with an opportunity to recognize changes, as compared with the 2012 employee survey, and to deduce concrete actions for improvement and change.
- Ensuring DEMOGRAPHIC PREPAREDNESS: Population dynamics present DB Group with major challenges. Competition in the labor market will continue to increase in future years, and at the same time we need to hire around 8,000 new employees each year as a result of fluctuation and retirement. In addition to gaining new employees, we must also encourage the career development and retention of our current employees. The professional development of employees should be based on individual career and life stages in order to allow them to spend their entire working lives in DB Group. Versatile development opportunities, meaningful, varied and forward-looking activities along with a wide range of opportunities for health promotion, in addition to enabling the collective pay basis, help ensure employees' commitment to DB Group. We are also committed to promoting the diversity of our workforce.

MORE DETAILS PAGE 110 FF.

F1 ◂ P. 73 P. 80 ▸

Eco-pioneer

As an ECO-PIONEER, DB Group wants to set benchmarks with its products for the efficient use of available resources. We want to expand our leading environmental position by increasing material and resource efficiency and reducing CO_2 and noise.

STRATEGIC DIRECTION: RESOURCE CONSERVATION/ EMISSIONS AND NOISE REDUCTION DIRECTION

Eco-friendliness is part of our brand and performance pledge. DB Environment is responsible for Group-wide environmental management. Its central tasks include opportunity and risk management as well as development and monitoring of targets and programs together with the business units and Group divisions. DB Environment and the Group Environment Committee manage implementation of the targets together with the representatives from all business units. The Group's environmental protection results are evaluated in its individual working and technical groups with measures developed for the central targets within the DB2020 strategy.

Rail traffic in Germany enjoys significant environmental advantages as compared with other means of transport. We will continue to build on our leading environmental position. A particular focus is placed on the areas of action which involve reducing specific CO_2 emissions and energy consumption, along with noise reduction and increasing resource efficiency.

Reducing air pollutants in our vehicles is a further area for focus. More than 90% of the DB rail transport fleet is already propelled using electric traction and thus does not produce any direct exhaust pollutants. More than a third of the diesel locomotives also use low-pollutant engines. Our fleet of cars and trucks meet the highest exhaust standards and therefore feature low pollutant emissions.

We take environmental protection factors into account from the planning stage when building new, and expanding existing, lines. If it is not possible to avoid interfering with the natural environment then we compensate for this accordingly, for example in order to avoid the destruction of habitats for rare species of animals.

Top targets

- REDUCTION OF CO_2 EMISSIONS: We want to reduce specific CO_2 emissions globally – in other words, those relating to volume sold – by 20% by 2020 in comparison to 2006 levels. We have already overachieved on this target with our green offers in long-distance transport and efficiency increases in ocean freight of our partners. We will continue to increase the share of renewable energy in the traction current mix, increase energy efficiency in operations and production, and renew our fleet of vehicles on a continuous basis.
- Accelerating NOISE REDUCTION: We are working to halve noise pollution from rail transport 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 freight wagons with low-noise composite brake shoes and implementing other innovative track and rail vehicle solutions.
- Improving MATERIAL AND RESOURCE EFFICIENCY: We are making a further contribution to environmental protection through enhanced material and resource efficiency. A recycling rate of 95% is a central element in this. We want to increase clearly our material efficiency by extending the service life of our production resources, using recycled materials and regularly optimizing our material cycles.
- We want to improve AIR POLLUTION CONTROL and the PROTECTION OF NATURE AND SPECIES further. We continued to work on setting concrete targets for both areas of action in the year under review.

MORE DETAILS PAGE 117 FF.

F2 ◂ P. 73 P. 90 ▸

INTERDEPENDENCIES WITHIN THE TARGET SYSTEM

The interplay of the ECONOMIC, SOCIAL and ECOLOGICAL dimensions along with identification and evaluation of the interdependencies is the starting point for integrated reporting. These three dimensions are intrinsically linked. Measures which are aimed at having an effect in one dimension frequently also impact at least another dimension.

The aim is to reflect and present the intrinsically linked effects of economic, social, ecological and governance factors on long-term company success. A holistic view gives an indication of the added value that a company can create and how it can secure its sustainable success.

There are also interactions between our top targets: these are both interdependent within the individual strategic directions as well as across the different strategic directions. Conflicting targets need to be identified and evaluated. However, all our top targets have one thing in common: they have a crucial impact in terms of achieving the targets of our DB2020 strategy.

Understanding these interdependencies forms the basis for assessing the effectiveness of measures aimed at achieving our strategic targets. As a result, correlations between essential financial and non-financial key indicators are looked at holistically. The initial perspective is purely qualitative in nature. We identify the essential interdependencies between our top targets. We make assumptions on the intensity of the interdependencies as part of decision-making processes, although these are not entirely quantitatively deposited. We started this experience and learning process in 2012 with the introduction of our sustainable DB2020 strategy and it remains a challenging task.

There prevail complex relationships between the individual top targets. For instance, the expansion of our CO_2-free offerings at DB Bahn Long-Distance is having a direct positive effect on reducing CO_2 emissions and therefore on our climate-protection targets. Additional revenues and increased customer satisfaction are further positive effects. There is target harmony in this regard. On the other hand, electricity from renewable energy sources is more expensive than electricity that is produced conventionally (conflicting targets of profitability).

ADJUSTMENTS TO THE TARGET SYSTEM

We made some adjustments in the year under review either to or within our target system as part of the regular review of our target figures and target values.

Customer and quality

Regular customer surveys are carried out in the individual business units and service centers in order to ascertain satisfaction levels. Up until now end-customer satisfaction (in particular of passengers) has been ascertained based on the survey results from DB Bahn Long-Distance, DB Bahn Regional Rail, DB Arriva, DB Bahn Sales and DB Netze Stations. The results of customer surveys from DB Bahn Regional Bus and DB Fleet Management (Call a Bike, Carsharing) were included in the Group customer satisfaction index B2C for the first time, as evaluation of the baseline measurements and formulation of the target values were finalized in the year under review. The merger of the individual business unit contributions is based on a multi-stage weighting procedure, the weighting shares of which differ in accordance with proximity with the external customer.

Customer satisfaction of business customers has previously been ascertained based on the results of the surveys from DB Schenker Rail, DB Netze Track, DB Netze Stations, DB Netze Energy, DB Netze Projects, DB Systel, DB Communication Technology and DB Vehicle Maintenance. The results of customer surveys from DB Schenker Logistics, DB Services, DB Security and DB Fleet Management were included in the Group customer satisfaction index B2B for the first time, as evaluation of the baseline measurements and formulation of the target values were finalized in the year under review. The merger of the individual business unit contributions is based on a multi-stage weighting procedure, the weighting shares of which differ in accordance with proximity with the external customer.

Profitable growth

From today's perspective, the markets have developed less dynamically than we had expected in 2011, in terms of both market growth as well as the strategic need for inorganic growth. The outlook for the next few years is also more reserved. The financial room for acquisitions has also been reduced on account of weaker than expected profit levels. As a result we placed the focus on organic growth and revised our revenue targets for 2020 from € 70 billion (including inorganic growth) to more than € 50 billion (not including inorganic growth).

Cultural change/employee satisfaction

Definition of the key indicator rate of health is converted to time lost in determining the basis of calendar days as of the year under review. This change corresponds with the current management focus and allows the business units values to be merged into a domestic Group value. The target of continuing to maintain stability in terms of rate of health against the background of demographic change is retained with this.

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◂ P. 78
P. 113 ▸

The key indicator covering external staffing needs will be replaced with the key indicator staffing needs coverage ratio from 2015 onwards. The staffing needs coverage ratio includes overall staff coverage in the customer-oriented job families and for young professionals in the target system for the period from 2015. The monitoring focus hereby also includes future external as well as internal challenges and measures for recruitment, staff retention and development with the aim of counteracting staff shortages.

Resource conservation/emissions and noise reduction

We have adapted the methodology in the year under review for the key indicator of reducing specific CO_2 emissions at carriers. The values from the previous year can therefore only be compared in part.

The target values for 2020 for the key indicators of reducing specific CO_2 emissions and the share of renewable energy in the traction current mix are currently being revised. The original targets for both key indicators have already been overachieved in the year under review.

SUSTAINABILITY MANAGEMENT

GRI 2.10 4.8 4.9 4.12 4.13

The theme of SUSTAINABILITY is anchored in DB Group's organization. The function of Chief Sustainability Officer (CSO) was created for overall responsibility and is currently held by Dr. Karl-Friedrich Rausch (Management Board Member for Transport and Logistics). A sustainability competence center has been set up to support this function. In this committee, in which all relevant departments are represented, themes and projects related to sustainability are managed across all divisions and business units. However, the individual departments and business units are still responsible for the content.

Ratings

The ratings agency OEKOM RESEARCH has again evaluated our activities in the environmental and social dimensions. Once again, we were able to attain a "B" and received thereby "Prime" status, which designates industry leaders. In the transport and logistics/rail sector, DB Group achieved first place. Assessments were made on 29 international companies, from Japan, Canada and Europe, among others.

The ratings agency CDP (formerly Carbon Disclosure Project) also assessed DB Group's climate commitment for the year under review. CDP awarded its best score A for the Group's climate-protection performance along with 99 points out of 100 for reporting transparency. With this result DB Group has achieved virtually the best score in its first year of taking part in the CDP rating, and at the same time as one of only 12 German companies gained a place on the prestigious Climate Performance Leadership Index in which CDP lists the 189 leading companies around the world.

DB Group also obtained good scores for its sustainability standards from ECOVADIS. The organization compiles supplier scores for third parties related to sustainability. EcoVadis gave DB Group's overall performance its highest possible gold status.

Memberships

Together with 31 further multinational companies in German industry DB Group is a partner to the corporate network ECONSENSE. The aim of this is to develop solutions together for sustainable business, to initiate political decision-making processes and thereby to pool and push forward innovations and strategies for issues related to the future. The network was founded in 2000 at the initiative of the Bundesverband der Deutschen Industrie e.V. (BDI).

At the international level DB Group is a member of the WORLD BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT (WBCSD). DB Group has committed itself in this regard to a global project aimed at promoting sustainable mobility in metropolitan areas.

We are also committed to the corporate principles of the United Nations Global Compact. DB Group presents its progress towards the ten principles on an annual basis (Communication on Progress). Furthermore, DB Group is committed to the DEUTSCHE GLOBAL COMPACT NETZWERK (DGCN), the forum for German companies for the implementation and promotion of the principles of the United Nations Global Compact (UNGC).

Within the framework of combating corruption, DB Group has signed up as a corporate member of TRANSPARENCY INTERNATIONAL. Regular discussions take place regarding experiences with anti-corruption systems and procedures with corresponding standards set as part of our efforts to combat corruption.

BUSINESS AND OVERALL CONDITIONS

Differences in economic development
Markets show positive development
Hindrances from the regulatory environment

GRI EC9

GRI As an operator of networks in passenger and freight transport as well as in infrastructure, our economic success is influenced by the general economic environment and the specific development of the individual transport markets.

- Demand in passenger transport depends, above all, on the population, the number of employed persons and real disposable income.

  The competitive situation relative to automobiles is influenced significantly by the development of fuel prices.

  The financial resources of the contracting organizations are also of key importance in the DB Bahn Regional and DB Arriva business units. In rail and in bus services, supplying the public with local transport services is secured through long-term transport contracts that are concluded between public transport authorities and transport companies.
- We depend largely on economic developments in the transport and logistics area. Due to our global networks, we monitor the development not only of global gross domestic product (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.
- The services of the Infrastructure business units cover important elements of the value chains of their customers. The same applies to DB Services. In this respect, the development of demand is a factor that is largely determined by upstream passenger and freight transport markets. The area of marketing in DB Netze Stations is also important. Consumer trends in the general public are an important factor here, much as they are in general retail in Germany.

GRI EC9

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 can be focused accordingly. At the same time, we work systematically on optimizing our operating value drivers.

ECONOMIC ENVIRONMENT

DEVELOPMENTS IN IMPORTANT MACROECONOMIC INDICATORS [%]	2014	2013	2012
GDP			
World	+2.6	+2.5	+2.5
USA	+2.4	+2.2	+2.3
China	+7.4	+7.7	+7.7
Japan	+0.0	+1.6	+1.7
Europe	+1.4	+0.3	-0.2
Great Britain	+2.6	+1.7	+0.7
Poland	+3.4	+1.5	+1.8
Eurozone	+0.9	-0.4	-0.7
Germany	+1.6	+0.2	+0.6
France	+0.4	+0.4	+0.4
Italy	-0.4	-1.9	-2.3
GLOBAL TRADE (REAL)			
Trade in goods	+3.9	+3.0	+2.6

The data for 2012 to 2014, adjusted for price and calendar effects, is based on information available as of February 2015.

Source: Oxford Economics.

Assessment of the economic climate by the Management Board

The world economy grew rather more strongly in 2014 than it did in the previous year. However, the dynamic remained weak and was crucially impacted by the lengthy recovery process in the Eurozone and weaker growth in the major emerging nations. World trade performed in a similar manner.

The Eurozone was forced to combat the consequences of past economic developments such as private and government consumption largely financed by loans. Germany's performance was slightly above average. The robust German

domestic market continued to be a linchpin of the economy. Nevertheless, the difficult conditions in important European sales markets placed a strain on economic development.

Weak GDP growth

The world economy grew by 2.6% in 2014. Higher expectations at the start of the year based on hopes for strong effects from the recovery following the economic difficulties in previous years were not met. Growth achieved in the USA was within the scope of previous years. China continued to experience strong growth, although this was below the level for the previous year. Europe missed its economic targets, particularly in the Eurozone, mainly on account of structural problems in several of the large national economies in the currency union. However, economic strength increased again for the first time after declining economic development in the previous two years.

In Germany the mood also darkened noticeably over the course of the year as a result of direction in economic policy such as retirement at 63 and the minimum wage. The export sector expanded although it was negatively affected by the weakness of important sales markets. The crisis in Ukraine increased uncertainty among investors. Investments which had been postponed in previous years as a result of the crisis were not implemented in some cases as a result.

Global trade increased disproportionately in 2014 as compared with the performance of GDP, although it was still considerably less than the average over many years. Structural obstructions such as countries in Europe with excessive debt and increased relocation of production facilities to the sales markets are significant reasons for this.

USA

- Weak start to the year as a result of a severe winter, decline in GDP in the first quarter.
- Strong economic growth in the second half of the year.
- Overall growth at the previous year's level based on positive framework conditions (low energy prices, advancements in the debt-reduction process for private households and higher employment figures).
- Less expansive monetary policy by the US Federal Reserve.

ASIA

- Strong economic growth in China, although growth rates of the previous years were not reached.
- Chinese government missed its own growth target for the first time in 24 years. Government investment programs such as expenditures in the rail infrastructure had a positive influence on economic growth.
- Japan's economy remained stagnant in 2014 as a result of an increase in VAT among other reasons.
- The expansive fiscal and monetary policy practiced in Japan was unable to provide the desired positive momentum.

EUROPE

- Geopolitical crises such as the crisis in Ukraine and the conflicts in the Middle East placed a strain on the economy and on the general business climate.
- Strong increase in economic output in several countries in Central and Eastern Europe (Czech Republic, Hungary and Poland).
- Positive development also in Great Britain as a result of increased investments and private consumer spending, along with an expansive monetary policy which gave the construction sector a temporary boost.

EUROZONE

- Investments and government spending increased only slightly in the Eurozone as a whole, together amounting to just under 40% of overall economic output. This resulted in a lack of economic momentum.
- On the other hand, exports had a supportive effect as a result of the fall in value of the euro against the US dollar along with increased competitiveness. Private consumer spending also contributed to overall economic expansion.
- Different levels of economic performance continued among the individual member states in the Eurozone.
- Spain and Greece are benefiting from reforms introduced during the euro crisis.
- France and Italy remain weak. Positive momentum from the introduced structural reforms is arriving in a delayed fashion. External momentum is only able to partially compensate for weak domestic demand as a result of the comparatively low competitiveness.
- Germany performed better than the rest of the Eurozone. Performance weakened as the year progressed following a strong first quarter as a result of the mild winter.
- Domestic demand was once again the linchpin of the economy. Investments also increased significantly in addition to private consumption.
- Exports also grew more strongly than overall economic output, despite the weakness of some important sales markets. However, imports also increased at a similar level, meaning that the contribution of foreign trade to GDP growth only increased slightly.

Energy markets showing signs of overcapacity

The central hedging policy of DB Group is based on the principle of minimizing energy price fluctuations and the corresponding effects on results. In this context, we have established a rolling hedge program that uses graduated levels of hedging. Developments in market prices therefore did not impact on our activities with full force.

OIL MARKET

			Change	
BRENT CRUDE OIL [USD/BBL]	2014	2013	absolute	%
Average price	99.5	108.7	-9.2	-8.5
Highest price	115.7	119.2	-	-
Lowest price	55.8	96.8	-	-
Year-end price	57.3	110.8	-53.5	-48.3

Source: Thomson Reuters.

- 2014, the oil market was seriously influenced by OPEC's change in strategy. Saudi Arabia rules out production cuts despite the fall in prices in order to prevent losing market share.
- Up until the third quarter, the picture was characterized by the conflict between supply surpluses and geopolitical risks. Speculative investors are betting on further price increases considering the expansive monetary policy of the most important central banks. The price for Brent reached its highest level for the year in June.
- Subdued economic development in Europe and Asia put pressure on the demand for oil, while production was expanded further on the supply side (including through the shale oil boom in the USA).
- Prices fell from September given the major surplus in supplies and the strength of the US dollar. Further acceleration following the OPEC meeting in November. The price for Brent fell to its lowest point for the year in December (lowest level since May 2009).

ELECTRICITY MARKET

			Change	
DEVELOPMENTS IN ENERGY PRICES	2014	2013	absolute	%
BASE LOAD POWER (FOLLOWING YEAR) [€/MWH]				
Average price	35.1	39.1	-4	-10.2
Highest price	37.0	45.6	-	-
Lowest price	32.8	36.0	-	-
Year-end price	32.9	36.5	-3.6	-9.9
EMISSIONS CERTIFICATES [€/TON CO_2]				
Average price	6.0	4.5	1.5	33.3
Highest price	7.6	6.8	-	-
Lowest price	3.7	2.5	-	-
Year-end price	7.3	5.0	2.3	46.0

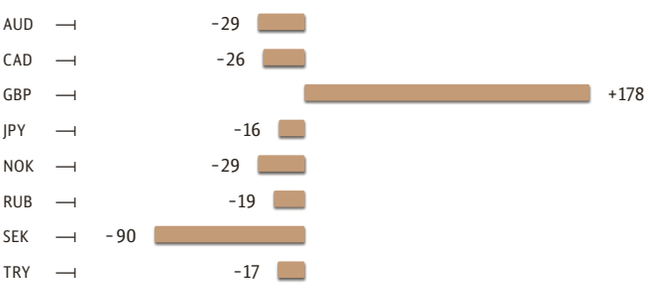
Source: Thomson Reuters.

- Record high priority supplies of renewable energy pushed down the wholesale price. Hard coal and above all lignite-fired power plants are experiencing a renaissance following historic all-time lows in the coal market and moderate CO_2 prices.
- A lack of controllability of supplies of renewable energy results in high fluctuations in the electricity spot market with a decline in the average price level. This also results in the need for more and more accurate temporal control, which is reflected in significant increases in trading volumes on the intraday market.
- In the first quarter, the price of base-load electricity reached its highest level for the following year, although this was not reached again following escalation of the crisis in Ukraine, despite the concerns surrounding gas supplies. As at year end the base-load supply contract reached an all-time and all-year low in 2015.
- The retention of 400 million certificates resulted in the highest level for the year on the primary market at the start of March (€ 7.6/t CO_2). The price collapsed to EUR 3.71/t by the end of March. Speculation on the point in time for the introduction of the market stability reserve provided a lift.

Performance of the euro under pressure in the second half of the year

The DEVELOPMENT OF REVENUES [PAGE 94 F.] at DB Group is also influenced by the effects of currency exchange rates. On the revenue side these effects amounted to EUR –180 million in the year under review.

ESSENTIAL REVENUE EFFECTS FROM CHANGES IN CURRENCY EXCHANGE RATES [€ MILLION]



The global currency markets turned out to be volatile over the course of 2014. Economic performance in the Eurozone along with the announcement from the European Central Bank (ECB) that it intended to pursue a more expansive

course in monetary policy resulted in the considerable fall in demand for euros in the second half of the year. For the entire year the currency traded at a more stable level as compared with other currencies as a result of the rise in value during the first half of the year.

In addition to these fundamental influence factors, there were also some additional country-specific effects responsible for the occurrence of exchange rate effects:

- The Australian dollar (AUD) fell in value, particularly as a result of the weaker demand for goods and raw materials from its most important trading partner China (–6.4%).
- The Canadian dollar (CAD) fell in value as a result of the weak global demand for raw materials along with lower prices for crude oil (–6.7%).
- Strong economic growth along with an increased interest rate differential in real terms to the euro formed the basis for increased demand for the British pound (GBP) (+5.4%).
- The expansionary Japanese monetary policy placed further pressure on the yen (JPY) (–7.5%). This was offset by the increased weakness of the euro.
- The Norwegian krone (NOK) weakened for the second year in a row following the considerable rise in value during the euro crisis (–6.6%). Crucial influence factors included the drop in oil prices and the fall in the base rate of the Norwegian Central Bank.
- The ruble (RUB) lost one-fifth of its value in 2014 amid heavy fluctuations (–16.9%). The fall in oil prices, withdrawal of investor capital and economic sanctions by Western countries are placing a strain on the Russian currency.
- Deflationary trends in the Swedish economy caused the Central Bank to cut its base rate considerably in the middle of the year. Accompanied by economic growth which was weaker than expected, the Swedish krona (SEK) fell in value (–4.9%).
- The Turkish lira (TRY) fell in value (–12.8%). A high trade deficit and changes in risk awareness among foreign investors reduced demand for the currency.

Development of the bond markets

YIELD [%]	2014	2013	Change in percentage points
GERMAN BUNDS (10-YEAR)			
Average yield	1.24	1.63	– 0.39
Highest yield	1.94	2.04	– 0.10
Lowest yield	0.54	1.17	– 0.63
Year-end yield	0.54	1.94	–1.40

Source: Thomson Reuters.

DB Group regularly issues BONDS [PAGE 100 F.] via its Group financing company DB FINANCE [PAGE 99 FF.] on the capital market. The central benchmark for the DB bonds are the corresponding German Federal bonds (bunds). The bond markets recorded a constant fall in returns to a low level in 2014.

- The returns on the ten-year bunds reached an all-time low at the end of 2014.
- The reform efforts of individual EU member states showed initial effects in the first half of the year, with the returns on government bonds falling accordingly.
- Supported by low interest rates the ECB eased its monetary policy with the aim of stepping up loans issued to the private sector. The returns fell further as a result.
- With the intensification of the geopolitical situation at the end of 2014, bunds were increasingly in demand as a safe anchor investment, with the returns falling once again as a result.
- In addition to additional open market transactions explicitly aimed at providing loans to private customers, the ECB charged banks for the first time for negative deposit rates.

DEVELOPMENTS IN THE RELEVANT MARKETS

Passenger Transport

GERMAN PASSENGER TRANSPORT MARKET

	Growth rate		Market share	
GERMAN PASSENGER TRANSPORT MARKET [% BASED ON VOLUME SOLD]	**2014**	2013	**2014**	2013
Motorized individual transport	+1.5	+ 0.3	84.5	84.4
Rail passenger transport	0.0	+ 0.9	8.1	8.2
DB Group	– 0.9	– 0.5	7.2	7.4
Non-DB Group railways	+7.4	+15.1	0.9	0.9
Public road passenger transport [1]	+1.5	+1.3	6.4	6.4
DB Group	–2.3	–1.8	0.7	0.8
Air transport (domestic)	+ 0.5	– 4.0	0.9	0.9
Total market	**+1.4**	**+ 0.4**	**100.0**	**100.0**

[1] *Cross-border traffic no longer included. Previous year's figures adjusted.*

Figures for the years 2013 and 2014 are based on information and estimates available as of February 2015. The market share for each mode of transport has been rounded up or down, therefore the total may not add up to 100.

The German passenger transport market recorded a performance increase in 2014 and continued its positive development. Good economic and socioeconomic framework conditions in the form of rising numbers in the population and of people in gainful employment, growing available real income and significant falls in fuel prices supported the development. Comparatively mild weather in the winter months was also reflected positively in the figures.

In addition to the economic momentum the passenger transport market also benefited from a growth in competitiveness as a result of liberalization of the long-distance bus market the previous year.

Motorized individual transport

- According to our own calculations, the volume sold rose by around 1.5%.
- Positive effects were felt in particular as a result of significant falls in fuel prices and a higher number of vehicles at the same time.
- Growing numbers of car- and ride-sharing offers.
- Market share rose to 84.5%.

Rail transport

- Despite the STORM ELA [PAGE 154] and the STRIKES BY THE GDL [PAGE 114 F.], the volume sold remained at the level of the previous year.
- Local rail passenger transport services stagnated despite the commissioning of the Leipzig City Tunnel in December 2013.
- Decline in long-distance rail passenger transport (–2.0%) due to increased pressure from the competition and changes in the perception of our prices following the offensive campaign by long-distance bus providers.
- Demand at DB Bahn Regional remained at the previous year's level, while it fell at DB Bahn Long-Distance (–1.9%).
- Non-DB Group railways were able in turn to make gains and increase their volume sold (+7.4%).
- Rail passenger transport achieved an overall market share of 8.1%.

Public road passenger transport

- Volume sold increased considerably.
- Regional bus services fell as a result of falls in high school students and vocational trainee traffic numbers.
- On the other hand the long-distance bus market expanded sharply:
  - Strikes in the railways and for air transport, along with users sensitive to price, reinforced the dynamic for growth.
  - A boom in demand led to the appearance of additional players (Megabus, iDBus).
  - However, intense price competition led to first market exits.
- Market share remained stable overall at 6.4%.

Air transport

- Volume sold rose slightly.
- A reduction in the routes offered within Germany and several strikes tempered development.
- Falls in the price of kerosene and favorable weather conditions had a positive effect.
- Market share remained at 0.9%.

EUROPEAN PASSENGER TRANSPORT MARKET

The sluggish economic recovery in many countries shaped the economic framework conditions for European passenger transport. European rail passenger transport was able to increase its volume sold slightly. Performance in the individual countries was inconsistent. Gains in Great Britain, Spain, Italy, the Netherlands and Switzerland were accompanied by declines in France and Poland, which were considerable in some cases.

DB Group retained a largely stable volume sold in Europe (–0.1%). Development in the countries that are most important for our business activities developed as detailed below:

Great Britain

- Positive momentum through increased numbers of people in employment and growth in real income.
- Growth in volume sold in rail passenger transport by 3.9%.
- Regional bus services expanded their volume of traffic by 1.5%.
- Increase in the performance for Arriva UK Trains and in volumes for Arriva UK Bus.

The Netherlands

- A drop in the numbers of people in employment and stagnant real income.
- Performance gains in rail passenger transport (+5.4%).
- DB Arriva with stable performance in rail passenger transport and increased volumes in bus services.

Denmark

- Slight increase in the number of people in employment and growth in real income.
- Volume sold in rail passenger transport fell slightly (–0.3%).
- DB Arriva with declines in rail passenger transport and increased volumes in bus services.

Sweden

- Increased numbers of people in employment and growth in real income.
- Gains in rail passenger transport (+1.2%).

- Positive effects from price reductions for high-speed connections on Swedish railways (SJ).
- Severe impact on performance quality in rail passenger transport due to defective infrastructure.
- DB Arriva with growth in volume sold in rail passenger transport accompanied by declining volumes of bus services as a result of expired traffic contracts.

Italy

- A drop in the numbers of people in employment and stagnant real income.
- Performance gains in rail passenger transport of 2.5% as a result of increased appeal, particularly through shorter travel times and improved long-distance transport offerings.
- DB Arriva with decreased volumes in bus services as a result of weak demand in rural areas and price changes.

Freight transport

GERMAN FREIGHT TRANSPORT MARKET

	Growth rate		Market share	
GERMAN FREIGHT TRANSPORT MARKET [% BASED ON VOLUME SOLD]	**2014**	2013	**2014**	2013
Rail freight transport	0.0	+2.3	17.1	17.5
DB Group	-0.6	-4.2	11.4	11.7
Non-DB Group railways	+1.3	+18.5	5.8	5.8
Road freight transport	+3.1	+1.6	71.2	70.4
Inland waterway	-1.3	+2.7	9.0	9.3
Long-distance pipelines	-3.9	+12.2	2.7	2.8
Total market	**+1.9**	**+2.1**	**100.0**	**100.0**

Figures for the years 2013 and 2014 are based on information and estimates available as of February 2015. The market share for each mode of transport has been rounded up or down, therefore the total may not add up to 100.

F4 P. 88 ▸ The positive performance of the freight transport market continued in 2014 based on a strong start to the year in an environment that remains challenging. Growth was supported in particular by road goods transport as a result of the mild winter and corresponding strong momentum from the construction trade with its affinity for trucks. During the year, the pace of growth decreased mainly based on the economy and due to a basis effect from the more powerful performance in the second half of 2013. While the robust domestic demand stimulated imports of goods, exports of goods increased strongly in real terms, despite the strain of weak performance in some important European markets and increased uncertainty about future economic performance. Unlike rail freight and inland waterway transport, road freight transport was able to improve its market position again following the decline over the last two years.

Rail

- As in previous years, growth during the year was exaggerated in the statistics by the retrospective incorporation of freight railways, meaning that declining economic effects are only visible to a certain extent.
- Positive economic effects originated from robust foreign trade and the construction, automobile and consumer goods industries.
- Momentum from the steel, (base) chemical and mechanical engineering industries was either muted or saw decline.
- The market share for rail fell to 17.1%.
- DB volume sold remained below previous year (–0.6%).
- Strikes caused major uncertainty for customers and resulted in losses from which the trucking industry benefited in particular.
- The DB market share fell from 66.8% to 66.4% (intramodal) or from 11.7% to 11.4% (intermodal).
- Non-DB Group railways saw moderate growth but this was still above average (+1.3%). Result from the previous year was heavily exaggerated as a result of statistical effects.
- Intramodal price competition remains tough in some areas.
- Intramodal market share of non-DB Group railways rose moderately to 33.6% after big gains in 2013 due to the statistical effect.

Road

- Revived demand from the construction industry resulted in dynamic performance development at the start of the year, reinforced by the very mild winter, with the trucking industry benefiting from this in particular. This dynamic fell considerably over the course of the year.
- Overall growth on the road (+3.1%) according to the toll statistics of the German Federal Agency for Freight Transport continued to be supported by trucks registered abroad.
- The market share rose considerably in 2014 to 71.2% following declines in previous years.

Inland waterway

- Demand here was weak.
- Ore and construction material traffic performed positively.
- Significant declines were recorded for traffic related to coal and cokery/petroleum products.
- Unlike the performance for the overall market, the development here was negative as a whole (–1.3%).
- The market share fell to 9.0%.

EUROPEAN RAIL FREIGHT TRANSPORT

F4 ◂ P. 87 P. 94 ▸

Volume sold in the European rail freight transport (EU 28, Switzerland and Norway) remained around the previous year's level in 2014 (+0.2%). The year was characterized by strong growth in the first half of the year and falling demand in the second half as a result of a slowdown in the economy. This development was backed by the increased demand in the automobile and construction industries and on combined traffic.

In a market environment that remains intensely competitive, there continued to be differences in regional developments. According to our current knowledge, volumes increased for the French Fret SNCF, the Bulgarian BDZ and the Slovakian ZSSK Cargo, for example, but declined for the Polish PKP Cargo and the Czech CD Cargo. In the European network of DB Schenker Rail, volume sold remained below the level of the previous year (–1.1%), which was mostly because of the declines in the markets most important to us: Germany, Great Britain, Poland and France. The performance is detailed as follows:

Great Britain

- Volume sold fell for the first time since 2010 (–2.3%). Positive performance in construction material and intermodal traffic was unable to offset the steep decline in coal-related traffic.
- DB Schenker Rail UK was able to maintain its leading market position despite the fall in volume sold.

Poland

- Slightly negative development of volume sold (–1.6%) as a result of weak coal-related traffic and the effects of the crisis in Ukraine.
- Market leader PKP Cargo recorded an above-average performance decline of around 5%.
- DB Schenker Rail Polska was also able to maintain its market position despite a significant decline in volume sold.

France

- Volume sold remained stagnant in the rail freight transport market.
- Fret SNCF recorded a slight rise in volumes and was able to expand its market share.
- Volume sold fell at our subsidiary Euro Cargo Rail. The market share could not be maintained accordingly.

EUROPEAN LAND TRANSPORT

The market situation in European land transport remained strained in 2014. Performance in the first half of the year was above the previous year's level despite some monthly fluctuations. Demand remained below forecast on account of the crisis in Ukraine and the poor economic situation in parts of Europe. The land transport market continued to be characterized by high competition intensity and noticeable pressure on margins.

The market in 2014 for Europe grew as a whole as measured by revenues (+2.1%). With volumes remaining steady, DB Schenker Logistics was able to maintain its position as market leader.

AIR FREIGHT

Market development in the international air freight market improved in 2014: volumes increased by around 4%. The goods groups Hightech, Machinery Parts, Temperature-controlled Goods and Fashion Goods were responsible for a significant portion of the growth.

Various developments were observed in different trade routes. While exports from the American continent to Asia and Europe only saw below-average growth, transports via the high-volume routes from Asia to Europe, from Asia to North America and within Asia saw above-average increases.

Market capacity continued to grow through the delivery of large passenger planes that can also be used for air freight, although the growth in demand exceeded capacity developments. Some airlines reduced their fleets of freight planes or eliminated them completely on account of the increased capacity in passenger planes.

Decreased levels of overcapacity along with the increase in surcharges by many airlines resulted in increased air freight rates. However, the global air freight market remained at a low rate level as a result of high levels of residual overcapacity.

DB Schenker Logistics recorded a growth in volume of 1.8% in a market situation that remains challenging.

OCEAN FREIGHT

The positive demand for global ocean freight led to growth of around 4%. Growth was recorded in the world's highest volume routes within Asia (+6%). Some other important trade routes such as Asia–North America (+5%) and Asia–Europe (+9%) also recorded growth.

Freight rates remained under pressure as a result of existing overcapacities and continued deliveries of container ships. The carriers increased the freight rates several times in the form of general rate increases. However, the

higher price level could not be maintained. DB Schenker Logistics was able to increase its market share with an increase in volumes of 4.8%.

CONTRACT LOGISTICS

Positive developments continued in the global contract logistics market in 2014 (+5.4%). All important regions contributed to this, even if the Asian markets continue to have above-average growth rates. Production volumes in the core industries increased, with demand for dedicated solutions rising slightly in the core industries. Overall, there was again good capacity utilization and order levels for both the industry and trading segments. 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 10.3% and was able to expand its market position.

Rail infrastructure in Germany

SELECTED KEY FIGURES RAIL INFRASTRUCTURE OF DB GROUP IN GERMANY	2014	2013	Change absolute	Change %
Infrastructure customers	401	389	+12	+3.1
DB Group	16	18	–2	–11.1
Non-DB Group	385	371	+14	+3.8
Train-path demand (million train-path km)	1,044	1,035	+9	+0.9
DB Group	783.0	787.2	–4.2	–0.5
Non-DB Group railways	260.9	247.3	+13.6	+5.5
Share of non-Group railways (%)	25.0	23.9	–	–
Station stops (million)	148.4	146.2	+2.2	+1.5
DB Group	119.8	119.0	+0.8	+0.7
Non-DB Group railways	28.6	27.2	+1.4	+5.1

The number of infrastructure customers rose again slightly at a high level. No other country in the EU has such a high level of competition in rail transport as Germany.

Train-path demand was slightly positive in 2014, despite negative effects for rail transport caused by strikes and storm Ela. The slight rise in volume sold in freight transport provided the reason for this. The proportion of non-DB Group railways grew further in line with the long-term trend.

The increase in local rail passenger transport services is attributable, in particular, to the opening of the Leipzig City Tunnel at the end of 2013 with the associated commissioning of the S-Bahn (metro) network Mitteldeutschland. The increase in regular regional transport services also led to more station stops. The proportion of non-DB Group railways slightly increased once more due to the tenders won for regional transport services.

The development of retail and gastronomy revenues and the competitive situation of the range of goods and services offered in stations are particularly relevant for our stations. In this regard, both leasing opportunities and the revenues obtained from these are conditioned by the revenues of commercial tenants. Real retail revenues in Germany (excluding motor vehicles and gas stations) were slightly higher in 2014 than in the previous year. Revenues from rental leases in stations developed favorably.

POLITICAL ENVIRONMENT

Details on regulatory and transport policy issues along with further developments in the regulatory framework in the railway sector are provided in our COMPETITION REPORT.

Regulatory and transport policy issues in Germany

NEGOTIATIONS COMPLETED ON LUFV II

GRI EC8 EC4 F3 ◂ P. 61 P. 93 ▸

Negotiations between the German Federal Government and DB Group on a new Performance and Financing Agreement (Leistungs- und Finanzierungsvereinbarung; LuFV) were concluded in the year under review. This governs the maintenance and financing for the existing German railway network. As such the success story of the LuFV as a benchmark for infrastructure financing continues.

LuFV II applies to the period 2015 to 2019. The objective is to secure maintenance of the substance and positive development of infrastructure quality. The essential content relates to an increase in funds. In total around € 28 billion is due to be used to fund modernization of the network, stations and power supply facilities. The existing quality indicators remain in general, although the target values have been sharpened. A new indicator is being introduced for bridges that have been fully or partially renewed.

An average of € 4 billion per annum is provided in LuFV II for maintenance of the railway tracks. Of this, around € 0.6 billion is covered by dividends from DB AG, by DB funds, as well as by the share of expansion projects according to the requirement plan that are relevant for the existing network. The rail infrastructure companies have also committed themselves to increase their maintenance expenses considerably, to at least € 1.5 billion each year or € 8.0 billion over the entire term of the agreement.

DECISION TO SET UP TERMS AND CONDITIONS OF USE

The BNetzA imposed an obligation on DB Fahrzeuginstandhaltung GmbH, which is responsible for heavy maintenance, to set out terms and conditions of use via a decision in compliance with railway law. DB Vehicle Maintenance has objected to this and applied for an INTERIM INJUNCTION [PAGE 177] in preparation for its appeal against the decision. DB Group believes that heavy maintenance is not subject to the regulations.

FURTHER DEVELOPMENT OF THE STATION PRICING SYSTEM

DB Station&Service and the BNetzA agreed in 2012 to change a price element of the station pricing system. Accordingly the train length factor was replaced with a volume sold factor (VLF) that makes a distinction between local and long-distance transport. The size of the VLF is based on the current burdens on local and long-distance transport. A new VLF is due to apply as of January 1, 2015, which is determined either on the basis of cost or based on market sustainability. In view of potential changes resulting from IMPLEMENTATION OF DIRECTIVE 2012/34/EU [PAGE 91], DB Station&Service and BNetzA have agreed to defer implementation of the new VLF and to extend the period of validity for the current VLF until December 31, 2015.

ASSESSMENT OF THE TRAIN-PATH PRICING SYSTEM

An overall review of the train-path pricing system by BNetzA has been ongoing for several years. The completion of the test procedure by the end of 2014 announced by the authority did not take place. A decision from the authority is still outstanding. In the procedure the authority should not recognize all of the costs submitted by DB Netz as costs of providing standard services and implement cuts to the cost and capital basis. BNetzA and DB Netz are also involved in parallel discussions on the principles for pricing and the options for developing the pricing system.

Regulatory and transport policy issues in Europe

CONTRACT VIOLATION PROCEEDINGS OF THE EUROPEAN COMMISSION

At the end of October 2014, the European Commission brought proceedings before the European Court of Justice against the Federal Republic of Germany for alleged noncompliance with the EU regulations on financial transparency in the railway sector. The Federal Government has already, on several occasions, refuted the Commission's accusations in the contract violation proceedings ongoing since 2012 and provided comprehensive information on FINANCIAL RELATIONSHIPS IN DB GROUP [PAGE 61 FF.].

INNOVATION PROGRAM FOR THE RAILWAY SECTOR

In early July 2014, SHIFT²RAIL was formed as a joint undertaking within the EU subsidy program Horizon 2020. This is an international research and innovation program in which the railway industry and railways develop technical innovations in a public-private partnership which they will then pilot as prototypes in field trials. The financing amounts to around € 920 million by 2020 (maximum of € 450 million in EU subsidies and at least € 470 million provided by the companies involved). The aim is to introduce technological innovations into the market more quickly and easily, reduce the overall costs of rail transport, increase capacity and demand, and improve the reliability and quality of the railways. DB Group is applying to be an associate member of Shift²Rail.

QUALITY CONTRACTS FOR BUS SERVICES

In October the new North East Combined Authority, which is made up of the seven local authorities in the North East of England, confirmed that bus services will be run in future based on quality contracts. This is a decision against the option of a voluntary partnership offering which the bus companies viewed as a less risky alternative. There will be two further rounds of voting which DB Arriva will be part of along with the other bus companies.

Further development of the traffic and regulatory framework

HIGHER SURCHARGE UNDER THE RENEWABLE ENERGY SOURCES ACT

Contrary to the practice to date, traction current, which also includes the 16.7 Hz energy generated at the traction current plants, has been fully included in the surcharge in accordance with the Renewable Energy Sources Act (Erneuerbare-Energien-Gesetz; EEG). With the adoption of the amendment to the EEG in summer 2014, the EEG rate to be paid by the railways for traction current will also be raised considerably. The new act includes a change to the "special equalization scheme" for the railways whereby a surcharge amounting to 20% of the full EEG surcharge is to be paid from 2015 onwards. The EEG amendment results in additional annual costs of more than € 50 million for DB Group alone. These are incurred in addition to the costs of expansion as well as the increased use of renewable energy.

F2 ◂ P. 79 P. 118 ▸

IMPLEMENTATION OF DIRECTIVE 2012/34/EU (RECAST) INTO NATIONAL LAW

The coalition agreement of the Federal Government provides for further development of the regulatory framework. According to the wording of the agreement, "regulation with a sense of proportion" is planned. Regulation and funding are to be closely intertwined. The EU regulations in Directive 2012/34/EU establishing a single European railway area should be implemented one-to-one in order to ensure equal opportunities within the European Single Market. The Directive must be implemented into national law by mid-2015. However, there is no fundamental need for change resulting from this. The Federal Ministry of Transport and Digital Infrastructure (Bundesministerium für Verkehr und digitale infrastruktur; BMVI) is working on a draft bill for a new railway regulations act in order to implement the provisions under the coalition agreement. No OFFICIAL DRAFT BILL [PAGE 177] was available at the editorial deadline.

NINTH ACT ON CHANGES TO THE RAILWAY REGULATIONS

In early September 2014 the BMVI introduced the hearing of the associations on the 9th act on changes to the railway regulations (9th ERÄG). The primary objective is reform of the approval process for railway technology. The draft bill also includes a change in the regulations on maintenance facilities. As a result of the planned regulation, maintenance facilities could be released from the regulations on fees in accordance with a market test carried out by BNetzA. This proposal remains below the expectations in the sector and of DB Group. If a market test shows functioning competition, then maintenance facilities should generally be released from the regulations.

FURTHER DEVELOPMENT ON THE FOURTH RAILWAY PACKAGE

The EU Commission presented its recommendations on the fourth railway package at the end of January 2013. The package includes a political part, the recommendations on the liberalization of national rail passenger transport markets and on further separation of the railway infrastructure, along with a technical part, consisting of proposals on the technical interoperability and safety of the European rail system.

The first reading of this was completed in February 2014 with the vote in the European Parliament. Regarding the political part, a clear majority was against a far-reaching separation and voted instead for further improvements in the transparency of financial relationships in railway companies as well as for tighter regulation. The European Parliament also voted for fundamental liberalization of the national markets for commercial rail passenger transport as of December 2019, although with options for restrictions. The right to choose between a tender and a direct award should also be provided in future. In terms of the technical part, an overwhelming majority voted for dismantling the technical barriers to market access in Europe and for strengthening the European Railways Agency (ERA) in relation to the national authorities.

According to the ordinary legislative procedure, the Council of the EU must agree to the proposals of the EU Commission in addition to the European Parliament. An agreement has been reached there up until now on the technical part only. EU transport ministers agreed in June 2014 that the ERA should be responsible in future for railway approvals and for issuing safety certificates for railway companies. The approval procedure should be simplified and accelerated through clear Europe-wide decision periods. The ERA should also be responsible for uniform approval practice. An independent complaints board should also be set up.

The so-called trialog negotiations started in the second half of 2014 based on the existing position of the Council along with the completed first reading in the European Parliament. The aim is to come to an agreement on the technical part of the package. Improvements to the technical framework conditions are urgently required, given that they could contribute to the lowering of barriers to market access and to increasing the competitive position of the railways in an intermodal context.

RAIL REFORM FINALIZED IN FRANCE

The legislative procedure for the rail reform in France was finalized in early August 2014. The new railway structure, which provides for reintegration of SNCF and the infrastructure operator Réseau ferré de France (RFF), came into force effective January 1, 2015. Regulations on conditions of employment for the entire railway sector and on implementation of the EU regulations under the Recast Directive are due to be covered in further acts. The harmonization of working conditions throughout the railway sector by July 1, 2016 should also be implemented via a decree and an industry-wide collective bargaining agreement. There are concerns related to harmonization towards the SNCF level, which would result in a risk to competitiveness in rail freight transport.

GROUP PERFORMANCE – ECONOMIC DIMENSION

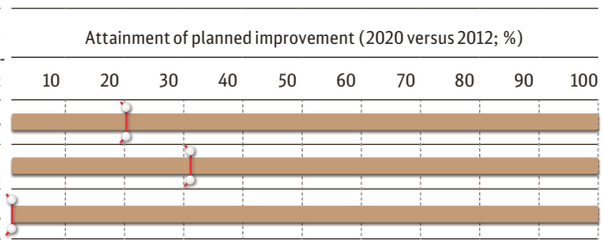
Customer and quality initiative continues

Decline in operating profit

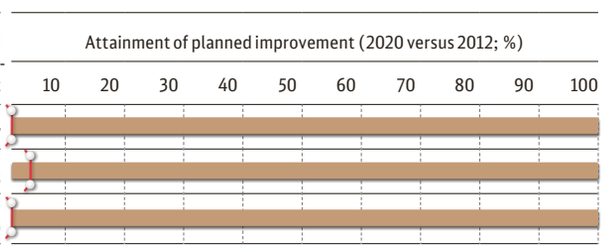
Development was mixed in key value management figures

TOP TARGETS – ECONOMIC DIMENSION

STRATEGIC DIRECTION CUSTOMER AND QUALITY	Start in 2012	As of 2013	As of 2014	Target value DB2020	Planned improvement
Customer satisfaction B2C (SI)	75.3	75.1	76.1	≥79	+3.7
Customer satisfaction B2B (SI)	65.8	66.6	68.2	≥73	+7.2
Punctuality DB Group (rail) in Germany (%)	94.4	94.0	94.3	>95	+0.7



STRATEGIC DIRECTION PROFITABLE GROWTH	Start in 2012	As of 2013	As of 2014	Target value DB2020	Planned improvement
Profitability – ROCE (%)	8.3	6.8	6.3	≥10	+1.7
Market position – revenues (€ billion)	39.3	39.1	39.7	>50	+10.8
Financial stability – redemption coverage (%)	22.1	20.5	20.9	≥30	+7.9



DRIVERS FOR TARGET ATTAINMENT

INFRASTRUCTURE AVAILABILITY
Preventive maintenance and eliminating bottlenecks through targeted expansion.
PAGE 94

OPTIMIZATION OF EXISTING BUSINESS
Measures for continuous productivity increases.
PAGE 140

PUNCTUALITY
Both in passenger as well as in freight transport.
PAGE 93 F.

RELIABILITY
Ensure reliable journey times and transport quality.
PAGE 94



MODERN VEHICLES
New purchases and redesigns for the existing fleet.
PAGE 130

CUSTOMER SERVICE
Customer focus put into practice.
PAGE 94

REGULATORY FRAMEWORK
Minimize burdens through intervention.
PAGE 89 FF.

MARKET GROWTH
Particularly in the area of transport and logistics.
PAGE 87 FF.



LIBERALIZATION OF PASSENGER TRANSPORT
Europe-wide participation in tenders.
PAGE 124

COMPETITIVE COST STRUCTURES
Optimization of cost structures, moderate tariff developments.
PAGE 114 F.

PASSENGER INFORMATION
Timely and comprehensive communication.
PAGE 158

INNOVATIVE PRODUCTS
Further development of range of services.
PAGE 181 F.

CUSTOMER AND QUALITY

A high level of customer satisfaction

CUSTOMER SATISFACTION [SI]	2014	2013	2012
Business-to-Customer (B2C)	76.1	75.1	75.3
Business-to-Business (B2B)	68.2	66.6	65.8

Change in methods as of 2014.

GRI PR5

GRI Regular measurement of customer satisfaction is very important to us. The data is gathered in each case by independent market research institutes. DB Arriva relies on a survey of the independent British passenger association Passenger Focus. In the year under review around 150,000 passengers and 2,000 business partners were surveyed across DB Group. The CHANGE IN METHOD [PAGE 80 F.] within the survey process was also one of the factors that had a positive effect on the key figure in the year under review.

Please see the chapter DEVELOPMENT OF BUSINESS UNITS [PAGE 122 FF.] for details on the development at business unit level. DB Schenker Logistics and DB Schenker Rail are exceptions here as customer satisfaction is surveyed every two years for these. At the last survey in 2013 the SI achieved was 74 and 63 respectively.

F3 ◂ P. 89 P. 94 ▸

Operational performance quality is one important influencing factor for customer satisfaction, both in the Business-to-Business as well as the Business-to-Customer areas. The most important indicator for measuring performance quality in passenger transport is punctuality.

Punctuality improved slightly

PUNCTUALITY [%]	2014	2013	2012
DB Group (rail) in Germany	94.3	94.0	94.4
Rail passenger transport in Germany	94.5	94.1	94.6

The arrival of punctual trains and trains with a delay of up to a specified time period are summarized in the degree of punctuality. Within the framework of measuring punctuality in passenger transport we record the actual times at all traffic stops and compare these with the scheduled times published in the timetable. For freight transport punctuality is only measured at the destination stations.

In the year under review, we recorded an increase in average punctuality values for DB Group's passenger and freight transport trains in Germany as compared with the previous year.

The punctuality of all DB passenger transport trains improved again in the year under review with an increase recorded in the average value.

Positive factors such as more favorable weather conditions at the start of 2014, the lack of the effects of floods from the previous year and the effects of the improvement measures from the CUSTOMER AND QUALITY INITIATIVE [PAGE 94] were offset in part through the negative effects as a result of severe storms and STRIKES BY THE GDL [PAGE 114 F.].

Details of developments in punctuality in the individual business units will be explained further in the section DEVELOPMENT OF BUSINESS UNITS [PAGE 122 FF.].

F3

REDUCE DELAYS TO A MINIMUM DURING CONSTRUCTION ACTIVITIES



Construction activities on the rail network also have an impact on train punctuality. However, further measures are urgently required in order to ensure sustainable quality of the rail network. Every effort is made to reduce delays caused by construction measures to an unavoidable minimum. Lots of work takes place during ongoing operations, whereby only one track can remain open for the train traffic. Some works also need to be carried out around the clock on account of the major time pressure involved. Restrictions cannot therefore be avoided completely.

Image values remained largely unchanged

In addition to customer satisfaction and punctuality, image is a further important quantity measured in the area of customer and quality. The image of DB Group is measured using the Corporate Reputation Index (CRI) and is ascertained by an independent market research institute. The CRI was at 53 in the year under review. This leaves it at almost the same level as for the last survey in 2012 (54), despite the negative effects in the year under review as a result of the strikes.

Measures in the customer and quality area

GRI PR5

GRI We initiated a large number of measures DB Group-wide in the year under review aimed at improving customer satisfaction and quality.

The Quality Partnership project was launched in response to the high number of delayed vehicle deliveries and defects in new vehicles in the regional and long-distance transport areas. The project is intended as a foundation for new technical cooperation between DB Group and the rail industry with the focus on quality assurance. The project is aimed at harmonizing the high technical requirements from DB Group and the railway industry at the development stage of new vehicles in order to achieve the best possible results for the rail system and its customers.

Further measures in the year under review affecting customer satisfaction, quality and image are presented in the DEVELOPMENT OF BUSINESS UNITS CHAPTER [PAGE 122 FF.], with an overview of the measures planned for 2015 presented in the chapter entitled OUTLOOK [PAGE 181 F.].

CUSTOMER AND QUALITY INITIATIVE CONTINUED

The focus for our customer and quality initiative is on improving punctuality in passenger and freight transport as an essential component in our performance pledge, and therefore as an important pillar in our efforts to achieve our targets in the strategic direction of CUSTOMER AND QUALITY. Increased construction and maintenance volumes for the rail infrastructure, accompanied by increased demand for traffic on the German rail network, represent particular challenges in terms of us improving our punctuality figures.

- The availability of the ICE fleet could be increased for DB BAHN LONG-DISTANCE [PAGE 126], while the rate of deviating car orientation was reduced and the ability to plan at the start of the train movement was stabilized.
- At DB Bahn Regional a concept aimed at improving punctuality in rail transport across Germany, which had been developed and tested the year before, was successfully implemented.
- F4 DB Schenker Rail successfully continued to develop and implement concepts aimed at improving stable operations.
- F3 DB Netze Track was able to achieve further optimization in the construction planning process and thereby contribute to the improvements in punctuality for 2014 in passenger and freight transport as compared with the previous year.

◂ P. 88 P. 142 ▸

◂ P. 93 P. 152 ▸

In addition to the activities aimed at improving punctuality, the customer and quality initiative also played a supporting role in preparing the measures for winter 2014/2015 as in previous years. It is also still a central platform for exchange for DB Group-wide improvement management.

COOPERATION WITH THE PASSENGER ADVISORY BOARD

We also continued the cooperation with the PASSENGER ADVISORY BOARD [PAGE 50] in the year under review.

GRI 2.5 2.9

PROFITABLE GROWTH (ECONOMIC POSITION)

Profit situation

YEAR-ON-YEAR CHANGES

Trends in expenses and income in the year under review were only slightly influenced by CHANGES IN THE SCOPE OF CONSOLIDATION [PAGE 195 FF.]. The acquisition of Veolia Eastern Europe (in the scope of consolidation since May 2013) along with the sale of Arriva Malta (no longer included in the scope of consolidation since January 2014) are particularly relevant for comparability purposes. There were no significant accounting changes for the purposes of the comparison with the previous year.

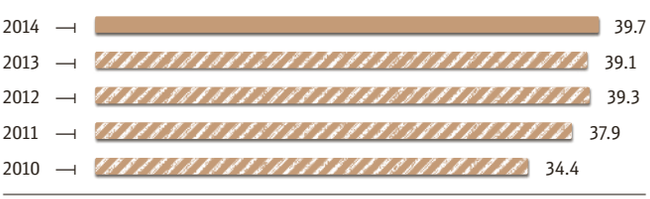
REVENUES SLIGHTLY HIGHER

Revenues development was slightly positive in the year under review and was driven in particular by operational development in the DB Arriva, DB Netze Energy, DB Netze Track and DB Schenker Logistics business units.

- The special item in the year under review resulted from the sale of WAGGONBAU NIESKY [PAGE 196]. The special item in the previous year resulted from the adjustment of revenue deductions.
- The effects of the STORM ELA [PAGE 154], the STRIKES BY THE GDL [PAGE 114 F.] along with drops in performance as a result of the growing competitive pressure at DB Bahn Long-Distance were some of the factors which had a negative effect.
- Our business units in the transport and logistics business which are sensitive to economic developments only saw performance which was slightly above the figures for the previous year as a result of WEAK ECONOMIC DYNAMISM [PAGE 87 FF.].
- The REVENUE DEVELOPMENT IN THE BUSINESS UNITS [PAGE 122 FF.] varied in the year under review.
- Effects from the changes to the scope of consolidation amounted to € 107 million in the year under review (DB Arriva: € 97 million, DB Schenker Logistics: € 10 million).
- EXCHANGE RATE EFFECTS [PAGE 84 F.] were attributable to the DB Schenker Logistics (€ –321 million), DB Arriva (€ 116 million) and DB Schenker Rail (€ 25 million) business units.
- Adjusted for effects from exchange rate changes and from changes to the scope of consolidation, revenues rose by 1.9%.

			Change	
REVENUES ADJUSTED [€ MILLION]	2014	2013	absolute	%
DB Group	39,728	39,107	+621	+1.6
± Special items	–8	12	–20	–
DB Group adjusted	**39,720**	**39,119**	**+601**	**+1.5**
± Changes in the scope of consolidation	–107	–65	–42	+64.6
± Effects from changes in exchange rates	+180	–	+180	–
DB Group comparable	**39,793**	**39,054**	**+739**	**+1.9**

REVENUES ADJUSTED [€ BILLION]



REVENUE STRUCTURE

STRUCTURE OF EXTERNAL REVENUES [%]	2014	2013
DB Bahn Long-Distance	9.8	10.1
DB Bahn Regional	22.0	22.3
DB Arriva	11.3	10.7
DB Schenker Rail	11.4	11.5
DB Schenker Logistics	37.5	37.9
DB Services	0.7	0.7
DB Netze Track	2.8	2.6
DB Netze Stations	1.2	1.1
DB Netze Energy	2.7	2.4
Other	0.6	0.7
DB Group	**100.0**	**100.0**

EXTERNAL REVENUES BY REGIONS [€ MILLION]	2014	2013	Change absolute	Change %
Germany	22,921	22,667	+254	+1.1
Europe (excluding Germany)	12,348	11,991	+357	+3.0
Asia/Pacific	2,466	2,449	+17	+0.7
North America	1,479	1,481	–2	–0.1
Rest of world	506	531	–25	–4.7
DB Group adjusted	**39,720**	**39,119**	**+601**	**+1.5**

There were no significant changes in the revenue structure at the business unit level.

The revenue development in the individual regions was mixed during the year under review.

- The Germany region recorded an increase in revenues. This was essentially the result of gains at DB Netze Energy and DB Netze Track.
- Growth in the DB Arriva business unit which arose from, among other things, the first full year inclusion of Veolia Eastern Europe in the scope of consolidation, could be seen in the Europe region (excluding Germany).
- The Asia/Pacific region recorded a slight growth in revenue, primarily as a result of developments in Japan and China. Exchange rate developments had a negative effect.
- Developments in the North America region were essentially influenced by negative exchange rate effects. Revenue growth was recorded after adjustments for these effects.

The regional revenue structure remained stable. The revenues generated outside of Germany amounted to about 42% in the year under review (previous year: about 42%). The share of the revenue generated in Europe (excluding Germany) also remained stable at around 31%.

Development of profits

GRI EC1

TRANSITION TO THE ADJUSTED STATEMENT OF INCOME

Special circumstances are eliminated in the adjusted statement of income – the transition to the adjusted statement of income is a two-step process. The first is standard reclassifications, with the figures then being adjusted for individual special items.

- The reclassification 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: 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.

  The second significant reclassification relates to the depreciation of intangible assets capitalized in the course of purchase price allocations (PPA) of acquisitions conducted during the assessment of long-term customer contracts. The existing transport contracts are an essential component in the purchase price valuation in passenger transport in particular. In order to ensure the operating assessment and to prevent these contracts from being treated differently to other contracts, these depreciation components are eliminated from operating profit. The sum reclassified in the year under review relates almost entirely to the acquisition of Arriva.
- Adjustments for special items involve issues which are extraordinary based on the reason and/or the amount and which would result in an essential negative effect on operational development over time. Regardless of their amounts, book profits and losses from transactions with affiliated companies/financial assets are adjusted. Individual items are adjusted if they are extraordinary in character, can be accounted for and assessed precisely, and are significant in volume.

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

TRANSITION TO THE ADJUSTED STATEMENT OF INCOME [€ MILLION]	2014	Reclassifications			Adjustment special items			2014 adjusted
		Compounding discounting IFRS	Net investment income	PPA amortization	Sale of real estate in Great Britain	Restructuring	Other	
Revenues	39,728	–	–	–	–	–	–8	39,720
Inventory changes and internally produced and capitalized assets	2,694	–	–	–	–	–	–10	2,684
Other operating income	2,824	–	–	–	–201	–1	–77	2,545
Cost of materials	–20,250	–	–	–	2	2	25	–20,221
Personnel expenses	–14,919	–	–	–	0	219	6	–14,694
Other operating expenses	–5,057	–	–	–	7	60	66	–4,924
EBITDA adjusted	5,020	–	–	–	–192	280	2	5,110
Depreciation	–3,190	–	–	95	–	60	34	–3,001
Operating profit (EBIT) | Adjusted EBIT	**1,830**	**–**	**–**	**95**	**–192**	**340**	**36**	**2,109**
Net interest income | Net operating interest income	–898	74	–	–	–	–	–	–824
Operating profit after interest	**932**	**74**	**–**	**95**	**–192**	**340**	**36**	**1,285**
Profit from investments accounted for using the equity method | Net investment income	8	–	0	–	–	–	–	8
Other financial result	–3	–74	0	–	–	–	–	–77
PPA amortization customer contracts	–	–	–	–95	–	–	–	–95
Extraordinary result	–	–	–	–	192	–340	–36	–184
Profit before taxes	**937**	**–**	**–**	**–**	**–**	**–**	**–**	**937**

EXCERPT FROM THE ADJUSTED STATEMENT OF INCOME [€ MILLION]	2014 adjusted	2013 adjusted	Change			
			absolute	thereof due to changes in the scope of consolidation	thereof due to changes in exchange rates	%
Revenues	39,720	39,119	+601	+42	–180	+1.5
Inventory changes and internally produced and capitalized assets	2,684	2,649	+35	+0	+0	+1.3
Other operating income	2,545	2,828	–283	–11	+10	–10.0
Cost of materials	–20,221	–20,366	+145	–23	+170	–0.7
Personnel expenses	–14,694	–14,382	–312	–14	–1	+2.2
Other operating expenses	–4,924	–4,709	–215	+23	+11	+4.6
EBITDA adjusted	5,110	5,139	–29	+17	+10	–0.6
Depreciation	–3,001	–2,903	–98	+23	–3	+3.4
Operating profit (EBIT) | Adjusted EBIT	**2,109**	**2,236**	**–127**	**+40**	**+7**	**–5.7**
Net interest income | Net operating interest income	–824	–842	+18	–1	–1	–2.1
Operating profit after interest	**1,285**	**1,394**	**–109**	**+39**	**+6**	**–7.8**
Profit from investments accounted for using the equity method | Net investment income	8	–5	+13	–	+0	–
Other financial result	–77	–44	–33	+0	+4	+75.0
PPA amortization customer contracts	–95	–91	–4	–	–2	+4.4
Extraordinary result	–184	–378	+194	–	+8	–51.3
Profit before taxes	**937**	**876**	**+61**	**+39**	**+16**	**+7.0**

OPERATING PROFIT FIGURES DEVELOP POSITIVELY

The REVENUE DEVELOPMENT [PAGE 94 F.] was slightly positive during the year under review.

- Other operating income declined slightly compared to the previous year due to such factors as lower income from the sale of property, plant and equipment at DB Schenker Logistics and DB Arriva. Lower income from the absence of grants in the context of the previous year's flooding had an additional negative effect at DB Netze Track.
- The cost of materials in operations remained stable. Increased expenses for maintenance at DB Netze Track and for energy purchases at DB Netze Energy were offset by such factors as a decline in vehicle maintenance at DB Services.
- Personnel expenses were noticeably higher than the previous year's figure, reflecting wage increases.
- Other operating expenses also increased. One factor was the increase in DB Arriva's expenditures for franchise licenses. Leasing expenses also increased at DB Schenker Logistics due to capacity expansion in storage facilities and transshipment terminals.

Overall, costs climbed disproportionately higher in relation to revenues, which was mirrored in a slight decline in the development of adjusted EBITDA.

Depreciation rose significantly due to lower reversal effects at DB Netze Track and new vehicles going into service at DB Bahn Regional.

Accordingly, adjusted EBIT and operating profit after interest also developed significantly weaker in the year under review.

Net operating interest income improved because of lower interest rates. This was offset by the higher holdings of outstanding BONDS [PAGE 100 F.].

The DEVELOPMENT OF THE ADJUSTED PROFIT FIGURES FOR THE BUSINESS UNITS [PAGE 122 FF.] was mixed in comparison to the previous year. The weak development in the business units DB Bahn Long-Distance and DB Netze Track were only partially offset by a positive development at DB Bahn Regional, DB Services and DB Arriva.

The development of the other financial result was primarily attributable to higher effects of the compounding of provisions and liabilities due to low interest rates. The improvement in the extraordinary result significantly exceeded this development so that profit before taxes on income rose in opposition to the operating profit after interest.

Extraordinary result decreased

EXTRAORDINARY RESULT [€ MILLION]	2014	thereof effecting EBIT	2013	thereof effecting EBIT
DB Bahn Long-Distance	–	–	–	–
DB Bahn Regional	–32	–32	–	–
DB Arriva	24	24	–104	–104
DB Schenker Rail	92	92	12	12
DB Schenker Logistics	–101	–101	3	3
DB Services	–32	–32	–8	–8
DB Netze Track	–	–	–200	–200
DB Netze Stations	–	–	–	–
DB Netze Energy	7	7	–45	–45
Other/consolidation	–142	–142	–36	–36
DB Group	**–184**	**–184**	**–378**	**–378**

The extraordinary result is comprised primarily of the following special items:

- Effects of impairments on assets of the DB Bahn Regional business unit
- Effects of disposal of investments and adverse effects of restructuring measures in the DB Arriva business unit
- Effects of the sale of real estate in Great Britain and adverse effects of restructuring measures in the DB Schenker Rail business unit
- Effects of restructuring measures in the DB Schenker Logistics business unit
- Effects of the disposal of investments and restructuring measures in the DB Services business unit
- Effects of the setup of provisions for regulatory purposes in the DB Netze Energy business unit
- Expenses for the setup of provisions in the course of restructuring measures ("Other")

Special items in the previous year mainly resulted from:

- Adjustment of provisions for potential losses in the DB Arriva business unit
- Effects of the release of provisions in the DB Schenker Rail business unit
- Effects of the disposal of investments in the DB Schenker Logistics business unit
- Effects of unscheduled depreciation in the DB Services business unit
- Impairments on the real estate portfolio in the DB Netze Track business unit
- Effects of the setup of provisions for regulatory purposes in the DB Netze Energy business unit
- Expenses for the setup of provisions for process risks ("Other")

NET PROFIT FOR THE YEAR

EXCERPT FROM THE STATEMENT OF INCOME [€ MILLION]	2014	2013	Change absolute	Change %
Profit before taxes	937	876	+61	+7.0
Taxes on income	51	-227	+278	-
actual tax expenses	-136	-146	+10	-6.8
deferred tax expenses	187	-81	+268	-
Net profit for the year	**988**	**649**	**+339**	**+52.2**
DB AG shareholders	966	657	+309	+47.0
Minority interests	22	-8	+30	-
Earnings per share (€)				
undiluted	2.25	1.53	+0.72	+47.1
diluted	2.25	1.53	+0.72	+47.1

The positive development of the profit before taxes on income was strengthened by the improvement of the income tax position. The net profit for the year (profit after taxes on income) therefore climbed even more. The development in taxes on income was mainly a result of a positive trend in deferred tax assets at DB AG.

Accordingly, the net profit (after taxes) for the shareholders of DB AG developed positively in the year under review. The net profit attributable to minority interests also increased.

The earnings per share developed accordingly.

Deviation from the projected profit situation

OUTLOOK FOR THE 2014 FINANCIAL YEAR [€ MILLION]	2013	2014 (outlook March 2014)	2014 (outlook July 2014)	2014
Revenues	39,119	~41,000	~40,500	39,720
EBIT adjusted	2,236	~2,200	>2,200	2,109
ROCE (%)	6.8	6.0-6.5	6.0-6.5	6.3
Redemption coverage (%)	20.5	~20.0	~20.0	20.9

Development in the year under review on the revenue side was generally weaker than we had expected at the beginning and middle of the year.

- After a slight decrease in 2013, we had expected a significantly positive development in revenues during the year under review.
- In July 2014, we revised our revenues forecast to around € 40.5 billion. This was the result of expecting negative currency effects and a situation that remains tense at DB Bahn Long-Distance.
- Even the adjusted forecast was not met due to reasons such as the GDL strikes. The forecast did not include possible effects of strikes.
- We were expecting, based on an assumption that revenues would develop positively across all business units, a noticeable improvement in adjusted EBIT.
- In July 2014, we also revised the expectations of adjusted EBIT slightly upward because we had expected to be able to compensate for weaker revenue development.
- The adjusted forecast was not met, primarily because of reasons associated with the strike. In addition, our transport and logistics activities developed weaker than expected.
- We adjusted the forecasts for the value management key figures of ROCE and redemption coverage respectively to the expectations for operating profit figures. The outlook for ROCE is in line with the developments of the year under review. Thanks to the positive development of net financial debt, the redemption coverage forecast was exceeded significantly.

REVENUES [€ MILLION]	2013	2014 (outlook March 2014)	2014 (outlook July 2014)	2014
DB Bahn Long-Distance	4,083	↗	→	4,034
DB Bahn Regional	8,839	→	↗	8,831
DB Arriva	4,180	↗	↗	4,491
DB Schenker Rail	4,843	↗	↗	4,863
DB Schenker Logistics	14,857	↗	↗	14,943
DB Services	3,184	→	→	3,172
DB Netze Track	4,769	↗	↗	4,951
DB Netze Stations	1,119	↗	↗	1,172
DB Netze Energy	2,775	↗	↗	2,797

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

At the business unit level, revenue development in the year under review remained largely in line with our outlook.

- The strikes resulted in the business units DB Bahn Long-Distance and DB Bahn Regional falling short of their forecasts.
- At DB Services, DB Group-internal demand was somewhat weaker than expected.

EBIT ADJUSTED [€ MILLION]	2013	2014 (outlook March 2014)	2014 (outlook July 2014)	2014
DB Bahn Long-Distance	323	↗	↘	212
DB Bahn Regional	777	↗	↗	843
DB Arriva	245	→	→	265
DB Schenker Rail	57	↗	↗	46
DB Schenker Logistics	335	↗	↗	332
DB Services	29	↗	↗	82
DB Netze Track	665	↘	↘	562
DB Netze Stations	229	→	→	240
DB Netze Energy	71	↘	↘	55

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

Our EBIT forecasts for the individual business units only partially cover the developments that occurred during the year under review.

- DB Bahn Long-Distance missed its forecast significantly because of the tense competition situation and the effects of the strikes.
- DB Arriva developed better overall than expected.
- DB Schenker Rail was also affected by the strikes, which prevented the business unit from attaining expected improvement in profits.
- DB Schenker Logistics had a weaker than expected development due to the economic situation.
- DB Netze Stations exceeded their operating profit forecast.

Financial situation

In addition to aiming for a sustained rise in enterprise value, DB Group's financial management focuses on maintaining a capital structure that will ensure excellent credit ratings. Please see VALUE MANAGEMENT [PAGE 101 FF.] for detailed information on the key figures used: redemption coverage, gearing and net financial debt/EBITDA.

The treasury centre for DB Group is at DB AG. 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.

The funds are passed on by DB ML AG to DB ML Group companies within the context of a dual-level treasury concept as short-term credit lines, which can be utilized as part of cash pooling on internal current accounts and/or through fixed short-term credit, or in the form of long-term loans.

DB Group's infrastructure companies are linked directly to the treasury centre at DB AG, however. 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.

DB Group has a long-term debt issuance program in the amount of € 20 billion in place. We issued a total of nine bonds and/or private placements over the course of the year under review through DB Finance. The total volume of transactions amounted to € 2.0 billion. The terms of these bonds range from five up to 15 years, and they were issued in euros, Swedish krona, Swiss francs, Australian dollars and Singapore dollars. The transactions were placed mainly in Germany, France, Sweden and Switzerland, as well as Japan and Singapore. During the year under review, a public bond of over JPY 50 billion and two private placements of JPY 5 billion and HKD 250 million, as well as two EUROFIMA loans, were repaid. The debt issuance program was utilized to the extent of € 17.2 billion as of December 31, 2014 (as of December 31, 2013: € 15.7 billion). Utilization of the program increased in the year under review due to the refinancing of expiring financial debt 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, 2014. This had not been utilized as of December 31, 2014 (as of December 31, 2013: no utilization). As of December 31, 2014, we also had guaranteed unutilized credit facilities of € 2.0 billion (as of December 31, 2013: € 2.0 billion), with a remaining term of between 0.5 and 1.6 years as well as further guaranteed unutilized credit facilities of € 0.1 billion (as of December 31, 2013: € 0.1 billion).

In addition, credit facilities of € 1.7 billion were available for the operating business (as of December 31, 2013: € 1.6 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.

In the year under review, a leasing contract for vehicles associated with a new transport contract was concluded in the amount of € 100 million; its term begins in December 2017. Furthermore, no major leasing contracts were concluded.

RATINGS UNCHANGED

RATINGS DB AG	First issued	Last confirmation	Current ratings: Short-term	Current ratings: Long-term	Current ratings: Outlook
Standard & Poor's	May 16, 2000	Aug 1, 2014	A-1+	AA	stable
Moody's	May 16, 2000	Oct 1, 2014	P-1	Aa1	stable

The creditworthiness of DB Group is constantly monitored and assessed by the rating agencies Standard & Poor's (S & P) and Moody's. 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 Government, and the potential support that DB AG could receive from the Federal Government. This means that the ratings given to the Federal Government are also significant for the ratings given to DB AG.

There were no changes to S & P and Moody's assessments of DB AG during the year under review. These have remained unchanged since they were first issued.

Please see our investor relations Web site for additional information on RATINGS and the rating agencies' complete analyses for DB AG.

NINE BONDS ISSUED

We issued nine bonds through DB Finance on the capital markets in the year under review, with a total value of € 2.0 billion. The bonds served to increase financial flexibility, also with regard to the repayment of bonds that were coming due (€ 0.5 billion) and of EUROFIMA loans (€ 0.5 billion).

We used the Australian dollar (AUD) and Singapore dollar (SGD) markets for the first time in the first half of 2014. A ten-year bond of over AUD 90 million was placed primarily among Japanese investors. Funds from the SGD 125 million bond were used for such purposes as refinancing a real estate project of DB Schenker Logistics in Singapore.

In the Eurozone, we initially decided to issue a bond in the segment with longer terms. This bond totaled up to € 500 million over 15 years and met investor demand for bonds with high ratings classes and an attractive coupon. We also recorded strong demand from French investors, in addition to the strong interest from Germany and Asia. This was fostered by the fact that yields on French government bonds are lower again in the meantime, in comparison to our bonds. In the second half of the year, we took advantage of rising demand for variable-income investment opportunities to meet our need to cover our liquidity buffer. We issued two public bonds and a private placement of € 300 million each with a maturity range that is long for this sector, from six to eight years. While the private placement was sold to Asia, both public bond offerings were placed primarily in Germany and in other European countries.

Interest from Swedish investors gave us the opportunity to enter the SEK market again after more than ten years. We issued a seven-year fixed-interest bond for SEK 1,250 million and a variable-interest bond for SEK 350 million.

The traditionally high demand for our bonds in Switzerland enabled the issuance of a CHF 300 million bond with a 10.5-year term.

ISIN	Issuer	Currency	Volume (million)	Coupon (%)	Maturity	Term (years)
XS102326024	DB Finance	AUD	90	5.395	January 2024	10
XS1031014928	DB Finance	SGD	125	2.290	February 2019	5
XS1045386494	DB Finance	EUR	500	2.750	March 2029	15
XS1027425328	DB Finance	SEK	1,250	2.875	February 2021	7
XS1027416095	DB Finance	SEK	350	FRN	February 2021	7
CH0235834154	DB Finance	CHF	300	1.500	August 2024	10.5
XS1089831249	DB Finance	EUR	300	FRN	July 2020	6
XS1107266782	DB Finance	EUR	300	FRN	September 2022	8
XS1135764055	DB Finance	EUR	300	FRN	February 2022	7.25

Value management

VALUE MANAGEMENT TARGETS [%]	DB Group	DB ML Group	Infra-structure
ROCE	≥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

In the context of our value management, we want to maintain, increase and guarantee DB Group's enterprise value over the long term so that we can finance capital expenditures in our core business. The financial management of DB Group – and therefore also the monitoring of the success of our targets 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, capital expenditures decisions, as well as employee and management remuneration.

Our value management approach is based on profitability and creditworthiness:

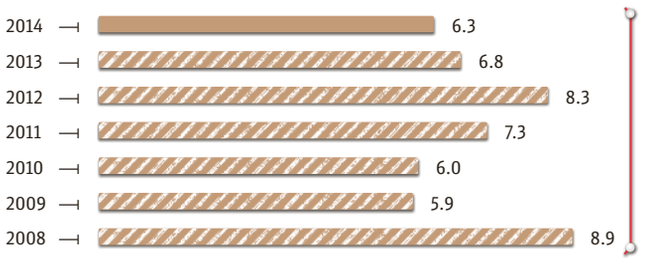
- Profitability: cost-effectiveness as an overriding target in value management ensures that investors receive a reasonable long-term rate of return over several economic cycles. We calculate the weighted average cost of capital (WACC) of debt and equity capital on an annual basis using market values. 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 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 profit volatility. The operating business is always controlled before taxes, accordingly the reporting of key figures is based mainly on pre-tax figures.
- Creditworthiness: as an asset-intense company, it is essential that we have permanent access to the capital markets at favorable terms and conditions. Consequently, an additional material target of value management is achieving appropriate key debt ratios 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 ratios are derived from key rating figures as well as annual benchmarking with comparable companies with an excellent credit rating.

ROCE DECREASED

ROCE [€ MILLION]	2014	2013	Change absolute	Change %
EBIT adjusted	2,109	2,236	-127	-5.7
÷ Capital employed as of Dec 31	33,683	33,086	+597	+1.8
ROCE (%)	**6.3**	**6.8**	**-**	**-**

ROCE decreased by 0.5 percentage points during the year under review. This decline was due to a significant increase in capital employed, coupled with a simultaneous negative development in adjusted EBIT.

ROCE [%] TARGET: 10%



Increased capital employed

CAPITAL EMPLOYED AS OF DEC 31 [€ MILLION]	2014	2013	Change absolute	Change %
BASED ON ASSETS				
Property, plant and equipment	39,022	37,696	+1,326	+3.5
+ Intangible assets/goodwill	4,195	4,115	+80	+1.9
+ Inventories	959	948	+11	+1.2
+ Trade receivables	4,146	4,113	+33	+0.8
+ Receivables and other assets	1,247	1,027	+220	+21.4
- Receivables from financing	-91	-90	-1	+1.1
+ Income tax receivables	84	112	-28	-25.0
+ Assets held for sale	0	5	-5	-100
- Trade liabilities	-4,949	-4,379	-570	+13.0
- Miscellaneous and other liabilities	-3,653	-3,290	-363	+11.0
- Income tax liabilities	-170	-147	-23	+15.6
- Other provisions	-5,044	-4,883	-161	+3.3
- Deferred income	-2,063	-2,141	+78	-3.6
Capital employed	**33,683**	**33,086**	**+597**	**+1.8**

The capital employed equates to the assets deemed necessary for business and subject to the cost of capital as derived from the balance sheet. The increase in capital employed is attributable mainly to a rise in property, plant and equipment. The increase in trade liabilities had a dampening effect.

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.

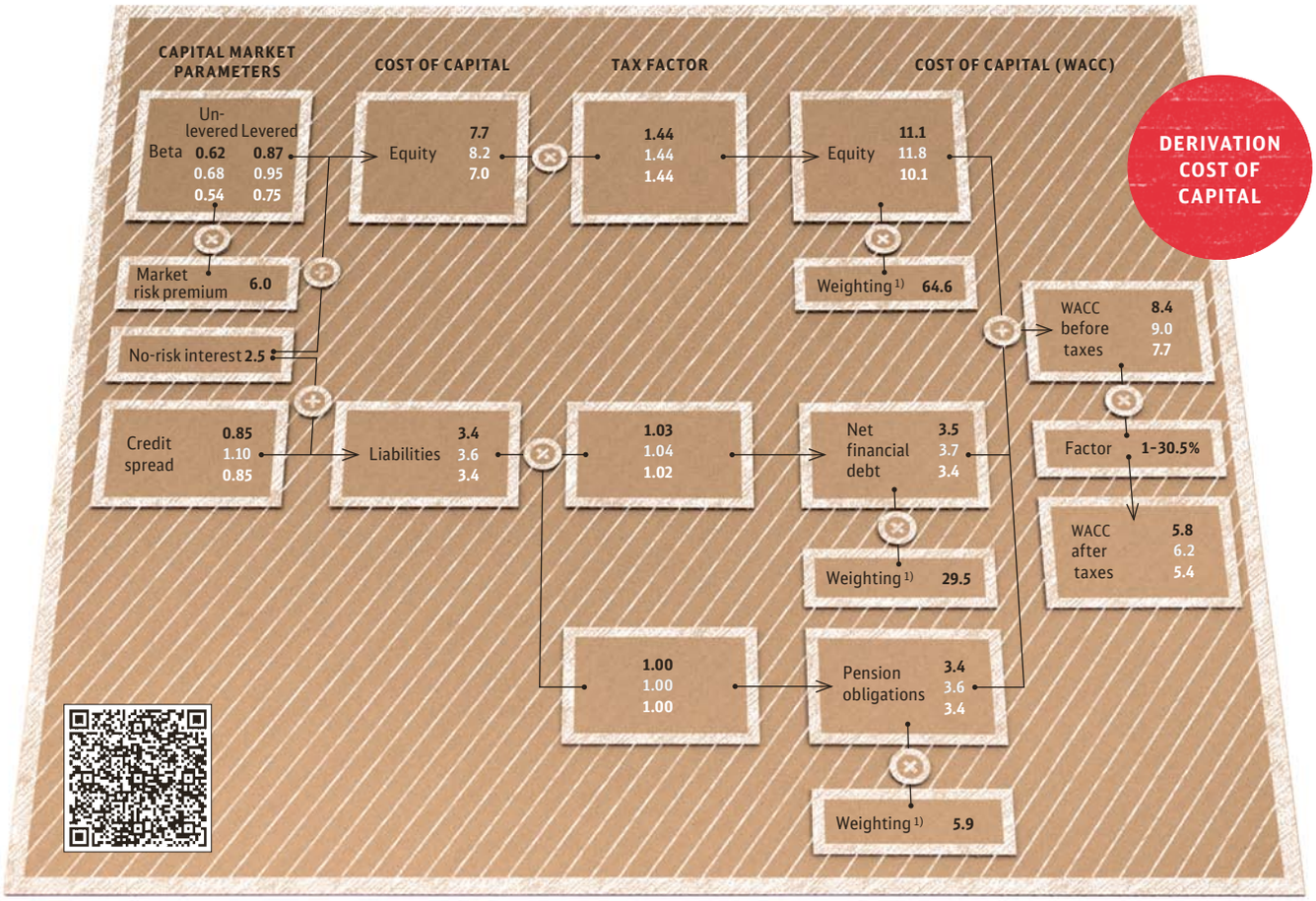
The pre-tax cost of capital for DB Group fell in the year under review. This was due to lower cost of capital for DB ML Group and a higher weighting of DB ML Group, accompanied by slightly higher costs of capital of the infrastructure. After taxes, the cost of capital rate equated to 5.8% (previous year: 6.3%).

COST OF CAPITAL BEFORE TAXES AS OF DEC 31 [%]	2014	2013
DB Group	8.4	9.1
DB ML Group	9.0	9.5
Infrastructure	7.7	7.5

COST OF CAPITAL AFTER TAXES AS OF DEC 31 [%]	2014	2013
DB Group	5.8	6.3
DB ML Group	6.2	6.6
Infrastructure	5.4	5.2

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 share 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 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



■ *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.*

Figures as of Dec 31, 2014 (%).

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.

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 further below the cost of capital

YIELD SPREAD [%]	2015	2014	2013	2012	2011
ROCE	-	6.3	6.8	8.3	7.3
Pre-tax WACC [1]	8.4	9.1	8.9	9.3	9.6
Spread (percentage points)	**-**	**-2.8**	**-2.1**	**-1.0**	**-2.3**

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

In the year under review, the negative difference between the ROCE and the cost of capital increased to 2.8 percentage points. This coverage shortfall is being driven primarily by the low profitability of infrastructure business.

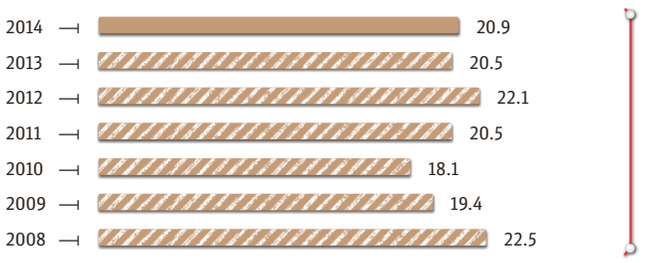
KEY DEBT RATIOS

Redemption coverage improved slightly

REDEMPTION COVERAGE [€ MILLION]	2014	2013	Change absolute	Change %
EBITDA adjusted	5,110	5,139	-29	-0.6
+ Net operating interest	-824	-842	+18	-2.1
Operating cash flow	**4,286**	**4,297**	**-11**	**-0.3**
Net financial debt as of Dec 31	16,212	16,362	-150	-0.9
+ Present value operate leases as of Dec 31	4,336	4,646	-310	-6.7
÷ Adjusted net financial debt as of Dec 31	**20,548**	**21,008**	**-460**	**-2.2**
Redemption coverage (%)	**20.9**	**20.5**	**-**	**-**

Redemption coverage as of December 31, 2014 was above the previous year's level. This was caused by a reduction in adjusted net financial debt, which resulted from lower present value operate leases and lower net financial debt, combined with nearly unchanged operating cash flow.

REDEMPTION COVERAGE [%] — TARGET: 30%

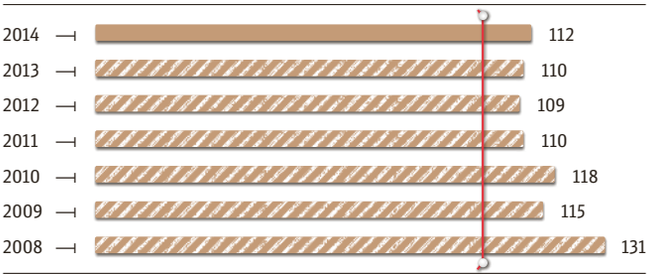


Gearing slightly weakened

GEARING AS OF DEC 31 [€ MILLION]	2014	2013	Change absolute	Change %
Financial debt	20,334	19,313	+1,021	+5.3
- Cash and cash equivalents and receivables from financing	-4,122	-2,951	-1,171	+39.7
Net financial debt	16,212	16,362	-150	-0.9
÷ Equity	14,525	14,912	-387	-2.6
Gearing (%)	**112**	**110**	**-**	**-**

Gearing deteriorated slightly over the course of the year under review and remains slightly above the target value of 100%. The decrease in equity was not fully offset by the reduction of net financial debt.

GEARING [%] — TARGET: 100%

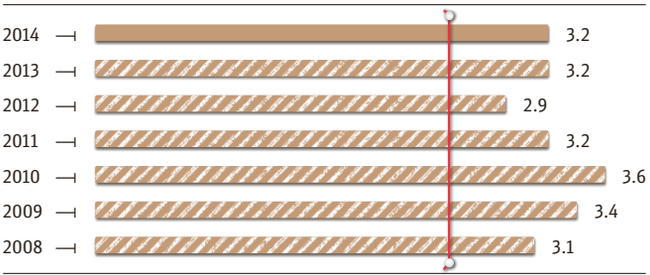


Net financial debt/EBITDA stable

NET FINANCIAL DEBT/EBITDA [€ MILLION]	2014	2013	Change absolute	Change %
Net financial debt as of Dec 31	16,212	16,362	-150	-0.9
÷ EBITDA adjusted	5,110	5,139	-29	-0.6
Net financial debt/EBITDA (multiple)	**3.2**	**3.2**	**-**	**-**

The net financial debt/EBITDA indicator remained at the previous year's level during the year under review, as net financial debt and adjusted EBITDA decreased nearly proportionally.

NET FINANCIAL DEBT/EBITDA [MULTIPLE] — TARGET: 2.5



Statement of cash flows

SUMMARY STATEMENT OF CASH FLOWS [€ MILLION]	2014	2013	Change absolute	Change %
Cash flow from operating activities	3,896	3,730	+166	+4.5
Cash flow from investing activities	–3,276	–3,716	+440	–11.8
Cash flow from financing activities	514	705	–191	–27.1
Net change in cash and cash equivalents	1,134	719	+415	+57.7
Cash and cash equivalents as of Dec 31	4,031	2,861	+1,170	+40.9

- Cash flow from operating activities increased during the year under review.
- Positive working capital effects, as well as a significantly lower outflow of funds from taxes on income paid (€ +133 million), contributed substantially to this development.
- This was offset by higher adjustments of non-operating items from the sale of property, plant and equipment (€ –188 million).
- The outflow of cash for investing activities decreased in the year under review. This resulted primarily from increased proceeds from the sale of real estate and shares in companies, as well as significantly lower payments for the acquisition of companies after the acquisition of Veolia Eastern Europe in the previous year.
- Cash flow from financing activities fell significantly because of higher cash flows in association with the repayment of EUROFIMA loans as well as lower net cash flow from the ISSUE AND REPAYMENT OF BONDS [PAGE 100 F.] (€ –145 million) due to lower issuance activity (€ –465 million) and repayment (€ +320 million). This was offset by declining cash flows from the dividend payment for the 2013 financial year.
- As of December 31, 2014, DB Group had significantly more cash and cash equivalents than at the end of the previous year.

Asset situation

NET FINANCIAL DEBT DECLINED SLIGHTLY

NET FINANCIAL DEBT AS OF DEC 31 [€ MILLION]	2014	2013	Change absolute	Change %
Interest-free loans	1,494	1,644	–150	–9.1
Finance lease liabilities	593	634	–41	–6.5
Other financial debt	18,247	17,035	+1,212	+7.1
thereof bonds	17,162	15,454	+1,708	+11.1
Financial debt	**20,334**	**19,313**	**+1,021**	**+5.3**
– Cash and cash equivalents and receivables from financing	–4,122	–2,951	–1,171	+39.7
Net financial debt	**16,212**	**16,362**	**–150**	**–0.9**

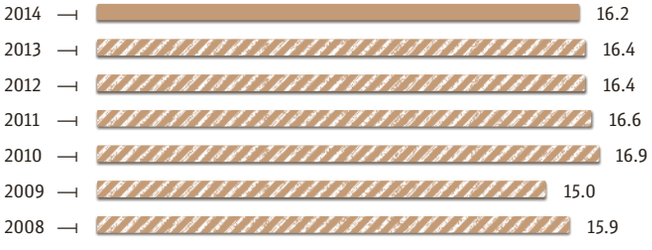
The value of interest-free loans fell within the financial debt.

Finance lease liabilities declined as of December 31, 2014 due to the continuous repayments.

Other financial debt was significantly shaped by the development of the bond portfolio. In the year under review, new BONDS [PAGE 100 F.] with a total volume of € 2.0 billion were issued. This was offset by the repayment of one bond issue and two private placements with an equivalent value, adjusted for currency effects, of about € 0.3 billion. Holdings of outstanding bonds increased correspondingly.

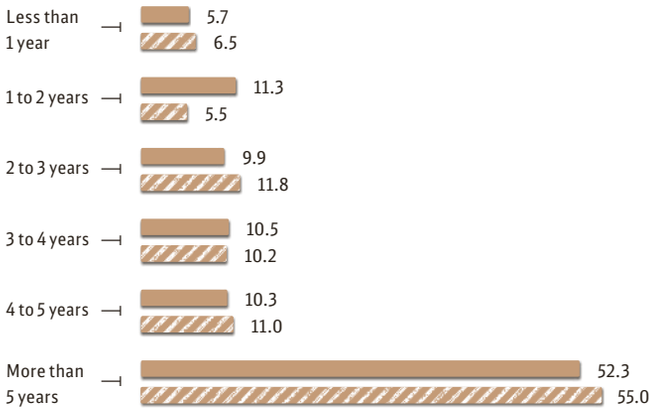
In total, financial debt as of December 31, 2014 increased. At the same time, cash and cash equivalents (€ +1,170 million) increased disproportionately higher. Net financial debt as of December 31, 2014 decreased accordingly.

NET FINANCIAL DEBT AS OF DEC 31 [€ BILLION]



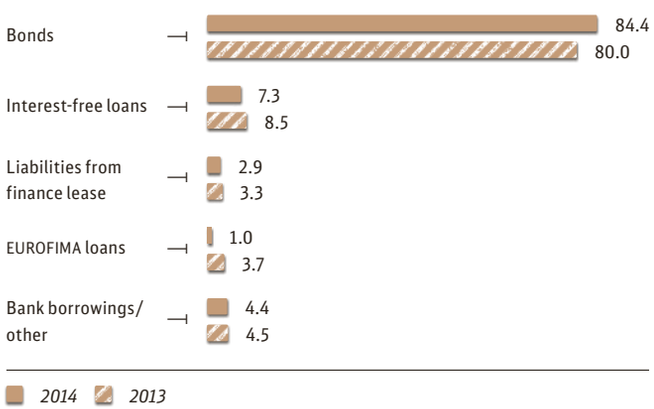
The maturity structure of financial debt has changed slightly as of December 31, 2014. The share of current financial debt declined.

MATURITY STRUCTURE OF FINANCIAL DEBT AS OF DEC 31 [%]



The breakdown of financial debt has also changed slightly as of December 31, 2014. The share of bonds was about 84% (as of December 31, 2013: about 80%). The share of interest-free loans in contrast fell to about 7% (as of December 31, 2013: about 9%). Finance lease liabilities remained unchanged at a share of approximately 3%.

MATURITY STRUCTURE OF FINANCIAL DEBT AS OF DEC 31 [%]



CAPITAL EXPENDITURES INCREASED SIGNIFICANTLY

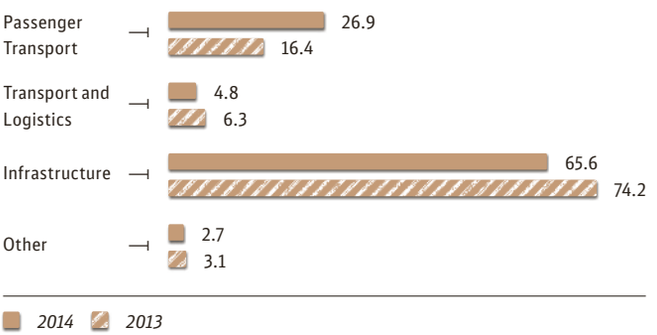
CAPITAL EXPENDITURES [€ MILLION]	2014	2013	Change absolute	Change %
Gross capital expenditures	9,129	8,224	+905	+11.0
Investment grants	4,687	4,812	-125	-2.6
Net capital expenditures	**4,442**	**3,412**	**+1,030**	**+30.2**

We have underlined our long-term focus with significantly higher gross capital expenditures. Net capital expenditures were also significantly higher year on year.

The main focus of capital expenditures activities in the year under review was again on measures designed to improve performance and efficiency in the field of rail infrastructure as well as the continued modernization of our vehicle fleet for rail and bus service.

At business units level particularly the business units DB Bahn Regional and DB Bahn Long-Distance posted higher gross capital expenditures.

GROSS CAPITAL EXPENDITURES BY DIVISIONS [%]



The gross capital expenditures structure continued to be dominated by the infrastructure business units, whereby the highest expenditures were once again attributable to DB Netze Track. In total, the infrastructure business units accounted for roughly 66% of gross capital expenditures (previous year: about 74%), with the DB Netze Track business unit alone accounting for roughly 58% (previous year: about 65%). The passenger transport business units had a share of about 27% (previous year: about 16%), and the transport and logistics business units accounted for about 5% (previous year: about 6%).

Capital expenditures by regions

GROSS CAPITAL EXPENDITURES BY REGIONS [%]	2014	2013	Change absolute	Change %
Germany	8,629	7,681	+948	+12.3
Europe (excluding Germany)	503	494	+9	+1.8
Asia/Pacific	38	67	-29	-43.3
North America	15	17	-2	-11.8
Rest of world	5	8	-3	-37.5
Consolidation	-61	-43	-18	+41.9
DB Group	**9,129**	**8,224**	**+905**	**+11.0**

NET CAPITAL EXPENDITURES BY REGIONS [€ MILLION]	2014	2013	Change absolute	Change %
Germany	3,945	2,872	+1,073	+37.4
Europe (excluding Germany)	500	491	+9	+1.8
Asia/Pacific	38	67	-29	-43.3
North America	15	17	-2	-11.8
Rest of world	5	8	-3	-37.5
Consolidation	-61	-43	-18	+41.9
DB Group [1]	**4,442**	**3,412**	**+1,030**	**+30.2**

[1] *Previous year's figures adjusted.*

Broken down by regions, the vast majority of gross capital expenditures, namely some 95%, was again made in Germany (previous year: about 93%). Here, year-on-year growth is primarily due to the DB Bahn Regional (€ +1,019 million), DB Bahn Long Distance (€ +67 million), DB Services (€ +14 million), and DB Netze Energy (€ +13 million) business units. This was offset by a drop in capital expenditures at DB Netze Track (€ –72 million) and DB Netze Stations (€ –58 million).

The year-on-year increase in Europe (excluding Germany) resulted from higher capital expenditures in the DB Arriva and DB Schenker Rail business units. Lower capital expenditures by the DB Schenker Logistics business unit in this region had a dampening effect.

GROSS CAPITAL EXPENDITURES BY REGIONS [%]



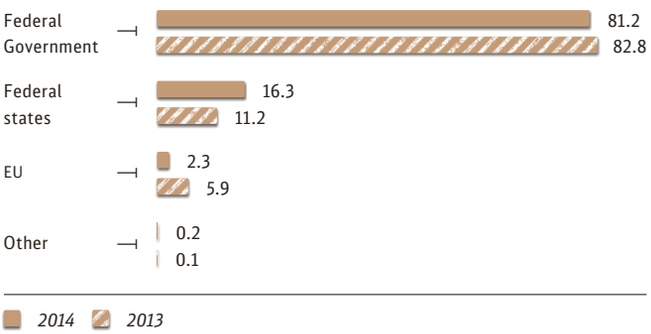
Development of investment grants

GRI EC4

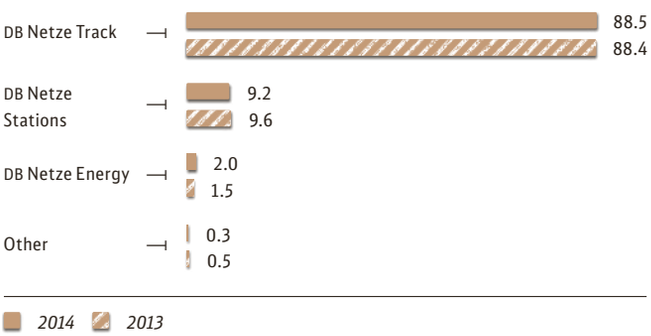
GRI Received investment grants declined by € 125 million, or 2.6%, in the year under review to € 4,687 million. As in the previous year, the recipients were almost exclusively our infrastructure companies.

Please see our Web site for details on the various GRANT FORMS.

INVESTMENT GRANTS BY CONTRIBUTORS [%]



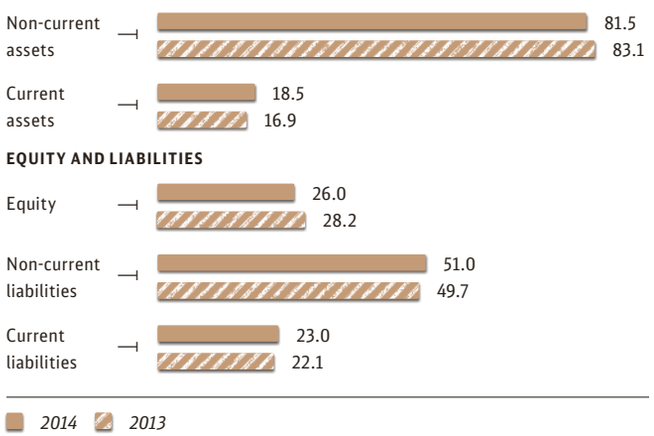
INVESTMENT GRANTS BY RECIPIENTS [%]



TOTAL ASSETS INCREASED

BALANCE SHEET AS OF DEC 31 [€ MILLION]	2014	2013	Change absolute	Change %
Total assets	55,883	52,894	+2,989	+5.7
ASSETS				
Non-current assets	45,530	43,949	+1,581	+3.6
Current assets	10,353	8,945	+1,408	+15.7
EQUITY AND LIABILITIES				
Equity	14,525	14,912	-387	-2.6
Non-current liabilities	28,527	26,284	+2,243	+8.5
Current liabilities	12,831	11,698	+1,133	+9.7

BALANCE SHEET STRUCTURE AS OF DEC 31 [%]



The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). There were no material changes to the IFRS regulations or DB Group's consolidation and accounting principles that would result in any changes to the consolidated financial statements.

- Total assets rose significantly as of December 31, 2014.
- Non-current assets came in above the previous year's level as of December 31. A major driver of this development was the increase in property, plant and equipment (€ +1,326 million), above all from vehicle purchasing by DB Bahn Regional, as well as higher deferred tax assets (€ +200 million).
- Current assets rose as of December 31, 2014, due in particular to an increase in liquid funds (€ +1,170 million) as well as an increase in other liabilities and assets (€ +232 million).

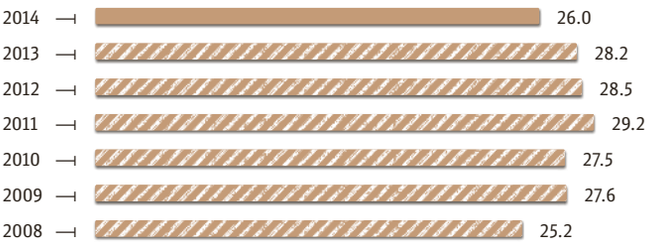
This has resulted in a structural shift towards current assets.

On the equity and liabilities side of the balance sheet, equity as of December 31, 2014 decreased. This was the results of changes recorded in reserves due to the revaluation of pensions (€ −1,022 million). Low interest rates had a significant influence here. In addition, changes recorded in reserves due to volatility in HEDGES [PAGE 222 F.] (€ −281 million), especially for hedging energy prices as well as the dividend payment to the Federal Government (€ −200 million), had a detrimental effect on equity capital. The positive net profit for the year (€ +988 million) and the changes made in reserves that were associated with volatilities in currencies (€ +141 million) only partially offset the negative effects. The equity ratio declined as of December 31, 2014, due to the simultaneously increasing total assets.

- Non-current liabilities rose significantly as of December 31, 2014. This growth was primarily driven by the increase in pension obligations as well as in non-current FINANCIAL DEBT [PAGE 105 F.].
- Current liabilities as of December 31, 2014, was also significantly above the previous year's end level. This was affected by such factors as increased trade liabilities, for example in connection with vehicle purchases.

Within the structure of the equity and liabilities side of the balance sheet, the share of non-current liabilities in relation to total assets increased slightly to 51% as of December 31, 2014 (as of December 31, 2013: about 50%). The share held by current liabilities rose to about 23% as of December 31, 2014 (as of December 31, 2013: about 22%).

EQUITY RATIO AS OF DEC 31 [%]



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 € 4,336 million as of December 31, 2014 (as of December 31, 2013: € 4,646 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 company pension schemes for employees, obligations are, in line with the respective rules, to some extent covered and netted by plan assets which are capable of being netted. As of December 31, 2014, total obligations amounted to € 8,607 million (as of December 31, 2013: € 6,671 million), the fair value of plan assets was € 3,639 million (as of December 31, 2013: € 3,109 million), and the net liability recognized in the balance sheet amounted to € 4,357 million (as of December 31, 2013: € 3,164 million). The offsetting of obligations against plan assets resulted in a balance sheet contraction of € 3,639 million (as of December 31, 2013: € 3,109 million). In the year under review, no 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.

MORE DETAILS PAGE 234 FF.

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 of balance sheet voting rights

Please see the notes to the consolidated financial statements for details on the EXERCISING OF BALANCE SHEET VOTING RIGHTS [PAGE 192 FF.].

DEVIATIONS FROM THE PROJECTED FINANCIAL AND ASSET SITUATION

OUTLOOK FOR THE 2014 FINANCIAL YEAR [€ BILLION]	2013	2014 (Outlook March 2014)	2014 (Outlook July 2014)	2014
Gross capital expenditures	8.2	~ 9.5	~ 9.5	9.1
Net capital expenditures	3.4	~ 4.5	~ 4.5	4.4
Maturities	1.5	1.2	1.2	1.2
Bond issues	2.4	~ 2.0	~ 2.0	2.0
Cash and cash equivalents as of Dec 31	2.9	2.9	2.9	4.0
Net financial debt as of Dec 31	16.4	17.0–17.5	17.0–17.5	16.2

In terms of capital expenditures, we assumed in March and July 2014 that both gross and net capital expenditures would be considerably higher than in the previous year in the year under review. Among other things, reduced capital expenditures at DB Netze Track led to gross capital expenditures that were lower than anticipated. Net capital expenditures came in very slightly below the forecast from July 2014.

Regarding the financial situation of DB Group, we expected maturities in the amount of € 1.2 billion. The outlook is in line with the developments of the year under review. In order to meet our need for financing, we worked from the assumption that we would make use of the financial markets with bond issues in the amount of about € 2.0 billion. The outlook is also in line here with the development in the year under review.

Regarding DB Group's cash and cash equivalents, we expected these to amount to € 2.9 billion. Cash and cash equivalents at December 31, 2014, were significantly higher due to such factors as delays in cash outflows, especially in connection with retained payments and changed payment targets for vehicle purchases. Effects related to the reporting date and extraordinary income, especially associated with the disposal of a real estate in Great Britain as well as investments, had a supportive effect.

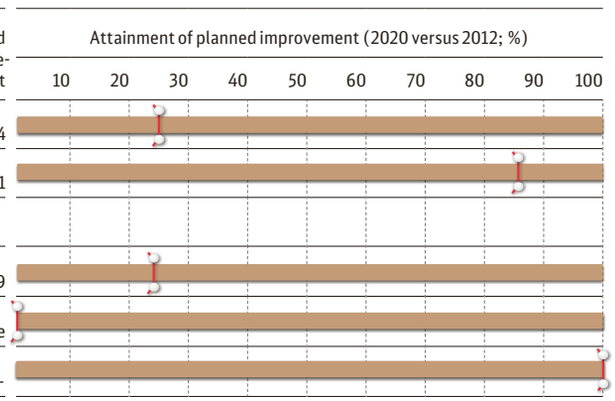
Net financial debt accordingly developed much better than expected. We expected the net financial debt to increase to somewhere between € 17.0 billion and € 17.5 billion. We anticipated that operating cash flow would not fully suffice to be able to finance the significant increase in net capital expenditures.

GROUP PERFORMANCE – SOCIAL DIMENSION

HR2020 programs play an important role in implementing the DB2020 strategy
More than 12,000 employees newly hired in Germany
Employee satisfaction has risen slightly

TOP TARGETS – SOCIAL DIMENSION

TOP TARGETS	Start in 2012	As of 2013	As of 2014	Target value DB2020	Planned improvement
Employee satisfaction – index	3.6	–	3.7	4.0	+0.4
Employer attractiveness – rank	31	22	13	≤ 10	+21
Demographic preparedness					
Share of women in Germany as of Dec 31 [%]	22.1	22.5	22.8	25.0	+2.9
Health rate in Germany [%]	94.3	94.0	94.1	94.3	stable
Coverage of external staffing needs in Germany [%]	98.3	98.1	96.4	95.0	–



DRIVERS FOR TARGET ATTAINMENT

STRATEGIC WORKFORCE PLANNING
We are looking to the future and working with foresight.
PAGE 111

OPTIMIZATION AND INTERNATIONALIZATION OF HR MANAGEMENT
We value professionalism and are focusing more and more on an international horizon.
PAGE 115



TALENT ACQUISITION
We are strengthening our employer brand and fill our jobs well and professionally.
PAGE 111

EMPLOYMENT CONDITIONS
We bring together work and personal life and promote good health.
PAGE 114 F.

PERSONNEL DEVELOPMENT
We are laying new paths, discovering talents and changing management.
PAGE 111 F.

CORPORATE CULTURE
We believe in culture and are driving change forward.
PAGE 112 FF.

GRI 2.10

STRATEGIC WORKFORCE PLANNING

With strategic workforce planning (SWP), we create transparency on future staffing and staffing needs for key employee groups. We now cover about half of domestic employees with SWP based on unified DB Group standards, methods, and jointly developed business scenarios. Future personnel shortages or surpluses are identified by function and region. In order to introduce corresponding countermeasures, options for action are being investigated and evaluated. In addition, we want to establish SWP in DB Group worldwide. The first international SWP models have been implemented at DB Schenker Rail Polska and DB Arriva Denmark.

In order to optimize personnel planning and management in the short and medium term, we implemented a standardized depiction of staffing needs in a uniform IT system in Germany. In addition, in the summer of 2014 an automatic early warning report was introduced that makes potential risks of personnel bottlenecks in areas critical to operation transparent.

TALENT ACQUISITION

GRI LA2

EMPLOYER ATTRACTIVENESS [1]	2014	2013	Change absolute	Change %	2012
Rank	13	22	+9	–	31

[1] *Derived from individual values for the four DB Group recruiting groups. Weighted target group values from six ranking surveys conducted by trendence.*

DB Group wants to improve its profile as an attractive employer and win new employees. To this end, in 2012 we reorganized the content and administration of our talent acquisition and we were able to achieve significant improvements in employer rankings. Based on ranking surveys conducted by trendence, Europe's leading research institute in the area of employer branding, personnel marketing and recruiting, our popularity improved particularly among high school students, from rank 25 to rank 14. Among skilled workers, we improved our rank from 21st to 11th. In relation to all target groups, we were able to rise to 13th place. This puts DB Group quite a bit closer to its target of being among Germany's top ten employers by 2020.

Contributing to this was our employer branding campaign "A job like no other," which was continued in the year under review. The central element of our employer brand appearance is our CAREERS WEB SITE. In May 2014 it was awarded with the trendence Employer Branding Award. Social media channels such as Facebook, Twitter and YouTube are part of our online presence. For example, our career guidance on Facebook was popular among high school students.

GRI LA2

We want to retain talented young people at an early stage with our almost 300 cooperative programs with schools and 20 national and four international cooperation programs with universities and recruiting events such as DB Summer School. Students at universities can already gain their first work experiences and make important career contacts in DB Group during their studies through an internship, as working students or in the context of a thesis. For university graduates, DB Group offers the possibility of a graduate trainee program or direct entry as a regular employee. Our candidate pools help us to remain in contact with interesting candidates over the long term.

We want to orient permanently the selection of applications even more strongly toward their potential and talents. For this reason, we introduced an online pilot test in 2013 aimed at selecting high school graduates based on their competencies. In the pilot phase, 35% of the applicants for vocational training passed the test in their desired career, in the area of dual studies 28% passed.

Despite increasing challenges on the external job market, we were able to reach our target of covering 95% of our external staffing needs in Germany (96.4%) in the year under review.

PERSONNEL DEVELOPMENT

GRI LA12

GRI We retain qualified and engaged employees through strategically oriented and attractive personnel development. Throughout the process, we focus on developing specialists and executives from within DB Group. The systematic promotion of high performers and high potential employees is an important instrument to ensure the supply of future leaders and to retain employees. The basis for this is continuous dialog.

GRI LA11

GRI Through written development pathways, career development possibilities are shown to the employees, which also support succession planning across all business units. A Web tool and a map of employee development make the development pathways transparent and accessible for all the employees. A professional development compass gives online information about possibilities for in-service training.

MORE DETAILS PAGE 271

Securing new talent

GRI LA1

YOUNG TALENTS AS OF DEC 31 [NP]	2014	2013	Change absolute	Change %	2012
Vocational trainees [1]	10,214	10,361	-147	-1.4	10,019
Dual degree students [1]	1,050	1,083	-33	3.0	987
Graduate trainees [2]	151	181	-30	-16.6	187
Interns [2]	622	615	+7	+1.1	507
"Chance plus" participants	310	310	-	-	315

[1] *Germany; Includes all class years of training (usually three class years for both vocational trainees and dual degree students).*

[2] *Germany (companies with about 97% of domestic employees).*

GRI EC7

With almost 12,000 vocational trainees, dual degree college students and "Chance plus" participants, DB Group is one of the largest VOCATIONAL TRAINERS in Germany. About 3,400 young people started vocational training with us during the year under review, and another 280 began a dual degree program within DB Group. The share of young people who received an offer of employment at the conclusion of their vocational training is about 94%. At nine locations nationwide we offer over 300 spots in our vocational preparation program, "Chance plus." School graduates with starting difficulties can prepare themselves here intensively for their training, together with operational trainers and youth workers. Over 80% of participants of the class year 2013/2014 who had successfully completed the program were able subsequently to either directly begin work or vocational training in DB Group or in another company. Along with the teaching of specialized knowledge and practical skills, central components of vocational training in DB Group are the acquisition of service-based, social and methodological competencies.

Talent management and management diagnostics

GRI LA12

Targeted recruitment of young talents requires the systematic identification of and promotion of suitable specialists and executives. Today the focus of talent management is primarily the quality of selection processes in the management area. Possible instruments for targeted individual development of talent is a development center for a personalized status quo analysis and measures which expand on this. In addition, we also offer formats in order to identify talent in DB Group and assist in expanding the breadth of experience of managers and to promote careers across various stations (business units, roles, countries).

Understanding of leadership

Since 2012, we have been working on the DEVELOPMENT OF A COMMON UNDERSTANDING OF LEADERSHIP throughout DB Group in which aspects of transformational leadership are emphasized more strongly. Its values- and reason-based orientation plays an important role in selection processes and decisions about evaluation of managers. Since fall 2014, the dialog series "strategy and leadership" was continued with the top 250 managers and executives in upper management with the target of establishing and deepening leadership understanding. The format supplemented the activities and measures that were already begun in 2013 in the various divisions and business units.

GRI LA12

Qualification

GRI LA10

GRI Vocational training and professional development of employees in Germany is conducted through DB Training as the partner for DB Group education, development and change processes. More than 2,000 training sessions are offered that address all target group portfolios and functions. Aside from building up target group portfolios for engineers and procurement managers, in the year under review we also developed a modular qualification program for all employees and managers in the Finance/Controlling division.

DB Academy is responsible for the qualification of the about 7,600 executives and future executives of DB Group. This helps us ensure systematic and continual career support from one source. In the year under review, we were able to reach out to about 50% of our executives with our talent, transition and excellence programs based on individual development phases. To continue to keep the offers future-oriented, a project was launched for its further development. It focuses, for example, on modular program blocks, international development activities and new formats for dialog and digital learning.

CORPORATE CULTURE

GRI 4.4

The change in CORPORATE CULTURE introduced in 2010 is a central component of the DB2020 strategy. A strong corporate culture, which is shaped by mutual respect and high motivation, engagement and satisfaction of our employees, forms the basis for sustainable corporate success.

Cultural change

In order to move the corporate culture forward in a sustainable manner, we have established an ongoing organizational development process. Taking DB Group strategic targets into account, as well as the results of the EMPLOYEE SURVEY and the findings of regular dialog events, the process is successively adjusted and new themes of cultural change are determined.

In the year under review, we organized five WORKSHOPS ON THE FUTURE in order to develop concrete solutions in the central action areas of the employee survey 2012: cooperation, professional development, communication/information/involvement, leading and shaping work hours/working conditions. In the context of the workshops on the future, 118 projects and instruments have already been presented that already exist throughout DB Group and they served as the basis for discussion. All told, 526 additional solution suggestions for the various action areas were worked out.



EMPLOYEE SURVEY

Under the motto "Take part, help make changes!" in October 2014, more than 300,000 DB employees from around the world were called on to take part in the second employee survey – in 67 countries and 36 languages.

About 850 regional pace setters and ambassadors support the cultural change across all business units and beyond all hierarchies.

The second Group-wide employee survey was carried out in the fall of 2014. Over 300,000 employees from around the world were once again given the opportunity to voice how satisfied or dissatisfied they are and where they see room for improvement. About 190,000 employees took part. That comes to 60.1% which is Group-wide, almost as many participants as in the first survey in 2012. In total, the basic mood has improved compared to 2012.

EMPLOYEE SATISFACTION	2014	2012
Index	3.7	3.6

On a scale from 1 ("completely disagree") to 5 ("strongly agree"), employee satisfaction rose from 3.6 (2012) to 3.7. Details of the business units will be explained further in the chapter DEVELOPMENT OF BUSINESS UNITS [PAGE 122 FF.].

The overall results for DB Group show a relatively constant picture compared to 2012. However, there are some important changes and new critical points. As with the employee survey in 2012, once again it is possible to see where employees and executives can takes steps together to improve even more. Four action areas are pivotal here for further changes in the next two years.

- Communication, information, involvement: As in 2012, this action area still has the highest priority for our employees. Many aspects have improved. Employees are involved to a greater extent; more consideration is being taken of their concerns. However, the communication among executives and between executives and employees is perceived more critically.
- Leadership: This action area belongs once again to the most important factors influencing employee satisfaction. The implementation of the new understanding of leadership remains a central task.
- Cooperation: This action area was not a focus of attention in 2012 and is the only area that received a worse rating in 2014. And it is clearly growing in influence on employee satisfaction.
- Professional development: In view of the fact that the importance of professional development has grown, this topic is also still a focus of attention – not least also with a view to demographic changes.

Based on the reports, senior executives will discuss these results with their employees in over 10,000 moderated follow-up workshops, rate the changes compared to 2012 and work out new steps to take.

DIVERSITY

GRI LA1 LA13

SHARE OF WOMEN AS OF DEC 31 [%]	2014	2013	Change absolute	Change %	2012
Share of women	23.1	22.6	–	–	22.5
in Germany	22.8	22.5	–	–	22.1

A value-conserving approach to diversity and the use of its potential are central components of our corporate culture. Core themes are equal development opportunities for women and men, and the promotion of cooperative work between people of different age groups and different cultures.

F1 ◂ P. 80 P. 116 ▸

GRI Together with the Hamburg Institute of Change Management we ran a study in the year under review about generation management. In several workshops various views and expectations of managers in different generations were worked out and the challenges they pose to management were explained. Four action areas were identified: create a sensitivity for generation diversity, promote intergenerational cooperation, offer development opportunities and promote performance independently from age, design organizational and instrumental prerequisites. The results of the study are highly relevant for executive and personnel development as well as for the work we are doing with corporate culture.

GRI LA13

To increase the overall share of women in the company and in management positions, further steps were developed during the year under review. A new reporting system for decision makers in DB Group is intended to create more transparency about the trend of the share of women in the

GRI LA13

Group and improve the opportunities of consistent countermeasures. When filling executive positions in upper management, for example, since 2013 at least one qualified woman must be among the candidates. We plan to expand this approach to include positions in middle management as well.

GRI LA3

GRI The "Career and Kids" mentoring program is successfully supporting executives and potential executives with children on their career paths. In addition, DB Group is participating in a network of fathers that goes beyond the borders of the company. With this, DB Group is prepared for the "Act for equal participation of women and men in management positions in private industry and in public service" that is expected to go into effect in mid-2015.

GRI LA13

GRI As a founding member, DB Group continued to support the Diversity Charter Association and participated in the Second German Diversity Day in June of 2014.

GRI 4.4

EMPLOYMENT CONDITIONS

GRI LA4

GRI To retain employees in the long term, DB Group plans to offer them prospects for combining their personal needs with the requirements of the company in every phase of their professional and private lives.

Collective bargaining policies and employment conditions

GRI

EMPLOYEES WITH COLLECTIVE AGREEMENTS AS OF DEC 31 [NP]	2014	2013	Change absolute	Change %	2012
Employees with collective bargaining agreements	180,897	180,274	+623	+0.3	177,554
Share (%)	94.8	94.8	–	–	95.2

Germany (companies with about 97% of domestic employees).

Employment conditions must remain attractive and at the same time affordable, even in light of changing overall conditions. Collective bargaining agreements make an important contribution to these efforts.

GRI LA5

GRI Sustainable HR policies are the focus of the COLLECTIVE BARGAINING AGREEMENT DESIGNED TO ADDRESS DEMOGRAPHIC CHANGE that was negotiated with the German Railway and Transport Union (Eisenbahn- und Verkehrsgewerkschaft; EVG) and entered into force 2013. For example, a permanent job guarantee and a permanent job offer for all vocational trainees who complete their courses successfully were agreed upon.

GRI LA11 LA9

GRI It was also agreed to design working time and working conditions more individually, in order to achieve a better balance of work and family as well as personal life. One instrument is the company working time project. Employees can also make use of long-term accounts for the purposes of a sabbatical or for family care periods. We are placing a greater focus on CORPORATE HEALTH PROMOTION PROGRAMS. The topics of aptitude and suitability, ergonomics, emotional well-being, inclusion and behavioral health prevention are being developed in the "Health and working conditions" program (ProGEAR).

GRI LA11 LA9

In the year under review, we agreed with the EVG to extend the scope of employment securing along with the offer in the collective bargaining agreement designed to address demographic change in order to improve "Special partial retirement for older employees." The opt-out clause for company arrangement of working time was also extended. This also provides our companies with the option of diverging from the working time regulations in works agreements so that they are better able to meet employees' individual needs.

We entered into a "collective bargaining agreement concerning special conditions in the event of a loss of suitability for driving" with the German Train Drivers' Union (Gewerkschaft Deutscher Lokomotivführer; GDL) in April 2014. This governs employment protection for employees who are unable to exercise locomotive driver activities on a permanent basis on health grounds. Locomotive drivers who become unable to drive on a permanent basis can choose between DB employment securing the rest of their career or leaving the company with a special severance payment. Locomotive drivers who are unable to do their job on a permanent basis as a result of traumatic events receive remuneration protection for the rest of their working lives which amounts to 100% of their previous collectively agreed remuneration (Tabellenentgelt). The priority of local placing of jobs for locomotive drivers whose unsuitability to drive is, for example, based on traumatization or an occupational accident has been expanded.

The basic bargaining agreements with the GDL and the EVG expired as of June 30, 2014 without any repercussions. These included the provisions on which trade union is allowed to conclude collective bargaining agreements for which occupational group. This was a prerequisite for a collective bargaining policy with both competing trade unions which is free from conflict and contradiction. In addition to wage development therefore, in the 2014 round of wage negotiations, the focus is also on the basic issue of which trade union negotiates for which occupational group. Both trade unions have raised, to some extent, claims for the same occupational groups. Wage conflicts need to be avoided where different rules arise on issues such as working time arrangements for the same occupational group. Despite an unrestricted readiness to negotiate on the part of DB Group, GDL held warning strikes and a strike ballot following several further days of strike action.

DB Group has been in negotiations with both trade unions again since December 2014. Our objectives include stable relationships, an organized collective bargaining policy and cooperation between employer and employee representatives with the GDL and the EVG in order to avoid competing bargaining agreements. The NEGOTIATIONS [PAGE 177] are continuing in 2015.

Employment conditions for executives and employees not subject to wage agreements are undergoing continuous development. Remuneration policy and ancillary benefits will be oriented towards the strategic targets. The system of targets for our strategy DB2020 is integrated into our variable annual bonus.

To improve work-life balance, since 2012 executives and employees not subject to collective bargaining agreements have been able to negotiate a sabbatical of up to six months. We also support the provision of part-time executive employment and interim management.

Social and fringe benefits

GRI EC5 LA3

In addition to remuneration that is fair and commensurate with performance, DB Group also offers diverse social and ancillary benefits. Five major social partners – the RAILWAY STAFF SOCIAL SERVICES FOUNDATION (BSW), the health insurer BAHN-BKK, the association of railway staff sports clubs (VDES), the insurer DEVK and Sparda banks – offer benefits packages to our employees.

DB Group provides different care offers to its employees in cooperation with the BSW as well as childcare provider ElternService AWO. There are 90 care places available at DB Group's own facility "Bahnbini" in Frankfurt am Main and 164 places at private nurseries. During the summer vacation, the children of employees are able to take part in DB Group's "DB RasselBAHNde" program at various DB sites. Parents also receive support from ElternService AWO in their search for childcare options, emergency and vacation care offers as well as with the placing of au pairs and daily care staff. We also offer wide-ranging support to our employees in caring for family members via ElternService AWO.

OPTIMIZATION AND INTERNATIONALIZATION OF HR MANAGEMENT

The cultural change process in the Human Resources (HR) division started in 2013 in order to intensify cultural change in the HR organization and to make this into a driver within DB Group at the same time. The aim is for every employee in the HR division to become an ambassador for the HR2020 HR strategy. By building an international HR manager network in 2012, we created the basis for trusting cooperation in the personnel area. Two International HR Manager Meetings took place in the year under review. The IT system PeopleSoft International (PSI) went live in the production environment in early October 2014. A crucial milestone was reached with this on the path towards a uniform HR system landscape for business units operating internationally. PSI's HR database creates the foundation for system support of the international HR processes and international reporting. We had implemented the system in five countries by the end of 2014.

DB Group also further intensified its international recruitment activities. A Global Talent Acquisition Network was established for this purpose with representatives from the talent acquisition organization and experts from various business units and countries, and which works on projects such as targeted recruitment in the rest of Europe for vacancies in Germany and implementation of recruitment standards and measures.

We also ensure transparency related to deployment options and provide employees with targeted support for deployments in order to give employees greater incentives to gain some international experience.

The fourth international Dialog on the Future took place in Manchester aimed at further developing our company's corporate culture. An employee child exchange also took place for the first time with 32 participants from 13 countries.

A European Works Council (EBR) of DB Group has existed since 2005 with employee representatives from 21 European countries to represent the interests of employees beyond national borders.

DEVELOPMENT OF THE NUMBER OF EMPLOYEES

GRI LA1

EMPLOYEES AS OF DEC 31 [FTE]	2014	2013	Change absolute	Change %	2012
DB Bahn Long-Distance	16,461	16,564	–103	– 0.6	15,947
DB Bahn Regional	36,605	36,878	–273	– 0.7	36,959
DB Arriva	45,712	46,718	–1,006	– 2.2	39,545
DB Schenker Rail	30,842	30,925	– 83	– 0.3	31,770
DB Schenker Logistics	64,810	64,051	+759	+1.2	64,199
DB Services	25,476	26,319	– 843	3.2	26,375
DB Netze Track	43,382	42,206	+1,176	+2.8	41,400
DB Netze Stations	4,867	4,835	+32	+ 0.7	4,797
DB Netze Energy	1,770	1,753	+17	+1.0	1,626
Other	25,838	25,404	+ 434	+1.7	24,890
DB Group	**295,763**	**295,653**	**+110**	**–**	**287,508**
± Effects from changes in scope of consolidation	– 47	–1,340	+1,293	–	–
DB Group – comparable	**295,716**	**294,313**	**+1,403**	**+ 0.5**	**287,508**

In order to guarantee better comparability over time, we calculate the number of employees on the basis of full-time equivalents (FTEs). Figures for part-time employees are measured in accordance with their share of the regular annual working time.

GRI LA1

EMPLOYEES AS OF DEC 31 [NP]	2014	2013	Change absolute	Change %	2012
DB Group	306,966	306,919	+47	–	299,347

On a comparable basis, as of December 31, 2014, the number of employees in DB Group rose slightly. This was the result of the significant increase in the operational and maintenance employees at DB Netze Track as well as the expansion of DB Schenker Logistics. On the other hand, DB Services, in particular, recorded a decrease. The effects of changes to the scope of consolidation were mainly a result of the sale of DB Arriva's business in Malta.

The number of employees in natural persons (NP) remained almost unchanged.

MORE DETAILS PAGE 273 F.

GRI 2.5

EMPLOYEES BY REGIONS AS OF DEC 31 [FTE]	2014	2013	Change absolute	Change %	2012
Germany	187,882	187,837	+45	–	186,222
Europe (excluding Germany)	83,858	84,228	–370	–0.4	77,205
Asia/Pacific	13,917	13,702	+215	+1.6	13,958
North America	7,585	7,326	+259	+3.5	7,592
Rest of world	2,521	2,560	–39	–1.5	2,531
DB Group	**295,763**	**295,653**	**+110**	**–**	**287,508**

EMPLOYEES BY REGIONS AS OF DEC 31 [NP]	2014	2013	Change absolute	Change %	2012
Germany	195,805	195,912	–107	–0.1	194,020
Europe (excluding Germany)	86,944	87,270	–326	–0.4	81,055
Asia/Pacific	14,008	13,755	+253	+1.8	14,030
North America	7,688	7,421	+267	+3.6	7,704
Rest of world	2,521	2,561	–40	–1.6	2,538
DB Group	**306,966**	**306,919**	**+47**	**–**	**299,347**

The number of employees in Germany remained basically unchanged, in Europe (excluding Germany) it dropped slightly and in the regions Asia/Pacific and North America it went up slightly.

The share of employees outside of Germany accounted for approximately 36%.

Employees in Germany

GRI LA2

The average length of service of DB Group employees in Germany was 21 years, as in the previous year. Employees of DB Group in Germany were, on average, 46 years old.

MORE DETAILS PAGE 274

EMPLOYEE TURNOVER [NP]	2014 absolute	2014 %	2013 absolute	2013 %	2012 absolute	2012 %
Employee turnover	9,291	4.9	7,553	4.2	8,827	4.8
Other employee turnover	5,460	2.9	4,649	2.6	5,037	2.7
Employee turnover due to retirement	3,831	2.0	2,904	1.6	3,790	2.1

Germany (companies with about 97% of domestic employees). These figures reflect only employee turnover initiated by core employees with permanent contracts. Employee turnover due to retirement also includes cases of semi-retirement.

Due to the high amount of external hiring and the high fluctuation this brings in the first few years of belonging to the company, we have seen a rise in other employee turnover.

MORE DETAILS PAGE 272

NEW HIRES AS OF DEC 31 [NP]	2014	2013	Change absolute	Change %	2012
DB Group	12,437	11,481	+956	+8.3	11,099

Germany (companies with about 97% of domestic employees). Not included are hiring and takeover of vocational trainees and dual degree students.

To meet our future external staffing needs, which arise especially due to employee attrition due to retirement, we will need to hire an average of about 8,000 new employees per year in the years to come. At the same time we must encourage the career development and retention of our current employees.

MORE DETAILS PAGE 270

F1 ◂ P. 113 P. 173 ▸

GRI LA1

The share of employees with permanent employment agreements in Germany continues to be at the very high level of over 95%. The share of external temporary employees rose slightly compared to the previous year.

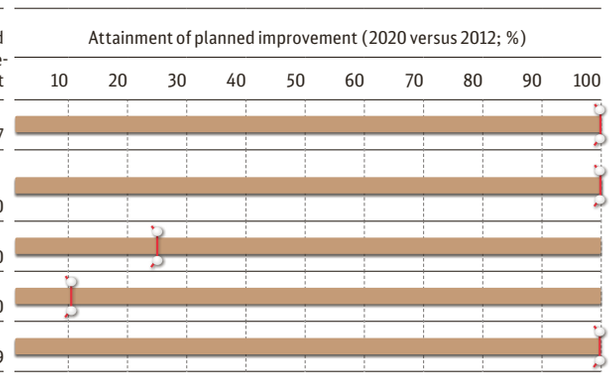
MORE DETAILS PAGE 274

GROUP PERFORMANCE – ENVIRONMENTAL DIMENSION

Climate protection goal for 2020 already exceeded
Share of renewable energy in the traction current mix increased further
Noise remediation and whisper brake refitting continued

TOP TARGETS – ENVIRONMENTAL DIMENSION

TOP TARGETS	Start in 2012	As of 2013	**As of 2014**	Target value DB2020	Planned improvement
Reduction of specific CO_2 emissions compared to 2006 (%)	12.3	18.7	22.7	20	+7.7
Reduction of CO_2 emissions – share of renewable energy in the traction current mix (%)	24.0	35.2	39.6	35	+11.0
Noise reduction – track kilometers noise remediated in total (km)	1,200	1,300	1,400	2,000	+800
Noise reduction – freight cars refitted with whisper brakes in total	150	650	6,500	60,000	+59,850
Material/resource efficiency – recycling rate (%)	94.1	94.2	95.6	≥95	+0.9



DRIVERS FOR TARGET ATTAINMENT

RENEWABLE ENERGY
Share of renewable energy in the traction current mix increased to 39.6%.
PAGE 119

GREEN OFFERS
CO_2 emissions for long-distance rail passenger transport at about 11 g per person and kilometer.
PAGE 118



NOISE REMEDIATION
55 km of sound barriers built and 2,400 apartments equipped with sound insulation equipment.
PAGE 119 F.

MATERIALS USED
Share of recycled materials used at 17%.
PAGE 121

WHISPER BRAKES
A total of about 6,500 freight cars converted to V brake shoes.
PAGE 120

RECYCLING
High recycling rate of over 95% already reached.
PAGE 121

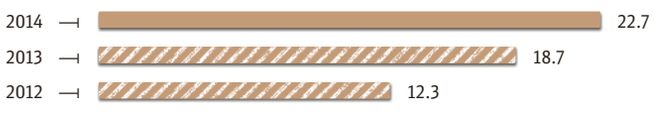
CLIMATE PROTECTION

CO_2 emissions reduced

GRI EN18 F2 ◂ P. 90 P. 177 ▸

We have set ourselves the target of reducing our worldwide specific CO_2 emissions by 20% between 2006 and 2020. We have already exceeded this target with a reduction of 22.7%. DB Bahn Long-Distance contributed significantly to this; the carbon footprint has been strongly improved through the additional purchase of green energy since April 2013 for green offers. In ocean freight, shipping companies used larger ships with higher capacity and implemented slow steaming across the board. In local rail passenger transport, new vehicles such as the 442 series use their brakes to feed more power into the grid than did previous vehicles.

REDUCTION OF SPECIFIC CO_2 EMISSIONS COMPARED TO 2006 [%]



Change in method from 2013 onward and with DB Arriva; efficiency improvements according to IATA Fuel Measurement Protocol for air freight not included.

GRI EN16 EN17

SPECIFIC CO_2 EMISSIONS BY JOURNEYS AND TRANSPORTS OF DB GROUP	2014	2013	Change absolute	Change %	2012
Regional rail passenger transport (g/pkm)	55.8	59.6	-3.8	-6.4	60.7
thereof in Germany	58.0	63.1	-5.1	-8.1	64.7
Long-distance rail passenger transport (g/pkm)	10.6	19.8	-9.2	-46.5	39.7
Bus service (g/pkm)	74.6	78.0	-3.4	-4.4	70.5
thereof in Germany	76.7	80.0	-3.3	-4.1	79.5
Rail freight transport (g/tkm)	21.0	22.1	-1.1	-5.0	23.7
Road freight transport [1] (g/tkm)	106.7	103.1	+3.6	+3.5	103.9
Air freight [2] (g/tkm)	632.8	641.9	-9.1	-1.4	643.0
Ocean freight [3] (g/tkm)	9.3	9.9	-0.6	-6.1	11.5

Well-to-wheel (WTW); scope 1–3; without pre- and onward carriage; rail passenger companies are calculated with their specific energy mix.

[1] Including ferries.

[2] Efficiency improvements according to the IATA Fuel Measurement Protocol not included.

[3] Change in method from 2013 onward.

GRI EN16 EN18

The specific CO_2 emissions in the year under review further decreased overall, across various modes of transport, with the exception of road freight transport. Fleet and capacity utilization improvements are not included in road freight transport due to the time of reporting. Since 1990, and thus since the beginning of our first climate protection program, we have been able to reduce the specific CO_2 emissions produced by DB rail transport in Germany by a total of 60%. We were able to reduce absolute CO_2 emissions by 5 million t. This reduction is due among other things to the steadily increasing energy efficiency of our vehicle fleet, the high share of renewable energy in DB Bahn Long-Distance, and the energy-efficient driving technique of our locomotive drivers.

GRI EN16 EN18

MORE DETAILS PAGE 276

Increased energy efficiency

Our target is to save as much energy as possible to have the greatest effect on climate protection and thereby to become more cost-efficient.

We are constantly improving the energy efficiency of our vehicles and increasing their capacity utilization in order to continuously reduce specific primary energy consumption. In bus service, energy consumption remains approximately the same despite technical quality improvements for customers, such as the increased usage of air-conditioning systems.



GREEN LOGISTICS

We also use gas-fueled vehicles in Linz and Vienna. Emissions are below the Euro VI limits. Noise emissions and fuel costs are also lower.

MORE DETAILS PAGE 275 F.

GRI EN3 EN4

SPECIFIC PRIMARY ENERGY CONSUMPTION BY JOURNEYS AND TRANSPORTS OF DB GROUP	2014	2013	Change absolute	Change %	2012
Regional rail passenger transport (MJ/pkm)	0.93	0.99	-0.06	-6.1	1.09
thereof in Germany	0.99	1.06	-0.07	-6.6	1.12
Long-distance rail passenger transport (MJ/pkm)	0.38	0.48	-0.1	-20.8	0.68
Bus service (MJ/pkm)	1.18	1.19	-0.01	-0.8	1.25
thereof in Germany	1.11	1.11	-	-	1.14
Rail freight transport (MJ/tkm)	0.36	0.37	-0.01	-2.7	0.39
Road freight transport [1] (MJ/tkm)	1.57	1.51	+0.06	+4.0	1.52
Air freight (MJ/tkm)	8.63	8.75	-0.12	-1.4	8.77
Ocean freight [2] (MJ/tkm)	0.12	0.13	-0.01	-7.7	0.15

Well-to-wheel (WTW); scope 1–3; without pre- and onward carriage.

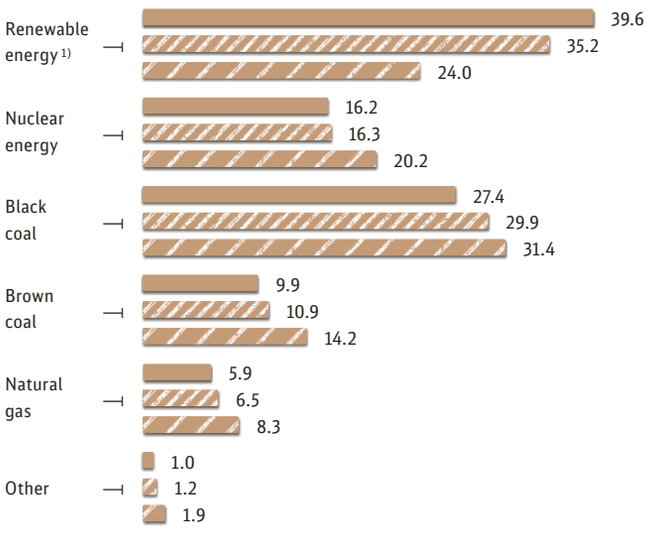
[1] Including ferries.

[2] Change in method from 2013 onward.

GRI EN3 EN4

Further rise in share of renewable energy in traction current procurement

TRACTION CURRENT MIX IN GERMANY [%]



1) *Including green products from DB Bahn Long-Distance, excluding Environment Plus and Eco Plus.*

The data for 2014 is based on the information and estimates available as of February 2015.

GRI EN6

The share of renewable energy in the traction current mix has further increased. This development is due primarily to the incorporation of the traction current power plant volumes into the Renewable Energy Sources Act (EEG) allocation mechanism. In addition, however, the first-time full-year effect was felt from the green products offered by DB Bahn Long-Distance since April 1, 2013.

The target for 2020 is now being revised in light of our having attained it already.

GRI EN29

With 75% of our entire energy consumption coming from green energy, DB Bahn Long-Distance trains are far ahead of all other means of transport. On average, customers within Germany only produce 11 g CO_2 per person and kilometer. Customers who do not take advantage of the CO_2-free products can purchase an Environment Plus ticket for a € 1 surcharge and also travel CO_2-free.

In addition, all business journeys by DB employees in long-distance transport within Germany have been made CO_2-free since October 2009; the same applies to private travel since April 2013.

GRI EN26

The S-Bahn (metro) Hamburg contributes to the improvement of DB Bahn Regional's carbon footprint because it relies 100% on green energy and is therefore CO_2-free. Germany's Saarland region, however, did not extend its green energy contract for regional transport at the end of 2013.

The share of renewable energy in the traction current mix does not include the volume for the CO_2-free products Environment Plus (long-distance rail passenger transport) and Eco Plus (rail freight transport); this volume does not flow into the specific values of DB rail transport because they are credited to the carbon footprint of the respective customers. Including this volume, the share of renewable energy in the traction current mix is 40%.

Stations reducing energy consumption

GRI EN5 EN6

We want to reduce energy consumption and thereby CO_2 emissions at our stations. Primary energy consumption was consistently reduced by 11% at the end of 2014, compared to 2010. Energy-saving measures focused on converting lighting systems to LED technology.

After the opening of the first carbon-neutral station in KERPEN-HORREM [PAGE 158] in the summer of 2014, a second green station is under construction in Lutherstadt Wittenberg.

MORE DETAILS PAGE 277

NOISE REDUCTION

GRI EN26

Our target with respect to NOISE REDUCTION is also an ambitious one: by 2020, we want to reduce noise pollution from rail transport in Germany to half of the 2000 levels. To reach this target, we are building sound barriers along the tracks and equipping our freight cars with silent braking technology. New freight cars have been purchased since 2001 with quiet braking shoes only.

Noise remediation and prevention continues

NOISE REMEDIATION AND PREVENTION IN GERMANY	2014	2013	2012
NOISE REMEDIATION (EXISTING NETWORK)			
Sound barriers erected (km)	55	62	55
Homes with passive measures in place 1)	2,400	2,500	2,000
Track kilometers noise remediated (km) 1)	1,400	1,300	1,200
NOISE PREVENTION (NEW CONSTRUCTION AND EXPANSION LINES)			
Sound barriers erected (km)	29	36	28
Homes with passive measures in place 1)	8,100	2,800	8,200

1) *Rounded.*

GRI EN26

The voluntary "noise remediation of existing rail lines of the Federal Republic of Germany (Lärmsanierung an bestehenden Schienenwegen des Bundes)" program launched by the Federal Government has been implemented since 1999. On the 3,700 km of routes in Germany identified as particularly affected, sound barriers have been built and apartments have been equipped for example with noise-reducing windows. A list of priorities indicates where the worst impacts are and sets out the sequence in which these places will be noise-remediated. The Federal Government has provisioned € 100 million annually for this purpose in recent years. Funds for NOISE REMEDIATION increased to € 130 million in the year under review. Because this increase in funding took place in the course of the year, the additional funds could not be fully utilized due to the lead times required for the planning approval process, construction planning and tenders. A total of about € 104 million was spent for noise remediation measures during the year under review, resulting among others in the construction of an additional 55 km of sound barriers and the installation of noise prevention measures in 2,400 apartments. A total of about 1,400 km of routes were noise-remediated by the end of 2014; approximately 2,000 km should be remediated by 2020.

NOISE PREVENTION MEASURES are implemented in new construction and expansion lines in accordance with the provisions of Germany's 16th Federal Emission Control Regulation. These vary depending on the extent of the construction work to be carried out in a given year and are thus subject to fluctuation.

More quiet freight cars on the rails

FREIGHT CARS EQUIPPED WITH V BRAKE SHOES IN GERMANY [1]	2014	2013	2012
New freight cars in total	8,000	7,750	7,470
Refitted freight cars in total	6,500	650	150
Total	**14,500**	**8,400**	**7,620**

[1] *Rounded.*

The use of quieter brakes, so-called composite brake shoes (V brake shoes), which minimize abrasion on the wheel surface, enables the noise produced in the freight transport context to be effectively reduced by about 10 dB(A) during passby – which for the human ear corresponds to a 50% reduction. There are two different types of V brake shoes available. We have exclusively purchased new freight cars equipped with the K type of brake shoe since 2001. The number of new freight cars with this noise-reducing technology increased to about 8,000 in the year under review. Since the accreditation of LL brake shoes we have retrofitted more than 5,000 freight cars with LL brake shoes and about 600 freight cars with K brake shoes in the context of the "Silent Rhine" ("Leiser Rhein") project, bringing the total of refitted freight cars to about 6,500. The refitting of existing freight cars is supported by a fund provided by the BMVI. By the end of 2014, a total of about 14,500 new and converted DB Schenker Rail freight cars were underway on the rail network with quieter brake shoes.

MORE DETAILS PAGE 277

NOISE-BASED TRAIN-PATH PRICING SYSTEM IN IMPLEMENTATION PHASE

The refitting of freight cars is reinforced through the 2013 introduced NOISE-BASED TRAIN-PATH PRICING SYSTEM, a noise-based fee component for loud freight cars.

MORE DETAILS PAGE 277

Completion of special program for noise control

In 2013 and 2014, federal funds amounting to approximately € 23 million and 20 packages of measures were applied throughout Germany in the context of the Infrastructure Improvement Acceleration Program (IBP) and the SPECIAL PROGRAM FOR RAIL NOISE CONTROL. The IBP focused primarily on the Elbe and Middle Rhine river valley regions. More than 38 km of rail web shields and damper have been built along the track in the Middle Rhine Valley alone. And more than 500 insulated rail joints have been extended in order to minimize selective noise pollution. Furthermore, preventive polishing of the rails has measurably reduced rolling noise throughout the entire network. This method of producing smooth tracks can reduce noise by up to 3 dB (A). In conjunction with rail web dampers or barriers, we are able to reduce rail transport noise by up to 6 dB (A) at some sites.



REFITTING OF FREIGHT CARS

The LL brake shoe (short for "low noise, low friction") makes the running surface of wheels smooth, thereby reducing the noise made by passing freight trains by around 10 dB (A), which is perceived as a 50% reduction in noise.

Infomobile Noise Prevention in action

Since June 2014 the INFOMOBILE NOISE PREVENTION [PAGE 9 FF.] demonstrates the effects of noise remediation. The project is directed at residents who are affected by rail noise and is a joint project of the Association of Freight Car Owners in Germany (VPI) and the infrastructure initiative, "Keeping Germany in the Lead" ("Damit Deutschland vorne bleibt"). Two interactive information terminals present various scenarios of freight and passenger cars passing by, and how noise protection measures and freight car refittings make a difference.

The ONLINE NOISE PREVENTION PORTAL also provides information about strategies and projects for reducing noise pollution.

MATERIAL AND RESOURCE EFFICIENCY

Scarcity of resources and increasing prices also pose a considerable challenge for DB Group. Diverse resources are used within DB Group, which increases the pressure to take action, above all with the use of materials for products which are necessary for rail infrastructure. We are living up to our responsibilities in this regard at every stage of our value chain, from purchasing to operational use to recycling and disposal. We intend to transform our waste management process from an optimized disposal management system into a modern resource management system. This is why the essential aspect of our activities lies in our target of reaching a RECYCLING RATE of at least 95% by 2020. This means that we are contributing from an overall societal standpoint to the increased utilization of secondary raw materials and conserving our natural resources. Furthermore, the manufacture of recycling materials is more advantageous in environmental terms than the dismantling of primary raw materials.

GRI EN22

VOLUME OF WASTE ACCORDING TO TYPE OF DISPOSAL	2014	2013	2012
Total waste (thousand t)	6,381	5,693	5,320
Recycling rate (%)	95.6	94.2	94.1
Share of thermal recovery (%)	2.7	1.2	3.0
Share of disposal (%)	1.7	4.6	2.9
Share of hazardous waste in total volume [1] (%)	15.7	16.4	14.5

Excluding DB Arriva. The data for 2014 consists of projections based on the information and estimates available as of December 2014. Change in method from 2014 onward. Values for 2013 not adjusted.

[1] Pursuant to the List of Wastes Ordinance, for example waste oil.

We have already met our recycling rate target in the year under review. This, however, is a special effect caused by a high volume of construction activity. Construction waste constitutes the highest share of waste in terms of volume and has a recycling rate of 96.0% related to tonnage. We are focusing on keeping this rate high until 2020, and to also achieve an increase in the other areas. We do not consider thermal utilization, meaning waste incineration, to be a form of recycling; it is therefore not included in the rate. We have also developed measures for increasing the utilization of recycling materials and extending the useful life of resources, for example our vehicles.

MORE DETAILS PAGE 277 F.

Redesigning as a means of prolonging useful life

GRI EN5

We prolong the useful life of our FLEETS [PAGE 278] through constant maintenance and regular modernization. Modernization considerably reduces our material and energy consumption. If a vehicle is nevertheless slated for decommissioning, it is either sold or its reusable components are removed and sent for recycling.

AIR QUALITY CONTROL

Reducing pollutant emissions

GRI EN26

We are constantly working towards reducing the emissions produced by our vehicle fleet. The use of modern vehicles continuously reduces nitrogen oxide and particulate emissions caused by rail transport. Between 1990 and 2014, we reduced nitrogen oxide emissions by 78% and particulate emissions by 89% in rail transport in Germany. The high electrification rate of our rail network played a major role here because the vehicles themselves do not produce pollutant emissions; only the generation of traction current causes emissions, and this is minimized by modern filtering technology. We are working with an increasing share of renewable energy in the traction current mix to reduce pollution from energy production. In addition, our rail and road vehicles meet high European standards and thereby ensure low pollution emissions.

MORE DETAILS PAGE 278 FF.

NATURE CONSERVATION

Responsibility for the plant and animal world

GRI EN12

Railway lines, as well as other facilities and properties held by DB Group, often provide a unique habitat for protected species. This fact forms the basis for our acknowledgment of our responsibility to maintain biological diversity. We seek solutions that make both ecological and economic sense wherever conflicts arise. We are currently working with environmental organizations to develop regulations for overhead catenary lines that are bird-friendly.

GRI EN14

In order to be able to promptly identify points of contact between the natural world and train-paths, we use a geographical information system (GIS) which stores details of rail lines and all digitally registered conservation areas within Germany. We can only conduct our operations in a manner which takes account of the sensitivity of these areas, armed with knowledge of any points of contact between our train-paths and properties with conservation areas.

MORE DETAILS PAGE 280 FF.

DEVELOPMENT OF BUSINESS UNITS

DB Bahn Long-Distance suffers setbacks from intense competition
International business units affected by exchange rate effects
DB Netze Track with heavy cost burdens

PASSENGER TRANSPORT

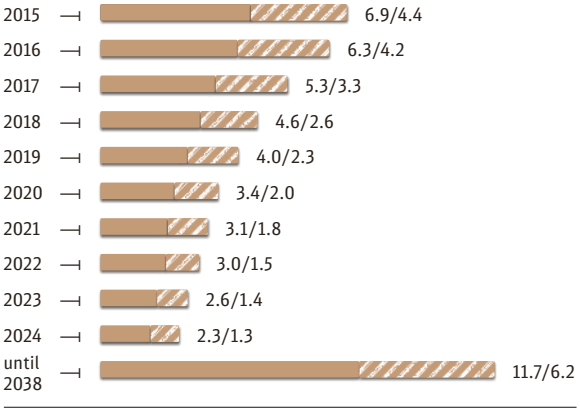
Development of orders down

Revenues that are directly related to transport contracts or concessions are either independent of passenger numbers (secured revenues, mainly concession fees), or are dependent on passenger numbers (unsecured revenues, mainly farebox revenues).

ORDER VOLUME IN PASSENGER TRANSPORT [€ BILLION]	Dec 31, 2014	Dec 31, 2013	Change absolute	Change %
DB Bahn Regional	69.4	71.1	-1.7	-2.4
secured	46.3	46.5	-0.2	-0.4
unsecured	23.1	24.6	-1.5	-6.1
DB Arriva	14.8	16.4	-1.6	-9.8
secured	6.9	7.5	-0.6	-8.0
unsecured	7.9	8.9	-1.0	-11.2
Total	**84.2**	**87.5**	**-3.3**	**-3.8**
secured	53.2	54.0	-0.8	-1.5
unsecured	31.0	33.5	-2.5	-7.5

Order volume fell slightly during the year under review. Additions from newly awarded transport contracts of about € 6.3 billion and changes in calculations of about € 1.6 billion, mainly due to increased infrastructure costs, were partly offset by disposals, mainly from services provided, of about € 11.2 billion.

REVENUES FROM TRANSPORT CONTRACTS DB BAHN REGIONAL AND DB ARRIVA AS OF DEC 31 [€ BILLION]



TRANSPORT CONTRACTS IN GERMANY

CONCLUDED TRANSPORT CONTRACTS (RAIL) 2014	Term	Volume (million train km) p. a.	Volume (million train km) total [1]
D-Netz Allgäu [2]	12/2017/18-12/2029	6.9	77.0
RE1, 4, 5, 6, 11, RB33 (NRW)	3.5-6 years	16.1	73.6
Linienstern Mühldorf (SOB) [2]	1/2017-12/2024	6.8	56.8
Main-Neckar-Ried	12/2017-12/2032	3.3	50.0
Schwarzwaldbahn [3]	12/2014-12/2026	3.3	39.6
Nordwestbrandenburg [4]	12/2016-12/2028	2.4	28.9
Bridging RE6/RE5 2014 [5]	12/2013-12/2014	1.5	1.5
U 28 (National Park Train)	7/2014-12/2019	0.2	0.9
Total [1]		**40.5**	**328.4**

[1] *Differences due to rounding are possible.*
[2] *Various operating grades.*
[3] *Contractual adjustment.*
[4] *With option.*
[5] *Published retrospectively in EU Official Journal.*

Twenty-two tender award procedures were concluded by contracting organizations for local rail passenger transport in Germany in the year under review (previous year: 35). A total of approximately 63 million train kilometers were awarded (previous year: 108 million train kilometers). Of the train kilometers awarded in the year under review, 64% (previous year: 86%) were previously operated by DB Group companies.

We won eight of the tenders (previous year: 21 tenders), which accounts for 64% of the train kilometers awarded (previous year: 75%).

CONCLUDED TRANSPORT CONTRACTS (BUS) 2014	Term	Volume (million bus km) p. a.	Volume (million bus km) total [1]
traffiQ Frankfurt-Höchst	12/2014-12/2022	3.9	31.2
VBB Spree-Neisse Ost	1/2015-12/2024	3.5	34.4
NPH Paderborner Hochfläche (LB 6)	06/2015-06/2021	1.6	9.6
BFG transport (lots 1, 3)	9/2014-9/2016	1.3	2.7
RMV Darmstadt-Dieburg	12/2015-12/2023	1.2	9.5
RTK Aar/Hühnerkirche (lot 2)	12/2014-12/2022	1.1	8.7
VRN Zweibrücken region	6/2014-5/2022	1.0	7.8
BFG transport (lots 2, 4)	9/2014-9/2015	0.8	0.8
Other	1-10 years	7.5	49.9
Total [1]		**21.8**	**154.4**

[1] *Differences due to rounding are possible.*

OVERVIEW OF BUSINESS UNITS

REVENUES ADJUSTED [€ MILLION]	Total revenues		Change		External revenues		Change	
	2014	2013	absolute	%	**2014**	2013	absolute	%
DB Bahn Long-Distance	4,034	4,083	-49	-1.2	3,885	3,933	-48	-1.2
DB Bahn Regional	8,831	8,839	-8	-0.1	8,721	8,734	-13	-0.1
DB Arriva	4,491	4,180	+311	+7.4	4,485	4,175	+310	+7.4
DB Schenker Rail	4,863	4,843	+20	+0.4	4,517	4,495	+22	+0.5
DB Schenker Logistics	14,943	14,857	+86	+0.6	14,894	14,814	+80	+0.5
DB Services	3,172	3,184	-12	-0.4	259	283	-24	-8.5
DB Netze Track	4,951	4,769	+182	+3.8	1,118	1,024	+94	+9.2
DB Netze Stations	1,172	1,119	+53	+4.7	464	428	+36	+8.4
DB Netze Energy	2,797	2,775	+22	+0.8	1,073	928	+145	+15.6
Other	1,765	1,696	+69	+4.1	304	305	-1	-0.3
Consolidation	-11,299	-11,226	-73	+0.7	-	-	-	-
DB Group	**39,720**	**39,119**	**+601**	**+1.5**	**39,720**	**39,119**	**+601**	**+1.5**

OPERATING PROFIT FIGURES [€ MILLION]	EBIT adjusted		Change		EBITDA adjusted		Change	
	2014	2013	absolute	%	**2014**	2013	absolute	%
DB Bahn Long-Distance	212	323	-111	-34.4	546	649	-103	-15.9
DB Bahn Regional	843	777	+66	+8.5	1,452	1,337	+115	+8.6
DB Arriva	265	245	+20	+8.2	498	467	+31	+6.6
DB Schenker Rail	46	57	-11	-19.3	343	352	-9	-2.6
DB Schenker Logistics	332	335	-3	-0.9	520	518	+2	+0.4
DB Services	82	29	+53	-	270	211	+59	+28.0
DB Netze Track	562	665	-103	-15.5	1,503	1,556	-53	-3.4
DB Netze Stations	240	229	+11	+4.8	375	363	+12	+3.3
DB Netze Energy	55	71	-16	-22.5	123	161	-38	-23.6
Other/consolidation	-528	-495	-33	+6.7	-520	-475	-45	+9.5
DB Group	**2,109**	**2,236**	**-127**	**-5.7**	**5,110**	**5,139**	**-29**	**-0.6**
Margin (%)	5.3	5.7	-	-	12.9	13.1	-	-

CAPITAL EXPENDITURES [€ MILLION]	Gross capital expenditures		Change		Net capital expenditures		Change	
	2014	2013	absolute	%	**2014**	2013	absolute	%
DB Bahn Long-Distance	235	168	+67	+39.9	235	168	+67	+39.9
DB Bahn Regional	1,927	908	+1,019	+112	1,914	885	+1,029	+116
DB Arriva	296	275	+21	+7.6	293	273	+20	+7.3
DB Schenker Rail	195	182	+13	+7.1	195	182	+13	+7.1
DB Schenker Logistics	240	335	-95	-28.4	240	335	-95	-28.4
DB Services	262	248	+14	+5.6	262	248	+14	+5.6
DB Netze Track	5,261	5,333	-72	-1.4	1,113	1,080	+33	+3.1
DB Netze Stations	559	617	-58	-9.4	129	157	-28	-17.8
DB Netze Energy	169	156	+13	+8.3	76	83	-7	-8.4
Other/consolidation	-15	2	-17	-	-15	1	-16	-
DB Group	**9,129**	**8,224**	**+905**	**+11.0**	**4,442**	**3,412**	**+1,030**	**+30.2**
thereof investment grants	4,687	4,812	-125	-2.6	-	-	-	-

In bus service, a volume of nearly 68 million commercial vehicle kilometers (Nkm) were awarded in Germany in the year under review (previous year: 57 million Nkm) in a total of 115 tender procedures (previous year: 106). Of the commercial vehicle kilometers awarded in the year under review, 30% (previous year: 33%) were previously operated by DB Group companies.

In the year under review, we participated in 86 tenders (previous year: 78) with a volume of 53 million Nkm (previous year: 46 million Nkm). We won 42% of the invitations to tender in which we participated (previous year: 36%).

TRANSPORT CONTRACTS IN EUROPE (EXCLUDING GERMANY)

DB Arriva participated in selective tenders throughout Europe. Significant tender successes have been achieved in the Netherlands, Great Britain, Denmark and Serbia.

CONCLUDED TRANSPORT CONTRACTS (BUS) 2014		Term	Volume (million bus km) p. a.	Volume (million bus km) total [1]
The Netherlands	East Brabant [2]	12/2014–12/2024	20.8	208.1
The Netherlands	West Brabant	12/2014–12/2022	19.2	153.5
Great Britain	London (15 separate lines) [2]	2 years each	18.7	37.4
Denmark	Movia A3	12/2015–12/2017	8.3	16.5
Great Britain	London (4 separate lines) [2]	5 years each	4.3	21.6
Denmark	NT20	6/2014–6/2022	3.8	30.3
Czech Republic	Ustecky Region North Bohemia (2 separate lines) [2]	1/2015–12/2024	2.6	26.2
Serbia	Nis package 2	9/2014–9/2019	1.9	9.4
Italy	International Expo	5/2015–10/2015	1.8	1.8
Denmark	Movia A4 [2]	12/2015–12/2017	1.7	3.4
Other		1–10 years	3.6	18.7
Total [1]			**86.7**	**527.0**

[1] *Differences due to rounding are possible.*

[2] *Extension of existing contract.*

CONCLUDED TRANSPORT CONTRACTS (RAIL) 2014		Term	Volume (million train km) p. a.	Volume (million train km) total
Sweden	Ostgotapendeln [1]	5/2015–5/2025	4.1	41

[1] *Extension of existing contract.*

In Great Britain, DB Arriva was successful with one additional tender for patient transport services with a total volume of 0.3 million km per year. The new term started in October 2014 (term: one year).

Customer satisfaction in passenger transport

GRI PR5

Developments in customer satisfaction were uneven during the year under review in the business units DB BAHN LONG-DISTANCE [PAGE 124], DB BAHN REGIONAL [PAGE 128] and DB ARRIVA [PAGE 133].

CUSTOMER SATISFACTION [SI]	2014	2013	2012
DB Bahn Sales	83	84	82

To assess customer satisfaction at DB Bahn Sales, 3,000 customers are asked in two waves each year about their satisfaction with their latest purchase. Overall satisfaction has remained at a high level for several years now.

MEASURES TO IMPROVE CUSTOMER SATISFACTION

In the digital age, the availability of Internet access plays an important role for passengers. Several individual projects aim to improve this.

- Expanding reception, especially in rural areas, a total of 5,200 km of the ICE network equipped with broadband Internet technology.
- Equipping all ICEs with wireless Internet hotspots.
- WiFi availability in over 120 train stations in metropolises and medium-size cities.

We have developed a mobility platform with QIXXIT that offers comprehensive, door-to-door travel planning with all means of transport in Germany.

The launch of the video travel center kicked off an innovative sales format. Despite the trend towards automated sales, customers still have the option of receiving support from a real person.

We have also expanded our mobile payment options.

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DB Bahn Long-Distance business unit

BUSINESS MODEL

DB Bahn Long-Distance offers customers comfortable and environmentally friendly travel within Germany and into neighboring countries. Daily travel with the ICE/IC/EC fleet forms the backbone of long-distance transport. Offerings are being supplemented with targeted services with car trains and night trains, as well as island services on Sylt and Wangerooge. The newly established IC bus product offers an expansion to existing rail transport services for travel both within Germany and internationally.

The premiere key performance indicator here is volume sold. 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. This also depends on the train schedule. Personnel and facility resource management is determined on the basis of the annual train schedule to optimize the cost per unit per train kilometer traveled. The cost structure is very fixed-cost-intensive because of the maintenance of an extensive production system. Major drivers are personnel, maintenance and infrastructure expenses. Only a small portion of costs varies with train capacity utilization.

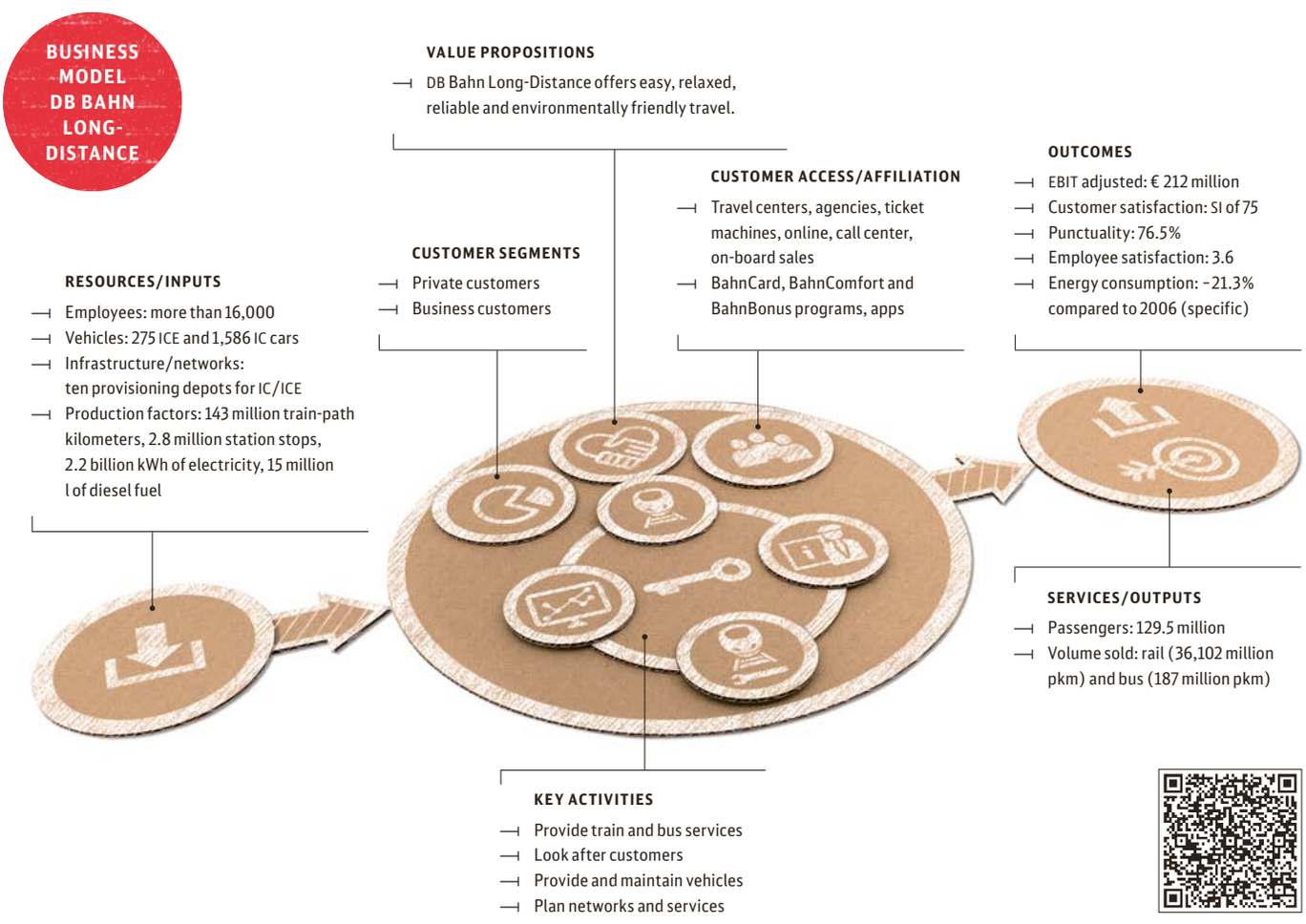
The most important source of income for commercially operated long-distance transport are revenues from the sales of tickets and BahnCards as well as seat reservations and on-board restaurant services.

Our employees, a modern vehicle fleet and a high-quality infrastructure are key resources. This is why DB Group's internal infrastructure companies, service providers and the vehicle industry are important partners for DB Bahn Long-Distance. Furthermore, cooperation with railway companies in countries bordering Germany is very important for cross-border connections. We are currently revising the business model for DB Bahn Long-Distance due to current developments in the long-distance transport market.

MARKETS AND STRATEGY

The Long-Distance 2020 strategy pursues the target of being the first choice for customers and employees in 2020.

- ECONOMIC dimension: DB Bahn Long-Distance is pursuing the target of offering its customers high-quality products and thereby achieving profitable growth. We endeavor to provide the most relaxed form of travel. For example, all trains in the ICE fleet will be equipped with wireless Internet hotspots. The use of our products and services should become even easier. The BahnCard, as the leading mobility card, will offer simplified access to a diverse range of modes of transport. The inclusion of further mobility services is being planned. We are gearing up with these measures to combat growing competition from the long-distance bus market. By 2020, we want to offer the most recognized and trusted product, both in terms of travel times and service. Our employees provide active support for our passengers in case of service interruptions and take care to provide both optimal



information as well as alternative solutions to get passengers to their destinations. New trains will make an important contribution to improving the reliability of our performance pledge.

- SOCIAL dimension: In order to keep our promises to our customers, we expect our employees to have a strong focus on customers and quality. One prerequisite for this is a solid cooperative spirit that can bring employees together and allow them to participate. This is why we are constantly working on improving our employee satisfaction, for example by including our employees in the planning of specific working conditions, which also increases our appeal as an employer.
- ENVIRONMENTAL dimension: DB Bahn Long-Distance has the target of being the most environmentally friendly provider of services to its customers by 2020. Green long-distance transport is a central element in this regard. Currently, about 75% of traction current is drawn from renewable energy sources.

EVENTS IN 2014

Vehicle availability in long-distance transport

The availability of the ICE fleet has improved during the year under review:

- Mild weather conditions at the beginning of the year led to limited vehicle impairments so that the reliability of the fleet could be stabilized thanks to available maintenance capacities.
- In the summer, lower winter reserves, a higher number of vehicle defects and weaker punctuality led to tense operating conditions.
- The measures for improvement introduced last year, such as optimization of circulation, had positive effects.
- The trial run of the first eight 407 series ICE 3 trains also had a favorable effect. At the same time, the accreditation of these trains abroad continues to move forward with measured test runs. We anticipate that the trains will gain accreditation for the French network in 2015.

Expected improvements in the availability of the existing ICE 3 and ICE T fleets have so far failed to materialize due to delays in the planned replacement of wheel sets. Approval of the ICE 3 trains featuring the newly developed drive wheel sets was only issued in mid-October. The conclusion of the train refitting will likely extend into 2018. Furthermore, there is an increased need to replace the drive wheel sets of ICE 1 and ICE 2 trains.

The in-service date for the new double-deck Intercitys has also been further delayed and will not take place before the end of 2015.

Vehicle projects in long-distance transport

The retrofitting of the ICE T fleet continued, with 13 of 42 multiple units completed. The core of the work is focusing on the stabilization and modernization of vehicle technology. Improvements are being done in the interiors, and individual components are being rebuilt.

At the same time, preparations continued for the redesign of the ICE 3, which will begin in 2016. We have initiated technology and comfort measures, and technical development has begun. The multiple units of the ICE T and ICE 3 fleet are also being equipped to run the European Train Control System (ETCS).

We completed the full modernization of all 773 cars in our IC and EC fleet in 2014. Stabilization with additional technological means will be finished by the end of 2015.

Liberalization of the long-distance bus market in Germany

The German long-distance bus market has developed very dynamically since its liberalization in 2013. Several new providers have set up large networks in Germany. The struggle for market share was waged primarily with tough price competition. The first consolidations within the market have occurred. In the coming two to three years, market growth will continue, although with a slowing dynamic.

The establishment of additional offerings in the German long-distance transport market is leading to a shift in demand at the expense of long-distance rail passenger transport.

Expanding IC bus connections

Three cross-border IC bus connections started operations in the year under review (Munich–Slovenia–Croatia, Düsseldorf–the Netherlands, Düsseldorf–Belgium). Transport services are integrated in the sales system and the schedule.

Services for mobile devices expanded

- The train radar, introduced last year in an online version, has been available as an app since April. It provides information about train runs and punctuality.
- Since early 2014, customers who buy a smartphone ticket with a BahnCard discount and a travel distance of over 100 km receive a free city ticket, which allows them to use regional transport in more than 120 cities to get to the station and from the station at their destination.
- Online tickets, which can be booked as smartphone tickets, can be loaded into the mobile DB navigator app as of the year under review. This removes the need to print out the ticket.

DB BAHN LONG-DISTANCE	2014	2013	Change absolute	Change %	2012
Punctuality (rail) (%)	76.5	73.9	-	-	79.1
Rate of people making connections (long-distance transport/long-distance transport) (%)	86.3	86.3	-	-	88.7
Customer satisfaction (SI)	75	74	-	-	75
Passengers rail (million)	129.0	130.9	-1.9	-1.5	131.3
Passengers bus (million)	0.5	0.3	+0.2	+66.7	-
Volume sold rail (million pkm)	36,102	36,777	-675	-1.8	37,357
Volume sold bus (million pkm)	187	110	+77	+70.0	-
Volume produced (million train-path km)	142.8	142.6	+0.2	+0.1	145.1
Load factor (%)	49.9	50.7	-	-	50.3
Total revenues (€ million)	4,034	4,083	-49	-1.2	4,074
External revenues (€ million)	3,885	3,933	-48	-1.2	3,941
EBITDA adjusted (€ million)	546	649	-103	-15.9	684
EBITDA margin adjusted (%)	13.5	15.9	-	-	16.8
EBIT adjusted (€ million)	212	323	-111	-34.4	364
Gross capital expenditures (€ million)	235	168	+67	+39.9	173
Employees as of Dec 31 (FTE)	16,461	16,564	-103	-0.6	15,947
Employee satisfaction – index	3.6	-	-	-	3.6
Share of women in Germany as of Dec 31 (%)	26.9	26.9	-	-	26.4
Health rate in Germany (%)	93.7	93.6	-	-	93.7
Coverage of external staffing needs in Germany (%)	90.8	100	-	-	97.8
Reduction of specific end-energy consumption (rail) compared to 2006 (related to pkm) (%)	21.3	18.9	-	-	17.1

- The Touch&Travel app was upgraded to include more stops and stations for Call a Bike and Flinkster. In addition to a navigation function, the app also offers the option to connect directly to the Call a Bike and Flinkster apps.

DEVELOPMENT IN THE YEAR UNDER REVIEW

- Intense competition from long-distance buses, negative development in the perception of price and service.
- Drops in demand and service reductions in the car and night train business.
- Adverse effects from GDL strikes and storm Ela.
- Catch-up effects throughout the year after the flooding in 2013.

There were mixed results in terms of punctuality during the year under review. In the first four months, punctuality was good at over 80%. Throughout the rest of the year, however, events such as storm Ela and the GDL strikes caused difficulties in operations, although these were not as serious as last year's troubles due to flooding. Overall, we reached higher punctuality figures. The measures implemented in the CUSTOMER AND QUALITY INITIATIVE [PAGE 94] to increase vehicle availability for the ICE fleet had a positive effect.

MEASURES 2014

- New ICE 3 generation taken into trial service.
- Modernization program for the IC fleet completed.
- Free WiFi in ICE 1st class implemented.
- IC bus service extended.

In addition to punctuality, connection quality is also an important quality feature for our customers. The rate of people making their long-distance transport connections was stable.

To assess customer satisfaction, 12,000 customers are asked each year in six waves about their satisfaction with their latest journey. There was a high level of improvement during the year under review.

The tougher competitive situation brought about by developments in the long-distance bus market, the shift in customer perspective regarding service and prices, and falling fuel prices led to a fall in the number of passengers and in volume sold. A slight increase in volume produced was recorded in the year under review. The return to service of the tracks closed in the previous year due to flooding was somewhat compensated for by restrictions caused by higher construction activity in the network as well as the GDL strikes. Train capacity utilization fell slightly. In this environment, revenues developed more weakly than in the previous year. Revenue-increasing measures such as schedule adjustments, classic marketing, special offer tickets and BahnCard campaigns, as well as price adjustments for the timetable change, compensated somewhat.

MEASURES 2014

- Employees and executives met at eight locations in the show train to grapple with the strategy and the ZugSpitze improvement program.
- MyPlan pilot project on individual action plan creation started.

Other operating income also increased (+3.6%) due to higher releases of provisions and due to vehicle sales.

The cost of materials rose slightly (+0.9%). Price-related higher expenses for train-path utilization were offset partially by lower energy expenses.

MEASURES 2014

- Energy-efficient driving methods lowered energy consumption by 5% per kilometer in the year under review.
- Environmentally friendly TRAXX diesel locomotives almost completely eradicate particulate matter emissions in the future in comparison to the conventional locomotives on the route to Sylt.

Higher personnel expenses (+4.5%) resulted primarily from collectively agreed wage increases and a higher average staff count.

Higher depreciation (+2.5%) was caused in part by unscheduled depreciation of passenger and restaurant cars.

Overall, the decline in revenues, accompanied by a parallel rise in expenses, led to noticeable deterioration in adjusted EBITDA and adjust EBIT.

Gross capital expenditures in the year under review climbed primarily because of payments made for ICE 3 series 407 trains.

The number of employees as of December 31, 2014, fell slightly due in part to adjustments in the scope of services in car and night train transport. In contrast, personnel was expanded to increase quality in the facilities and on-board services.

Employee satisfaction developed in a stable way in comparison to 2012.

The share of women remained stable despite increased efforts in application management and positive developments in hiring figures.

The health rate remained in the year under review approximately the same as the previous year.

There is a lot of competition for talent in the metropolitan regions of Southern Germany in particular, which is why the coverage rate for external staffing needs decreased during the year under review.

In comparison to 2006, energy consumption was reduced by more than one-fifth. During the year under review, the energy-efficient driving methods of our train drivers made the greatest contribution to reducing our energy consumption, along with the integration of energy-efficient power converters. Competition for train drivers, local energy consumption measures and regular communication led to marked energy savings in comparison to the previous year.

DB Bahn Regional business unit

BUSINESS MODEL

DB Bahn Regional's core service is to bring millions of passengers in regional transport each day to their desired destination in a punctual, safe, reliable and environmentally friendly way. In doing so, we fulfill the requirements of the transport authorities in a reliable fashion.

An extensive network of RegionalExpress, regional train, S-Bahn (metro) and regional bus lines offers passengers connections in metropolitan areas and the surrounding countryside. Regional transport operators combine service planning and provisioning with the target of offering local transport that meets local transport needs.

As a negotiating partner for transport authorities at the state and municipal level, DB Bahn Regional participates in competitions for long-term transport contracts and route concessions. We are defending our leading market position with integrated transport concepts and high capital expenditures on our vehicles.

Volume sold and volume produced are important key performance figures. Transport contracts typically reference volume produced. Moreover, there are contracts with public transport authorities in which fare box revenues are awarded directly to the contracting organization, while the transport company is completely compensated for the entire range of its services by the public transport authority (gross contracts). 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 public transport authorities 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. An operationally flexible vehicle fleet coupled with a broad and balanced portfolio of transport contracts considerably reduces this risk.

Concession fees, next to revenues from ticket sales, are the most important source of income.

Our employees, a modern vehicle fleet and a high-quality infrastructure are key resources for offering punctual transport. This is why DB Group's internal infrastructure companies, service providers and the vehicle industry are important partners for DB Bahn Regional. Furthermore, cooperation with public transport authorities is very important.

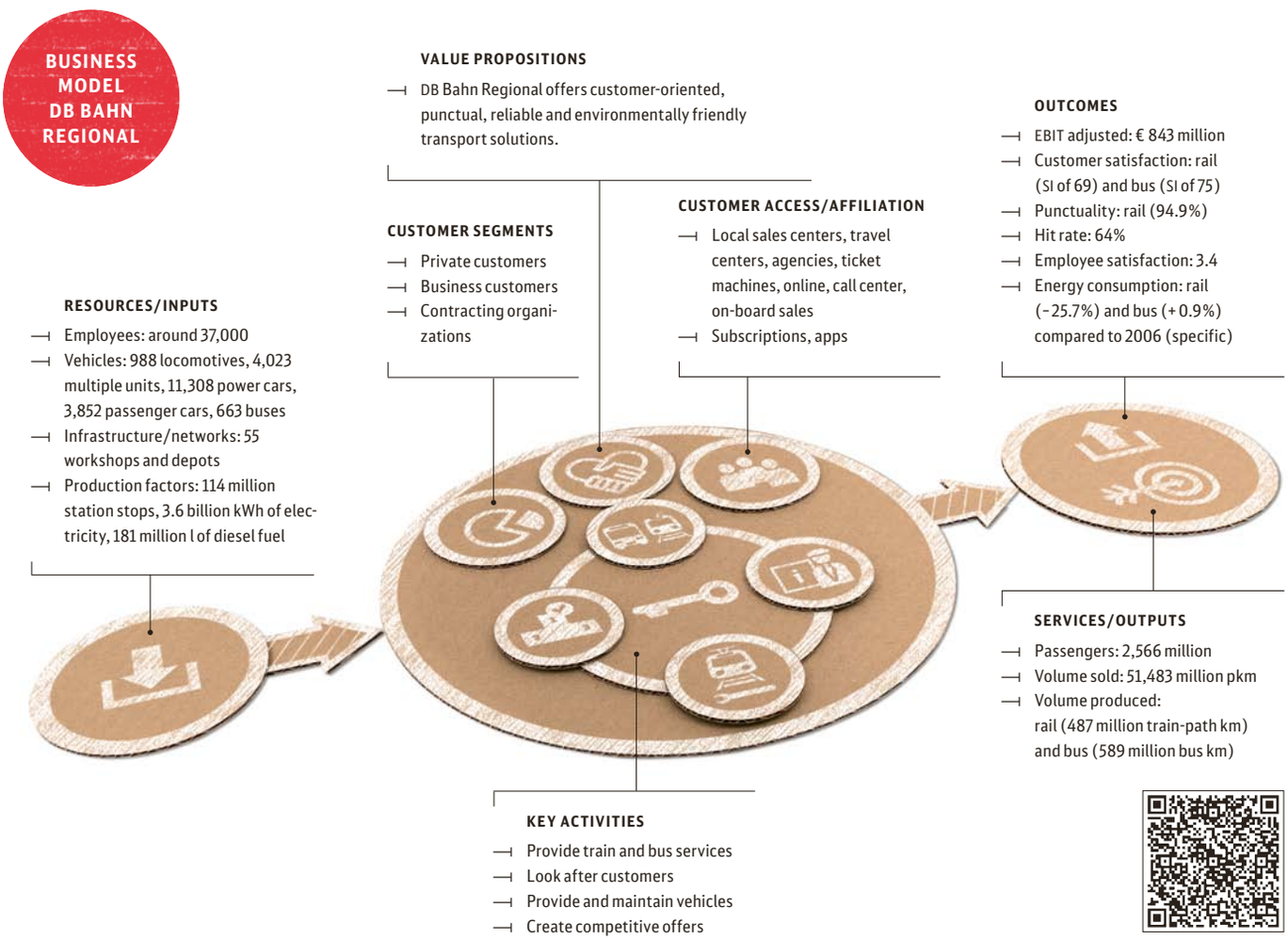
Predefined terms in transport contracts and route concessions, combined with the extensive production system in place, result in a cost structure with high fixed costs. Major drivers are personnel, maintenance, energy and infrastructure expenses. Only a small portion of costs varies with train capacity utilization.

MARKETS AND STRATEGY

The German local transport market will again be one of the most interesting markets in Europe in the coming years, even if contract volumes recede in the medium term.

- ECONOMIC dimension: We want to increase our customer satisfaction and defend our market position in a profitable way.

  Our service pledge to customers is central to the way we operate. In addition to our comprehensive efforts to improve effectiveness and efficiency, we are also focusing on our customers. The significant increase in the hit rate in rail business in the last two years confirms that we should continue following this path. The target of the measures that have been identified and initiated since 2013 is to continually strengthen our competitiveness at all company levels (regions, transport operations, central areas). Our bus service had to prove itself in a field that has become increasingly competitive in recent years. Increasing cost pressure in competitive invitations to tender was balanced with a comprehensive efficiency program by the regional bus line of business. Over the long term, the market share in the public road passenger transport market shall be maintained and profitable growth opportunities through innovative products and creative market penetration shall be used.
- SOCIAL dimension: Satisfied employees are essential for a successful business in the public local transport market and for our attractiveness as an employer. In order to involve employees in the continual improvement of our company, we have entered into an intense dialog with our executives, and we want to include employees in this conversation in the future as well. The implementation of the collective bargaining agreement designed



to address demographic change should prepare us for demographic challenges and improve the compatibility of professional and private life.

— ENVIRONMENTAL dimension: Long-term business success will also be determined by the extent of our acceptance of environmental responsibility. The target here is to continue to build our strengths as a mode of transport that has an environmentally friendly structure, above all compared to car transport. For example, calls for vehicle tenders in the regional bus line of business also considered diesel consumption along with the costs of procurement and maintenance. We are also focusing on energy-saving driving methods.

EVENTS IN 2014

Vehicle renovation continued

We are also working on constantly improving our local transport vehicle fleet. Upon a commission by the S-Bahn (metro) Rhine-Main, 51 vehicles in the 423 series had already been renovated by the end of 2014. This number will reach 100 vehicles by the end of 2015. The trains are being upgraded with information monitors in the passenger areas, as well as renovated seats, floors and paintwork.

DELAYS IN VEHICLE DELIVERIES

In both long-distance and regional transport, we have struggled with delays across the board in the delivery of vehicles. For example, out of 16 new ICE 3 sets, only eight have gone into service. The delivery of our new double-decker cars for long-distance and regional transport are similarly delayed. We are striving to ameliorate these restrictions as much as possible for our customers. Numerous replacement transports were set up, IC trains replaced ICE trains, and single-decker cars substituted for double-decker cars. Due to these delivery bottlenecks, however, we are still lacking reserve vehicles for difficult operating conditions. As long as these bottlenecks continue to exist, we cannot fully rule out impacts on our customers.

Continuing delays with regard to the delivery of new 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. The 13th order in March completely exhausted the framework contract. 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 of orders one through twelve (a total of 295 vehicles) but will hold back a certain amount of the purchase price. Based on this agreement, 294 vehicles in total were delivered and received by us by the end of 2014. All of the vehicles were delivered with significant delays, meaning that substitution transport services with old vehicles was required. There are many defects in the vehicles delivered, and the remedying of these defects is ongoing. In mid-2014, both parties asserted the significant parts of their reciprocal claims arising from the series 442 project as a precaution by introducing procedural measures.

Bombardier's delivery of 87 series 430 vehicles for the S-Bahn (metro) Stuttgart began late in 2013 and finished in late 2014. Substitution transport services with old vehicles was required due to continued delivery delays. The vehicles can still be used for passenger transport only without the retractable step function. Bombardier also asserted significant parts of its asserted claims as a precaution by introducing procedural measures.

The series accreditation for the 91 series 430 vehicles ordered for the Rhine-Main project was only issued in mid-March 2014. There were also additional delays in the delivery of the vehicles. By the end of 2014, DB Bahn Regional accepted 89 vehicles.

The 56 series 620/622 diesel multiple units ordered from Alstom for the Cologne diesel network were and are being delivered late because of quality problems and delays in accreditation. In the meantime, 52 vehicles have been accepted. The last vehicles are scheduled for delivery in early 2015. The Cologne diesel network was served with substitution vehicles until the end of 2014.

Subsidy procedures and requests for information on transport contracts

There were no significant changes in 2014 regarding the ongoing formal investigation by the EU Commission against the Federal Government for the alleged provisioning of illegal subsidies as a result of the conclusion of a transport contract between DB Bahn Regional and the states of Berlin and Brandenburg. This also applies to the preliminary investigations concerning the transport contract for S-Bahn (metro) Berlin, the transport contract of the Rhine-Ruhr transport association (Verkehrsbund Rhein-Ruhr; VRR), as well as the outside rail lines and the Baden Wurttemberg transport contract.

OTHER EVENTS

— The daily IRE connection between Berlin and Hamburg offers a new, affordable travel option.

— The first measures from the DB Regional Train Laboratory were implemented. These include working with manufacturers to develop new seats, redesigning the multipurpose room in the double-decker cars, and changing signage and stickers.

DB BAHN REGIONAL	2014	2013	Change absolute	Change %	2012
Punctuality (rail) (%)	94.9	94.6	-	-	94.9
Punctuality regional trains (%)	93.1	92.5	-	-	93.3
Punctuality S-Bahn (metro) d.c. (%)	95.1	95.1	-	-	95.6
Punctuality S-Bahn (metro) a.c. (%)	97.7	97.6	-	-	96.9
Customer satisfaction (rail) (SI)	69	68	-	-	67
Customer satisfaction (bus) (SI)	75	74	-	-	-
Passengers (million)	2,567	2,588	-21	-0.8	2,565
Volume sold (million pkm)	51,483	51,833	-350	-0.7	51,778
Total revenues (€ million)	8,831	8,839	-8	-0.1	8,908
External revenues (€ million)	8,721	8,734	-13	-0.1	8,820
Concession fees (rail) (€ million)	4,128	4,168	-40	-1.0	4,265
EBITDA adjusted (€ million)	1,452	1,337	+115	+8.6	1,439
EBIT adjusted (€ million)	843	777	+66	+8.5	882
Gross capital expenditures (€ million)	1,927	908	+1,019	+112	709
Employees as of Dec 31 (FTE)	36,605	36,878	-273	-0.7	36,959
Employee satisfaction - index	3.4	-	-	-	3.4
Share of women in Germany as of Dec 31 (%)	16.0	15.7	-	-	15.3
Health rate in Germany (%)	92.9	93.1	-	-	93.6
Coverage of external staffing needs in Germany (%)	99.9	95.5	-	-	97.2
Reduction of specific end-energy consumption (rail) compared to 2006 (based on pkm) (%)	25.7	20.6	-	-	18.0
Reduction of specific end-energy consumption (bus) compared to 2006 (based on bus km) (%)	-0.9	-4.1	-	-	-6.4

- Introduction of Web-based training for customer service representatives for targeting training and improvement of service quality.

DEVELOPMENTS IN THE YEAR UNDER REVIEW

- Business environment is still intensely competitive.
- Infrastructure and personnel expenses compensated by declining energy expenses.
- Large capital expenditures on new vehicles.

In the year under review, DB Bahn Regional had to defend its position in the highly competitive German regional transport market; the hit rate in TENDER PROCEDURES FOR RAIL TRANSPORT [PAGE 122] was declining.

Punctuality improved thanks to more favorable overall weather conditions and measures from the CUSTOMER AND QUALITY INITIATIVE [PAGE 94]. Storm Ela and the GDL strikes caused difficulties. The regional trains delivered the greatest improvements in terms of punctuality. The S-Bahn (metro) systems remained stable in this regard.

MEASURES 2014

- Vehicles further developed.
- Customer dialog improved by social media and app services.
- Passenger information and assurance of connections by means of operational control systems in buses further expanded.

To assess customer satisfaction, 19,000 customers are asked each year in two waves about their satisfaction. Overall satisfaction with rail services has improved continuously for several years now. A slight improvement was posted during the year under review.

A total of 1,500 customers are surveyed in two waves each year about customer satisfaction in the regional bus line of business. There was also a slight increase here in satisfaction.

Volume sold in rail transport remained at the previous year's level, while volume sold in bus service decreased somewhat. Overall, we recorded a slight drop.

Revenues also came in at the level of the previous year. In the rail line of business, revenues posted a slight decrease that can be attributed primarily to the strikes. The increase in revenues in the bus line of business had a dampening effect. New services as well as legal changes related to compensation payments also had positive effects.

In contrast, other operating income posted growth due to higher indemnity payments and releases of provisions.

MEASURES 2014

- Strategy meeting held on stronger inclusion and activation of operating executives.
- Implementation of collective bargaining agreement designed to address demographic change grants employment security in 20 bus companies.

Cost of materials fell slightly during the year under review (–0.8%), primarily because of lower energy expenses. Increased expenses for infrastructure utilization had the opposite effect.

MEASURES 2014

- Soot particles substantially reduced by environmentally friendly TRAXX locomotives.
- Hybrid engine for traction units and environmentally friendly air-conditioning tested in EcoTrain project.

Other operating expenses decreased significantly due to lower additions to provisions.

Personnel expenses rose in accordance with collective wage agreements (+1.6%). A lower number of employees had the opposite effect on personnel expenses.

Overall, the profit situation developed positively, driven by developments in the rail line of business. The adjusted profit figures for EBITDA and EBIT increased noticeably.

Gross capital expenditures increased significantly due to higher capital expenditures in the vehicle fleet, particularly in the rail line of business. The acquisition of S-Bahn (metro) series 430 electric multiple units for the S-Bahn (metro) Stuttgart and the S-Bahn (metro) Rhine-Main had a major effect. In the bus line of business, new buses were also purchased in the context of new services obtained.

The number of employees remained stable relative to figures for December 31, 2013. Performance-related decreases in the rail line of business were partly offset by performance-related growth in the bus division.

Employee satisfaction remained stable. Positive effects from measures implemented in the last two years were offset by negative effects due to the loss of transport contracts.

The share of women increased due to our focus on hiring women.

Positive developments in health rate were offset for strike-related reasons, so that this remained stable.

External staffing needs were covered better than in the previous year. Projects were developed for various target groups to increase value creation in the recruiting process.

End-energy consumption was further reduced in rail transport by the utilization of modern vehicles and energy-efficient driving methods. In our bus service, we were not able to attain any major energy savings compared to 2006 due to technical quality improvements; the trend since 2012 has, however, remained positive.

RAIL LINE OF BUSINESS

- GDL strikes had a negative influence.
- Positive effects from compensation payments and the commencement of new transport contracts.
- Delivery of new vehicles and putting them into service.

RAIL LINE OF BUSINESS SELECTED FIGURES [€ MILLION]	2014	2013	Change absolute	Change %
Passengers (million)	1,952	1,935	+17	+0.9
Volume sold (million pkm)	44,414	44,409	+5	-
Volume produced (million train-path km)	487.2	487.7	-0.5	-0.1
Total revenues	7,894	7,901	-7	-0.1
External revenues	7,511	7,535	-24	-0.3
Concession fees (rail)	4,128	4,168	-40	-1.0
EBITDA adjusted	1,309	1,206	+103	+8.5
EBIT adjusted	763	712	+51	+7.2
Gross capital expenditures	1,799	826	+973	+118
Employees as of Dec 31 (FTE)	27,888	28,373	-485	-1.7

Both volume sold and volume produced in the rail line of business developed at the level of the previous year. Growth in the northeastern region, the S-Bahn (metro) Berlin, and the start of operations in the S-Bahn (metro) network Mitteldeutschland were offset by a decline of performance, especially in Bavaria, and by effects from strikes. The number of passengers rose slightly.

Overall revenue development also remained at the level of the previous year. Losses due to the GDL strikes were almost fully offset by, among other things, higher internal revenues from transport associations related to pricing and the elimination of the previous year's negative effects from the flood. Correspondingly, external revenues developed below the level of the previous year.

Other operating income increased significantly as a result of higher compensation payments connected to vehicle procurement. This was partly offset by a fall in earnings from replacement transport services, among other things.

Cost of materials (–0.7%) fell due to reduced expenses for energy and sales provisions. By contrast, there was a price-related increase in the costs for infrastructure utilization.

Personnel expenses (+1.2%) increased slightly due to collective wage agreements.

Other operating expenses decreased. This was primarily due to lower additions to provisions.

The arrival of new vehicles significantly increased depreciation.

Overall, expenses dropped more than revenues, which means that the operating profit figures improved. Adjusted EBITDA and adjusted EBIT increased.

Gross capital expenditures were significantly higher year-on-year. This resulted in particular from the arrival of series 430 electric multiple units for the S-Bahn (metro) Stuttgart and the S-Bahn (metro) Rhine-Main, as well as the 620/622 series diesel multiple units for the Cologne diesel network.

The number of employees decreased slightly in comparison to December 31, 2013 due to performance losses.

BUS LINE OF BUSINESS

- Increasing competition and demographic change caused a decline in performance and dampened economic developments.
- The optimization of the business portfolio had a positive effect.

BUS LINE OF BUSINESS SELECTED FIGURES [€ MILLION]	2014	2013	Change absolute	Change %
Passengers (million)	615.1	653.4	-38.3	-5.9
Volume sold (million pkm)	7,069	7,424	-355	-4.8
Volume produced (million bus km)	557.2	567.3	-10.1	-1.8
Total revenues	1,319	1,304	+15	+1.2
External revenues	1,211	1,199	+12	+1.0
EBITDA adjusted	143	131	+12	+9.2
EBIT adjusted	80	65	+15	+23.1
Gross capital expenditures	128	82	+46	+56.1
Employees as of Dec 31 (FTE)	8,717	8,505	+212	+2.5

The year under review saw a decline in performance in bus service. Volume sold decreased, primarily because of a decline in the number of passengers, especially high school students. Performance losses as well as reductions in performance in the context of business portfolio optimizations were only partially balanced out by newly won transport services, which meant that volume produced declined.

Total and external revenues increased. In addition to new services, higher revenues from compensation payments connected to passenger services for trainees, caused by a legislative change, contributed to this increase. Lower revenues from rail replacement services had the opposite effect. Other operating income climbed due to releases of provisions as well as effects of the sale of property, plant and equipment.

Cost of materials (–0.9%) fell slightly due to sinking diesel prices as well as a reduced utilization of external services.

Personnel increases in particular caused an increase in personnel expenses (+3.1%). Other operating expenses increased due to, among other things, higher consultation services costs. Depreciation decreased due to vehicle sales. Vehicle purchases had a dampening effect.

The disproportionate increase in income led to an improvement in the adjusted profit figures.

Gross capital expenditures increased primarily because of vehicle procurements for newly won transport services.

The number of employees increased in comparison to December 31, 2013, because of won transport services in the Rhine-Neckar region and Hesse.

DB Arriva business unit

BUSINESS MODEL

DB Arriva is DB Group's European growth platform in passenger transport. With buses, trains, trams, water buses and patient transports, we offer a broad range of transport services in 14 European countries. The activities of DB Arriva are divided into three lines of business: UK Bus, UK Trains and Mainland Europe.

Customers are primarily regional and national authorities or other contracting organizations. Proximity to local markets, as well as the capability of adjusting to complex legislative environments and fulfilling growing customer requirements are of major importance for reaching our targets.

We are working together with our most important partners – our customers – to design efficient and sustainable transport.

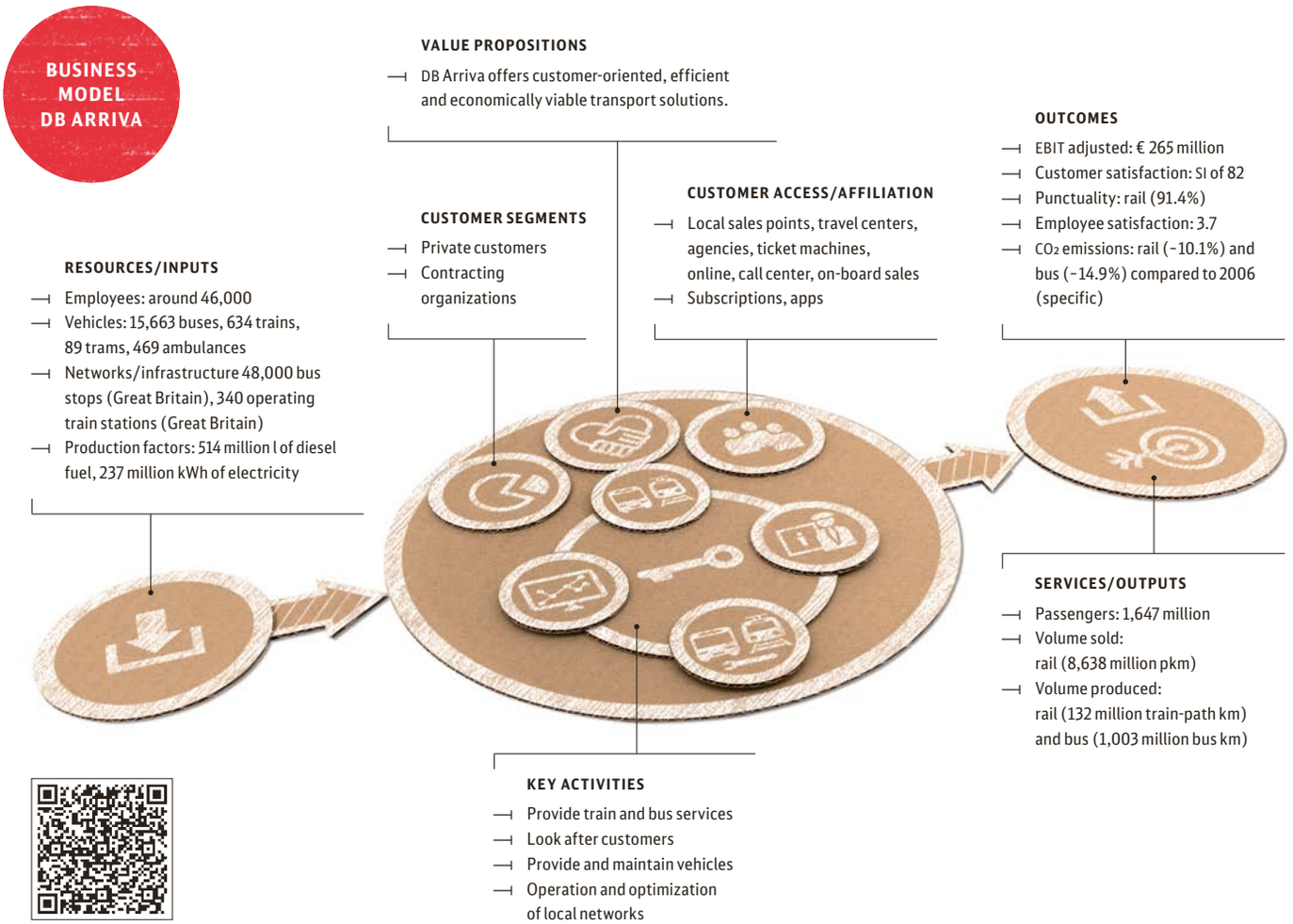
Revenues are generated above all by ordered service transports, along with our own transport services. Contracting organizations especially appreciate our strengths in terms of efficiency, reliability, price-performance ratios and customer service.

Contracts for ordered transport services can be designed in different ways. These range from gross contracts with fixed revenues, to contracts with revenue risk or bonus/penalty rules related to quality or passenger numbers. For the transport services that we operate on our own, however, ticket sales are the primary source of income.

Vehicles are sometimes provisioned by the contracting organization for ordered transport services. Cost drivers are therefore primarily personnel and energy expenses.

MARKETS AND STRATEGY

DB Arriva is our European growth platform in passenger transport. DB Arriva offers transport services in 14 European countries:



ACTIVITIES OF DB ARRIVA PER COUNTRY

	Services offered
Croatia	bus
Czech Republic	bus/rail
Denmark	bus/rail/waterbus
Great Britain	bus/rail/patient transport
Hungary	bus
Italy	bus/waterbus/tram
The Netherlands	bus/rail/waterbus
Poland	bus/rail
Portugal	bus/rail/tram
Serbia	bus
Slovakia	bus
Slovenia	bus
Spain	bus
Sweden	bus/rail/tram

The DB2020 strategy forms the foundation of DB Arriva's strategy.

- **ECONOMIC** dimension: Profitable growth is only possible with the provision of high-quality service and satisfied customers. To do this, we are continuously investing in new vehicles and improving our customer information systems.

GRI In addition we are introducing new ticketing systems through mobile and online solutions. Our measures in rail passenger transport in Great Britain received industry awards for using innovative advance booking and ticketing solutions, thereby setting standards for quality and customer satisfaction. GRI 2.10

Profitable growth is our basis for guaranteeing a stable and sustainably successful business. Our participation in tenders for transport contracts, as well as conducting acquisitions, is based on our conviction that we can increase the value of the companies we take over.

In the UK Bus line of business, we aim to optimize existing business and expand the services offered to customers. For example, our premium bus service, Sapphire, posted strong growth and will be expanded further.

In the UK Trains line of business, we want to strengthen and expand our existing transport contracts, win additional contracts, and grow through open-access transport services.

In the Mainland Europe line of business, we are growing with newly won transport contracts, focused M&A activities, and the expansion of our existing business. The liberalization of the European transport markets is also creating opportunities.

- SOCIAL dimension: Satisfied employees are an essential component of our success. Our attractiveness as an employer enables us to recruit and retain talented executives and outstanding skilled employees. Furthermore, we have initiated health programs to increase employee well-being.
- ENVIRONMENTAL dimension: In order to reduce the overall influence of the transport sector on the environment, we are campaigning for passenger transport and an active shift from cars to bus and rail. Well on our way to becoming an eco-pioneer, we want to leverage our comprehensive experience in fuel and environmental technologies and work together with manufacturers to reduce the effects of passenger transport on the environment.

  Going beyond initiatives for environmentally friendly methods of driving, in which we equipped more than 9,000 of our buses with driver assistance systems, we will expand the use of the automatic fuel-saving ECONOSPEED system in the future. DB Arriva also maintains various partnerships with leading bus manufacturers to promote further the use of alternative energy sources and to continually improve our carbon footprint.

  We have also implemented measures to reduce water consumption and waste. In this context, we equipped most of our sites with rainwater collection systems, solar modules and their own wind turbines.

EVENTS IN 2014

Expanding the European network

- Alliance Rail Holdings announced various new projects, operated on a purely commercial basis, for DB Arriva UK Trains. These projects include a direct express line on the East Coast main line between London King's Cross and West Yorkshire/Lincolnshire, as well as a Pendolino HGV line between London and Edinburgh.
- The Office of Rail Regulation has awarded Grand Central Railway with train paths for its own transport services between North-eastern England/Yorkshire and London by 2026.

Countermeasures in the processing of transport contracts

In the year under review, DB Arriva concentrated intensely on measures to remedy transport contracts that exhibit insufficient profitability. These include:

- Services provided by DB Arriva in the Greater Stockholm area. Planned passenger numbers were not attained within the first half of 2014. In addition, high additional expenses were required for operations. DB Arriva was able to clarify some of the contentious issues with the contracting organization, the Stockholm local transport authority SL, and is conducting further discussions.
- Services operated in Northern Sweden by Botniatåg AB, a joint venture of DB Arriva with the Swedish state railway company SJ. Botniatåg, is still in discussions with the contracting organization.

Investments

- In January 2014, DB Arriva sold 100% of its shares in Arriva Malta Ltd., Qormi/Malta, to the country of Malta. Arriva Malta has not been included in the consolidated financial statements any more since January 2014.
- In order to expand our business in the Czech Republic, DB Arriva purchased 100% of the shares in CUP TOUR bus, s.r.o., Příbram/Czech Republic, in February 2014. Cup Tour has been included in the consolidated financial statements since March 2014.
- In September 2014, DB Arriva sold 100% of its shares in The Original London Sightseeing Tour Ltd. (TOT), London/Great Britain. TOT has not been included in the consolidated financial statements any more since September 2014.

DB ARRIVA	2014	2013	Change absolute	Change %	2012
Punctuality (rail) (%)	91.4	91.7	-	-	91.8
Customer satisfaction in bus and rail in Great Britain (SI)	82	83	-	-	84
Passengers (million)	1,647	1,632	+15	+0.9	1,421
Volume sold rail (million pkm)	8,638	8,309	+329	+4.0	7,628
Volume produced rail (million train-path km)	131.6	133.9	-2.3	-1.7	116.7
Volume produced bus (million bus km)	1,003	975.2	+27.8	+2.9	814.3
Total revenues (€ million)	4,491	4,180	+311	+7.4	3,757
External revenues (€ million)	4,485	4,175	+310	+7.4	3,751
EBITDA adjusted (€ million)	498	467	+31	+6.6	425
EBIT adjusted (€ million)	265	245	+20	+8.2	238
Gross capital expenditures (€ million)	296	275	+21	+7.6	468
Employees as of Dec 31 (FTE)	45,712	46,718	-1,006	-2.2	39,545
Employee satisfaction – index	3.7	-	-	-	3.6
Non-attendance (%)	4.9	4.5	-	-	4.5
Employee turnover (%)	6.2	6.4	-	-	7.2
Reduction of specific CO_2e emissions (rail) compared to 2006 (related to rail car units) (%)	10.1	9.6	-	-	5.3
Reduction of specific CO_2e emissions (bus) compared to 2006 (related to bus km) (%)	14.9	12.8	-	-	5.5

DEVELOPMENT IN THE YEAR UNDER REVIEW

- Positive effects from acquisitions and new contracts.
- Improvements achieved in Sweden.
- Noticeable impacts from exchange rate effects.

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 primarily due to adverse effects at the beginning of the year caused by severe weather.

MEASURES 2014

- Capital expenditures program for modernization of the fleet started.
- Travel information and booking technology developed further.
- Pilot testing of innovative forms of customer feedback ("Talk to" app).
- Maintenance concept based on customer feedback introduced.

The customer satisfaction index for DB Arriva is based on annual surveys in the UK Bus and UK Trains lines of business. Customer satisfaction statistics, compiled by the contracting organizations, serves as an important success factor. Customer satisfaction declined slightly during the year under review due to the poorer availability of the British rail network. Customer satisfaction in British bus service improved and had a partially compensatory effect in overall developments.

Developments in the number of passengers and in volume sold were positive due to the commencement of new transport contracts and acquisitions.

Overall, development for the DB Arriva business unit was slightly positive, with an increase in revenues and in adjusted EBIT.

The increase in revenues was primarily due to the effects of acquisitions completed in 2013 (Veolia Eastern Europe, the Czech bus activities of Abellio, and Centrebus) and the newly commenced transport services in the Netherlands. Positive effects from changes in settlements in the UK Trains line of business and positive exchange rate effects should also be noted here.

Cost of materials remained nearly unchanged (-0.7%). The increase caused by the expansion of business and exchange rate effects was offset by lower train-path utilization expenses, which were accompanied by higher franchise payments. These led to a significant rise in other operating expenses (+22.3%).

MEASURES 2014

- The health bus offers employees in Denmark services such as nutrition advice, smoking cessation assistance and blood pressure measurements. In the year under review, DB Arriva received the CSR People Prize from the Danish Corporate Social Responsibility Foundation.

The significant improvement in the operating profit figures came from all of the lines of business, especially the Mainland Europe line of business.

Gross capital expenditures increased in the year under review. This was primarily the result of the commencement of transport services in the Netherlands.

The number of employees declined somewhat. This decrease resulted mostly from the sale of activities in Malta.

Thanks to implemented measures, DB Arriva was able to make improvements to employee satisfaction since the last employee survey.

The non-attendances increased overall due to developments in a few operating companies. Appropriate countermeasures were introduced.

MEASURES 2014

- Almost 400 hybrid buses, 200 gas-driven buses and 50 electric buses in service.
- 2,000 EconoSpeed systems for buses in Great Britain should optimize acceleration and create fuel savings.

Employee turnover declined significantly due to the sale of Arriva Malta. The improvement in the labor market in Great Britain had a dampening effect and led to higher employee turnover in the UK Bus line of business.

DB Arriva has reduced its emissions of specific CO_2 equivalents continuously since 2006. Several measures were initiated and implemented to reach this target.

UK BUS LINE OF BUSINESS

- High competitive pressure in the London market.
- Positive effects from new services and the acquisition of Centrebus.
- Noticeable positive exchange rate effects.
- Negative revenue effects from the restructuring of TGM and the sale of TOT.

UK BUS SELECTED KEY FIGURES [€ MILLION]	2014	2013	Change absolute	Change %
Passengers (million)	765.8	755.7	+10.1	+1.3
Volume produced (million bus km)	396.3	403.5	-7.2	-1.8
Total revenues	1,311	1,215	+96	+7.9
External revenues	1,298	1,196	+102	+8.5
EBITDA adjusted	212	207	+5	+2.4
EBIT adjusted	127	126	+1	+0.8
Gross capital expenditures	97	120	-23	-19.2
Employees as of Dec 31 (FTE)	17,188	17,963	-775	-4.3

The first full-year inclusion of Centrebus led to a rise in the number of passengers. Volume produced developed negatively in the year under review due to the closure of a few lines in London.

Revenues development was positive. Growth was driven by the commencement of new transport contracts, exchange rate effects (+ € 66 million) and the purchase of Centrebus in the previous year. A change in fuel subsidies (Bus Service Operator Grants; BSOG) also led to an increase in revenue. This was met, however, with a corresponding increase in cost of materials. The development of cost of materials was dampened, yet climbed noticeably overall.

Personnel expenses also increased significantly due to exchange rate effects and business expansions.

Because revenue growth was almost completely offset by increases in cost of materials and personnel expenses, this line of business posted operating profits at roughly the level of the previous year. Adjusted EBITDA and adjusted EBIT increased slightly.

Gross capital expenditures decreased. This was due primarily to lower capital expenditures for buses in London and for Arriva Transport Solutions.

The number of employees sank as of December 31, 2014, which was caused chiefly by the restructuring of TGM and the sale of TOT.

UK TRAINS LINE OF BUSINESS

- Expansion of services at Grand Central.
- Increased franchise payments offset by increased support payments.
- Structural changes in support payments that to a large extent did not affect profits.

UK TRAINS SELECTED KEY FIGURES [€ MILLION]	2014	2013	Change absolute	Change %
Passengers (million)	128.7	122.8	+5.9	+4.8
Volume sold (million pkm)	6,428	6,207	+221	+3.6
Volume produced (million train-path km)	76.9	76.9	-	-
Total revenues	1,488	1,343	+145	+10.8
External revenues	1,460	1,319	+141	+10.7
EBITDA adjusted	67	62	+5	+8.1
EBIT adjusted	42	38	+4	+10.5
Gross capital expenditures	14	18	-4	-22.2
Employees as of Dec 31 (FTE)	5,538	5,379	+159	+3.0

Performance developments during the year under review proceeded positively, principally because of expanded services in the West of England.

The revenues development was positive during the year under review. Higher support payments for the cross-country franchise went together with corresponding increases in franchise payments (other operating expenses). Effects from changes in exchange rates also had positive effects (+ € 76 million), yet this was also accompanied by increases in expenses caused by exchange rates. Growth at Grand Central exercised a supportive effect. Negative revenue effects resulted from lower grants for Arriva Train Wales, which,

however were accompanied by correspondingly lower train-path utilization expenses. Developments in cost of materials were also shaped by exchange rate effects working in the opposite direction. Cost of materials declined significantly overall.

In contrast, personnel expenses climbed significantly because of a higher number of employees, as well as collectively agreed wage increases and exchange rate effects.

Adjusted profit figures improved overall. Adjusted EBITDA and adjusted EBIT increased.

Gross capital expenditures fell significantly year-on-year.

The number of employees increased slightly due to new hires.

MAINLAND EUROPE LINE OF BUSINESS

- Positive effects from acquisitions completed in the previous year.
- Sale of Arriva Malta.
- New services started in the Netherlands.
- Improvements achieved in Sweden.

MAINLAND EUROPE SELECTED KEY FIGURES [€ MILLION]	2014	2013	Change absolute	Change %
Passengers rail (million)	94.7	96.0	-1.3	-1.4
Passengers bus (million)	658.2	657.3	+0.9	+0.1
Volume sold rail (million pkm)	2,210	2,102	+108	+5.1
Volume produced rail (million train-path km)	54.7	57.0	-2.3	-4.0
Volume produced bus (million bus km)	606.8	571.7	+35.1	+6.1
Total revenues	1,794	1,724	+70	+4.1
External revenues	1,729	1,660	+69	+4.2
EBITDA adjusted	241	222	+19	+8.6
EBIT adjusted	117	102	+15	+14.7
Gross capital expenditures	182	139	+43	+30.9
Employees as of Dec 31 (FTE)	22,758	23,204	-446	-1.9

The increase in volume sold was a result of the incorporation of the first complete year of transport services in Sweden and the Netherlands. Growth in bus service is also due to the first full year of including acquisitions from the previous year.

Revenues development was positive. The drivers were acquisitions and the start of new services. The sale of Arriva Malta had an opposing effect.

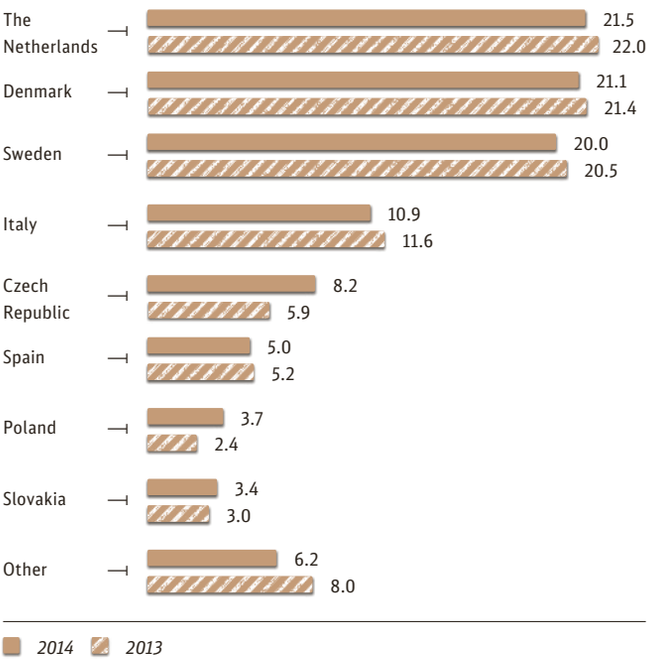
The expansion of business, dampened by effects from the sale of Arriva Malta, was also the main driver in the development of cost of material and personnel expenses. Detrimental effects also resulted from the higher costs in the start phase of newly commenced services. Improvements achieved in Sweden had a positive effect.

Overall, there was a noticeable improvement in the adjusted profit figures.

Gross capital expenditures rose significantly because of capital expenditures in the Netherlands for new services as of December 2014.

The number of employees declined in comparison to December 31, 2013, because of the sale of Arriva Malta.

EXTERNAL REVENUES PER COUNTRY [%]



The development of the external revenue structure was influenced measurably by the first full year of including Veolia Eastern Europe, which was acquired last year. Newly commenced services also had a positive effect, for example in Poland. The share of revenues from the Czech Republic, Poland and Slovakia climbed noticeably. In contrast, the share from the Netherlands declined, as the increase in revenues here was disproportionately lower.

TRANSPORT AND LOGISTICS

DB Schenker Rail business unit

BUSINESS MODEL

With around 4,200 customer sidings in Europe, DB Schenker Rail provides its customers with access to one of the biggest rail networks in the world and as such is the number one in European rail freight transport. The international network stretches along the huge European freight transport corridor. This means that rail transport is offered across Europe in the product areas of block trains, single wagons and combined transport. Individual industry solutions are also developed, for instance for the chemical, petroleum, waste disposal, paper, and iron, coal and steel (montan) industries, as well as for the automotive industries.

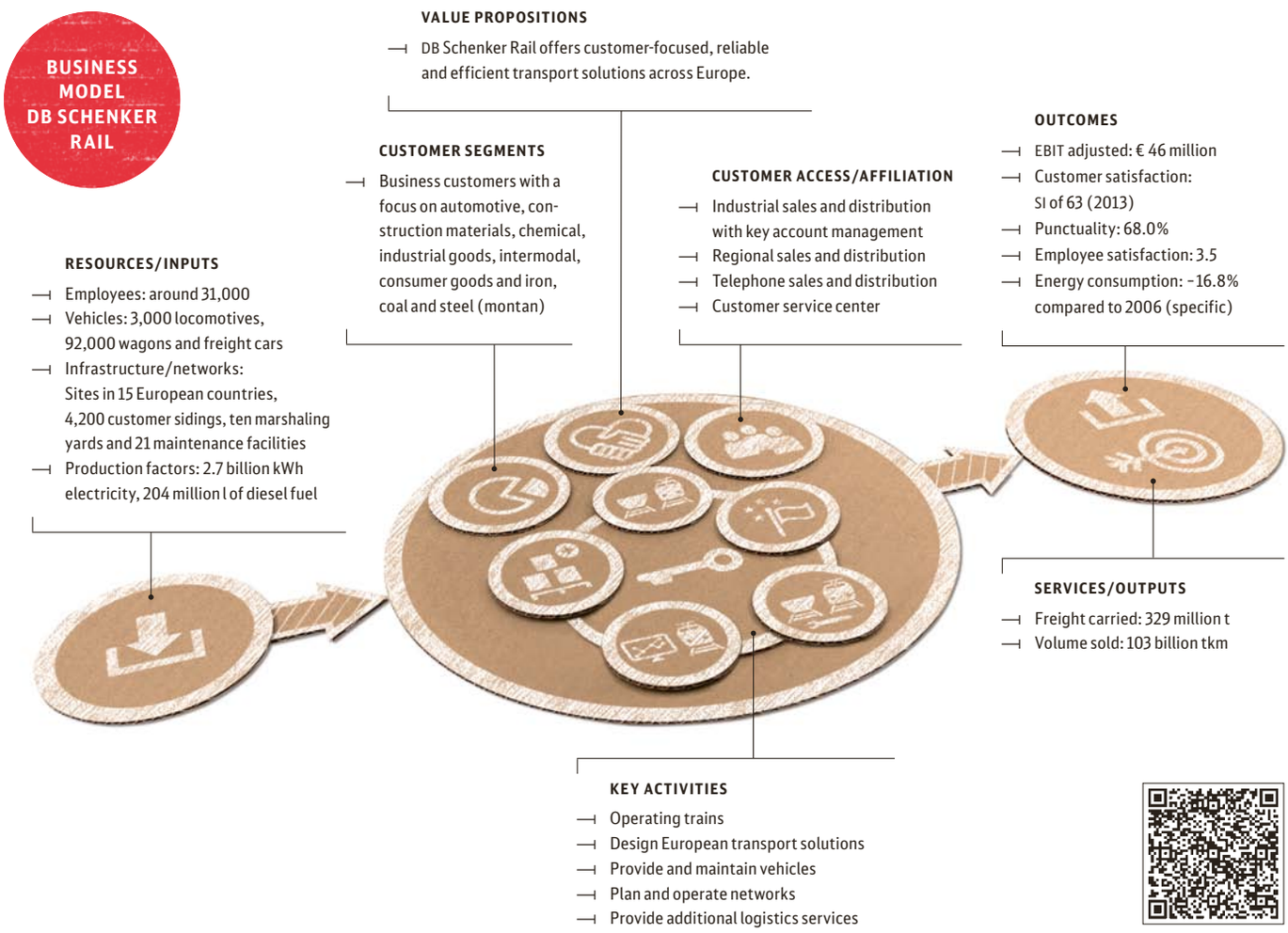
Production is carried out for the most part using our own fleet of locomotives and wagons.

The key industries for DB Schenker Rail are the iron, coal and steel (montan) industries, chemical, automotive, and construction materials industries, heavy industry and consumer goods, as well as intermodal transport. The customer structure is characterized by major customers.

The premiere key performance indicator here is volume sold. The relevant capacity utilization figure is measured in tons per train. The cost structure is mainly influenced by volume produced. 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.

The most important source of revenue is transporting goods by rail. Additional services are also offered. DB Schenker Rail offers its customers customized transport and logistics solutions which also incorporate links between the modes of transport rail, truck and ocean freight.

The key resources are close customer loyalty, a high level of customer understanding, motivated and well-trained employees along with efficient use of rolling stock and a premium quality infrastructure. The internal DB Group infrastructure companies and service providers are important partners. Cooperation with foreign rail companies is also important in terms of international connections.



MARKETS AND STRATEGY

We are constantly expanding the closely-knit international network with subsidiaries in 15 European countries and making DB Schenker Rail the leading company in European rail freight transport.

- ECONOMIC dimension: The comprehensive new direction for the business model aimed at significant improvements in profitability and quality remains in place at DB Schenker Rail. In addition to the "network rail" which has been in implementation since 2012 and is making the production system more stable and efficient and will also combine flows of traffic more effectively, there are also plans to harmonize IT and standardize the process landscape for the European companies.

  Projects aimed at increasing reliability, punctuality as well as customer information and services were launched for the purpose of increasing customer satisfaction.

  We want to strengthen our position as a profitable market leader with a strong European network. Increasing profitability is required in order to be able to invest more in the future. Intelligent pricing, more flexibility of costs, and ongoing productivity increases in all processes are crucial.
- SOCIAL dimension: In the year 2020, we want to be a top employer in rail freight transport with a common European corporate culture. Employee satisfaction should be increased measurably. In addition to the follow-up workshops to the first employee survey, we have also, among other things, initiated the "Step by Step" initiative for this. We want to expand our network with a strong international team, and have launched various programs for this purpose. A large number of measures have been implemented in the health management area and regional working time models have been developed further in order to increase demographic preparedness.
- ENVIRONMENTAL dimension: We want to reinforce rail freight transport as being an environmentally friendly means of transport. We are developing sustainable transport solutions and modernizing our fleet for this purpose. By 2020, we aim to have fitted our entire German fleet of cars with noise-reducing brake shoes. At the same time, we are committed to climate protection and air quality control. By 2020, we want to have reduced our specific energy consumption by 19% compared with 2006. New shunting locomotives are fitted with soot particle filters and we are also urging the use of hybrid technology. We are also reinforcing our position as an eco-pioneer through new CO_2-free offers.

EVENTS IN 2014

Ongoing refitting of whisper brakes

The comprehensive refitting to the quiet LL brake shoe has started on schedule as part of our extensive refitting process for the entire existing fleets of freight cars consisting of around 60,000 cars with gray cast iron brakes being refitted with whisper brakes. Around 5,000 cars have been refitted to the new LL brake shoe. This means that 14,500 quiet freight cars are underway for DB Schenker Rail as of the end of 2014 including newly procured freight cars. The forecast is for around 20,000 quiet freight cars to be in circulation for DB Schenker Rail by the end of 2015. By 2020 our entire fleet of freight cars will have been converted to the quiet brake shoes. The refitting, the noise surcharges for the NOISE-BASED TRAIN-PATH PRICING SYSTEM [PAGE 277] and in particular the additional operating costs, which rise considerably after refitting, will result in great pressure on profit.

First freight train from Hamburg to China

In cooperation with the city and port administration of Zhengzhou/Henan province, DB Schenker launched a container train from Hamburg to the central Chinese metropolis for the first time in early September. Among other items, the train loaded with 41 containers transported industrial robots for an international technology group, but it is also available to other customers as a multi-customer train. The train to Zhengzhou completed the 10,214 km journey to China in around 17 days, making it faster than a ship by more than 20 days.

Action plan for Germany plus makes a significant contribution to net profits

The action plan for Germany implemented in 2012 has been further developed in order to tackle the issue of factor cost increases and the challenges in German business. In addition to production-related structural activities, various measures are also being supplemented with a focus on the market and customers as part of the action plan for Germany plus.

The target for all actions is increased efficiency accompanied by quality improvements.

The measures under the action plan also made a significant contribution to profits in the year under review. In addition to the measures already started in the action plan aimed at sustained optimization for the control and maintenance of our fleet, the additional measures launched for further cost reductions and process optimization also had a significant effect.

Investments

- In May, we sold 55% of our shares in DAP Barging B.V. based in Rotterdam/the Netherlands. DAP Barging has not been included in the DB consolidated financial statements since June 2014.
- We sold our 45% share in BLS Cargo AG in Switzerland in December. BLS Cargo has no longer been included in the DB consolidated financial statements since December 2014.

Other events

- DB Schenker Rail has signed a three-year contract with Novelis, a company that produces aluminum-rolled products, for transports between Germany and the UK.
- DB Schenker Rail is supplying the VW plants in Kaluga and Nizhny Novgorod in Russia for a further two years.
- DB Schenker Rail has been transporting vehicle components CO_2-free for BMW from Wuppertal to Regensburg and Landshut since March 2014. Annual CO_2 emissions will be reduced by around 2,000 tons as a result of this.
- DB Schenker Rail has offered a new transport connection between Cologne and Çerkezköy in Turkey since June 2014.
- DB Schenker Rail has signed a three-year agreement with Swedish steel group SSAB.

DEVELOPMENT IN THE YEAR UNDER REVIEW

- Challenging economic environment and intense competition.
- Lower gas prices resulted in a drop in coal transports in Great Britain.
- Negative impact of the strikes by the GDL and the storm Ela.

The punctuality of our trains in rail freight transport measured in Europe was higher than the previous year in the year under review. The effects of the measures aimed at quality improvement in the CUSTOMER AND QUALITY INITIATIVE [PAGE 94] for DB Schenker Rail Germany, as well as for a large number of further measures in the remaining European companies, can be felt here.

The market situation in Europe remained an obstacle to rail freight transport in the year under review and negatively affected performance development in the business unit. The strikes by the GDL and the storm Ela had a noticeable impact on development. One positive point was the lack of negative effects from floods experienced in the previous year.

MEASURES 2014

- Start of regular operations at European Operations Center.
- Ramp-up in the number of capacity-approved wagons.
- European focus for customer services processes and set up of an innovative customer portal.
- Proactive communication and explanation of the bigger disruptions that are expected.
- Improvement of arrival time forecasts.

DB SCHENKER RAIL	2014	2013	Change absolute	Change %	2012
Punctuality [1] (%)	68.0	67.0	-	-	69.9
Freight carried (million t)	329.1	390.1	-61.0	-15.6	398.7
Volume sold (million tkm)	102,871	104,259	-1,388	-1.3	105,894
Market share in Europe (%)	24.3	25.1	-	-	25.4
Volume produced (million train-path km)	193.2	196.0	-2.8	-1.4	203.1
Capacity utilization (t per train)	532.5	531.9	+0.6	+0.1	521.4
Total revenues (€ million)	4,863	4,843	+20	+0.4	4,926
External revenues (€ million)	4,517	4,495	+22	+0.5	4,597
EBITDA adjusted (€ million)	343	352	-9	-2.6	389
EBIT adjusted (€ million)	46	57	-11	-19.3	87
EBIT margin adjusted (%)	0.9	1.2	-	-	1.8
Gross capital expenditures (€ million)	195	182	+13	+7.1	371
Employees as of Dec 31 (FTE)	30,842	30,925	-83	-0.3	31,770
Employee satisfaction - index	3.5	-	-	-	3.4
Share of women in Germany as of Dec 31 (%)	11.2	11.1	-	-	10.6
Health rate in Germany (%)	93.3	93.3	-	-	93.4
Coverage of external staffing needs in Germany (%)	98.6	98.8	-	-	98.7
Reduction of specific end-energy consumption compared to 2006 (%)	16.8	14.3	-	-	13.0
Freight cars refitted with whisper brakes in total [2]	6,500	650	+5,850	-	150

[1] *Change in method from 2013 onwards.*

[2] *Rounded.*

Within this context, DB Schenker Rail reported a downturn in the volume of freight carried, the volume sold and the volume produced. We were able to maintain stable capacity utilization as a result of measures introduced to increase efficiency.

F4 ◂ P. 94 P. 171 ▸

The revenues development was more positive than the development of performance in the year under review, with revenues slightly higher than the previous year. Development in region Central had a positive impact on revenues. Exchange rate effects in Great Britain and the positive developments in Spain and South-East Europe could also be felt. The strikes by the GDL and the storm Ela had the reverse effect.

Other operating income (−5.1%) decreased partly as a result of lower proceeds from scrap and lower disposals from property, plant and equipment.

Cost of material (−1.5%) fell slightly as a result of lower energy expenses (lower volume produced and more favorable weather conditions) and the implementation of measures from the action plan for Germany plus.

Personnel expenses increased compared to the previous year due to wage increases (+1.5%) despite lower staff levels.

MEASURES 2014

- youropeWORK: the internal job board at DB Schenker Rail provides an overview of international jobs advertised and provides comprehensive additional information on country and company specifics.
- Consistent talent management process introduced, aimed at promoting professional, project and management careers across Europe.

MEASURES 2014

- New e-locomotives deployed in Poland in order to reduce energy consumption and particle emissions.
- Introduction of automatic start-stop system for diesel locomotives in Germany and Great Britain reduces fuel consumption.
- Tried-and-tested deployment of a driver assistance system reduces traction current.

Other operating expenses increased, including as a result of the expansion of the IT project portfolio (+4.0%).

There was a decline in operating profit figures overall. The EBIT margin fell slightly in accordance with this.

Gross capital expenditures were influenced primarily by the Central region. Capital expenditures continued to be focused on expenditures on freight cars and locomotives.

The number of employees as of December 31, 2014 was slightly below the previous year's level. This was essentially due to restructuring and optimization measures in Poland and Germany. It was partially offset by new hires in France and Great Britain.

Employee satisfaction improved slightly.

The share of women increased slightly as a result of targeted measures.

The health rate and coverage of external staffing needs were at the same level as the previous year.

Specific end-energy consumption fell as a result of energy efficiency measures such as our energy-saving operation and improved utilization as compared with 2006. The refitting of LL brake shoes started in the year under review with more than 5,000 freight cars upgraded in the year.

REGION CENTRAL

- Positive economic results and mild weather in the first half of 2014 were offset by a significant slowdown in the second half of the year.
- The storm Ela and strikes by the GDL offset the positive effects of the fact that the floods from the previous year no longer applied.

REGION CENTRAL SELECTED KEY FIGURES [€ MILLION]	2014	2013	Change absolute	Change %
Freight carried (million t)	259.3	268.6	−9.3	−3.5
Volume sold (million tkm)	81,342	81,959	−617	−0.8
Volume produced (million train-path km)	152.1	154.9	−2.8	−1.8
Total revenues	4,699	4,665	+34	+0.7
External revenues	3,536	3,552	−16	−0.5
EBITDA adjusted	252	269	−17	−6.3
EBIT adjusted	31	47	−16	−34.0
Gross capital expenditures	121	114	+7	+6.1
Employees as of Dec 31 (FTE)	19,916	20,498	−582	−2.8

The volume of freight carried and the volume sold decreased in the year under review. This decrease in volumes was the result of a weak economy overall, the STORM ELA [PAGE 154] and the STRIKES BY THE GDL [PAGE 114 F.]. The positive effects from the upturn in the economy in the first half of the year 2014 and the lack of negative effects from the floods in 2013 were overcompensated as a result. Volume sold also fell as a result of a decline in freight carried. However, this is only just below the value for the previous year as a result of higher mean transport distance. Volume produced also fell. In this area, in addition to the development of the volume sold, the measures implemented led to a further increase in train utilization, such as with "network rail."

The revenues development was more positive than the development of performance. In addition to the conversion of customer contracts, new business in the petroleum area, moderate price adjustments along with increased volumes in seaport hinterland transport and in depot and trucking

business also had an impact here. The strikes by the GDL and the storm Ela had the reverse effect and led in part to shifts in transport modes.

Other operating income fell, partly as a result of lower results from scrap proceeds and one-off effects in the previous year.

Cost of materials fell slightly in the year under review. Higher purchases of transport services were offset by lower maintenance expenses and falling energy costs.

Despite a decline in the number of employees, personnel expenses increased as a result of wage increases and one-off payments. As a result, operating profit decreased, with adjusted EBITDA and adjusted EBIT both down.

Gross capital expenditures saw an increase essentially as a result of the new construction of a combi-terminal in Burghausen and the signing of a long-term finance-lease agreement for a terminal at the port of Rotterdam. The focus for the modernization of the fleet of freight cars was on the purchase of closed automobile transport and double-well cars. Capital expenditures in shunting locomotives fell, on the other hand.

The number of employees was lower than the previous year end due to adjustments in line with the reduced performance.

REGION WEST

- Lower gas prices resulted in a drop in coal transports in Great Britain.
- Positive exchange rate effects in Great Britain.
- Strong development in Spain, but weak in France.

REGION WEST SELECTED KEY FIGURES [€ MILLION]	2014	2013	Change absolute	Change %
Freight carried (million t)	94.0	96.5	-2.5	-2.6
Volume sold (million tkm)	17,349	18,040	-691	-3.8
Volume produced (million train-path km)	33.8	34.6	-0.8	-2.3
Total revenues	921	880	+41	+4.7
External revenues	799	772	+27	+3.5
EBITDA adjusted	124	120	+4	+3.3
EBIT adjusted	66	62	+4	+6.5
Gross capital expenditures	37	33	+4	+12.1
Employees as of Dec 31 (FTE)	5,613	5,172	+441	+8.5

Performance development in region West was weak in the year under review. The volume of freight carried, the volume sold as well as the volume produced reported some considerable losses. This was essentially as a result of lower coal transport in Great Britain, the decline in international intermodal traffic as well as the stop on Turkey transports by Transfesa.

The negative performance development in Great Britain was offset in the revenues development. The good performance for all business areas in Spain and the rise in the construction material area in Great Britain also made their presence felt. Other operating income remained on a par with the level in the previous year.

Expenditure development was also put under pressure by the exchange rate effects. Higher train-path utilization costs also had an effect on cost of materials in Great Britain. Transport services procured at Transfesa also increased as a result of the service expansion. The lower cost of diesel had a positive effect. The increase in the number of employees affected personnel expenses. A one-time effect resulting from adjustment of the pension provision plan in Great Britain had a positive effect.

Other operating expenses and depreciation rose slightly above the level for the previous year.

Overall, both the adjusted EBITDA and adjusted EBIT improved.

Capital expenditures rose as a result of exchange-rate effects and a plant expansion in Great Britain.

The number of employees grew due to an increase in personnel in France and in Great Britain.

REGION EAST

- High levels of competition intensity continue in Poland, particularly in transport and the siding business.
- Pressures as a result of the decline in the coal market in Poland.
- Positive development in South-East Europe.

REGION EAST SELECTED KEY FIGURES [€ MILLION]	2014	2013	Change absolute	Change %
Freight carried (million t)	15.9	61.3	-45.4	-74.1
Volume sold (million tkm)	4,181	4,259	-78	-1.8
Volume produced (million train-path km)	7.3	6.5	+0.8	+12.3
Total revenues	250	241	+9	+3.7
External revenues	183	171	+12	+7.0
EBITDA adjusted	26	24	+2	+8.3
EBIT adjusted	8	10	-2	-20.0
Gross capital expenditures	37	34	+3	+8.8
Employees as of Dec 31 (FTE)	4,246	4,401	-155	-3.5

The amount of freight carried fell heavily, primarily as a result of a change in recording procedures. Operational development was slightly positive. This also applies to volume sold. Declines in Poland (particularly coal transport) were compensated by the positive development in the transport business in Hungary, Romania and Bulgaria. Volume produced also increased as a result of the positive business development in the transport area in South-East Europe.

Revenues development was also positive. The increase was driven by the development in South-East Europe. Revenue remained stable in Poland. Other operating income fell, partly as a result of worse results from the sale of property, plant and equipment.

Cost of material remained virtually unchanged as against the previous year. Lower energy costs as a result of lower diesel costs and falls in train-path usage fees in Poland were offset by higher levels of transport services procured. The reduction in personnel expenses was a result of lower personnel levels in Poland. This was partially offset by the business expansion in South-East Europe.

Other operating expenses were lower than in the previous year, partly as a result of the lack of losses from sales of property, plant and equipment in the previous year.

Adjusted EBIT fell slightly overall as a result of lower levels of other operating income.

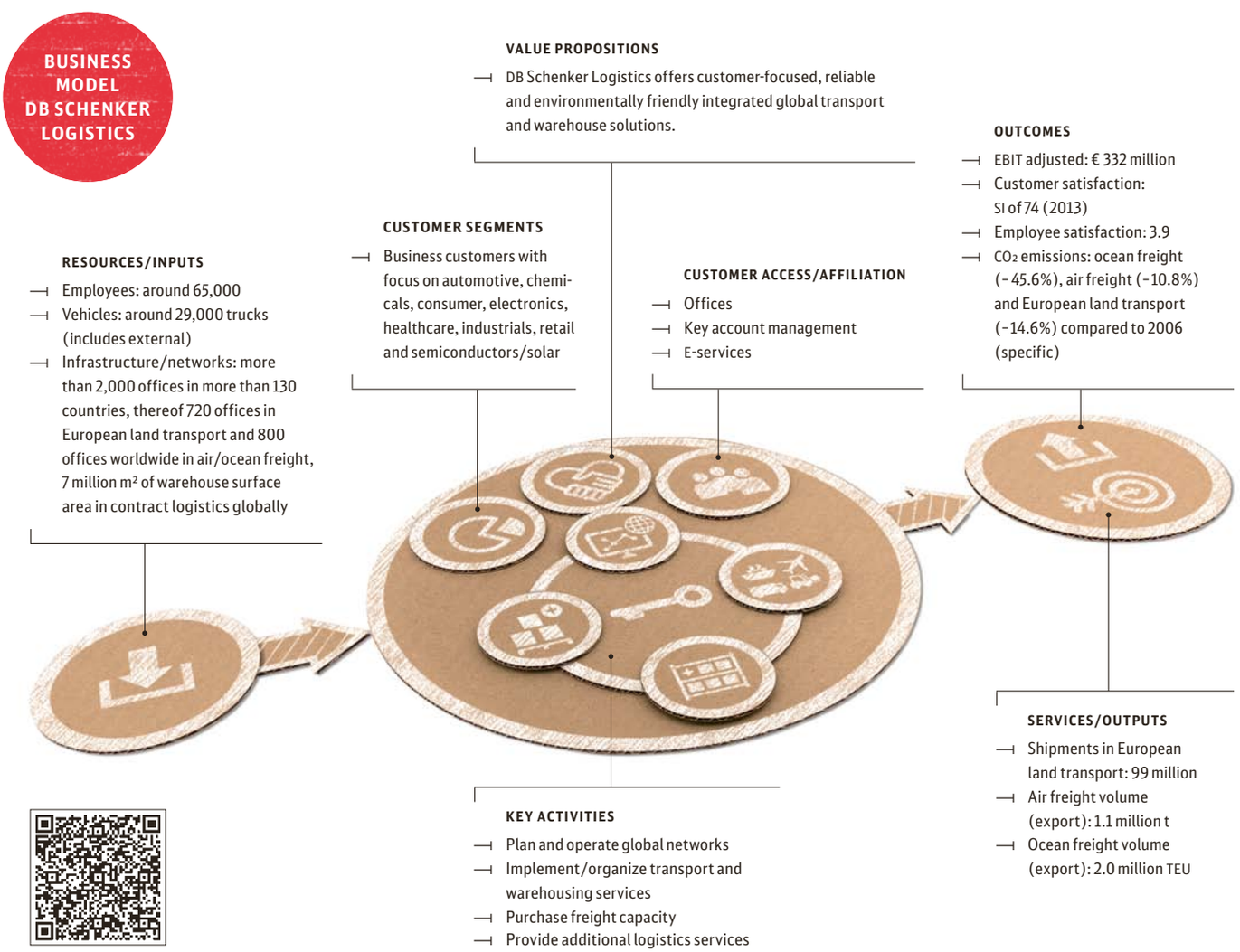
Capital expenditures rose as a result of a terminal project in Poland.

The number of employees decreased due to restructuring and optimization measures in Poland. This was partially offset by the business expansion in South-East Europe.

DB Schenker Logistics business unit

BUSINESS MODEL

DB Schenker Logistics serves established markets and emerging national economies with a global network as an integrated transport and logistics service provider. In land transport, the dense network combines the most important economic regions in Europe. Services include time and cost-optimized services for general cargo, partial and full load transport along with door-to-door solutions across Europe. As a global leader in air and ocean freight, DB Schenker Logistics offers the entire range of services in this segment. In contract logistics, the services offered cover all stages of the value chain – from the supplier to the producer/trade, to the end customer and spare parts service. The core area of expertise is the planning and handling of complex global supply chains.



DB Schenker Logistics has a global customer base in a wide range of industries and a focus on industrial customers. The vertical-market approach pursues the target of developing industry-specific solutions.

In air and ocean freight we act exclusively as freight forwarder without own planes or ships. Own vehicles and loading vessels are used for some parts of land transport. Transshipment terminals and warehouses are generally our own property or are leased over the longer term.

Motivated and well-trained employees are key resources for a service provider. Close customer relationships and industrial expertise are highly important. Efficient IT is also essential for product and service quality.

In addition to airlines and shipping companies in the air and ocean freight business, important partners are also sub-service providers in land transport for carrying out transport services.

Measurement of performance 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. There is no comparable volume measured in the contract logistics segment. Market comparisons are usually performed here on the basis of revenues. DB Schenker Logistics has a relatively low capital intensity and real net output ratio. About 70% of revenues in the transport business come from procured intermediate input services. Therefore, optimizing these purchase relationships and balancing various influential success factors such as transport relations, volume, weight and mode of transport represent an important factor for success and are value drivers. 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 personnel resources, that proves to be effective, is a key driver below gross profit. This is of particular importance in contract logistics. Here, expertise and experience relevant to the industry are an essential success factor in the optimal design of intra-company logistics processes.

The most important sources of revenues are transport and logistics services, including added value services such as assembly of modules or assemblies in the automobile industry or putting together special sales packaging for the retail sector.

MARKETS AND STRATEGY

DB Schenker Logistics holds a leading market position in every market segment – European land transport, global air and ocean freight, as well as contract logistics. Our vision is to be the leading integrated transport and logistics service provider with a global reach. We want to strengthen and expand our leading market position.

- ECONOMIC dimension: The central challenge is to be able to respond more quickly to market demand. We rely on processes for this, which are characterized both through standardization as well as through industrialization. By adapting the supply chains consistently, we fulfill customer requests and also intensify the customer relationship at the same time. The focus will also be on further expansion of integrated and innovative solutions for the entire logistics chain. Our target is to grow profitably and increase the EBIT margin on a sustainable basis. We strive towards growing more strongly than the market in all segments and maintaining our leading market positions. In pursuing this goal, we are further expanding and concentrating our global network. There is a particular focus on the expansion and harmonization of our global IT landscape.
- SOCIAL dimension: We aim to be the top employer in logistics. Satisfied employees are a basic requirement for satisfied customers. In order to achieve our targets, we are strengthening our corporate culture as well as expanding our individual and international career development programs across the entire DB Group. Moreover, we offer a modern and family-friendly working environment and diversity. Demographic change presents a wide range of different challenges to us, which we are actively dealing with.
- ENVIRONMENTAL dimension: We aim to be the eco-pioneer in the transport and logistics industry by the year 2020. We will actively build upon our extensive know-how in GREEN LOGISTICS. Through eco-consulting, for instance, we offer our customers premium consultation services, through which they can improve their carbon footprint.

EVENTS IN 2014

Expansion of the global network

- With the Asia Landbridge offering, we are closing existing gaps in flows of goods in overland rail services at important locations in and at the borders of the region. The network includes China along with Singapore, Malaysia, Thailand, Myanmar, Cambodia, Vietnam and Laos.

- We established logistics centers in Switzerland, Portugal, Singapore, Serbia, Australia, India, Croatia, the Czech Republic and Germany in the year under review. The logistics centers cover a surface area of 255,520 m².
- We have a new office in Maputo in Mozambique. The site is for the purpose of supporting air and ocean freight, with import and export and within the oil and gas industry.

Investments

- In March, DB Schenker Logistics acquired the remaining 49% of shares in Schenker-Gemadept Logistics Vietnam Company Limited, Vietnam.
- In August, DB Schenker Logistics acquired 99.9% of the shares in Bochimar Logistics Lda., Angola.
- DB Schenker (Cambodia) Ltd. was founded in September.

First instance of multimodal transport over three continents

Through combining train, truck and aircraft, we have organized transport across three continents for the first time from China to South America for an electronics manufacturer. A total of 21 tons of electronic equipment for cell phones was transported by rail from Chongqing in Central China to Duisburg. From there, they were transported to Frankfurt Airport by truck and then flown from there to Brazil. The total time from Asia to South America was reduced by almost four weeks as compared with pure ocean freight.

Ongoing antitrust proceedings

- Cartel authorities have been investigating companies in the freight forwarding sector worldwide since the fall of 2007. In DB Group's 2013 Annual Report, we assumed that the investigations would have been completed by the end of 2014, but completion cannot now be expected before the end of 2015.
- The European Commission carried out audits and examinations on two European Schenker companies in 2013. These are accused of anti-competitive practices such as pricing agreements and distribution of customers for transport activities. The examinations have not yet been completed for the purpose of the allegations. The relevant years are believed to be between 2004 and 2012.
- The Cologne state prosecutor's office is investigating several DB Schenker employees on suspicion of potential breaches of the law in association with business relations with Russia. External attorneys and auditors have already been involved for a while in the process, which was launched internally, to clarify the facts. Staff changes were ordered and compliance structures strengthened. We are cooperating closely with the law enforcement agencies.

DEVELOPMENT IN THE YEAR UNDER REVIEW

- Trends from the previous year have continued.
- Improvements in economic developments, but an intensely competitive environment.
- Strong influence of exchange-rate effects.

DB SCHENKER LOGISTICS	2014	2013	Change absolute	Change %	2012
Shipments in European land transport (thousand)	98,867	95,543	+3,324	+3.5	95,325
Air freight volume (export) (thousand t)	1,112	1,092	+20	+1.8	1,095
Ocean freight volume (export) (thousand TEU)	1,983	1,891	+92	+4.9	1,905
Total revenues (€ million)	14,943	14,857	+86	+0.6	15,389
External revenues (€ million)	14,894	14,814	+80	+0.5	15,335
Gross profit margin (%)	33.1	32.2	-	-	31.5
EBITDA adjusted (€ million)	520	518	+2	+0.4	609
EBIT adjusted (€ million)	332	335	-3	-0.9	418
EBIT margin adjusted (%)	2.2	2.3	-	-	2.7
Gross capital expenditures (€ million)	240	335	-95	-28.4	321
Employees as of Dec 31 (FTE)	64,810	64,051	+759	+1.2	64,199
Employee satisfaction – index	3.9	-	-	-	3.9
Share of women in Germany as of Dec 31 (%)	32.6	33.1	-	-	32.7
Health rate in Germany (%)	95.8	95.7	-	-	96.2
Reduction of specific CO_2 emissions (European land transport) compared to 2006 (based on tkm) (%)	14.6	11.0	-	-	10.3
Reduction of specific CO_2 emissions (air freight) compared to 2006 (based on tkm) [1] (%)	10.8	-0.6	-	-	-0.7
Reduction of specific CO_2 emissions (ocean freight) compared to 2006 (based on tkm) (%)	45.6	42.4	-	-	32.6

[1] *2014 including efficiency improvements according to the IATA Fuel Measurement Protocol since 2006. Based on metric tons.*

The development of volume in the individual lines of business varied during the year under review but was generally positive:

- The volume of shipments in European land transport increased. This was driven by growth in system operations and direct transport, which were offset by the slight slowdown in the package business.
- Volumes also increased in air freight. This was essentially attributable to transatlantic transport, in addition to transport between Asia and Europe, as well as to and from Latin America and to the Middle East. By contrast, volumes fell on the transpacific routes as well as for transport to and from Latin America.
- Ocean freight volumes also increased. Positive developments were reported particularly in connections within Asia, transatlantic transport as well as between Asia and Europe. The development was not offset by the declines in transpacific connections or for transport within Europe.

The positive performance development resulted in positive revenues development adjusted for exchange rates (+2.7%). Foreign exchange rates had a negative effect.

MEASURES 2014

- Introduction of a global customer relationship management system.
- Launch of a number of projects as part of the "multimodal initiative."
- Pilot for "integrated supply chain solutions" for several industries.
- Implementation of "Next Generation eServices."

Development adjusted for exchange rates was positive in all lines of business and was at least at the previous year's level in all regions. The most dynamic development adjusted for exchange rates was in contract logistics and in the regions West (particularly Spain, Italy and France) and Asia/Pacific.

The cost of materials rose after exchange rate adjustments in the year under review. This was attributable to the positive business developments in ocean freight and contract logistics, along with price effects in land transport.

MEASURES 2014

- Business Dialog established aimed at discovering and promoting talents globally.
- Corporate volunteering established in the STEPforward program.

Due to the decrease in expenses for purchased services, the gross profit margin rose in the year under review.

The development of profits was positive adjusted for exchange rates. Adjusted EBITDA and adjusted EBIT each performed at the previous year's level.

Gross capital expenditures were below the previous year's value. Capital expenditures priorities continue to be in the Europe region. Furthermore, capital expenditures were made in new construction projects and the expansion of freight forwarding facilities and terminals in China, Finland, Sweden, Austria, Singapore and Germany. Other major capital expenditures were in projects to introduce new IT systems. The decrease resulted primarily from development in the regions Asia/Pacific as well as Central.

MEASURES 2014

- Sustainable logistics center opened in Singapore.
- Use of trucks with the highest emissions standards V and VI on long routes.
- Container shipping company Maersk Line contractually undertakes, for the first time, to reduce CO_2 emissions for each unit transported annually by 2020.

The rise in business activity in the contract logistics sector was also reflected in a slight increase in the number of employees as of December 31, 2014.

Employee satisfaction remained stable.

The share of women in Germany fell slightly. Health rate in Germany remained around the previous year's level.

A significant reduction in specific CO_2 emissions has been achieved in ocean transport compared to 2006, in particular since the implementation of larger ships and sustainable slow steaming. Land transport and air freight also recorded reductions as a result of fleet renewals and optimized transport management.

EUROPEAN LAND TRANSPORT LINE OF BUSINESS

- Market growth weak.
- Market environment remains intensely competitive.
- Price pressure remains intense, pricing measures only feasible on an isolated basis.
- Focus on the core products: system operations and direct transport.
- Further optimization of the IT landscape.

EUROPEAN LAND TRANSPORT SELECTED KEY FIGURES [€ MILLION]	2014	2013	Change absolute	Change %
Shipments in European land transport (thousand)	98,867	95,543	+3,324	+3.5
Total revenues	6,362	6,370	-8	-0.1
External revenues	6,319	6,332	-13	-0.2
EBITDA adjusted	190	187	+3	+1.6
EBIT adjusted	96	92	+4	+4.3
Employees as of Dec 31 (FTE)	24,485	24,569	-84	-0.3

Volumes improved in comparison to the previous year. The number of shipments in the package business fell by 1.1%, which was more than offset by the developments in the system and direct transport business (+6.1%).

Falls in average shipping weights and negative exchange rate effects dampened revenue growth with the result that overall and external revenues fell slightly.

Cost of materials remained slightly below the previous year's level. Once adjusted for exchange rates, the developments in volumes resulted in higher costs for procured transport services, particularly for system operations and direct transport. Personnel expenses also rose due to wage increases.

Operating profit improved as a result of slight improvements in the gross profit margin and a slight fall in the numbers of employees despite the growth in shipments. Adjusted EBITDA and adjusted EBIT both increased overall. The development of operating profits adjusted for exchange rates was more positive.

The number of employees remained stable as of December 31, 2014.

AIR AND OCEAN FREIGHT LINE OF BUSINESS

- Improved global economic development is reflected in the performance of the air freight market.
- Differing developments on individual routes.
- Comprehensive measures were introduced for productivity increases in air and ocean freight.

AIR AND OCEAN FREIGHT SELECTED KEY FIGURES [€ MILLION]	2014	2013	Change absolute	Change %
Air freight volumes (export) (thousand t)	1,112	1,092	+20	+1.8
Ocean freight volume (thousand TEU)	1,983	1,891	+92	+4.9
Total revenues	6,550	6,647	-97	-1.5
External revenues	6,546	6,643	-97	-1.5
EBITDA adjusted	233	225	+8	+3.6
EBIT adjusted	202	192	+10	+5.2
Employees as of Dec 31 (FTE)	20,474	20,642	-168	-0.8

Performance development was positive in the year under review:

- We achieved high growth levels in ocean freight in our strongest connection from Asia to Europe and in transport within Asia. Transport development in the countries of Latin America and particularly the Middle East was particularly positive. Transport in these growth regions now represents around 20% of our ocean freight volume.
- In air freight, we were able to expand our transport between Europe and North America, between Europe and Asia and from and to the Middle East.

This development was also reflected in the respective contributions to revenue growth. However, this was countered by exchange rate effects with the result that revenues fell in this line of business. Nevertheless, we still recorded a slight increase in revenues adjusted for exchange rates both for air as well as ocean freight.

The exchange rate effects had a positive impact on expenditures, since the costs for procured transport services in particular were lower, on the whole, as a result of this. While the expense in air freight also fell on account of exchange rates, it rose in ocean freight as a result of the volume increases.

Personnel expenses fell on account of exchange rates. Adjusted for exchange rates, these rose slightly as a result of general salary adjustments.

The development of operating profits was positive both in air as well as in ocean freight, and adjusted EBITDA and adjusted EBIT rose.

The number of employees fell as of December 31, 2014.

CONTRACT LOGISTICS/SCM LINE OF BUSINESS

- The contract logistics/SCM market sustained momentum throughout the year under review.
- Line of business with highest growth at DB Schenker Logistics once again.
- Focus is on expanding capacities.

CONTRACT LOGISTICS/SCM SELECTED KEY FIGURES [€ MILLION]	2014	2013	Change absolute	Change %
Warehouse space (m² million)	7.1	6.2	+0.9	+14.5
Total revenues	2,030	1,841	+189	+10.3
External revenues	2,029	1,840	+189	+10.3
EBITDA adjusted	133	124	+9	+7.3
EBIT adjusted	79	77	+2	+2.6
Employees as of Dec 31 (FTE)	19,078	18,318	+760	+4.1

The revenue development in the contract logistics/SCM line of business remained positive in the year under review. Among other things, we recorded markedly good performance for existing and new customer business. Negative exchange rate effects also resulted in weaker development here. Development in the line of business was even more dynamic once adjusted for exchange rates. The fall in other operating income as a result of the inapplicability of a one-time effect in the previous year had a negative effect on the development of profits.

Through the business expansion, cost of materials (particularly in the regions West and South-East) as well as personnel expenses also increased due to the higher number of employees and wage adjustments.

The development of operating profits was slightly positive, and adjusted EBITDA and adjusted EBIT rose.

The ongoing dynamic business development is reflected in a further increase in the number of employees.

SERVICES

DB Services business unit

BUSINESS MODEL

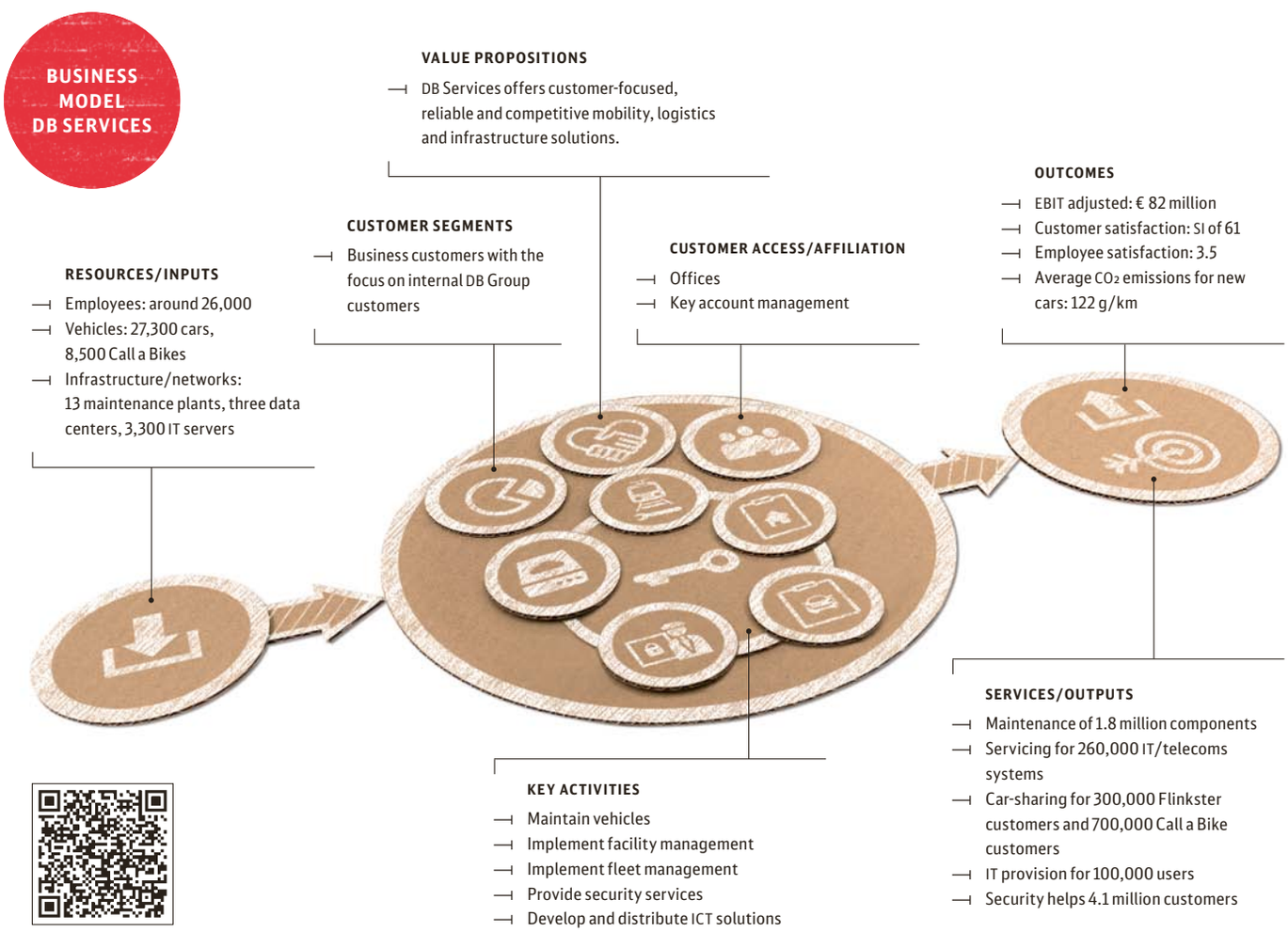
DB Services offers a wide range of mobility, logistics and infrastructure solutions. These include heavy maintenance of rolling stock, infrastructural and technical facility management and industrial services, services for telecommunications infrastructures, security services, development and implementation of IT and telecommunications solutions as well as fleet management.

As a reliable partner, DB Services secures competitive advantages for DB Group and non-DB Group customers. DB Services offers supply reliability and flexibility that meets customer needs and achieves synergies and economies of scale by combining integrated services.

Its most important source of revenues comes from remuneration for services provided to DB Group customers. Its key resources are committed and qualified employees along with a modern infrastructure.

Its significant partners are external and internal DB Group suppliers.

Wage development is a central cost driver as a result of the high personnel levels.



MARKETS AND STRATEGY

In the year 2020, DB Services wants to be the preferred service partner for DB Group and non-DB Group customers.

- ECONOMIC dimension: The POWER project ensures the profitability and competitiveness of DB Services. It also includes a clear alignment towards the customer and customer-focused performance fulfillment.
- SOCIAL dimension: With the "workforce2020" program, DB Services is positioning itself as a top employer prepared for demographic change and a preferred service partner. DB Services works on attractive working conditions and a collaborative corporate culture in order to increase employee satisfaction on a sustainable basis. Another focal point is maintaining the health of our employees. Examples include the ergonomics concept aimed at preventing typical work-related diseases and the "Work mobile" bonus program.
- ENVIRONMENTAL dimension: DB Services wants to reduce CO_2 emissions further. In addition, the DB Services business unit advises its customers on the environmental use of the services and products it offers along its entire value chain.

EVENTS IN 2014

Site closure for vehicle maintenance

The decision was taken in October 2014 to close the Zwickau center of expertise (by December 2015) and the Eberswalde facility (by December 2016) belonging to DB Vehicle Maintenance. The reason for the closures is a significant decline in maintenance services for freight cars as a result of optimized fleet planning of customers.

Daimler and DB Group combine central services

We have signed a memorandum of understanding concerning linkage between car2go and Flinkster with Daimler Mobility Services GmbH (car2go and moovel). This is aimed at linking both segments for station-independent and station-based car-sharing. Customers of

JOB PROSPECTS FOLLOWING SITE CLOSURES

Decisions were taken in 2014 to close two maintenance facilities. This affects around 490 employees in Eberswalde and around 80 in Zwickau. DB Group is one of the biggest employers in Eberswalde. DB Group is aware of this responsibility and is offering the relevant employees other jobs within DB Group. Several thousand jobs will need to be filled over the next few years, for instance as a result of older employees retiring. The employees from Eberswalde and Zwickau will therefore find a pool of open jobs if they are suitably qualified and are flexible in terms of location.

DB SERVICES	2014	2013	Change absolute	Change %	2012
Customer satisfaction [1] (SI)	61	64	-	-	64
Total revenues (€ million)	3,172	3,184	-12	-0.4	3,264
External revenues (€ million)	259	283	-24	-8.5	286
EBITDA adjusted (€ million)	270	211	+59	+28.0	253
EBIT adjusted (€ million)	82	29	+53	-	84
Gross capital expenditures (€ million)	262	248	+14	+5.6	268
Employees as of Dec 31 (FTE)	25,476	26,319	-843	-3.2	26,375
Employee satisfaction – index	3.5	-	-	-	3.5
Share of women in Germany as of Dec 31 (%)	19.0	18.5	-	-	18.3
Health rate in Germany (%)	93.3	93.2	-	-	93.5
Coverage of external staffing needs in Germany (%)	99.0	99.7	-	-	100
Average CO_2 emissions for new cars – long-term lease [2] in g/km	121.7	126.4	-4.7	-3.7	132.5
Reduction of specific heat consumption at DB Vehicle Maintenance compared to 2006 (%)	20.9	21.1	-	-	-
Improvement in energy efficiency in data centers compared to 2010 (Power User Effectiveness; PUE) (%)	1.66	1.62	-	-	1.65

[1] *Change in method from 2013 onwards.*

[2] *Vehicles procured by DB Fleet Management leased within DB Group with terms of more than two years.*

both firms will then have an almost complete network of car-sharing services available with a total of more than 6,600 vehicles, together with Germany's largest bicycle rental system with 8,500 Call a Bikes.

INVESTMENTS

- We sold WBN Waggonbau Niesky GmbH (WBN) in July 2014. WBN's activities have not been included in the consolidated financial statements since July 2014.

Other events

- DB Vehicle Maintenance signed agreements with Bombardier in April for the maintenance and repair of vehicle components for 220 double-deck wagons and 37 locomotives.
- DB Vehicle Maintenance has signed an agreement with Veolia for the maintenance of 78 diesel multiple units.

DEVELOPMENT IN THE YEAR UNDER REVIEW

- Drops in performance for DB Vehicle Maintenance.
- Expansion of own vehicle fleet.
- Productivity improvements in particular for DB Communication Technology.

Each year at DB Services around 2,000 customers are surveyed in relation to customer satisfaction regarding DB Communication Technology, DB Systel, DB Vehicle Maintenance, DB Security and DB Fleet Management as well as DB Services. The customer satisfaction figure fell slightly in the year under review. The fall is partly the result of a CHANGE IN METHOD [PAGE 80 F.] within the survey process in the year under review.

MEASURES 2014

- Launch of the strategic POWER project aimed at reviewing the performance portfolio.
- Development of rules on cooperation and of a transparent assessment matrix together with customers.
- Customers evaluate actual performance levels annually using the assessment matrix.

The development of the DB Services business unit mainly reflects the supportive nature of the business unit for customers within DB Group. Internal revenues (€ 2,913 million) continue to account for the majority of total revenues. These more or less matched the levels seen in the previous year (+0.4%).

The cost of materials (–7.5%) fell significantly. This development was primarily shaped by the fall in performance at DB Vehicle Maintenance, lower fuel costs, and lower external services procured for the winter service as a result of the mild winter and the sale of WBN.

Personnel expenses rose (+2.4%) as a result of wage increases and the increased staff levels at DB Systel. This increase was dampened slightly as a result of adjustments to personnel levels as a result of declining orders.

Depreciation (+3.3%) rose year on year as a result of the expansion of our own vehicle fleet.

In particular, there was an increase in adjusted EBITDA and adjusted EBIT in the year under review driven by the fall in cost of materials, and the sale of WBN along with productivity improvements, particularly with DB Communications Technology.

MEASURES 2014

- The "Female student at the facility" program is aimed at women taking up a technical career.
- Flexitime corridor introduced based on a two-shift model aimed at more flexible working time at the Neumünster facility of DB Vehicle Maintenance.
- Health days at DB Fleet Management.

Capital expenditures rose, essentially as a result of increased vehicle procurements at DB Fleet Management.

The number of employees fell, essentially as a result of the sale of WBN along with adjustments to the decline in orders.

Employee satisfaction remained at the same level despite a tense economic environment at DB Vehicle Maintenance and DB Services with corresponding restructuring measures. Measures from the follow-up workshops subsequent to the first employee survey contributed to this.

MEASURES 2014

- "FASSI," a system for energy-saving driving, was developed and installed in 800 Berlin S-Bahn (metro) trains aimed at reducing energy consumption.

The numerous measures aimed at promoting the share of women resulted in an increase in the share of women.

The improvements in health rate was supported through measures such as ergonomics concepts, health days and the "Work mobile" bonus program.

The coverage of external staffing needs remained virtually unchanged.

GRI EN29

We ensure that we use environmentally friendly vehicles in our car fleet. We improved the carbon footprint of our new car fleet in the year under review by registering vehicles with CO_2-optimized drive technology and by eliminating drive types with high CO_2 values.

INFRASTRUCTURE

Stuttgart – Ulm project

The Stuttgart–Ulm project moved forward successfully in several areas during the year under review. Additional progress was made in assigning construction volume and the drafting of all planning documents for the Wendlingen – Ulm new construction line and in the area of Stuttgart 21. The project is still within its time and cost limits. The main work is becoming significantly more visible overall. In Stuttgart's city center, the project corporation is now working on both the new main station and its four tunnel feeders. More than 10 km have been completed on the tunnels for the new construction line.

LuFV quality targets met

F3 ◂ P. 94 P. 154 ▸

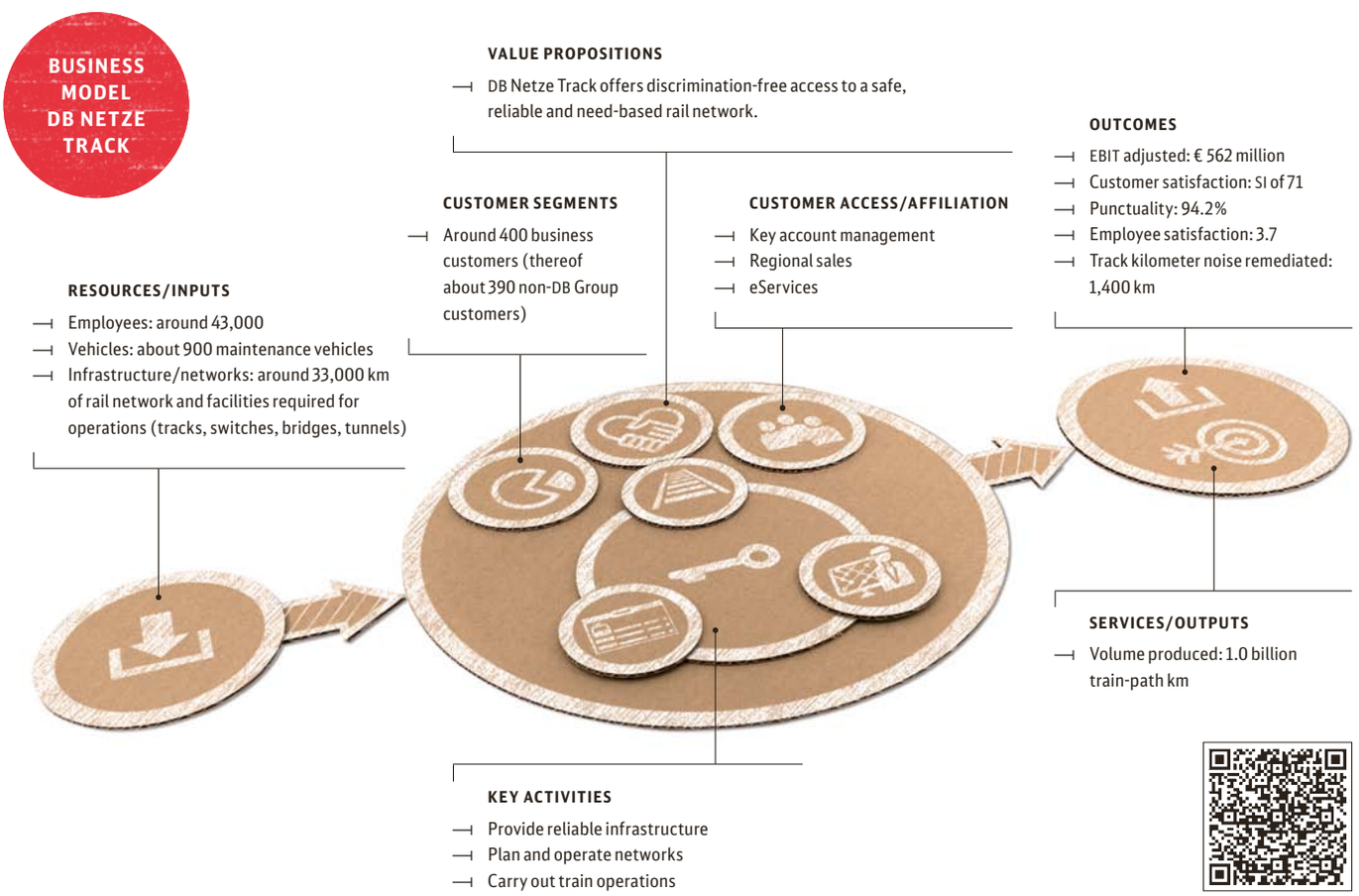
In total, seven key quality indicators subject to sanctions as well as other assessment parameters were established, which are used to describe and assess in detail the state and development of the existing track infrastructure. We once again met the agreed contractual targets in the year under review and documented that in the Infrastructure State and Development Report (Infrastrukturzustands- und -entwicklungsbericht; IZB) 2014 in accordance with the agreement. F3

Further development initiated in the Infrastructure and Services Board division

The processes and structures in the Infrastructure Board division are being further developed in a way that focuses on the future. The reason for this is that LuFV II includes higher demands in the area of project management, planning and construction supervision. The major changes are the transfer of employees with project management competencies from DB Netze Projects to DB Netze Track, and the merger of DB Netze Projects and DB International. This achieves a bundling of competencies and resources for planning and construction supervision.

New online portal provides information about construction projects

Current and comprehensive information about infrastructure construction projects is available at our new CONSTRUCTION INFO PORTAL. The portal will develop gradually into



one of the most important sources for the planning and progress of construction projects. More than 50 projects have been prepared for the system, and more are coming week by week.

DB Netze Track business unit

BUSINESS MODEL

DB Netze Track is Europe's number one track infrastructure provider. More than one billion train kilometers are traveled each year on tracks in Germany.

The most important sources of income are earnings from train-path products, which constitute over 90% of total revenues. Train-path prices are established on a transparent basis by a train-path pricing system regulated by the Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railway.

DB Netze Track is also responsible for managing infrastructure operations, as well as for securing long-term infrastructure quality and availability and non-discriminatory access to train-paths and service facilities. This includes preparing timetables in close cooperation with customers, operations management, construction management and maintenance.

The cost structure is determined in particular by fixed costs. The rail network is one of the most important cost drivers. The use of resources for the operation and maintenance of infrastructure is very much influenced by specific facility characteristics, requirements relating to operational opening hours, and the degree of rationalization in operating business activities. As the dimensions of the infrastructure only change in the long term due to new or expansion construction projects or targeted dismantling, optimal capacity utilization of the existing infrastructure is of major importance for economic success. A high level of quality and availability for the train operating companies also calls for a forward-looking integrated capital expenditures and maintenance strategy. Capacity utilization is measured by volume produced. In terms of relative network capacity utilization, this figure can be compared to length of line operated.

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 growth in transport in the main corridors. The budgetary resources of public authorities, in particular the Federal Government, are of considerable importance for the financing of capital expenditures to replace existing infrastructure, as well as for the financing of new and expansion construction projects. 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.

MARKETS AND STRATEGY

The contributions made by the Federal Government to the infrastructure financing are of material importance to secure the competitiveness of rail as a mode of transport. A central instrument for this is the LUFV [PAGE 89].

- ECONOMIC dimension: In addition to creating additional capacity, we want to modernize and maintain the existing rail network efficiently and in line with requirements. Integrating capital expenditures 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 strive to minimize the knock-on effects for our customers in passenger and freight transport.

  We attempt to guarantee high availability and quality of infrastructure in spite of ever-increasing transport volume. By developing infrastructure in line with customer and market requirements, we enable the entire rail transport sector to exploit opportunities for growth. We are incorporating a network development strategy created on the basis of customer requirements into the Federal Transport Infrastructure Plan. We have established a new infrastructure financing instrument in the form of the network fund.
- SOCIAL dimension: The personnel structure of DB Netze Track is defined by a high average age; successful recruitment and timely training for our employees is therefore crucial. In addition, we also take advantage of the opportunities presented in the collective bargaining agreement designed to address demographic change; furthermore, we rely on such methods as flexible working time models to improve work-life balance. In order to sustainably improve employee satisfaction, we are continuing with the cultural development processes already underway and promoting a more transformational leadership style.
- ENVIRONMENTAL dimension: By implementing both conventional and innovative noise reduction measures AND A NOISE-BASED TRAIN-PATH PRICING SYSTEM [PAGE 277], we are making an important contribution to the reduction of noise pollution caused by rail transport. Furthermore, we are also reducing our CO_2 emissions – for example, through the energy-focused renovation of our workshops – and increasingly efficient use of materials and resources by recycling tracks, ties and ballast.

EVENTS IN 2014

Alternative variations to Y-track developed

Upon a commission from BMVI, we have investigated five alternative and supplementary variants to expansion and new construction lines on the Bremen/Hamburg–Hanover line (Y-track). The focus was on the question of how to create more capacity for passenger and freight transport. In addition to the topics of noise and the environment, we also assessed feasibility, costs, gains in travel time and capacity effects.

The Federal Government will conduct an overall economic assessment of these variants on the basis of the latest transport forecasts for the year 2030.

SPECIAL OPERATING CONDITIONS

Due to construction activity, but also because of inclement weather events such as storms, we have seen significant impacts on operations in the past. We have often not managed to provide short-notice and consistent information, across all channels, about schedule adjustments. This was caused primarily by the fact that a great deal of information previously had to be entered manually into the flow of data, which caused delays. This is why we now have a project to improve customer information. The project's implementation began in early 2015. Since then, new functions have been tested again and again on a pilot approach basis. In the Berlin Südkreuz train station, for example, our first digital train location display is in testing; it will show the arrangement of train cars for the next four incoming trains, and will do so in real time.

Damages caused by storm Ela

In 2014 storm Ela caused significant damage to the infrastructure in the state of North Rhine-Westphalia (NRW). Almost a third of NRW's entire rail network had to be closed. About 2,200 km of overhead lines were damaged or destroyed. About 60 heavy clearing and repair vehicles, as well as 450 employees, were deployed. Damages for DB Group totaled about € 60 million.

DB Netz wins Digital Transformation Award

The German weekly business magazine WirtschaftsWoche, sponsored by BMVI, awarded the Digital Transformation Award for the first time. The award is given to projects that make it clear that a company has understood the challenges of digital transformation and faced up to them. In the category of "Best Company 2.0," DB Netz AG won with its new IT construction kit. One example for these modules is the network track portal, which enables train operating companies to order train-paths more quickly and easily online, including cross-border train-paths.

Rail cartel lawsuit pending

In 2012 and 2013, Germany's Federal Cartel Office imposed fines amounting to € 134.5 million against Group companies from voestalpine, Vossloh and Moravia Steel for anti-competitive collusion in the delivery of rails to DB Group.

In December 2012, DB Group filed a civil lawsuit with the District Court (Landgericht) in Frankfurt am Main in connection with collusion. The lawsuits against Vossloh, Moravia Steel, and the former owners of Vossloh subsidiary Stahlberg Roensch GmbH are still pending before the District Court in Frankfurt am Main.

More advanced train-path pricing system introduced

DB Netz AG presented the new payment system for the train-path pricing system (TPS) for 2017 at a central customer event. EU directive 2012/34 requires the further development of TPS, which has to be implemented in national law by mid-June 2015. The basis for future pricing schedules is formed by the costs incurred directly by train operations. To the degree that the market can bear this, DB Netz AG can raise surcharges to cover the full costs. Distinctions will be drawn among transport volumes and market segments.

Modernization continues in the existing network

F3 ◂ P. 152 P. 175 ▸

We pushed ahead with the modernization of our existing network during the year under review, renewing about 3,000 km of tracks, more than 2,300 switches, about 2 million railway ties and about 4 million tons of ballast. We bundled together the 755 most extensive construction measures within 65 corridors in order to reduce the number and duration of suspensions of service due to construction work. This was carried out on the Hanover–Hamburg, Frankfurt–Fulda, Munich–Salzburg and Karlsruhe–Mannheim lines, and also in the Leipzig rail hub, for example.

During the year under review, the Federal Government provided an additional € 250 million for maintaining and renovating infrastructure, especially bridges. LUFV II [PAGE 89] will bring additional funds into the network in the coming years.

Progress with regard to new construction and expansion measures

LEIPZIG RAIL HUB

Construction work to connect the Leipzig main station to the Nuremberg–Leipzig–Berlin project (German Unity Transport Projects (VDE) 8) reached an important milestone. Most of the measures were completed in 2014: four platforms, 7 km of tracks, 35 switches, 35,000 tons of ballast,

15,800 meters of new overhead lines, and a third and fourth railway bridge. With the commencement of operations on the new Erfurt–Leipzig/Halle line, as part of the VDE8 project, and the connection of the Leipzig main station in December 2015, travel times will become significantly faster between some destinations.

New track segment opened between Stelle and Lüneburg

The Stelle–Lüneburg line was expanded to allow more transports, especially from the ports and for more frequent regional transport service in the state of Lower Saxony. Overall, the Federal Government and DB Group invested about € 350 million in the expansion of the 27-km-long section, which is co-financed by the EU using European Regional Development Funds. The state of Lower Saxony was also an investor in station construction. The overall project included an additional 17 km of newly built sound barriers for more noise reduction.

START OF CONSTRUCTION ON THE FALKENBERG TUNNEL

Construction began in March on the 2.5-km-long Falkenberg tunnel. The new tunnel, which consists of two tunnel tubes, is part of the Hanau–Aschaffenburg–Würzburg line and will replace the Schwarzkopf tunnel as of 2017. The new line section is about 8 km long. The tunnel's position reduces noise emissions significantly.

The Hanau–Nantenbach expansion line is part of the approximately 112-km-long Main-Spessart line between Hanau and Würzburg. This is one of the busiest train-paths and is used by about 200 trains each day.

MASCHEN MARSHALING YARD MODERNIZED

The Maschen marshaling yard serves as an international gateway to Scandinavia, with direct connections to Denmark and Sweden, and plays a key role in particular for the hinterland connection of the major north German seaports. Over 120 km of track, as well as control technology for shunting operations, were completely renovated in the last five years at a cost of more than € 230 million. Today, there are already up to 150 arriving and departing freight cars processed every working day in Maschen.

Other events

— The first of five 160-ton emergency cranes was handed over in Leipzig. With expenditures of about € 35 million, we are ensuring rapid restoration of track availability in the event of disruptions.

DB NETZE TRACK	2014	2013	Change absolute	Change %	2012
Punctuality of DB Group (rail) in Germany (%)	94.3	94.0	-	-	94.4
Punctuality in Germany [1] (%)	94.2	93.8	-	-	94.3
Customer satisfaction (SI)	71	72	-	-	73
Length of line operated (km)	33,281	33,295	-14	-	33,319
Train kilometers on track infrastructure (million train-path km)	1,043	1,033	+10	+1.0	1,038
thereof non-DB Group customers	260.9	247.1	+13.8	+5.6	230.4
Share of non-DB Group customers (%)	25.0	23.9	-	-	22.2
Total revenues (€ million)	4,951	4,769	+182	+3.8	4,716
External revenues (€ million)	1,118	1,024	+94	+9.2	981
Share of total revenues (%)	22.6	21.5	-	-	20.8
EBITDA adjusted (€ million)	1,503	1,556	-53	-3.4	1,822
EBIT adjusted (€ million)	562	665	-103	-15.5	894
Operating income after interest (€ million)	207	266	-59	-22.2	453
ROCE (%)	3.1	3.7	-	-	5.0
Capital employed as of Dec 31 (€ million)	18,065	17,929	+136	+0.8	17,895
Net financial debt as of Dec 31 (€ million)	10,698	10,556	+142	+1.3	10,485
Redemption coverage (%)	10.7	10.9	-	-	13.1
Gross capital expenditures (€ million)	5,261	5,333	-72	-1.4	5,033
Net capital expenditures (€ million)	1,113	1,080	+33	+3.1	962
Employees as of Dec 31 (FTE)	43,382	42,206	+1,176	+2.8	41,400
Employee satisfaction - index	3.7	-	-	-	3.6
Share of women in Germany as of Dec 31 (%)	16.8	16.5	-	-	16.1
Health rate in Germany (%)	95.0	94.8	-	-	95.1
Coverage of external staffing needs in Germany (%)	98.4	99.6	-	-	99.0
Track kilometers noise remediated in total [2] (km)	1,400	1,300	-	-	1,200

[1] *Non-DB Group and DB Group train operating companies.*

[2] *Rounded figures.*

DEVELOPMENT IN THE YEAR UNDER REVIEW

— Positive effects from higher demand and price measures.
— Adverse effects due to the GDL strikes and storm Ela.
— Lower expenses for winter services due to mild weather.

Punctuality improved for non-DB Group and DB Group train operating companies in Germany during the year under review thanks to more favorable weather conditions and measures from the CUSTOMER AND QUALITY INITIATIVE [PAGE 94].

MEASURES 2014

- Introduction of the interactive "KiGb@u" platform for customer information in major construction projects.
- Online ordering option for service institutions.
- Optimization of dispatching process by improving incident forecasting.

To assess customer satisfaction at DB Netze Track, 240 customers are asked each year about their satisfaction with all of the services offered to them. Overall satisfaction has only fluctuated minimally for several years at a satisfaction index of around 72.

In the year under review, train kilometers on track infrastructure climbed due to higher demand from non-DB Group customers from regional and freight transport. Adverse effects came from a decline in demand from DB Group customers, the effects of storm Ela, and the GDL strikes.

Total revenues increased due to positive price and volume effects. The development of external revenues, along with price effects, reflects the increases in demand from non-DB Group railways, which resulted from newly won transport contracts in regional transport as well as from growth in rail freight transport.

Other operating income (–3.8%) fell due to factors including the absence of compensation payments from the Federal Government for the previous year's flooding. This was offset primarily by compensation payments connected to cartel proceedings.

MEASURES 2014

- Design of workplaces for ageing and older workforce in the railway tie plant in Schwandorf, Germany.
- Education budget significantly increased, also for generic training.

Cost of materials (+1.1%) grew in the year under review mainly because of increased maintenance expenses (storm Ela and a run-up to maintenance services). This development was impacted by lower expenses for winter services and energy.

Personnel expenses (+5.3%) rose significantly due to higher numbers of employees as well as wage increases.

The increase in other operating expenses (+5.8%) is attributable to such factors as increased personnel-related and IT expenses in line with the increase in the number of employees. Depreciation (+5.5%) climbed because of factors such as the absence of reversal effects in connection with the replacement of defective concrete ties in the previous year.

In total, expense items exceeded revenue growth, so that adjusted EBITDA and adjusted EBIT decreased.

Lower interest expenses led primarily to an improvement in operating net interest income. Accordingly, the decline in the operating income after interest came out much lower.

The drop in adjusted EBIT and the slightly increased amount of capital employed led to a decrease in ROCE.

Increased net capital expenditures and weaker development of profits led to a rise in net financial debt. Adjusted net financial debt also rose. With a slight reduction in operating cash flow caused by the results, redemption coverage also deteriorated somewhat.

Gross capital expenditures declined slightly due to decreasing project performance. Lower subsidies from EU funds were compensated for by the use of our own funds. This caused net capital expenditures to climb.

MEASURES 2014

- ProNetz energy management program set up to sustainably lower energy consumption in stationary facilities.
- Cooperation with environmental organizations to further develop technical regulations to improve avian protection in overhead line systems.

The number of employees rose due to new hires in operations and maintenance, as well as a result of high manufacturing penetration in track services. During the year under review, a total of about 3,000 employees and about 870 vocational trainees were hired; employee attrition had an opposite effect.

Employee satisfaction, as reported in the second employee survey in the year under review, improved due to implemented measures from the follow-up workshops for the 2012 employee survey.

The share of women climbed. Work is being done on attaining our goals of increasing our attractiveness as an employer and strengthening employee satisfaction.

Health promotion actions had a positive effect on health rate.

In the year under review, a noise remediation program reduced noise on an additional 100 km of track. Overall length has now risen to about 1,400 km.

DB Netze Stations business unit

BUSINESS MODEL

DB Netze Stations is the largest station operator in Europe. In addition to the core business – the development and operation of stations – the business unit offers mobility-oriented services associated with stations. With over one million m² of leasing area, we are among Germany's largest commercial landlords.

Each day, more than 400,000 trains from 119 customers bring about eight million passengers into our stations. We set priorities in the areas of safety, service and cleanliness so that we can offer customers a high degree of quality. Railway operations and safety are coordinated through 3S centers. Station management takes care of facility management and services associated with stations. Operative facility management services are performed primarily by service providers inside DB Group.

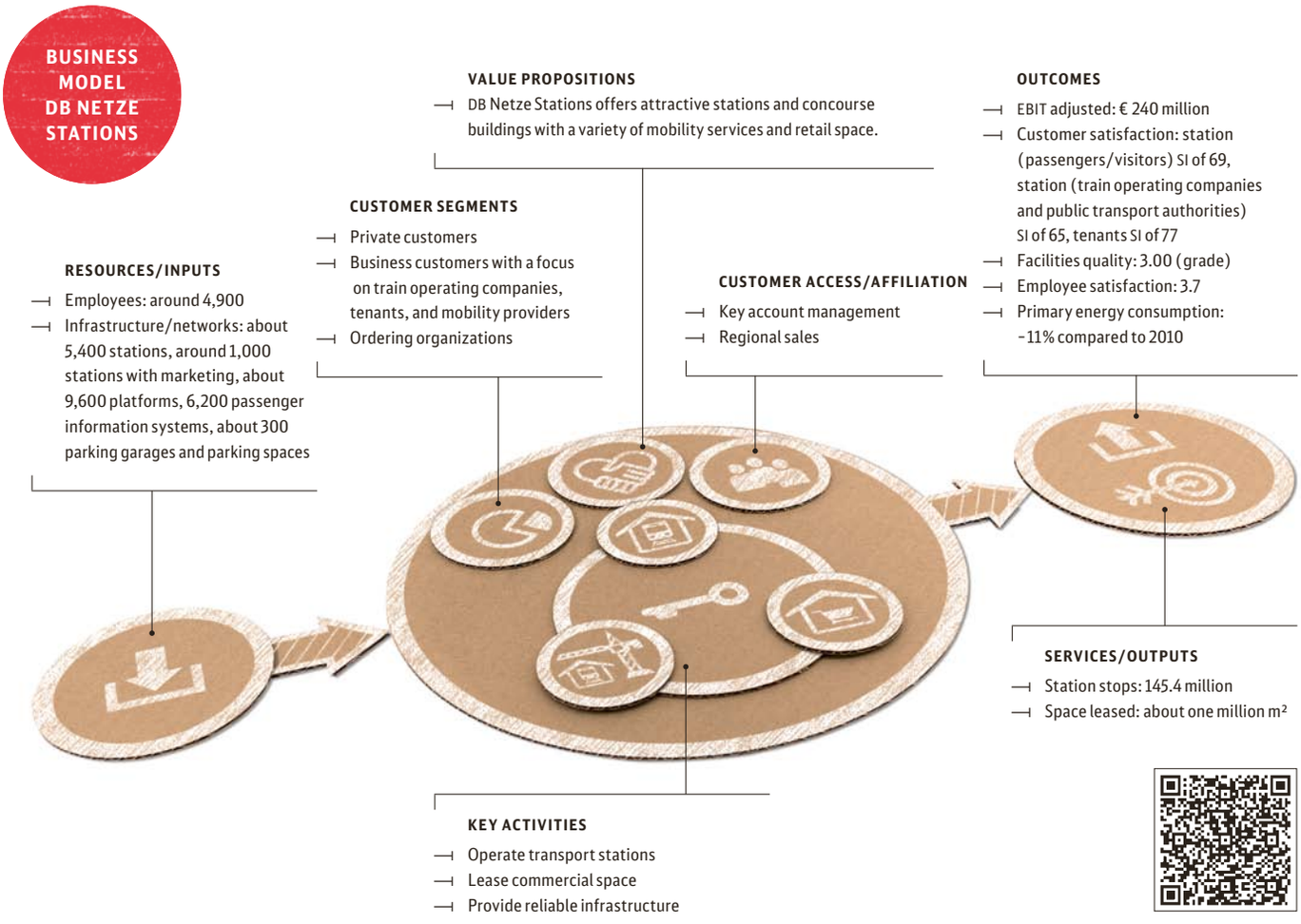
The cost structure in infrastructure is determined in particular by fixed costs. The number of stopping points is one of the most important cost drivers. The use of resources for operation and maintenance is very much influenced by specific facility characteristics, requirements relating to operational opening hours, and the degree of rationalization in operating business activities. Capacity utilization is measured by the number of station stops.

Sources of income are revenues from station stops (regulated) and income from leasing out commercial space (not regulated). Revenues from station stops make up about 70% of total revenues.

Key resources include attractive stations and concourse buildings in central locations. Our most important regulatory partners are the Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railway and the Federal Railway Authority.

MARKETS AND STRATEGY

Passenger stations are increasingly becoming meeting places in today's mobile society and forming the hub of intermodal transport systems. With its about 5,400 stations, DB Netze Stations has contributed greatly to this development.



Our vision of stations as hubs for people and mobility is tangible in our "Stations2020" strategy.

- ECONOMIC dimension: With regard to customer and quality, we consider the linking of further transport products to our stations to be a core aspect of the development of the intermodal transport system of the future. Stopping points for long-distance buses, and charging infrastructure for electric cars and e-bikes, mean that stations also constitute an essential element of urban infrastructure. In addition to increasing WiFi access, we are also driving forward the development of modern video technology and focusing on improving our customers' sense of security. We are continuing to pursue our goal of improving customer satisfaction by increasing accessibility and are gradually weatherproofing our stations and providing passengers with dynamic travel information.

  Our profitable growth is based on new marketing concepts, consistent cost management and working together with partners in leasing.
- SOCIAL dimension: Key priorities for us are employee satisfaction and our employer attractiveness. We address these topics in the context of fields of action identified in the course of employee surveys. We regularly include our employees in the "Stations 2020" strategy and promote development through our training fund. We are also improving work-life balance through operating working time projects.
- ENVIRONMENTAL dimension: By 2020, we want to have reduced absolute primary energy consumption by 14% compared to 2010. We are promoting the use of environmentally friendly facilities and building technologies as an operator of a complex portfolio of systems. When modernizing old buildings or constructing new ones, for example, we investigate the use of innovative lighting technologies, geothermal energy production, combined heat and power generation, or photovoltaic systems at all sites.

EVENTS IN 2014

Opening of the green station in Horrem

GRI EN5 EN6

GRI Europe's first CO_2-neutral station was opened in Horrem in June 2014. This "green station" combines customer comfort with sustainability and serves as a practical test for innovative technologies. A photovoltaic array with a surface area of 340 m² delivers CO_2-free electricity with an output of 31,000 kWh/a. A geothermal system heats and cools the building by means of a heating pump. The green roof captures rainwater and uses it for toilet flushing. The station is made primarily of wood, supplemented by steel elements. Efficient LED lights and lots of daylight ensure illumination.

GRI EN5 EN6

Testing innovation in stations

- In early 2014, we created an area to try out innovations in stations, the STATION OF THE FUTURE AT BERLIN SÜDKREUZ [PAGE 277] program, to work with partners to test innovative mobility, information and energy concepts. These innovations include the production of electricity from renewable energy sources that is then used to power the station.
- In the second half of the year, we piloted a mobility monitor at the Berlin Südkreuz station that offers dynamically provided information about connections for different modes of transport. We also launched an electronic display that informs passengers about wagon location and numbers in real time, including short-notice changes. Further information is also made available.
- Passengers can get information services via video at the Horrem station. At the push of a button, they are connected with a customer service representative who can help them. We are testing the acceptance of these services in a pilot project at smaller stations.

Expanding information for passengers

The beginning of September 2014 saw the 6,000th dynamic visual display (dynamische Schriftanzeiger; DSA) go into service. There are about 3,800 stations throughout Germany that are now equipped with these displays.

We set up a project in 2014 to create long-term quality improvements in information for passengers. This program develops and implements DB Group's vision and strategic targets for passengers' information of the future. The project is consistently exploiting the opportunities of digitalization to develop and introduce innovative products and solutions, across all information channels, with the target of providing consistent, up-to-date and reliable information for passengers.

Framework agreement for station modernization

- We concluded a framework agreement with the Federal state of Bavaria in July that governs the principles and basic conditions for the realization and financing of further accessibility expansions at passenger stations by 2018.
- We concluded a "Lower Saxony is next! 3" framework agreement with the state of Lower Saxony and the Lower Saxony Public Transport Authority in December. The program will continue until 2025.

Successful implementation of construction measures

Numerous station modernizations began or ended in 2014. The enhancement of accessibility continued to be a priority topic. A total of 50 stations were renovated with step-free access.

- The feeder level in Hamburg-Altona has been undergoing modernization since January. The entire structural and technical infrastructure will be renovated by the end of 2015.
- The Hünfeld station was opened in March after accessibility modernization. The Pro-Rail Alliance crowned it the most attractive small-city station for 2014.
- The Dresden main station has offered 43 retail and gastronomy providers over 11,000 m² since May.
- The modernized S-Bahn (metro) feeder level in Munich's main station was opened in September.
- The entryway pavilion at the new concourse building in Berlin-Gesundbrunnen was opened in October.

Free WiFi access in stations

It is now possible to enjoy 30 minutes of free WiFi at 126 stations. This service has been well received, with minutes of usage doubling in comparison to last year. In order to further improve the WiFi networks, the wireless technology in the 24 most heavily visited stations was updated.

Development of long-distance bus infrastructure

Our first long-distance bus station was opened in early 2014 at the Berlin Südkreuz station, offering outstanding connections to other modes of transport in the public network. More long-distance bus stations began operations in the Kassel-Wilhelmshöhe, Bamberg, Garmisch-Partenkirchen and Berlin Ostbahnhof stations. Additional locations will follow.

DB NETZE STATIONS	2014	2013	Change absolute	Change %	2012
Passenger stations	5,383	5,373	+10	+0.2	5,350
Station stops (million)	145.4	143.2	+2.2	+1.5	143.4
thereof non-DB Group customers	28.5	27.1	+1.4	+5.2	26.5
Facilities quality [1)] (grade)	3.00	3.03	-	-	3.05
Customer satisfaction station (passengers/visitors) (SI)	69	67	-	-	69
Customer satisfaction station (TOCs and public transport authorities) (SI)	65	65	-	-	59
Customer satisfaction tenants (SI)	77	74	-	-	73
Total revenues (€ million)	1,172	1,119	+53	+4.7	1,102
thereof station revenues (€ million)	782	756	+26	+3.5	738
thereof leasing income (€ million)	325	312	+13	+4.2	307
External revenues (€ million)	464	428	+36	+8.4	416
EBITDA adjusted (€ million)	375	363	+12	+3.3	359
EBIT adjusted (€ million)	240	229	+11	+4.8	230
ROCE (%)	8.4	7.8	-	-	7.9
Capital employed as of Dec 31 (€ million)	2,861	2,936	-75	-2.6	2,906
Net financial debt as of Dec 31 (€ million)	1,352	1,429	-77	-5.4	1,406
Redemption coverage (%)	23.1	20.7	-	-	20.0
Gross capital expenditures (€ million)	559	617	-58	-9.4	552
Net capital expenditures (€ million)	129	157	-28	-17.8	178
Employees as of Dec 31 (FTE)	4,867	4,835	+32	+0.7	4,797
Employee satisfaction – index	3.7	-	-	-	3.6
Share of women in Germany as of Dec 31 (%)	47.7	46.9	-	-	46.4
Health rate in Germany (%)	93.9	93.5	-	-	93.7
Coverage of external staffing needs in Germany (%)	100	97.7	-	-	97.9
Reduction of absolute primary energy consumption (stations) compared to 2010 (%)	11	9	-	-	7

[1)] *Preliminary figure for 2014.*

DEVELOPMENT IN THE YEAR UNDER REVIEW

- Increase in demand from non-DB Group railways.
- Expansion in the rental of space.
- Adverse effects from higher expenses for personnel and maintenance.

The number of station stops increased during the year under review due to increased demand from both DB Group and non-DB Group customers. DB Group-internal growth was driven primarily by the commencement of operations of the S-Bahn (metro) Mitteldeutschland network and the Leipzig city tunnel at the end of 2013.

The assessment of facilities quality is carried out on-site using a detailed calculation and weighting algorithm, resulting in an evaluation of active facilities. This value improved slightly.

MEASURES 2014

- Improvement of accessibility by modernizing station infrastructure.
- Launch of the 6,000th dynamic visual display.
- Improvement of WiFi functionality by updating wireless technology in the 24 most-frequented stations.

To assess customer satisfaction, about 29,000 passengers are asked each year, in two waves, about their satisfaction with the stations, and about 60 tenants and about 90 public transport authorities are surveyed about their satisfaction. The positive development shows that the measures we have implemented to increase satisfaction are now bearing fruit.

The increase in total revenues is due to higher station revenues resulting from volume and price factors as well as higher rental and leasing revenues. Expansions in the leasing business and price effects had a positive effect here. External revenues also mirrored the increase in demand from non-DB Group railways and the expansion of the leasing business.

Other operating income fell significantly as a result of a decrease in the subsidies awarded for projects. Lower income from the sale of property, plant and equipment at unused concourse buildings, as well as reversals of provisions in the previous year, had adverse effects.

The cost of materials rose slightly (+0.6%). Higher maintenance expenses were largely offset by lower expenses for winter services due to the mild winter and energy costs.

Personnel expenses (+4.1%) increased primarily due to collective wage agreements. Depreciation (+0.7%) remained nearly unchanged at the previous year's level.

Overall, revenues climbed more significantly than expenses, which means that the operating profit figures improved. The positive development of profits, in addition to a decline in capital employed, led to an improvement in ROCE. Lower fixed assets were decisive for the decline in capital employed.

Net financial debt declined significantly due to an earnings-related increase in operating cash flow, combined with lower net capital expenditures. This had a positive effect on the redemption coverage.

MEASURES 2014

- Pilot operation of an electronic roster and a shift exchange platform with personal access started.
- "MEGA Management, experienced and designed by trainees," a pilot project station, started to encourage more responsibility in training.

Capital expenditures declined significantly in comparison to the previous year due to the conclusion of major projects. This includes, for example, the Leipzig city tunnel.

The number of employees was slightly higher year-on-year as a result of new hires, especially in construction and facilities management.

Employee satisfaction improved due to implemented measures from the follow-up workshops for the 2012 employee survey.

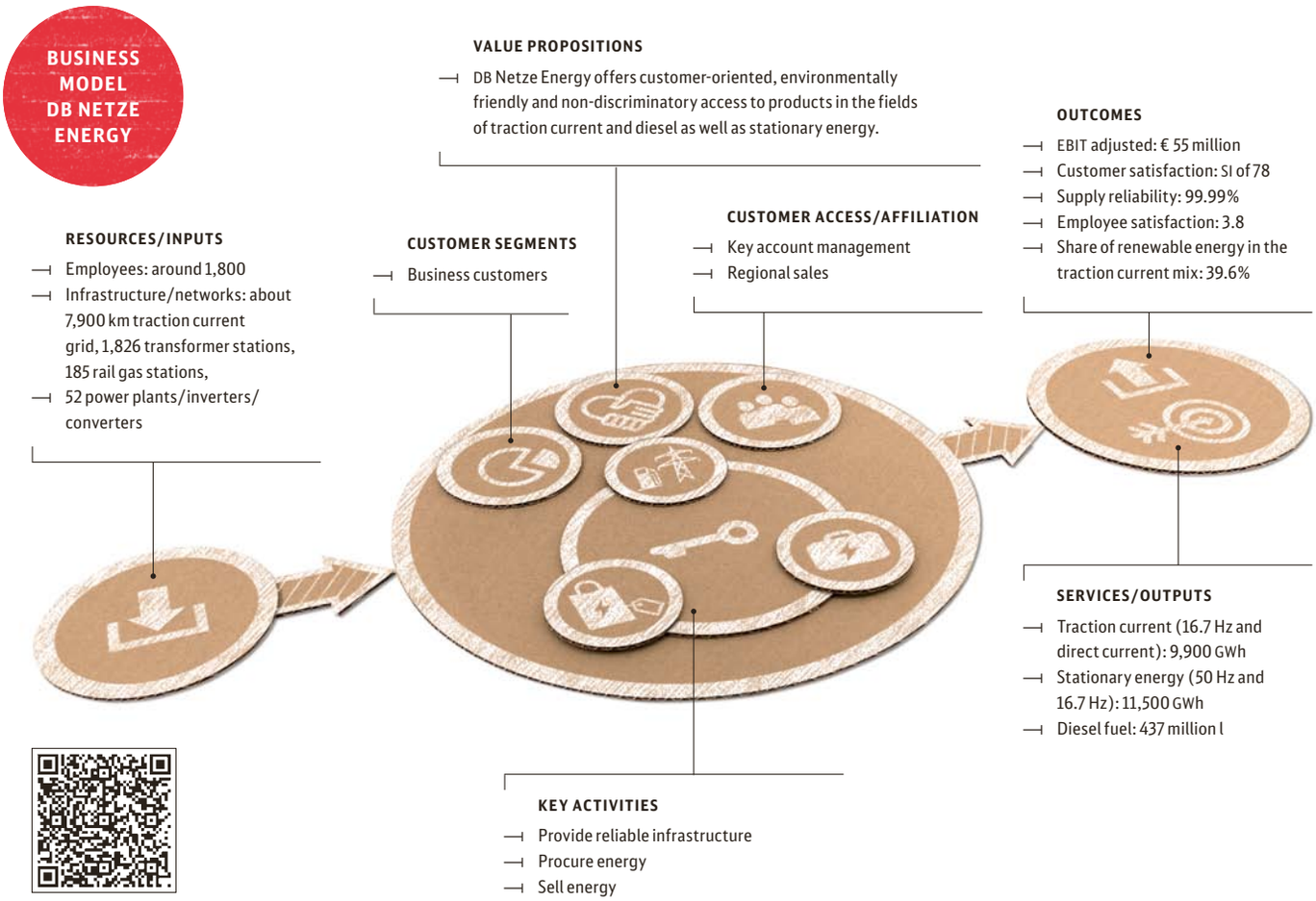
The high share of women climbed slightly due to disproportionately higher hiring of women.

Health rate improved slightly year-on-year thanks to successfully implemented measures.

Continual energy-related improvements in existing facilities and buildings was a pivotal factor for reducing primary energy consumption. Along with facilities optimization in existing properties, new technologies are increasingly being included in new construction, such as regenerative elevators and escalators and innovative energy-saving lighting, which means that overall energy consumption went down despite a rise in facility inventory.

MEASURES 2014

- Heating and cooling systems optimized in terms of energy and combined heat and power plants built.
- About 100,000 LED and eco-lights used for platforms and stations illumination.
- About 5,500 illuminated station signs, orientation signage, clocks and display cases converted to energy-saving LED technology.



DB Netze Energy business unit

BUSINESS MODEL

DB Netze Energy offers all of the conventional industry energy products in Germany in the fields of traction energy and stationary energy. These include traction current and diesel for rail transport, as well as electricity, gas and heat to stations and other DB Group properties. Furthermore, DB Netze Energy supplies industrial customers throughout Germany with a broad array of electricity and gas products. The service portfolio is rounded out with energy efficiency consulting and technical services.

The technical backbone of traction current in Germany is DB Netze Energy's traction current grid, which offers a high level of supply reliability. Traction current plants, converters and transformers feed the required electricity into the traction current network. Grid fees have to be paid for the non-discriminatory use of traction current network. These fees are subject to regulation by the Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railway. A second important pillar is the Germany-wide network of gas stations, some of which can also be used by road vehicles.

The core competencies of DB Netze Energy are both its experience in energy efficiency as well as its position as a integrated provider of energy.

DB Netze Energy offers its customers an increasing share of renewable energy in the traction current mix. DB Netze Energy also offers a charging infrastructure for electric vehicles.

The cost structure in infrastructure is determined in particular by fixed costs. Among the most important cost drivers are the type and extent of the infrastructure facilities. The use of resources for the operation and maintenance of this infrastructure is very much influenced by specific facility characteristics and the degree of rationalization in operating business activities.

MARKETS AND STRATEGY

The main responsibilities of DB Netze Energy are to guarantee a reliable supply of power to meet the energy requirements of train operating companies and the sustainable procurement of energy. The business unit has a high-performance infrastructure for the provision of electricity and diesel to mobile and stationary consumers. By means of structured energy procurement and the effective control of auxiliary energy costs, our aim is to compensate for the risks of volatile commodity prices as well as change in taxes and fees as much as possible.

- ECONOMIC dimension: Our excellent level of supply reliability is the central component of our strategic direction with regard to customer and quality. Every year to date, we have exceeded the supply reliability 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.

  As a profitable market leader in the railway energy industry, DB Netze Energy uses the know-how available to it in order to provide market-oriented services to meet the demand from external industrial and commercial enterprises for qualified assistance in the procurement of electricity and gas.
- SOCIAL dimension: DB Netze Energy wants to ensure a high level of employee satisfaction. We are promoting an intensive exchange within the business unit and supporting the cultural development process by means of transparent information and communication. Furthermore, we have also developed measures to respond to the challenges of demographic change. For example, we are taking care to ensure that our employees remain employable. We also want to improve work-life balance by offering attractive working conditions.
- ENVIRONMENTAL dimension: DB Netze Energy continues to pursue its vision of meeting 100% of our traction current requirements with renewable energy by 2050. Customers today are already able to take advantage of products based entirely on renewable energy. In order to meet demand for eco-power, supply agreements have been concluded for electricity from hydroelectric and wind power sources. In addition, DB Netze Energy is also committed to increasing energy efficiency throughout DB Group and is the driving force behind innovative energy solutions such as electromobility.

EVENTS IN 2014

Opening the traction current grid

DB Netze Energy is the first rail infrastructure company in Europe to fully liberalize traction current supply and to open up possibilities to change for train operating companies. DB Netze Energy introduced traction current grid access rules on July 1, 2014 in line with the market, thereby enabling train operating companies and energy suppliers to freely choose their electricity provider on the basis of energy-efficient railway operations regulations.

New traction current pricing system

In December 2013, the EU Commission stopped the cartel proceedings to review the traction current pricing system (Bahnstrompreissystem; BPS) due to a commitment between the EU and DB Group. This commitment anticipates dispensing with volume- and term-related rebates, unlike the previous BPS. These guidelines were implemented in the new BPS, which was introduced on July 1, 2014. At the same time, the fees published in the new traction current pricing system for the use of the traction current grid by train operating companies are one-to-one with their individual utilization structure. A so-called backslide provision is still offered. This is relevant for all train operating companies that do not have a written supplier contract with DB Netze Energy or other traction current suppliers and with which a contract is concluded by conduct implying an intent to draw traction current from the overhead wire.

Traction current grid becomes a solid-state grid

An electricity energy network (grid) is described as a solid-state grid (SSG) whenever it is entirely or primarily fed by electronic power converters (transformers, solid-state). Stable grid operation is carried out by converter-control algorithms. The mass that is lacking in an SSG enables a new dimension of energy efficiency. With the commencement of operations of converter blocks in Datteln, the traction current grid has completed a decisive step towards SSG, because it is especially during low-load times that the DB Netze Energy grid is fed primarily from converters. This means that today's 16.7 Hz traction current grid is the most modern grid in the world, and also the technological vanguard for future energy systems.

Higher Renewable Energy Sources Act surcharge

Contrary to the practice to date, the surcharge in accordance with the RENEWABLE ENERGY SOURCES ACT [PAGE 90] will in the future cover all traction current, i.e. also the 16.7 Hz energy generated at the traction current plants.

DEVELOPMENT IN THE YEAR UNDER REVIEW

- Increasing energy efficiency in rail transport.
- Share of renewable energy in the traction current mix increased further.

DB NETZE ENERGY	2014	2013	Change absolute	Change %	2012
Supply reliability [1] (%)	99.99	99.99	-	-	99.93
Customer satisfaction (SI)	78	78	-	-	77
Customer satisfaction traction current and diesel (SI)	77	77	-	-	75
Customer satisfaction electricity and gas plus (DB Group customers) (SI)	76	75	-	-	-
Customer satisfaction electricity and gas plus (non-DB Group customers) (SI)	80	81	-	-	-
Traction current (16.7 Hz and direct current) (GWh)	9,887	10,194	-307	-3.0	10,403
Stationary energy (50 Hz and 16.7 Hz) [2] (GWh)	11,487	9,698	+1,789	+18.4	10,657
Diesel fuel (million l)	436.7	459.0	-22.3	-4.9	469.8
Total revenues (€ million)	2,797	2,775	+22	+0.8	2,870
External revenues (€ million)	1,073	928	+145	+15.6	1,080
EBITDA adjusted (€ million)	123	161	-38	-23.6	173
EBIT adjusted (€ million)	55	71	-16	-22.5	91
ROCE (%)	5.9	7.8	-	-	9.4
Capital employed as of Dec 31 (€ million)	938	909	+29	+3.2	969
Net financial debt as of Dec 31 (€ million)	226	179	+47	+26.3	315
Redemption coverage (%)	24.1	38.8	-	-	29.5
Gross capital expenditures (€ million)	169	156	+13	+8.3	149
Net capital expenditures (€ million)	76	83	-7	-8.4	72
Employees as of Dec 31 (FTE)	1,770	1,753	+17	+1.0	1,626
Employee satisfaction – index	3.8	-	-	-	3.8
Share of women in Germany as of Dec 31 (%)	12.9	12.0	-	-	11.5
Health rate in Germany (%)	95.9	95.8	-	-	96.2
Coverage of external staffing needs in Germany (%)	99.1	100	-	-	100
Share of renewable energy in the traction current mix (%)	39.6	35.2	-	-	24.0

[1] *Preliminary figures for 2014 and 2013.*

[2] *Previous year's figures adjusted.*

- Increasing energy surcharges due to Renewable Energy Sources Act amendments.
- Implementation of regulatory requirements in business processes and IT systems.

We were once again able to maintain our high level of supply reliability.

We survey about 250 customers a year regarding customer satisfaction. Our consistently high quality meant that we were able to maintain a good evaluation in terms of customer satisfaction.

In the year under review, demand for traction current and diesel was particularly affected by a fall in demand from DB Group customers in passenger and rail freight transport, which could only be partially counterbalanced by increases with regard to non-DB Group customers. Efficiency improvements, increased intermodal competition, and the GDL strikes also contributed to the decline in traction current consumption. Sales volume to non-DB Group customers increased significantly in the stationary energy field. Lower energy needs from internal DB Group customers had an opposite effect.

Rising sales volume to non-DB Group customers also dominated revenue development. Total revenues were adversely affected by price effects from lower energy prices, as well as a decline in demand from DB Group customers. Efficiency improvements also contributed to the decline in energy consumption. Other operating income (+25.6%) increased primarily because of additional income from intra-DB Group services, especially grid operating services as a result of last year's takeover of the traction current supply facilities of the S-Bahn (metro) in Berlin.

The cost of materials (+2.3%) rose due to volume-related higher electricity purchasing expenses, as well as adverse effects from higher energy surcharges. Lower expenses for purchasing mineral oil products had an opposite effect.

Personnel expenses increased (+4.7%) because of increased numbers of employees, as well as collectively agreed wage increases.

MEASURES 2014

- Strengthening market and service orientation by introducing a center structure.
- Ensure high supply reliability with integrated capital expenditures and maintenance strategy.

Other operating expenses rose due to increased expenses for communications services and IT services associated with adjustments to accounting systems to meet regulatory requirements.

A regulation-related adjustment of the useful life of selected energy facilities to electricity grid fee schedule led to a significant decline in depreciation (–24.4%).

Overall, these expenditures resulted in a decline in operating profit figures. The profit development, accompanied by a slight rise in capital employed, led to a significant decline in ROCE.

Net financial debt increased significantly due to higher funds commitment in working capital. Redemption coverage decreased noticeably in connection with the declining development of profits.

Net capital expenditures increased because of such factors as the German Unity Transport Projects (VDE) 8 and the expansion and renovation of the traction current grid.

MEASURES 2014

- About 100 trainee agents trained, thereby further expanding training expertise.
- "InSight DB Energy" – one-day work shadowing in different departments promotes cooperation and mutual understanding.

The number of employees climbed slightly due to new hires, especially in operative units, and to implement the requirements of energy industry regulations.

Employee satisfaction remained stable. This development should be considered positive in the context of ongoing restructuring projects for the further development of energy provisioning.

The share of women improved thanks to focused actions.

Health rate remained stable at a high level. About one-fifth of employees took part in health promotion campaigns during the year under review. These preventive measures help to increase health awareness over the long term.

We were able to recruit the skilled employees we needed from the labor market. Campaigns for high school students and at universities are providing support for focused personnel marketing measures.

MEASURES 2014

- Realization of CO_2-free mobility chains by means of the additional purchase of renewable energy.
- Intensification of energy consulting services for customers in the transport market, as well as industry and commercial customers.

The share of renewable energy in the traction current mix has increased again. This development is due primarily to the incorporation of rail energy power plant volumes into the Renewable Energy Act allocation mechanism. In addition, however, the effect was felt from a full year of green products offered in long-distance transport since April 1, 2013.

OTHER/CONSOLIDATION

- In May 2014, DB ML AG purchased 100% of the shares of Barnsdale Cartel Damage Solutions AG. Barnsdale is a special-purpose vehicle for asserting claims for damages caused by a cartel, and it has been included in the consolidated financial statements since June 1, 2014.

Business development

The Other/consolidation item primarily comprises the holding companies DB AG and DB ML AG, as well as other companies that cannot be allocated to a business unit. The increase in total revenues (+€ 69 million or +4.1%) was largely the result of an increase in internal services from DB Stuttgart–Ulm Project. Accordingly, consolidation effects also increased slightly (€ –73 million or +0.7%). Lower internal revenues at DB Netze Energy were overcompensated for by increased internal revenues at DB Netze Track, DB Netze Stations and DB Services.

The negative development of adjusted EBITDA and adjusted EBIT resulted from such factors as business developments at DB Netze Projects and DB Sales. Higher cost of material and central projects also impacted developments.

ADDITIONAL INFORMATION

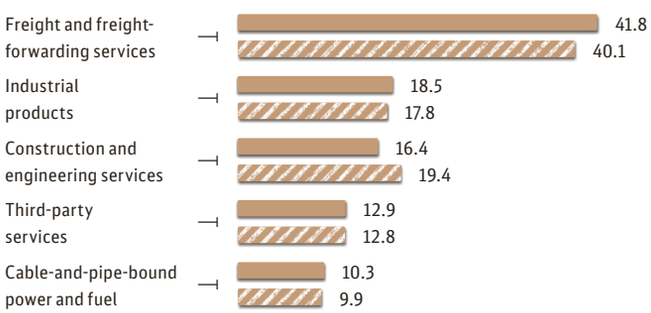
Purchasing volume was around € 23 billion
New orders for DB International
Cartel proceedings due to ticket sales

PURCHASING VOLUME

Purchasing volume was € 23.2 billion in the year under review (previous year: € 24.2 billion).

- Purchasing volume remained stable in freight and freight-forwarding services (€ 9.7 billion) and with industrial products (€ 4.3 billion).
- Construction and engineering services declined considerably from € 4.7 billion to € 3.8 billion. The decline is attributable to major orders in the previous year for the Stuttgart 21 project.
- Third-party services remained at the level of the previous year at € 3.0 billion.
- Expenditures for cable-and-pipe-bound power and fuel were at the previous year's level at € 2.4 billion.

STRUCTURE OF PURCHASING VOLUME [%]



GRI EC6

The proportion of local purchasing volume in Germany rose as high-volume orders for foreign construction and engineering services and from rail vehicle manufacturers from the previous year were not repeated in the year under review.

[€ MILLION]	2014	2013	2012
DB Group purchasing volume [1]	11,083	12,565	17,929
Local purchasing volume (%)	91	84	90

[1] *Not including DB Schenker Logistics, DB Arriva and foreign companies of DB Schenker Rail; change in method as of 2014.*

Significant contract awards

INFRASTRUCTURE

- Contracts with a total volume of € 30 million were awarded for the SV40 overall program (special rail noise protection program) in the period between 2009 and 2014 for measures using innovative noise-reduction technologies.
- A contract worth € 50 million was awarded for renewal of the command and control technology on the Lehrberg – Würzburg-Heidingsfeld track section.
- The contract was awarded for the structural work for the 4,270 m long tunnel Rastatt in the Karlsruhe – Basel new and expansion line project. The contract is worth € 312 million.
- Among other items two new framework agreements were awarded in the switches area in order to meet increasing needs and to establish service reliability for various plants: these included a four-year contract for the switches track (total volume € 138 million) and a two-year contract for large switches components (total volume € 50 million).
- A framework agreement worth € 115 million was signed for 1.5 years for rail transport services associated with the supply and waste disposal on track construction sites.
- There is a new framework agreement worth € 160 million in place for two years for the purposes of ensuring disposal of superstructure material and waste from major projects in accordance with the law.
- A series of essential framework agreements were signed for supplies to construction sites, including the supply of rails (volume: € 320 million), the supply of switches track for two years (volume: € 70 million), six framework agreements for the supply of concrete sleepers (volume: € 155 million), five framework agreements for two years for the supply of concrete switch sleepers (volume: € 130 million) along with the supply of track ballasts in 2014/2015 (volume: € 44 million).
- Two framework agreements for two years each were signed for machine rail work and maintenance: for preventive rail grinding (volume: € 150 million) and for mill scale grinding (volume: > € 25 million). The maintenance

contracts with 28 suppliers for seven regions and 34 production sites were extended to year end 2015 (volume: € 80 million).
- In order to cover requirements for construction supervision deployments, in the year under review a total of 140 regional framework agreements were signed with engineering firms. The expected award volume over a maximum term of four years is € 210 million.
- A contract was awarded for the services for the Neufahrner lot for the northern bend as part of the Erdinger Ringschluss project (regional transport connection of Munich Airport) (volume: € 45 million).
- In relation to the Nuremberg – Ebensfeld expansion line (VDE 8.11), in 2014 the planning, construction and equipment services were awarded to the volume of € 75 million.

ROLLING STOCK AND VEHICLE SPARE PARTS

- Bombardier was appointed to supply 88 DoIC double-decker passenger cars along with 17 TRAXX electric trains for long-distance transport (volume: € 284 million).
- A contract was also awarded to Bombardier for the supply of 29 Talent 2 electric multiple units for regional services (volume: € 146 million).
- Polish manufacturer PESA (Pojazdy Szynowe PESA Bydgoszcz Spółka Akcyjna) was appointed to supply 35 LINK diesel multiple units for regional services (volume: € 130 million).
- A contract was signed with Bombardier for the supply of 89 double-decker multiple units (volume: € 247 million).
- A contract was also awarded to Bombardier for the supply of seven Bombardier TRAXX diesel locomotives with multimotor drive (volume: € 27 million).

PROCUREMENT OF GENERAL REQUIREMENTS AND SERVICES

- A contract to supply the next generation of mobile terminals for train conductors was awarded to Höft & Wessel in Hanover (volume: € 14 million).
- The next generation of integrated construction project planning and control software was awarded to RIB Software in Stuttgart (volume: € 24 million).
- The framework agreement for office furniture was awarded over five years (volume: € 48 million). The wood products procured are from sustainable forestry and are manufactured in environmentally certified plants.

Procurement contributes to Group objectives

As a central Group function the Procurement division makes an essential contribution to implementation of the strategic Group objectives within the scope of the DB2020 strategy, and ensures that the business units obtain supplies using operational excellence and with optimum quality, logistics and costs.

By achieving purchase potentials we are able to make a contribution to the group target of PROFITABLE MARKET LEADER. The trend for comparatively high wage agreements in Germany continued in the year under review. Together with increases to the minimum wage and a rise in prices administered by the state (for example civil service), this continues to lead to high pressure on prices, particularly in the service sector. Price effects based on changes to the cost of raw materials remained largely inapplicable.

We are supporting the target of becoming a TOP EMPLOYER by implementing additional professional career models in the Procurement division. All employees in the relevant areas gain a clear insight into potential development pathways and the competencies associated with these as a result of the professional career model. We have developed target-group specific qualification programs over several days for the purposes of providing training for these competencies which we are also implementing.

Via the systematic work in the goods group strategy we are supporting the business units in making potential interactions between individual strategic objectives transparent. This is an essential step in becoming an ECO-PIONEER. The extent to which the environmental objectives of DB Group

are relevant is being examined systematically for the groups of goods. If there is a high degree of relevance then measures are determined in coordination with the business units in order to ensure the environmental objectives of the business units using procurement and contract award strategies.

The areas of rolling stock procurement and rolling stock spare parts were merged in 2014 so that the Procurement division will be capable of implementing its corporate mission for the DB Group units in an even more targeted and effective manner going forward.

PROCUREMENT AS A BUILDING BLOCK FOR SUSTAINABLE DEVELOPMENT

With the launch of the DB2020 strategy, Procurement has placed a greater focus on sustainable criteria and has started to concentrate on future challenges.

As a result of its appropriate procurement and award strategies, Procurement is already a central building block in enshrining consistent sustainable development in DB Group. Yet in addition to our own added volume we also want to encourage environmental and social standards in the supply chain together with suppliers.

Procurement has a lot of influence on market events and on the competitiveness of DB Group.

EXPANSION IN INTERNATIONALIZATION

Central Procurement is adapting to an increasingly global and heterogeneous supplier structure as a result of the ongoing internationalization of DB Group. Heterogeneous supplier selection enables the spreading of risk and allows competitive profitability to be maintained.

The advantages of the emerging procurement markets, particularly in Asia and Eastern Europe, were exploited for individual groups of goods in a targeted manner in the year under review. A DB Group-wide bundling of needs across all relevant business units also makes sense from an environmental point of view. Central Procurement already defines the fundamental guidelines and processes for the international business units today. International procurement teams are an additional tool in internationalization.

ADDITIONAL ISSUES RELATED TO OPERATIONS AND BUSINESS OPERATIONS

New orders for DB International

DB INTERNATIONAL has been appointed as quality and security adviser on the Kochi Metro project in India since February 2014. This involves an overhead railway more than 26 km long with 21 overhead railway stations and a depot.

Since September 2014 a project team from DB International has been providing various project management services for the construction of an underground railway in Sydney in the areas of equipment technology, vehicles, acceptance/commissioning and operation.

Other legal issues

CARTEL PROCEEDINGS DUE TO TICKET SALES

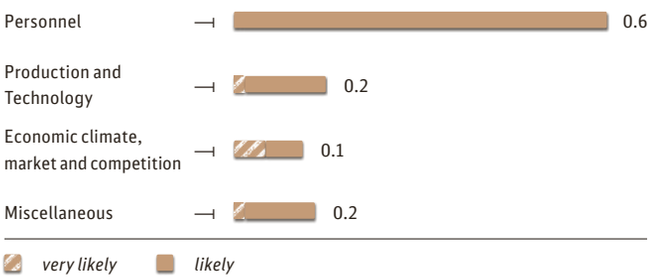
The Federal Cartel Office opened proceedings against DB AG on grounds of the suspected abuse of a market-leading position in the sale of tickets for rail passenger transport. In this context, the Federal Cartel Office has sent a questionnaire requesting information on tariff and sales cooperation with other train operating companies as well as sales commissions and sales channels. We are cooperating fully with the Federal Cartel Office and provided our responses to it on the questionnaire on March 14, 2014. DB AG has not yet received a written response from the Federal Cartel Office. The Federal Cartel Office has also requested information about market conditions and the behavior DB AG is accused of from other local/long-distance rail passenger transport companies as well as from the collective bargaining association of Federally owned and non-Federally owned railway companies in Germany.

OPPORTUNITY AND RISK REPORT

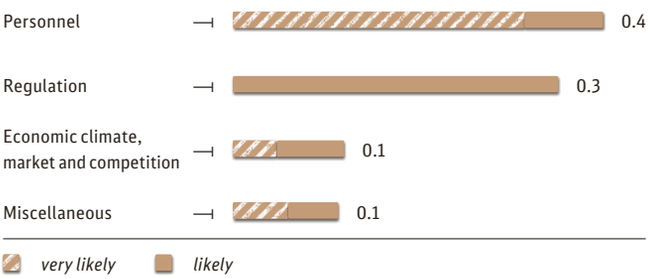
DB Group well positioned to exploit opportunities
Significant risks in the areas of personnel and regulation
Portfolio without any risks to DB Group as a going concern

ASSESSMENT OF RISK POSITION BY CATEGORY

RISK PROFILE 2014 FINANCIAL YEAR AS OF DEC 31, 2013 [€ BILLION]



RISK PROFILE 2015 FINANCIAL YEAR AS OF DEC 31, 2014 [€ BILLION]



MORE DETAILS PAGE 170 FF.

GRI 4.9

OPPORTUNITY AND RISK MANAGEMENT WITHIN DB GROUP

The principles of risk management are laid down by the Group headquarters 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 (RMS) 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 German Law on Corporate Governance and Transparency (Gesetz zur Kontrolle und Transparenz im Unternehmensbereich; KonTraG).

Our opportunity management efforts are mainly derived from the targets and strategies of our business units. Operational management personnel in the business units are primarily responsible for the early and regular identification, analysis and management of opportunities. These activities are an integral element of the Group-wide planning and controlling system. We focus intensely on detailed analyses of our markets and competitors, market scenarios, relevant cost drivers and critical factors for success, including those within our political and regulatory environment. Concrete opportunities for specific business units are identified and analyzed from these.

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

Our RMS is complemented by a Group-wide internal control system (internes Kontrollsystem; IKS) that also includes the accounting process. To the extent that compliance is deemed to be appropriate, the components of our IKS take into account the principles of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) publication: "Internal Control – Integrated Framework" in its revised version of 2013. The COSO model is a generally accepted theoretical framework that divides an IKS across all levels of an organization into five essential components and assesses them individually. Based on this, our accounting-related IKS is a continuous process, based on fundamental mechanisms such as system-technical and manual coordination, separate and clear definition of functions and monitoring of compliance and further development of guidelines and specific operating procedures that are applicable throughout the Group.

In addition to the instruments listed above, the accounting-related control mechanisms include a Group-wide, uniform reporting system based on standard Oracle Hyperion Financial Management (HFM) software and regular updating of the relevant accounting directives and accounting systems.

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 IKS. Auditing measures are taken as well when the stocktaking of property, plant and equipment as well as inventories is done. In addition to these measures, the Audit and Compliance Committee and the Supervisory Board monitor the accounting process and the effectiveness of the IKS.

In line with a binding schedule, the accounting-relevant issues are dealt with in the local 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 system.

The management of the companies included in the consolidated financial statements and of the individual business units verifies among others the completeness and correctness of data relevant to the financial statements, using a quarterly internal reporting process. Confirmation is also given that the executives responsible have implemented the centrally defined IKS for reporting and, where appropriate, have supplemented these with their own documented control and monitoring instruments.

Management assessment of the risk situation

The assessment of the current risk situation is based on our RMS. During the year under review, the key risks of DB Group were in the areas of personnel, regulation, the economic climate, market and competition. Compared to the previous year, the overall risk position in relation to the forecast for the respective following year reduced slightly in the year under review (€ –0.2 billion).

For the forecast of DEVELOPMENT IN THE 2015 FINANCIAL YEAR [PAGE 181 FF.] including countermeasures, risks amounting to € 0.9 billion exist (thereof very likely (vl): € 0.4 billion). These risks are primarily due to the areas of personnel (€ 0.4 billion; thereof vl: € 0.3 billion), regulation (€ 0.3 billion; thereof vl: € 0.0 billion) as well as the economic climate, market and competition (€ 0.1 billion; thereof vl: € 0.0 billion).

Third-party assessments also play an important role in the overall risk assessment. Alongside the internal risk assessment system, the DB Group's creditworthiness and default risk is rated by RATING AGENCIES [PAGE 100] Moody's and S&P. Their external assessments of the overall risk position of DB Group are reflected in the good ratings.

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 and the active management of key risk categories help limit risks within DB Group.

Key strategic opportunities and risks were identified at the business unit level and stored in the course of the SMP for operationalization with measures.

OVERVIEW OF OPPORTUNITIES AND RISKS

GRI 1.2

DIGITALIZATION
Improvement of digital services for internal processes and customer offers.
PAGE 176

ONLINE PORTAL/APPS
Loss of interface with customer, greater price transparency.
PAGE 171

LIBERALIZATION
Market liberalization in Europe offers growth opportunities.
PAGE 176

WORKING ENVIRONMENT
HR policy geared to life phases.
PAGE 176

COMPETITION
Changed price perception for mobility services.
PAGE 171

LACK OF SKILLED EMPLOYEES
Competition for well-trained young staff.
PAGE 173





LINKAGE
Increasing linkage between modes of transport.
PAGE 171

INCREASE FUNDS FOR INFRASTRUCTURE
Improve the quality of infrastructure and its capacity.
PAGE 175

MARKET CHANGES
Shift and change of importance of industries and markets.
PAGE 171 F.

INNOVATIVE TECHNOLOGIES
Decrease in transport flows.
PAGE 171 F.

GREEN PRODUCTS
Positive perception through environmental unique selling points.
PAGE 177

CLIMATE CHANGE
Damage to infrastructure through more frequent extreme weather events.
PAGE 175

Our business activities bring not only opportunities, they also carry risks. For this reason, our business policy aims to take advantage of opportunities while also actively managing any risks identified within the framework of our risk management system.

The information processing required for this takes place within our integrated RMS. The system is based on the requirements of the KonTraG and is continually evolving. During the year under review there were no major methodological changes to that system.

Opportunities and risks arise in particular from trends, framework conditions and performance. Key strategic opportunities and risks were identified at the business unit level and stored in the course of the annual SMP [PAGE 72] for operationalization with measures. The SMP is the central platform for the development and definition of strategies for DB Group and its business units. It ensures the development of an integrated, Group-wide strategy and provides the linkage between strategy and planning.

MAJOR OPPORTUNITIES AND RISKS

Economic climate, market and competition

Key topics: Development of macroeconomic fundamentals/ the economic environment, inter- and intramodal competition, ordered services market for regional transport services, service offerings, penalties in regional transport, rental and sale of real estate

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 trends underlying our strategy in our operating markets.
- Macroeconomic shocks such as economic and financial crises and economic fluctuations may adversely affect our business.
- The development of key economic factors (such as disposable income or number of persons in active employment) is particularly relevant for passenger transport.
- Risks arising from the sovereign debt crisis could have adverse effects (particularly in the form of spending cuts), primarily on our activities in the DB Arriva business unit.

Developments in the competitive environment are of particular importance for DB Group:

- In long-distance transport, we are involved in tough inter- and intramodal competition, particularly with motorized individual transport as the dominant competitor, but increasingly also with long-distance bus services. Increased competition has a negative impact on price perception. This can lead to planned price measures only being partially implemented or even not at all.
- There is intense competition in regional transport throughout Europe for securing long-term contracts. The market volume here is greatly determined by the financial situation of the contracting organizations. The future financing of regional rail passenger transport beyond the year 2015 is currently being discussed on the basis of draft legislation in the Federal and state Governments.

  There is here the risk of losing tenders. To be able to succeed in this market, we are constantly working to optimize our tender management and our cost structure. What is more, depending on the contract type, there is also the risk of a loss of passengers without the possibility of being able to adapt the operating schedules.
- There is fierce intramodal and considerable intermodal competitive pressure in rail freight transport. Risks arise from the fact that competitors can operate with less expensive cost structures at the same time as enjoying greater flexibility. To address factor cost increases and business challenges in Germany, the ACTION PLAN FOR GERMANY [PAGE 140] will be continued and supplemented by additional structural measures.

F4 ◂ P. 142 P. 172 ▸

F5 ◂ P. 124 P. 171 ▸

A key component in order to face the competition is improvements in quality of service. Significant opportunities arise from the trend towards digitalization:

- We can use this to make processes in passenger transport more efficient and customer-focused.
- Customers can be offered new and improved digital services, for example in the field of passenger information.
- Online portals and apps facilitate access for customers, but also alter the price perception of mobility services.

Key sales market opportunities and risks also result from foreseeable changes in the competitive situation:

- With the rise of the sharing economy, more mobility service providers and rising cost transparency, price perception of mobility services is changing. Digital platforms are increasing cost transparency across all modes of transport. This offers the opportunity that public transport usage will become more intensive compared with a private car. But higher quality mobility services are feeling the squeeze, for example, from low-priced carpooling and the online cost comparisons.
- New online portals may result in the loss of the customer interface.
- The actual brokerage of transport capacity by transport firms could be taken over successively by online services, such as online booking platforms. In addition, it would be possible to exploit the high volume levels on booking platforms for grouping purchasing.

We are responding to opportunities and risks arising from changing demand patterns and from shifts in traffic patterns throughout the Group with intensive market observation and by continuously upgrading our portfolio and our products:

- The growth of the sharing economy may provide an opportunity to increase customer loyalty to public transport, particularly among young people. Car sharing allows a mobile life without owning a car. By offering services to this group, DB Group can exploit this change in mobility behavior.
- Digital innovations are opening up the possibility of enhancing existing products with value-added services or developing completely new logistics services. 3-D printing, for example, has potential in this regard. In any case, this will avoid the need for some transport in the future, which will lead to a fall in transport volume.
- Structural changes to our customers' production structures, as our customers are frequently faced with international competition.
- Change in customers' willingness to pay; traction (especially block trains and combined transport), for example, will become a commodity with low margins.
- Relocation and fluctuations in the importance of industries and markets requires the existing portfolio and its orientation to be continuously kept under review and developed. This leads to risks and opportunities, primarily in the logistics field.

F5 ◂ P. 171 P. 172 ▸

The demand for our products and services is partly dependent on the development of our customers' sales markets:

- Our customers' economic development dictates their need for storage and transport services, which in turn affects our freight forwarding and logistics businesses. Our 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.
- F4 Rail freight transport is partly dependent on industries that are stagnating. The decline of coal as an energy source in Germany, for example, is having an effect.
- The development of demand in rail infrastructure is dependent on rail transport's ability to compete on the upstream transport markets.

◂ P. 171 P. 172 ▸

Opportunities arise from new prospects due to change in our markets:

- The increasing networking of different modes of transport affords an opportunity to develop stations into central mobility hubs between different transport networks.
- New market segments are being created along the transport chain by new competitors such as long-distance bus services (by expanding long-distance bus stations at railway stations, for example).
- F4 The liberalization of the value chain for rail freight transport has created new market segments (such as rental of locomotives, rail cars and personnel as well as maintenance). Here we can record additional growth from existing resources (for example car fleet and workshops) and economies of scale.

◂ P. 172 P. 176 ▸

Opportunities and risks arise throughout DB Group from the potential exploitation of big data:

- Big data analytics offers the chance to better understand our customer portfolio and optimize the way we approach customers through, inter alia, customer segmentation based on big data analytics ("predictive selling") and adjustment of our portfolio of services through improved transparency when it comes to customer data.
- F5 New, efficient competitors from outside the transport sector with a thorough understanding of the digital economy could establish themselves as independent players in the transport market. With a high capacity to innovate and sizable financial resources, it is mainly companies from the ICT sector which pose a risk for incumbents.

◂ P. 171 P. 176 ▸

Production and technology

Key topics: possible technical malfunctions, technology risks (vehicles, infrastructure, IT and telecommunications) increased maintenance requirements, risk of customs offenses and thefts, noise abatement

If the quality of long-distance transport services suffers, this has an impact on production and service quality and can lead to the loss of customers. The postponement of delivery of new rolling stock causes revenue losses and additional costs.

The availability and the condition of rail infrastructure are a key prerequisite for the performance capabilities of rail transport. Building work on the network affects schedules and the production quality of carriers, part of which cannot be compensated.

In regional transport, a risk can arise from the redundancy of vehicles following the expiry or re-tendering of a transport contract. As a countermeasure, alternative possible uses are checked continuously.

To an increasing extent, the business processes of DB Group are dependent on highly available and secure information technology. In the future, an increasing proportion of business processes will be dependent on IT. This dependence also entails potential risks such as a break in the availability of IT systems or hacking of customers' data. 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. The relevant risks are systematically analyzed, evaluated and eliminated or minimized. Residual risks are documented, reported to the competent department as applicable, and monitored. The IT risk management of DB Group follows the internationally accepted ISO 27000f standard.

Loss of income and damage to image can result from credit card fraud or in the event of the online sales channel malfunctioning. In order to avoid critical gaps in security, appropriate countermeasures (such as firewalls, encryption and reserved areas of servers) have been implemented. 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.

Sufficient availability of our VEHICLE FLEET [PAGE 130] 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.

In regional transport, there is the additional risk of penalties imposed by the relevant contracting organizations if trains are canceled or punctuality targets are missed.

PUNCTUALITY [PAGE 160] 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 offenses 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 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 therefore keep up an intense dialog with our suppliers and business partners on the subject of quality. This is of particular importance in the vehicle industry.

The technical production resources used in rail transport must comply with applicable standards and requirements, which are subject to change. As a result, we may receive technical complaints concerning our vehicles. This leads to the risk that we may only be permitted to use individual series or rail car types 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.

Personnel

Key topics: future collective bargaining agreements, Group-wide labor market, pension commitments

F1 To be able to hold our own against the competition, our staff cost structure plays an important role. Our target is always to conclude competitive collective agreements in terms of the labor market and the transport market.

◂ P. 116 P. 176 ▸

Due to demographic changes and the associated lack of skilled employees, it is becoming increasingly difficult to fill vacancies with qualified personnel. This in turn leads to risks such as lack of know-how transfer and the restriction of opportunities for career development. F1

Our life-phase-oriented personnel policy gives us the opportunity to promote loyalty among employees. Flexible working time models and jobs designed specifically for the age of the employee contribute to this, as do the job security we offer and our intensive work on the corporate culture.

Diversity in the workforce can lead to more creativity and productivity. Young employees bring new ideas and concepts into the working routine. Older employees have varied and extensive experience, and pass on their knowledge to new groups of employees. In addition, in mixed teams, new perspectives and viewpoints are contributed to the solution-finding process. In the long term, and in an appropriate corporate culture, this can have an impact on the innovation capacity and performance of DB Group.

Regulation

Key topics: possible government intervention or changes in the regulatory environment (access, pricing and the railway-specific infrastructure in question unbundling requirements).

Regulation to the detriment of rail, for example due to additional legislative requirements, endangers intermodal competitiveness. 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 units (such as intervention in pricing systems) make it more difficult to control these activities from a business perspective and can therefore threaten financing contributions by DB Group to infrastructure capital expenditures.

Political risks concern particularly a tightening of existing standards and regulations affecting the railways. The structure of DB Group may also expose it to regulatory risks. These could arise on a national or a European level.

In order to respond to risks resulting from changing legal framework conditions on either a national or international level, we take an active part in the discussions and debates that take place ahead of this type of change.

Procurement/energy market

Key topics: Price trends for external procurement markets, possible full auctioning CO_2 certificates

Rising energy prices are threatening the intermodal competitive advantage of rail. 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 [PAGE 222 FF.] and entering into long-term procurement contracts. However, these safeguards also limit opportunities arising from trends in energy prices. In the event of falling energy prices, we do not benefit from the market trend and could lose intramodal competitiveness.

Due to the heavily electricity-biased energy mix of DB Group, changes in oil prices have no significant effects. However, changes in electricity prices, for example due to the EEG levy, can have a significant impact on results.

Noticeable train-path price increases by national infrastructure operators outside of Germany (for example in France) result in costs for the use of infrastructure rising significantly. Due to the intensity of competition, it is not always possible to pass on cost increases.

Capital markets and taxes

Key topics: Interest and currency risks

The expansion of our international business brings currency risks with it. This risk, however, is largely limited to the so-called translation risk, since usually there is a high regional congruence between the production and sales markets. We use original and derivative financial instruments as one means of countering interest rate, currency and energy price risks from our operating business. 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.

To prevent the counterparty default risk from financial and energy derivatives, we conclude credit support agreements (CSA) for all hedges.

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.

In addition, there are potential risks from back-tax payments from tax audits that are in progress.

Law and contracts

Key topics: Compensation claims, lawsuits, active and passive claims

As a result of delayed vehicle deliveries and vehicle defects, operating difficulties and breaches of contract or non-compliances arise with respect to contracting organizations. Higher expenditures and penalty payments combined with lower fares are the result. Damages claims against the manufacturers were therefore initiated or are in preparation.

Provisions have been made for legal and contractual risks based on an assessment of their probability of occurrence.

Opportunities arise from the discovery of cartels that operated in the past and the enforcement of claims for damages against cartel members.

Compliance with current laws, company guidelines and recognized regulatory standards is the task and duty of every DB Group employee. It is the mission of our COMPLIANCE DEPARTMENT [PAGE 55] 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. As a third-party provider of financing, the Federal Government is placing high demands on DB Group with its anti-corruption guidelines.

Significant events

Key topics: Disasters and accidents, sabotage, extortion

Our activities as a train operating company are based on a technologically complex, networked production system. 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. However, this could also result in cost risks from countermeasures.

Increasing damage to infrastructure by the accumulation of extreme weather events due to climate change lead, inter alia, to loss of income due to reduced services due to weather-related breakdowns and increased need for expenditures on preventive measures.

In order to adapt the means of production to extreme weather phenomena and to avoid restricted operating quality due to weather damage, DB Group is working with national and international experts on the adaptation of external technical regulations to altered climatic conditions. In addition, DB Group is reviewing its own rules bearing in mind the impact of a changing climate.

Other issues

PROJECT RISKS

Our measures involve not only in part huge capital expenditure volumes, but also a large number of highly complex projects. Changes in the legal framework, delays in implementation (including due to ever-more comprehensive public consultation), necessary adjustments during the frequent multi-year project periods or deviations from the ramp-up curves agreed with the Federal Government for the capital expenditures funds available can lead to project risks. The networked production structure means that these can often affect a number of business units. For example, in such cases planned modal shifts from road to rail will not be feasible. Due to the budget carry-forward principle agreed with the Federal Government, no funding was lost due to procedural delays.

Also price increases in bought-in services or for construction can have negative consequences and may lead, for example, to liquidity risks. We keep up to date with this by closely monitoring projects. This applies in particular to large, centrally managed projects.

INFRASTRUCTURE FINANCING

GRI EC8

F3

◂ P. 154 P. 177 ▸

As a key element of the German Rail Reform the Federal Government has enacted a constitutional obligation to finance the capital expenditures in 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. 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.

We have an agreement with the Federal Government that sets out the financing of the existing network until 2019. The higher funding of the LUFV II [PAGE 89] and the associated long-term safeguarding of infrastructure quality and availability increase the attractiveness of rail as a mode of transport. Positive effects from this could be felt in higher revenues from the infrastructure companies. The profits of infrastructure companies in turn are plowed back into the infrastructure via the funding cycle. Risks arise from a possible failure to achieve the quality targets set out in LuFV II.

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 expenditures).

There is also the risk that the Federal Government could reclaim its funding on the basis of an audit of exactly how the Federal funds were used.

POLITICAL RISKS

EUROFIMA has made loans to the Greek state railway OSE. If Greek Railways should fail to meet their financial obligations to EUROFIMA, this could have repercussions for the book value of the participating interest, and under certain circumstances trigger further financial obligations.

KEY ISSUES AND ACTIONS

Digitalization

F5 ◂ P. 172

The digitalization affects almost every aspect of life. Information and communication technologies are having ever-increasing influence. For mobility and logistics providers, it is increasingly important to digitalize products. We are responding with three initiatives:

- Shaping the future of mobility is the subject of the MOBILITY 4.0 INITIATIVE [PAGE 24 FF.]. The target is to develop products to meet future customer requirements in a fast and implementation-oriented way. For this purpose, an Innovation Lab has been founded.
- Infrastructure 4.0 is about digital images of reality. Tracks, switches and signals are increasingly available as digital building blocks. Algorithmic calculations also allow automated route mapping, in other words the comparison of customers' preferred schedules with the free capacity in the network. This will lead to faster, more efficient route planning. The digitalization of infrastructure will increase network capacity, make rail transport more flexible, contribute to more stable punctuality and improve passenger information.
- In the transport and logistics sector, we want to use Logistics 4.0 to connect all the process steps though intelligent IT and enable customized logistics solutions from a single source. An inter-business-unit working group has been set up to optimize, inter alia, the customer interface and introduce a standardized customer app.

  Innovations such as 3-D printing could also potentially lead to new services with an impact on transport flows.

In order to better coordinate DB Group's activities in the field of digitalization, we have also created a unit with horizontal responsibilities in the division reporting to the CEO.

Market development

DB Group is active in attractive markets with good growth prospects:

- 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 take advantage of the opportunities posed by open and 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. In addition, there is the possibility that new markets or market segments will be opened for competition.
- Growth programs have already been adopted for land transport, ocean and air freight and initial analyses have been drawn up of various vertical markets. Currently, a review is being carried out of the market attractiveness of the parcels business as well as the development of a parcels strategy for DB Schenker Logistics with a focus on Europe.
- We are responding to the industry development in rail freight transport by further internationalization and the increased focus on growth sectors – such as combined transport. We are carrying out a number of initiatives to further expand our European network. To strengthen combined and multimodal transport, the Transport and Logistics division has set up the Multimodal Competence Center. This Center is hard at work on boosting growth and efficiency in combined transport. New products and services are currently being developed. In addition, we have initiated several projects to develop new market segments within the value chain of rail freight transport.

F4 ◂ P. 172 P. 183 ▸

Demography

F1 ◂ P. 173 P. 183 ▸

The trends of demographic change, diverse lifestyles, our achievement-oriented society and the war for talent all put their special mark on our HR management. With our HR2020 strategy we give answers on how to make HR management fit for the future.

- For example, we counter demographic changes by giving employees the opportunity to design their working time and working conditions flexibly, such as with long-term work accounts and sabbaticals. We also have numerous innovative pilot projects that offer our employees custom-fit ways to transition to flexible working hours.
- We meet the diverse lifestyles and the trend to an achievement-oriented society by offering ways to make family and personal life more compatible with part-time management and much more. In addition, we have been working continuously on further developing our corporate culture.
- In order to stay ahead in the war for talent we work intensively on our appearance and our attractiveness as an employer. To identify possible bottlenecks early enough so as to react in the appropriate manner, we rely on strategic personnel planning which gives a ten-year forecast.

Climate protection

F2 ◂ P. 118 P. 183 ▸

Environmental unique selling points improve customers' positive opinions and thus improve external perception. Such activities not only have a positive effect on shrinking our carbon footprint, they can also have a positive influence on customer satisfaction and our market position.

- To generate an environmental unique selling point based on CO_2-free transport we offer our customers green products based on renewable energy.
- In order to increase efficiency in the area of traction current we regularly offer training courses on energy-saving driving style and in future will also continuously invest in the renewal of our vehicle fleet. F2
- In the area of stationary facilities we intend to successively establish a professional energy management and an innovative stationary power supply through numerous activities as well as already implemented "beacons of light," such as climate-neutral station buildings and intelligent mobility stations.

EVENTS AFTER THE BALANCE SHEET DATE

LUFV II signed
Intertec merged in joint venture
Advance payment of collective bargaining wages

IMPLEMENTATION OF RULING STOPPED

In the legal dispute concerning the establishment of terms and conditions of use by DB Vehicle Maintenance we have reached an agreement with BNetzA to stop the accelerated proceedings. BNetzA will abstain from implementing the ruling until the court of first instance has made a decision in the main proceedings. In return, DB Vehicle Maintenance is withdrawing its application for TEMPORARY LEGAL PROTECTION [PAGE 90].

INTERTEC MERGED IN JOINT VENTURE

Intertec Beteiligungs-GmbH and SystemPartner GmbH & Co. KG (SPA) agreed at the end of January to merge their activities in SPA as a joint venture under MarkenTechnikService GmbH & Co. KG. DB ML AG will hold a 69% share in the joint venture.

ASSOCIATION HEARING BEGUN

In January 2015 the BMVI began a hearing of associations on the subject of a LAW TO STRENGTHEN COMPETITION IN THE RAILWAY SECTOR [PAGE 91]. In some areas, the draft goes far beyond an "as-is" implementation of the specifications laid out in the recast. For example, there is a tightening of the regulations concerning fees and a clear expansion of BNetzA's competencies. In our view, it must in particular be guaranteed that the new plans for regulation do not endanger the financing of railway infrastructure and rail's intermodal competitive ability. Some extensive adjustments will be necessary to ensure this.

Adoption of this legislation is not expected before the second half of 2015.

LUFV II SIGNED

Negotiations were concluded in the year under review on the LUFV II [PAGE 89] and it was signed on January 12, 2015. F3 ◂ P. 175 P. 180 ▸

ADVANCE PAYMENT OF COLLECTIVE BARGAINING WAGES

An agreement has not yet been reached in the ongoing COLLECTIVE BARGAINING NEGOTIATIONS [PAGE 114 F.]. For this reason DB Group is paying an advance to the employees who are affected by the ongoing round of collective bargaining negotiations. The advance payment will be offset by existing or still to be agreed wage regulations.

SWISS FRANC RELEASED

Immediately after the Swiss National Bank gave up its minimum price of CHF 1.20 per euro the Swiss currency gained almost 35% in value and by mid-February it had settled onto a level that was about 15% higher than at the end of 2014. This also had an impact on DB Group's declared debt position because a portion of the bonds are in Swiss francs. With appropriate hedging measures, however, a negative effect could be avoided.

OUTLOOK

Improvement of economic growth in 2015
Profit development is expected to be positive in 2015
Outlook remains uncertain

FUTURE DIRECTION OF DB GROUP

Future business policy

We want to assert our market positions in the 2015 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 have been pursuing these consistently. We do not intend to make any fundamental changes to our business policy in the 2015 financial year.

Future strategic focus

Our strategy remains focused on the long-term TRENDS [PAGE 72 FF.] prevailing in the markets in which we are active. The DB Group's strategic objective is laid down in our DB2020 strategy, which we continued to implement in the year under review. Our target is to ensure sustainable business success and social acceptance with an entrepreneurial 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 restrictions imposed by antitrust laws. As a result, we are primarily focused on defending our strong market position and strengthening the competitive position of the railways in an intermodal context. Our potential for growth in the area of passenger transport services lies in other European countries and in cross-border long-distance rail passenger transport services.

In the area of rail freight transport, our focus continues to be on the European market. We are well positioned in all of the central European corridors and can offer service connections to locations as far afield as China.

We also do not expect there to be any significant changes in the freight forwarding and logistics business in the 2015 financial year. DB Schenker Logistics is already well represented in all key markets and regions.

ECONOMIC OUTLOOK

The outlook for economic development in 2015 is based on the assumption that there will be no deterioration in the geopolitical situation.

ANTICIPATED DEVELOPMENT [%]	2014	2015
GDP World	2.6	~+3.0
Global trade [1]	3.9	~+4.0
GDP Eurozone	0.9	~+1.5
GDP Germany	1.6	~+2.0

[1] *Trade in goods only.*

The data for 2014, adjusted for price and calendar effects, is based on the information and estimates available as of February 2015. Expectations for 2015 are rounded off to the nearest half percentage point.

Source: Oxford Economics.

We expect a moderate rise in global economic growth in 2015. The continuing recovery in the USA and in a few European countries are contributing to this development. In contrast, the growth rates in emerging countries, especially Asia, are already at a much higher level and will hardly increase. The expansion of global trade should accelerate because curbing effects, such as weak import demand from the Eurozone, are gradually diminishing.

One important influential factor for economic developments are interest rates, which have been climbing at somewhat moderate rates after a long time. The higher interest rates affect exchange rates, the propensity to consume, and investments. Moderate economic development, particularly in the Eurozone and Japan, as well as a few emerging countries, limit the potential for a global rise in interest rates, however.

- The American domestic market remains on a robust path of growth. Due to gains in competitiveness, the expected appreciation of the US dollar may only cause a slight drop in demand for American products. Declining oil prices are challenging the fracking industry.
- Receding dynamism in emerging countries and continuing weak growth in Europe are also impacting the US export business.
- Economic growth in Asia is expected to remain at a high, but no longer rising, level in 2015.

- Dampening effects are coming especially from the realignment of China's economic policy towards lower GDP growth rates, as well as the continuing weakness of the Japanese economy.
- In Europe, the economies of several non-Eurozone countries are growing in 2015 at an above-average rate (especially Great Britain and Sweden, as well as several Central and Eastern European countries such as Hungary, Poland and the Czech Republic).
- The Eurozone should grow more strongly in 2015 than in previous years. The growth trajectory, however, remains lower than before the financial crisis.
- Reasons for expecting a sluggish recovery are the assumptions that the structural problems of countries such as France and Italy are not yet resolved, that high levels of debt continue, and the existence of geopolitical risks such as the Ukraine crisis.
- Germany will most likely grow at a stronger pace than the Eurozone as a whole in 2015. This development continues to be supported by domestic demand, especially private consumption and investments.
- Exports are also expected to grow strongly, stimulated by the gradual recovery of important (European) sales markets and the devaluation of the euro.

ANTICIPATED DEVELOPMENT OF THE RELEVANT MARKETS

Passenger Transport

ANTICIPATED MARKET DEVELOPMENT [%]	2014	2015
German passenger transport market (based on pkm)	+1.4	+1.0

The data for 2014 is based on the information and estimates available as of February 2015. Expectations for 2015 are rounded off to the nearest half percentage point.

There is no indication of significant improvement in economic conditions for the Eurozone. However, the economic environment improved considerably in several other European countries, such as Great Britain, Sweden, Poland and the Czech Republic. As in previous years, developments in the European rail passenger transport market are expected to vary from one region to another.

We are expecting an increase in volume sold of about 1.0% for passenger transport in Germany in 2015. Although economic developments are developing less energetically, the positive structural conditions established in 2014 still remain valid: stable employment rates, significant increases in real disposable income, and a low level for (admittedly volatile) fuel prices. At the same time, competition between modes of transport will remain intense for the foreseeable future.

- Motorized individual transport is profiting in particular from positive conditions of the business environment; car-sharing services continue to proliferate.
- Rail passenger transport anticipated to have slight increases in volume sold from developments in rail passenger transport.
- Public road transport stable, with adverse developments expected in individual sub-sectors: sinking numbers of high school students and vocational trainees lead to continued losses in regional bus services; long-distance bus services are undergoing strong growth due to aggressive market penetration by service providers.
- Air traffic within Germany expected to have moderate growth. Development limited by airlines' consolidated network routes.

Transport and Logistics

ANTICIPATED MARKET DEVELOPMENT [%]	2014	2015
German freight transport market (based on tkm)	+1.9	~+2.0
European rail freight transport market (based on tkm)	~+0.2	~+2.0
European land transport (based on revenues)	+2.1	+2.0–+2.5
Global air freight (based on t)	+4.0	~+3.0
Global ocean freight (based on TEU)	+4.0	~+4.0
Global contract logistics (based on revenues)	+5.4	~+6.0

The data for 2014 is based on the information and estimates available as of February 2015. Expectations for 2015 are rounded off to the nearest half percentage point.

In the German freight transport market in 2015, we are expecting growth to remain at the previous year's level, therefore a gradual recovery.

- Rail freight transport in Germany may return to a growth trajectory and develop in tandem with the overall market; growth potential in classic rail-oriented industries, such as the iron, coal and steel (montan) industry for example, is limited. Combined transport may expand its role as a growth engine in the course of further containerization and dynamic commercial activity.
- Road freight transport with slightly weaker growth versus 2014. Positive effects from the construction industry flattening out, robust domestic market with stable developments in the consumer goods industry – which is important for trucking – may have a supportive effect.
- Inland waterway transport expected to have positive yet still lower-than-average development, diminishing stimulus from the construction sector may be offset by such factors as increased volume in the coal sector due to rising imports through the ARA ports (Antwerp, Rotterdam, Amsterdam) as well as shifts in transport.

Due to assumptions regarding economic developments, we anticipate moderate growth in demand, with varying regional patterns, in the European rail freight transport market in 2015.

In view of the economic recovery forecasts, we are expecting revenue growth similar to or slightly above the previous year's level for the European land transport market in 2015, with the greatest growth being experienced in Eastern Europe. We can only expect prices to recover if there is stable long-term growth in volume due to continuing strong margin pressure.

Growth similar to or slightly above the previous year's level is expected for the global air freight market in 2015. Because capacity will climb in similar dimensions, we can also continue to anticipate sufficient freight capacity. Low freight rates will continue because of excess capacity and currently low oil prices.

Growth of about 4% is expected in ocean freight for 2015. The rise in demand will not be sufficient, however, to make full use of the projected increase in capacity. Low oil prices could force low freight rates, yet it could come to different rate developments, depending on the transport area. The introduction of emissions control areas in Northern Europe and the Baltic region, as well as the USA and Canada, obligates shipping companies to use fuels with low sulfur content. Shipping companies are passing on these additional costs to customers in the form of rate surcharges. The new low sulfur regulations apply as of January 2015.

We are assuming a slightly accelerated market development for contract logistics/SCM in 2015. The expected rise of about 6% may be buttressed by climbing growth rates in the core automotive, health care, and industrial industries. The regions with the strongest growth may continue to be Asia/Pacific, whereby China will continue to play a prominent role.

Infrastructure

In the passenger transport market in 2015, we expect stable train-path demand. Due to moderate improvement in the economy, we anticipate that there will be slight growth in rail freight transport.

Owing to the increase in regular services, we expect a moderate increase for station stops as well.

Slightly positive developments are being forecasted for real retail sales (excluding cars and gas stations) in Germany in 2015. Rental income in stations for 2015 will be slightly above the previous year's level.

ANTICIPATED DEVELOPMENT OF THE PROCUREMENT AND FINANCIAL MARKETS

Procurement markets

We do not expect to encounter any bottlenecks on the procurement side during the 2015 financial year. Due to a continuing weakness in demand and excess capacity, all major institutes foresee an oil market that is more than adequately provisioned; however, negative surprises remain possible due to geopolitical risks. We do not expect any major new stimuli for electricity markets from the revision of the Renewable Energy Sources Act (EEG), yet political interventions could lead to intermittent price fluctuations. Overall, we anticipate a moderate rise in energy and raw material prices.

Financial markets

Monetary policy in Europe, especially the ECB's decision to initiate a massive bond-purchasing program, and in the USA may continue on the same track, meaning that interest rates in both currency zones will continue to differ strongly. Sustained higher interest rates are not to be expected in Europe in this environment. This applies in particular to bunds, which are in intense demand during geopolitical crises. In this kind of environment, historically low yields, despite their low attractiveness, will not prevent continuing interest from investors. Furthermore, ECB actions are creating even higher demand for bunds. Diverging markets in both currency zones are exposing the euro to additional potential for setbacks vis-a-vis the US dollar.

ANTICIPATED DEVELOPMENT OF IMPORTANT BUSINESS CONDITIONS

The conclusion of LUFV II [PAGE 89] will influence rail transport as of 2015. Starting in 2015, a rising amount of annual funding is slated for replacement capital expenditures and maintenance to preserve the existing network. F3 ◂ P. 177 P. 181 ▸

Within the scope of transport policy and the regulatory environment, we must anticipate that the legislative initiatives of the EU Commission relating to the FOURTH RAILWAY PACKAGE [PAGE 91] and preparations for the RAILWAY REGULATION ACT [PAGE 91] will have a noticeable impact on our business operations in the future. In view of the current plans, however, we do not expect any concrete measures to affect the 2015 financial year in a major way.

ANTICIPATED DEVELOPMENT OF DB GROUP

ANTICIPATED DEVELOPMENT OF DB GROUP	2014	2015	2020
Volume sold rail passenger transport (Germany) (million pkm)	79,560	~+0.5%	-
Volume sold rail freight transport (million tkm)	102,871	~+7%	-
Train kilometers on track infrastructure (million train-path km)	1,044	~+1.0%	-
Shipments in European land transport (thousand)	98,867	+4–5%	-
Air freight volume (export) (thousand t)	1,112	+8–10%	-
Ocean freight volume (export) (thousand TEU)	1,983	+7–8%	-
Customer satisfaction B2C (SI)	76.1	~77	≥79
Customer satisfaction B2B (SI)	68.2	~69	≥73
Punctuality DB Group (rail) in Germany (%)	94.3	~94.5	>95
Revenues (€ billion)	39.7	>41.0	>50
EBIT adjusted (€ billion)	2.1	>2.2	-
ROCE (%)	6.3	~6.3	≥10
Redemption coverage (%)	20.9	>20	≥30

The volume sold in the DB Bahn Long-Distance and DB Bahn Regional business units should once more increase overall in the 2015 financial year as a result of improvements in the quality of the services provided. Train-path demand should increase slightly once more in the 2015 financial year due to a forecasted increase in demand from rail freight transport, while the trend towards a continual increase in train-path demand on the part of non-DB Group customers is set to persist.

Further improvements in economic and market expectations are also reflected in the expectation of improved performance by DB Schenker Logistics. We expect all lines of business to experience growth surpassing that of the market.

CUSTOMER AND QUALITY

We expect a slight improvement in customer satisfaction, among both private and business customers.

F3 ◂ P. 180 P. 182 ▸

The degree of punctuality achieved by our rail transport services should continue to improve in the 2015 financial year, even if part of the improvements in performance quality are offset by high levels of construction activity in the network.

Several campaigns have been planned or are already in implementation for the stabilization and sustainable improvement of customer satisfaction and product quality in 2015:

DB Bahn Long-Distance

- The new ICE portal offers our customers information on current travel, such as route information, information on delays and possible connections, reminders to exit the train at your destination, and entertainment (films and video games). It will also be possible to order service from the restaurant car. Passengers can access the ICE portal, which is run on a server in the train, with their notebooks, tablets and smartphones.

DB Bahn Regional

- Our focus here is on the mobile terminal for customer service representatives, which enables a completely new concept of accelerated sales and verification processes.
- At the same time, alternative traveler information systems are being introduced in the vehicles, enabling faster and more precise communication of real-time data and connection options.
- The "ridesharing app" (Mitfahrer-App) will improve the attractiveness of the state-wide "Federal State Ticket," the "Cross-Country Ticket," and the "Happy Weekend Ticket," by enabling customers to take shared advantage of ridesharing benefits in a much simpler way.
- "Mobility integration," the central innovation project, is targeting the networking of mobility services in rural areas. Public bus transport and need-based services are being brought together, as core public transport services, with services from private car-sharing agencies, health-related transport services, and even commercial transport options, such as courier services. DB Bahn Regional is investing in the necessary IT infrastructure and making partnership agreements with local mobility partners.

DB Arriva

- DB Arriva will continue to focus its innovations on the customer in 2015. Numerous projects are planned, both for services in Great Britain as well as on the European continent.

DB Schenker Rail

- In addition to further improvement in the stability and quality of production – the major drivers of customer satisfaction – preparations for the introduction of network rail are a priority for 2015. The service catalog will be introduced in Germany, and customers will be prepared or processed for the migration to network rail.

DB Schenker Logistics

- The global roll-out of NEXT GENERATION eSERVICES [PAGE 27 FF.] and the implementation of a globally useable CRM system are just two examples of the many measures that are being pursued in 2015.

DB Services

- The implementation of the POWER project measures will continue in 2015.

DB Netze Track

- The train-path pricing system will continue to be developed in a market-oriented manner, and there will be close cooperation with customers on improving the quality of service facilities.
- F3 Measures are being undertaken to minimize the effects of increased construction volume due to LUFV II [PAGE 89] as much as possible. We are stocking up planning capacity so that even more construction can be considered in timetable planning, and the construction site planning is being further optimized so that even higher construction volumes can be carried out during shutdown periods.

◂ P. 181

DB Netze Stations

- The installation of digital visual displays at stations will continue. By the end of 2015, 6,500 digital visual displays will be installed at 4,200 stations.
- Journey information will still be developed according to the two-sense principle. By the end of 2015, nearly every station will be equipped with the respective electronic journey information technology.

DB Netze Energy

- DB Netze Energy is continuing its integrated capital expenditures and maintenance strategy.

PROFITABLE GROWTH

The development as presented below is based on our expectations regarding market, competition and environmental developments, as well as the successful implementation of planned measures. These assumptions and estimates are subject to an increasing degree of uncertainty with an increasing time horizon. Given that only the budget for the 2015 financial year and no medium-term planning (MTP) had yet been approved by the Supervisory Board at the time of the preparation, this report does not contain any projections with respect to the 2016 financial year.

Following the poor development recorded in the year under review, we anticipate that the financial position will develop in a slightly positive manner in the 2015 financial year.

- The DB Schenker Logistics, DB Schenker Rail and DB Arriva business units in particular will be the drivers in revenue growth.
- In terms of profits, we expect that revenue gains will only be mirrored in developments in a disproportionately low way. Adverse effects from such factors as the Renewable Energy Sources Act (EEG) surcharge are becoming noticeable, as are our programs for improving product quality and punctuality.
- The ROCE is expected at best to stay constant at the previous year's level as a result of the slightly positive development of adjusted EBIT in conjunction with an increase in capital employed.
- Redemption coverage is set to decrease slightly on the basis of an increase in net financial debt.

BUSINESS UNITS

ANTICIPATED DEVELOPMENT [€ MILLION]	Revenues adjusted 2014	Revenues adjusted 2015	EBIT adjusted 2014	EBIT adjusted 2015
DB Bahn Long-Distance	4,034	↗	212	↗
DB Bahn Regional	8,831	→	843	→
DB Arriva	4,491	↗	265	↗
DB Schenker Rail	4,863	↗	46	↗
DB Schenker Logistics	14,943	↗	332	↗
DB Services	3,172	↘	82	↘
DB Netze Track	4,951	↗	562	↗
DB Netze Stations	1,172	↗	240	↗
DB Netze Energy	2,797	↗	55	↗

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

DB Bahn Long-Distance

We once again anticipate a slight increase in revenues in the DB Bahn Long-Distance business unit in the 2015 financial year. This increase is likely to be driven by volume effects and should also offset the rising level of expenses, with the result that the adjusted EBIT figure should slightly exceed the level of the previous year.

DB Bahn Regional

In the DB Bahn Regional business unit, we expect stable development in revenues and profits in the 2015 financial year.

DB Arriva

In the DB Arriva business unit, positive effects from new transport services and acquisitions, as well as exchange rate effects, should be noticeable in the 2015 financial year. We therefore expect revenue and profit developments above the previous year's level.

DB Schenker Rail

F4 ◂ P. 176

We expect that the volume sold will continue rising in the DB Schenker Rail business unit in the 2015 financial year. This should have a positive impact on revenue development as well as on adjusted EBIT, which will also be bolstered by the further implementation of the "Action Plan for Germany."

DB Schenker Logistics

We anticipate that the DB Schenker Logistics business unit will once again experience additional growth driven by both volume and pricing effects in the 2015 financial year. This development should also have a positive impact on adjusted EBIT.

DB Services

Fall in demand may lead to negative developments in revenues and profits in the DB Services business unit.

DB Netze Track

We expect a positive revenue development in the DB Netze Track business unit in the 2015 financial year due to volume and price effects. This should also be reflected in the development of adjusted EBIT.

DB Netze Stations

In the DB Netze Stations business unit, revenues in the 2015 financial year should be greater than in the previous year due to pricing effects, and this development will also have a positive impact on profit, which is likely to exceed the previous year's level.

DB Netze Energy

In the DB Netze Energy business unit, revenue development may be driven primarily by stationary energy products. Together with counteractive measures that have been introduced, this should also lead to a positive result.

TOP EMPLOYER

ANTICIPATED DEVELOPMENT	2014	2015	2020
Employer attractiveness – rank	13	13	≤10
Share of women in Germany as of Dec 31 (%)	22.8	23	25.0
Health rate in Germany (%)	94.1	>94	94.3

We have already made considerable progress in improving our employer attractiveness. Demographic change will further intensify competition on the labor market because the supply of potential employees will become smaller in the future for all target groups, and other corporations are relying more intensively on employer branding and recruiting activities. We therefore have to act to defend our good position in employer rankings in the short-term and then expand our position step by step, so that by 2020 we will be among Germany's top ten employers. F1 ◂ P. 176

We have gradually increased our share of women in recent years, which is an important component of our readiness for demographic change. We are expecting a slight increase in 2015. Various measures have been implemented for a further increase to 25%. We expect the full effect of these measures to unfold as of 2016.

It is also our target to maintain stability in terms of health rate against the background of demographic change.

As of the 2015 financial year, the new STAFFING NEEDS COVERAGE RATIO [PAGE 81] replaces the former key performance indicator of covering of external staffing needs.

ECO-PIONEER

ANTICIPATED DEVELOPMENT	2014	2015	2020
Share of renewable energy in the traction current mix (%)	39.6	~44	– [1]
Track kilometers noise remediated in total (km)	1,400	1,500	≥2,000
Freight cars refitted with whisper brakes in total	6,500	11,500	60,000
Recycling rate (%)	95.6	94	≥95

[1] *In revision.*

In the environmental dimension, we were early in reaching major targets for CO_2 reduction and the share of renewable energy in the traction current mix. We are on our way to becoming an eco-pioneer. We expect a further increase in the share of renewable energy in 2015, spurred on by further rises in green energy volume due to the Renewable Energy Sources Act (EEG) allocation mechanism. We are currently working on establishing new goals. We are on target for our noise protection plans. Keeping our recycling rate at a high level continues to be a major challenge. F2 ◂ P. 177

ANTICIPATED CAPITAL EXPENDITURES

ANTICIPATED DEVELOPMENT [€ BILLION]	2014	2015
Gross capital expenditures	9.1	~ 9.5
Net capital expenditures	4.4	~ 4.0

We will continue on our course of modernization with high levels of capital expenditures. This will likely once more be above the level of the year under review in the 2015 financial year. We will continue to focus our capital expenditures activities on rail infrastructure. In the 2015 financial year, we intend to invest a total of about € 4.7 billion, including investment grants, in the renovation and renewal of existing lines, facilities and technology. This includes the additional funds that the Federal Government is providing through the LUFV [PAGE 89], which was extended to 2019. Vehicle capital expenditures are expected to decrease yet remain at a high level in 2015 after the strong increase during the year under review. This led to a decrease in net capital expenditures.

ANTICIPATED FINANCIAL SITUATION

ANTICIPATED DEVELOPMENT [€ BILLION]	2014	2015
Maturities	1.6	1.1
Bond issues	1.9	>1.5
Cash and cash equivalents as of Dec 31	4.0	<3.0
Net financial debt as of Dec 31	16.2	>17.5

Efficient liquidity management is once again a top priority for us in the 2015 financial year. We are focusing on continually forecasting the cash flow from our operating activities, as this is our main source of cash and cash equivalents. We produce liquidity forecasts every month on the basis of a 12-month liquidity plan. In the 2015 financial year, we must redeem financial liabilities (excluding commercial paper and current bank liabilities) amounting to about € 1.1 billion. The need for cash and cash equivalents will be offset by the issue of public and private bonds, with roadshows in Europe and Asia planned.

We anticipate that the structure of the liabilities side of the balance sheet will remain essentially unchanged despite the financing measures, as these will primarily serve to refinance expiring financial debt. Our DEBT ISSUANCE AND COMMERCIAL PAPER PROGRAMS [PAGE 99 F.] remain a source of sufficient financing for our capital market activities, with our guaranteed CREDIT FACILITIES [PAGE 99] serving as a fallback should our access to the capital markets be blocked. Our short-term and medium-term liquidity supply is therefore also secure in the 2015 financial year.

The majority of our gross capital expenditures in the 2015 financial year will again be covered by investment grants. Net capital expenditures to be financed by DB Group are expected to rise considerably in the 2015 financial year, with the result that it will probably not be possible to entirely fund our net capital expenditures from internal sources of financing. Net financial debt as of December 31, 2015 is therefore likely to be higher than at the end of the year under review.

We will continue our M&A activities in a selective and focused manner in the 2015 financial year. We do not expect these activities to have any significant impact on our financial position in the 2015 financial year.

OVERALL STATEMENT OF THE MANAGEMENT BOARD REGARDING THE ECONOMIC DEVELOPMENT OF DB GROUP

Following the weak development in the year under review, the Management Board of DB AG anticipates that DB Group will develop in an overall slightly positive manner in the 2015 financial year. The increase in revenues will also be noticeable despite cost impairments.

We expect to have excellent access to the capital market in the 2015 financial year.

Our activities are subject to various risks, as elucidated in the OPPORTUNITY AND RISK REPORT [PAGE 168 FF.]. With respect to the 2015 financial year, we consider that our greatest risk exposure relates to personnel and regulatory requirements.

The Management Board believes that DB Group has taken all necessary measures to protect itself against existing risks and to be able to exploit possible opportunities. We want to further expand our market position and implement our strategy. We therefore consider the overall outlook for DB Group in the medium term to be 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 time. Actual developments and profits may diverge from the current expectations as a result of the non-materialization of the assumptions upon which our forecasts are based or the materialization of risks such as those presented in the Risk report.

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

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CONSOLIDATED STATEMENT OF INCOME

JAN 1 THROUGH DEC 31 [€ MILLION]	Note	2014	2013
Revenues	(1)	39,728	39,107
Inventory changes and internally produced and capitalized assets	(2)	2,694	2,649
Overall performance		42,422	41,756
Other operating income	(3)	2,824	2,853
Cost of materials	(4)	-20,250	-20,414
Personnel expenses	(5)	-14,919	-14,383
Depreciation	(6)	-3,190	-3,228
Other operating expenses	(7)	-5,057	-4,817
Operating profit (EBIT)		**1,830**	**1,767**
Result from investments accounted for using the equity method	(8)	8	3
Net interest income	(9)	-898	-879
Other financial result	(10)	-3	-15
Financial result		**-893**	**-891**
Profits before taxes on income		**937**	**876**
Taxes on income	(11)	51	-227
Net profit for the year		**988**	**649**
Net profit attributable to:			
Shareholder of Deutsche Bahn AG		966	657
Minority interests		22	-8
Earnings per share (€ per share)	(12)		
undiluted		2.25	1.53
diluted		2.25	1.53

RECONCILIATION OF CONSOLIDATED COMPREHENSIVE INCOME

JAN 1 THROUGH DEC 31 [€ MILLION]	2014	2013
Net profit for the year	988	649
Changes due to the revaluation of defined benefit plans	-1,107	23
Change in items recognized directly in equity which are not reclassified to the income statement	**-1,107**	**23**
Changes resulting from currency translation	143	-131
Changes resulting from market valuation of securities	1	-3
Changes resulting from market valuation of cash flow hedges	-313	-21
Change in items recognized directly in equity which are reclassified to the income statement	**-169**	**-155**
Balance of result items covered directly in equity (before taxes)	**-1,276**	**-132**
Revaluation of defined benefit plans	83	16
Changes in deferred taxes on result items recognized directly in equity, which are not reclassified to the income statement	**83**	**16**
Deferred taxes relating to the change in the market valuation of securities	0	0
Deferred taxes relating to the change in the market valuation of cash flow hedges	32	-41
Changes in deferred taxes on result items receivables directly in equity, which are reclassified to the income statement	**32**	**-41**
Balance of result items recognized directly in equity (after taxes)	**-1,161**	**-157**
Comprehensive income	**-173**	**492**
Comprehensive income attributable to:		
Shareholder of Deutsche Bahn AG	-195	505
Minority interests	22	-13

CONSOLIDATED BALANCE SHEET

ASSETS

[€ MILLION]	Note	Dec 31, 2014	Dec 31, 2013
NON-CURRENT ASSETS			
Property, plant and equipment	(13)	39,022	37,696
Intangible assets	(14)	4,195	4,115
Investments accounted for using the equity method	(15)	478	511
Available-for-sale financial assets	(17)	10	11
Receivables and other assets	(19)	126	138
Derivative financial instruments	(21)	95	74
Deferred tax assets	(16)	1,604	1,404
		45,530	**43,949**
CURRENT ASSETS			
Inventories	(18)	959	948
Available-for-sale financial assets	(17)	5	5
Trade receivables	(19)	4,146	4,113
Other receivables and other assets	(19)	1,121	889
Income tax receivables	(20)	84	112
Derivative financial instruments	(21)	7	12
Cash and cash equivalents	(22)	4,031	2,861
Held-for-sale assets	(23)	0	5
		10,353	**8,945**
Total assets		**55,883**	**52,894**

EQUITY AND LIABILITIES

[€ MILLION]	Note	Dec 31, 2014	Dec 31, 2013
EQUITY			
Subscribed capital	(24)	2,150	2,150
Reserves	(25)	3,029	4,190
Retained earnings	(26)	9,203	8,446
Equity attributable to shareholder of Deutsche Bahn AG		**14,382**	**14,786**
Minority interests	(27)	143	126
		14,525	**14,912**
NON-CURRENT LIABILITIES			
Financial debt	(28)	19,173	18,066
Other liabilities	(29)	241	271
Derivative financial instruments	(21)	555	343
Pension obligations	(32)	4,357	3,164
Other provisions	(33)	2,828	2,828
Deferred items	(34)	1,265	1,389
Deferred tax liabilities	(16)	108	223
		28,527	**26,284**
CURRENT LIABILITIES			
Financial debt	(28)	1,161	1,247
Trade liabilities	(29)	4,949	4,379
Other liabilities	(29)	3,412	3,019
Income tax liabilities	(30)	170	147
Derivative financial instruments	(21)	125	99
Other provisions	(33)	2,216	2,055
Deferred items	(34)	798	752
		12,831	**11,698**
Total assets		**55,883**	**52,894**

CONSOLIDATED STATEMENT OF CASH FLOWS

JAN 1 THROUGH DEC 31 [€ MILLION]	Note	2014	2013
Profit before taxes on income		937	876
Depreciation on property, plant and equipment and intangible assets		3,190	3,228
Write-ups/write-downs on non-current financial assets		6	7
Result on disposal of property, plant and equipment and intangible assets		-226	-38
Result on disposal of financial assets		-1	-11
Result on sale of consolidated companies		-37	0
Interest and dividend income		-68	-56
Interest expense		965	935
Foreign currency result		-15	-5
Result of investments accounted for using the equity method		-8	-3
Other non-cash expenses and income		999	721
Changes in inventories, receivables and other assets		-479	188
Changes in liabilities, provisions and deferred items		-664	-1,287
Cash generated from operating activities		4,599	4,555
Interest received		43	32
Dividends and capital distribution received		-7	1
Interest paid		-653	-639
Paid (-)/reimbursed (+) taxes on income		-86	-219
Cash flow from operating activities		**3,896**	**3,730**
Proceeds from the disposal of property, plant and equipment and intangible assets		460	318
Payments for capital expenditures in property, plant and equipment and intangible assets		-8,492	-8,634
Proceeds from investment grants		4,687	4,812
Payments for repaid investment grants		-30	-74
Proceeds from sale of financial assets		2	4
Proceeds from sale of shares in consolidated companies less net cash and cash equivalents sold		65	0
Payments for acquisition of shares in consolidated companies less net cash and cash equivalents acquired		-2	-142
Proceeds from disposal of investments accounted for using the equity method		36	0
Payments for additions of investments accounted for using the equity method		-2	0
Cash flow from investing activities		**-3,276**	**-3,716**
Proceeds from additions to capital		-	5
Distribution of profits to shareholder		-200	-525
Distribution of profits to minority interests		-8	-6
Payments for finance lease transactions		-78	-99
Proceeds from issue of bonds		1,948	2,413
Payments for redemption of bonds		-430	-750
Payments for the redemption and repayment of interest-free loans		-220	-220
Proceeds from borrowings and commercial paper		22	1
Payments for the redemption of borrowings and commercial paper		-520	-114
Cash flow from financing activities		**514**	**705**
Net changes in cash and cash equivalents		**1,134**	**719**
Cash and cash equivalents as of Jan 1	(22)	2,861	2,175
Changes in cash and cash equivalents due to changes in scope of consolidation		-1	0
Changes in cash and cash equivalents due to changes in exchange rates		37	-33
Cash and cash equivalents as of Dec 31	**(22)**	**4,031**	**2,861**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

[€ MILLION]	Subscribed capital	Reserves: Capital reserves	Reserves: Currency translation	Reserves: Fair value valuation of securities [1]	Reserves: Fair value valuation of cash flow hedges [1]	Reserves: Revaluation of pensions	Reserves: Other movements	Reserves: **Total**	Retained earnings	**Equity attributable to shareholder of Deutsche Bahn AG**	Minority interests	**Equity**
As of Jan 1, 2013	2,150	5,310	60	6	-119	-903	-12	**4,342**	8,356	**14,848**	130	**14,978**
+ Capital increase	-	-	-	-	-	-	-	**-**	-	**-**	14	**14**
- Dividend payment	-	-	-	-	-	-	-	**-**	-525	**-525**	-6	**-531**
± Other changes	-	-	-	-	-	-	-	**-**	-42	**-42**	1	**-41**
± Comprehensive income	-	-	-126	-3	-62	39	-	**-152**	657	**505**	-13	**492**
thereof net profit for the year	-	-	-	-	-	-	-	**-**	657	**657**	-8	**649**
thereof currency effects	-	-	-126	-	-	-	-	**-126**	-	**-126**	-5	**-131**
thereof deferred taxes	-	-	-	-	-41	16	-	**-25**	-	**-25**	-	**-25**
thereof market valuation	-	-	-	-3	-21	-	-	**-24**	-	**-24**	-	**-24**
thereof revaluation of defined benefit plans	-	-	-	-	-	23	-	**23**	-	**23**	-	**23**
thereof share of items not recognized in the income statement from investments accounted for using the equity method	-	-	-	-	-	-	-	**-**	-	**-**	-	**-**
As of Dec 31, 2013	**2,150**	**5,310**	**-66**	**3**	**-181**	**-864**	**-12**	**4,190**	**8,446**	**14,786**	**126**	**14,912**

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[€ MILLION]	Subscribed capital	Reserves: Capital reserves	Reserves: Currency translation	Reserves: Fair value valuation of securities [1]	Reserves: Fair value valuation of cash flow hedges [1]	Reserves: Revaluation of pensions	Reserves: Other movements	Reserves: **Total**	Retained earnings	**Equity attributable to shareholder of Deutsche Bahn AG**	Minority interests	**Equity**
As of Jan 1, 2014	2,150	5,310	-66	3	-181	-864	-12	**4,190**	8,446	**14,786**	126	**14,912**
+ Capital increase	-	-	-	-	-	-	-	**-**	-	**-**	5	**5**
- Capital reduction	-	-	-	-	-	-	-	**-**	-	**-**	-2	**-2**
- Reduction of capital reserve	-	-	-	-	-	-	-	**-**	-	**-**	-	**-**
- Dividend payments	-	-	-	-	-	-	-	**-**	-200	**-200**	-8	**-208**
± Other changes	-	-	-	-	-	-	-	**-**	-9	**-9**	-	**-9**
± Comprehensive income	-	-	141	1	-281	-1,022	-	**-1,161**	966	**-195**	22	**-173**
thereof net profit for the year	-	-	-	-	-	-	-	**-**	966	**966**	22	**988**
thereof currency effects	-	-	141	-	-	-	-	**141**	-	**141**	2	**143**
thereof deferred taxes	-	-	-	-	32	83	-	**115**	-	**115**	-	**115**
thereof market valuation	-	-	-	1	-313	-	-	**-312**	-	**-312**	-	**-312**
thereof revaluation of defined benefit plans	-	-	-	-	-	-1,105	-	**-1,105**	-	**-1,105**	-2	**-1,107**
thereof share of items not recognized in the income statement from investments accounted for using the equity method	-	-	-	-	-	-	-	**-**	-	**-**	-	**-**
As of Dec 31, 2014	**2,150**	**5,310**	**75**	**4**	**-462**	**-1,886**	**-12**	**3,029**	**9,203**	**14,382**	**143**	**14,525**

[1] *Equity capital includes deferred taxes.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEGMENT INFORMATION ACCORDING TO SEGMENTS

JAN 1 THROUGH DEC 31 [€ MILLION]	DB Bahn Long-Distance		DB Bahn Regional		DB Arriva		DB Schenker Rail		DB Schenker Logistics	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
External revenues	3,885	3,933	8,721	8,734	4,485	4,175	4,517	4,495	14,894	14,814
Internal revenues	149	150	110	105	6	5	346	348	49	43
Total revenues	4,034	4,083	8,831	8,839	4,491	4,180	4,863	4,843	14,943	14,857
Other external income	156	139	269	228	177	220	272	287	205	273
Other internal income	43	52	121	119	3	2	42	44	8	5
Changes in inventories and other capitalized own work	5	4	68	45	4	5	22	20	8	8
Total income	4,238	4,278	9,289	9,231	4,675	4,407	5,199	5,194	15,164	15,143
Cost of materials	-2,329	-2,308	-5,375	-5,419	-1,451	-1,461	-2,520	-2,558	-10,126	-10,199
Personnel expenses	-888	-849	-1,893	-1,863	-1,887	-1,793	-1,585	-1,562	-2,740	-2,714
Other operating expenses	-475	-472	-569	-612	-839	-686	-751	-722	-1,778	-1,712
EBITDA	546	649	1,452	1,337	498	467	343	352	520	518
Scheduled depreciation [2]	-328	-326	-599	-559	-233	-222	-298	-297	-185	-183
Impairment losses recognized/reversed [2]	-6	0	-10	-1	0	0	1	2	-3	0
EBIT (operating profit)	212	323	843	777	265	245	46	57	332	335
Net operating interest income [3]	0	1	-49	-45	-35	-47	-87	-89	-43	-37
Operating income after interest [3]	212	324	794	732	230	198	-41	-32	289	298
Property, plant and equipment	1,463	1,563	6,588	5,344	2,079	1,999	2,965	3,107	1,456	1,472
+ Intangible assets	0	0	16	11	1,956	1,969	506	511	1,404	1,299
thereof goodwill	0	0	6	6	1,485	1,420	461	459	1,133	1,065
+ Inventories	68	68	142	139	69	70	99	92	48	39
+ Trade receivables	139	129	479	404	261	265	517	529	2,413	2,429
+ Receivables and other assets	1,839	1,822	171	473	614	825	445	149	952	1,002
- Receivables from financing	-1,827	-1,803	-44	-408	-372	-593	-365	-72	-548	-760
+ Income tax receivables	-	-	0	0	18	7	1	2	22	21
+ Available-for-sale assets	-	-	-	-	0	5	-	-	-	-
- Trade liabilities	-253	-254	-1,272	-819	-462	-405	-500	-481	-1,772	-1,764
- Miscellaneous and other liabilities	-270	-269	-391	-387	-350	-348	-421	-405	-718	-677
- Income tax liabilities	0	-	0	0	-90	-72	-7	-10	-53	-51
- Other provisions	-64	-74	-1,082	-1,027	-185	-207	-168	-139	-382	-292
- Deferred items	-326	-328	-142	-148	-185	-118	-12	-12	-11	-23
Capital employed [4]	769	854	4,465	3,582	3,353	3,397	3,060	3,271	2,811	2,695
Net financial debt	-1,531	-1,415	2,328	1,520	539	995	1,352	1,716	454	96
Investments accounted for using the equity method	0	0	4	5	126	137	22	22	14	10
Result from investments accounted for using the equity method	0	0	0	0	-3	0	2	-7	3	1
Gross capital expenditures	235	168	1,927	908	296	275	195	182	240	335
Investment grants received	0	-	-13	-23	-3	-2	-	-	-	-
Net capital expenditures	235	168	1,914	885	293	273	195	182	240	335
Additions to the scope of consolidation	-	-	-	-	2	208	-	-	1	9
Employees [5]	16,461	16,564	36,605	36,878	45,712	46,718	30,842	30,925	64,810	64,051

[1] *Relating to special items and reclassification PPA amortization of customer contracts.*

[2] *The non-cash items are included in the segment result shown.*

[3] *Key figure from internal reporting, no external figures.*

[4] *Profit transfer agreements were not assigned to segment assets or liabilities.*

[5] *The number of employees comprises the workforce, excl. trainees, at the end of the reporting period (part-time employees have been converted to full-time equivalents).*

DB Services		DB Netze Track		DB Netze Stations		Subsidiaries/ Other		**Sum of segments**		Consolidation		**DB Group adjusted**		Reconciliation [1]		**DB Group**	
2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	**2013**	**2014**	2013	**2014**	**2013**	**2014**	2013	**2014**	**2013**
259	283	1,118	1,024	464	428	1,377	1,233	**39,720**	**39,119**	–	–	**39,720**	**39,119**	8	–12	**39,728**	**39,107**
2,913	2,901	3,833	3,745	708	691	3,185	3,238	**11,299**	**11,226**	–11,299	–11,226	**–**	**–**	–	–	**–**	**–**
3,172	3,184	4,951	4,769	1,172	1,119	4,562	4,471	**51,019**	**50,345**	–11,299	–11,226	**39,720**	**39,119**	8	–12	**39,728**	**39,107**
89	84	764	808	126	146	487	643	**2,545**	**2,828**	–	–	**2,545**	**2,828**	279	25	**2,824**	**2,853**
51	54	229	224	27	29	1,252	1,162	**1,776**	**1,691**	–1,776	–1,691	**–**	**–**	–	–	**–**	**–**
624	685	766	769	23	21	8	13	**1,528**	**1,570**	1,156	1,079	**2,684**	**2,649**	10	–	**2,694**	**2,649**
3,936	4,007	6,710	6,570	1,348	1,315	6,309	6,289	**56,868**	**56,434**	–11,919	–11,838	**44,949**	**44,596**	297	13	**45,246**	**44,609**
–1,952	–2,109	–1,848	–1,828	–509	–507	–3,379	–3,303	**–29,489**	**–29,692**	9,268	9,326	**–20,221**	**–20,366**	–29	–48	**–20,250**	**–20,414**
–1,358	–1,326	–2,368	–2,249	–256	–246	–1,715	–1,781	**–14,690**	**–14,383**	–4	1	**–14,694**	**–14,382**	–225	–1	**–14,919**	**–14,383**
–356	–361	–991	–937	–208	–199	–1,541	–1,475	**–7,508**	**–7,176**	2,584	2,467	**–4,924**	**–4,709**	–133	–108	**–5,057**	**–4,817**
270	211	1,503	1,556	375	363	–326	–270	**5,181**	**5,183**	–71	–44	**5,110**	**5,139**	–90	–144	**5,020**	**4,995**
–187	–182	–937	–925	–135	–134	–117	–147	**–3,019**	**–2,975**	42	40	**–2,977**	**–2,935**	–95	–91	**–3,072**	**–3,026**
–1	0	–4	34	0	0	–1	–3	**–24**	**32**	–	–	**–24**	**32**	–94	–234	**–118**	**–202**
82	29	562	665	240	229	–444	–420	**2,138**	**2,240**	–29	–4	**2,109**	**2,236**	–279	–469	**1,830**	**1,767**
–11	–11	–355	–399	–45	–48	–199	–167	**–824**	**–842**	–	–	**–824**	**–842**	–	–	**–**	**–**
71	18	207	266	195	181	–643	–587	**1,314**	**1,398**	–29	–4	**1,285**	**1,394**	–	–	**–**	**–**
681	672	20,089	19,809	3,234	3,236	1,189	1,192	**39,744**	**38,394**	–722	–698	**39,022**	**37,696**	–	–	**39,022**	**37,696**
38	39	171	187	3	0	101	99	**4,195**	**4,115**	–	–	**4,195**	**4,115**	–	–	**4,195**	**4,115**
0	0	0	0	0	0	13	13	**3,098**	**2,963**	–	–	**3,098**	**2,963**	–	–	**3,098**	**2,963**
300	296	181	173	0	–	52	71	**959**	**948**	–	–	**959**	**948**	–	–	**959**	**948**
209	194	444	474	36	91	775	747	**5,273**	**5,262**	–1,127	–1,149	**4,146**	**4,113**	–	–	**4,146**	**4,113**
323	272	93	144	3	3	19,555	19,567	**23,995**	**24,257**	–22,748	–23,230	**1,247**	**1,027**	–	–	**1,247**	**1,027**
–235	–183	0	0	–	–	–18,884	–18,860	**–22,275**	**–22,679**	22,184	22,589	**–91**	**–90**	–	–	**–91**	**–90**
0	0	0	0	–	–	43	82	**84**	**112**	–	–	**84**	**112**	–	–	**84**	**112**
–	–	–	–	–	–	–	–	**0**	**5**	–	–	**0**	**5**	–	–	**0**	**5**
–216	–214	–680	–650	–116	–110	–805	–830	**–6,076**	**–5,527**	1,127	1,148	**–4,949**	**–4,379**	–	–	**–4,949**	**–4,379**
–153	–136	–878	–734	–93	–88	–941	–881	**–4,215**	**–3,925**	562	635	**–3,653**	**–3,290**	–	–	**–3,653**	**–3,290**
0	–1	0	0	0	0	–45	–16	**–195**	**–150**	25	3	**–170**	**–147**	–	–	**–170**	**–147**
–98	–87	–264	–264	–55	–48	–2,710	–2,745	**–5,008**	**–4,883**	–36	0	**–5,044**	**–4,883**	–	–	**–5,044**	**–4,883**
–31	–27	–1,091	–1,210	–151	–148	–116	–131	**–2,065**	**–2,145**	2	4	**–2,063**	**–2,141**	–	–	**–2,063**	**–2,141**
818	825	18,065	17,929	2,861	2,936	–1,786	–1,705	**34,416**	**33,784**	–733	–698	**33,683**	**33,086**	–	–	**33,683**	**33,086**
187	186	10,698	10,556	1,352	1,429	833	1,279	**16,212**	**16,362**	–	–	**16,212**	**16,362**	–	–	**16,212**	**16,362**
–	–	1	1	–	–	311	336	**478**	**511**	–	–	**478**	**511**	–	–	**478**	**511**
–	–	0	0	–	–	6	9	**8**	**3**	–	–	**8**	**3**	–	–	**8**	**3**
262	248	5,261	5,333	559	617	215	201	**9,190**	**8,267**	–61	–43	**9,129**	**8,224**	–	–	**9,129**	**8,224**
0	0	–4,148	–4,253	–430	–460	–93	–74	**–4,687**	**–4,812**	–	–	**–4,687**	**–4,812**	–	–	**–4,687**	**–4,812**
262	248	1,113	1,080	129	157	122	127	**4,503**	**3,455**	–61	–43	**4,442**	**3,412**	–	–	**4,442**	**3,412**
–	–	–	–	–	–	5	–	**8**	**217**	–	–	**8**	**217**	–	–	**8**	**217**
25,476	26,319	43,382	42,206	4,867	4,835	27,608	27,157	**295,763**	**295,653**	–	–	**295,763**	**295,653**	–	–	**295,763**	**295,653**

INFORMATION BY REGIONS

JAN 1 TO DEC 31 [€ MILLION]	External revenues		Non-current assets [1]		Capital Employed [1]		Gross capital expenditures		Net capital expenditures		Employees [1]	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Germany	22,921	22,667	36,443	35,188	27,566	26,980	8,629	7,681	3,945	2,872	187,882	187,837
Europe (excl. Germany)	12,348	11,991	6,524	6,473	5,831	5,925	503	494	500	491	83,858	84,228
Asia/Pacific	2,466	2,449	767	696	751	662	38	67	38	67	13,917	13,702
North America	1,479	1,481	207	183	251	184	15	17	15	17	7,585	7,326
Rest of world	506	531	29	29	43	33	5	8	5	8	2,521	2,560
Consolidation	–	–	–721	– 665	–759	– 698	– 61	– 43	– 61	– 43	–	–
DB Group adjusted	**39,720**	**39,119**	**43,249**	**41,904**	**33,683**	**33,086**	**9,129**	**8,224**	**4,442**	**3,412**	**295,763**	**295,653**
Reconciliation	8	–12	–	–	–	–	–	–	–	–	–	–
Total	**39,728**	**39,107**	**43,249**	**41,904**	**33,683**	**33,086**	**9,129**	**8,224**	**4,442**	**3,412**	**295,763**	**295,653**

[1] *As of December 31.*

GRI 3.9

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 as well as transport and logistics, and operate an extensive rail infrastructure which is also available to non-DB 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 only insignificant amounts of shares in companies.

DB AG, Potsdamer Platz 2, 10785 Berlin is an Aktiengesellschaft (joint stock corporation); its shares are held entirely by the Federal Republic of Germany (government). The company is maintained under the number 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 were submitted to the Supervisory Board for the Supervisory Board meeting on March 18, 2015.

Principles of preparing financial statements

The consolidated financial statements are prepared on the basis of section 315a HGB and in accordance with the International Financial Reporting Standards (IFRS) as applied in the EU and their interpretation by the IFRS Interpretations Committee (IFRIC). The accounting standards have been consistently applied throughout the entire year under review 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 million euros (€ million).

A) STANDARDS, REVISIONS OF STANDARDS AND INTERPRETATIONS WHICH ARE THE SUBJECT OF MANDATORY FIRST-TIME ADOPTION FOR REPORTING PERIODS FROM JANUARY 1, 2014 ONWARDS

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, 2014, which are also relevant for DB Group and which have not been the subject of early adoption in previous periods. The changes to the standards have been recognized in accordance with the transitional regulations. Initial adoption of these new regulations has not had any material impact on the consolidated financial statements. They are set out in the following:

- IAS 28: Investments in Associates and Joint Ventures (published May 2011; applicable for reporting periods starting January 1, 2014 [1])
  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.
- 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.
- IAS 36: Amendment of IAS 36 "Impairment of Assets: Details of the Recoverable Amount of Non-Financial Assets" (published May 2013; applicable for reporting periods starting January 1, 2014)
  The amendment of IFRS 13 "Fair Value Measurement" has resulted in consequential amendment in IAS 36. Accordingly, additional information has to be provided regarding the recoverable amount of impaired assets.
- IAS 39: Amendment of IAS 39 "Financial Instruments: Recognition and Measurement: Novation of Derivatives and Continuation of Accounting Treatment for Hedge Relationships" (published June 2013; applicable for reporting periods starting January 1, 2014)

[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.*

IAS 39 is extended to include an exemption provision, according to which hedge accounting does not have to be terminated if the novation (debt replacement) of a hedging instrument with a central counterparty meets certain criteria.

— IFRS 10: Consolidated Financial Statements (published May 2011; applicable for reporting periods starting January 1, 2014 [1])

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.

— IFRS 11: Joint Arrangements (published May 2011; applicable for reporting periods starting January 1, 2014)

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 operations, the only classifications in future will be joint ventures and joint arrangements. The previous option available for the pro rata consolidation of joint ventures has been abolished; partners in a joint venture are required to apply the equity method.

— 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 disclosures in the notes were extended.

— 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, 2014)

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.

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

Standard	Subject	Published	Applicable starting	Effects
IAS 1	Initiative for Improving Disclosure Obligations	December 2014	2016	Not significant
IAS 16/IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization	May 2014	2016	n. a.
IAS 16/IAS 41	Agriculture: Bearer Plants	June 2014	2016	n. a.
IAS 19	Employee Contributions to Defined Benefit Plans	November 2013	2015	Not significant
IAS 27	Separate Financial Statements (Equity Method)	August 2014	2016	Not significant
IFRS 9	Financial Instruments	July 2014	2018	Effects on the recognition of financial instruments
IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception	December 2014	2016	n. a.
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	September 2014	2016	n. a.
IFRS 11	Acquisitions of Interests in Joint Operations	May 2014	2016	n. a.
IFRS 14	Regulatory Deferral Accounts	January 2014	2016	n. a.
IFRS 15	Revenue from Contracts with Customers	May 2014	2017	Effects on the consolidated financial statements
Improvements to IFRS 2010–2012	Fifth collective standard relating to various changes to seven existing IFRS	December 2013	2015	Not significant
Improvements to IFRS 2011–2013	Sixth collective standard relating to various changes to four existing IFRS	December 2013	2015	Not significant
Improvements to IFRS 2012–2014	Seventh collective standard relating to various changes to four existing IFRS	September 2014	2016	Not significant
IFRIC 21	Disclosures	May 2013	2015	Not significant

Structure of the balance sheet and the statement of income

Assets and liabilities are stated in the balance sheet either as current or non-current items. Assets and liabilities are classified as current if they are realized or due within 12 months after the end of the reporting period. The structure of the balance sheet takes account of the requirements of the ordinance relating to the structure of the financial statements of transport companies. The income statement uses the structure of the cost summary method.

Principles underlying the consolidated financial statements

COMPARABILITY WITH THE PREVIOUS YEAR

After due consideration is given to the following issues, the financial information presented for the year under review is comparable with the financial information for the previous year:

Changes in the scope of consolidation

The changes in the scope of consolidation which are not significant have resulted in financial information in the balance sheet, the income statement, the cash flow statement as well as segment reporting which is not

[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.*

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

With regard to the additions to property, plant and equipment, capitalized borrowing costs are shown separately. These additions are not shown in the gross capital expenditures.

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 in accordance with IFRS 10. In this connection, control is based on the assumption of power of disposition, exposure to risk due to fluctuating yields or rights in relation to fluctuating yields as well as a link between these two components. Power of disposal is defined as the current possibility of managing the relevant activities of the company by way of a majority of voting rights and/or other contractual rights or de facto. Even if a majority of voting rights does not exist, the control by DB AG is given, if for example 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.

Group-internal liabilities 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 non-current 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, following a further assessment, 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, joint operations and associated companies

Joint ventures are defined as companies which are managed by DB AG jointly with another party either directly or indirectly, and in which the partners own rights to the net assets of the company.

A joint operation is defined as agreements which are managed by DB AG jointly with another party either directly or indirectly, and in which the parties involved in the joint operation have rights relating to the assets and obligations or their liabilities attributable to the agreement.

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 also classified as associates. 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.

In the case of joint operations, the assets, liabilities, income and expenditure have to be recognized on a pro rata basis.

GRI 2.9

CHANGES IN THE GROUP

a) Subsidiaries

Movements in the group of fully consolidated companies of DB Group are detailed in the following:

[NUMBER]	German 2014	Foreign 2014	Total 2014	Total 2013
FULLY CONSOLIDATED SUBSIDIARIES				
As of Jan 1	132	529	**661**	**749**
Additions	3	8	**11**	**37**
Additions due to changes in type of inclusion	0	0	**0**	**2**
Disposals	5	33	**38**	**127**
Disposals due to changes in type of inclusion	0	2	**2**	**0**
Total	**130**	**502**	**632**	**661**

As was the case in the previous year, all subsidiaries are consolidated.

Additions of companies and parts of companies

Overall, a total of € 1 million was spent on company acquisitions according to IFRS 3 in the year under review (previous year: € 172 million).

The additions to scope of consolidation consist of seven new companies established in the year under review, the acquisition of 100% of the shares in CUP TOUR bus, s.r.o. (Cup Tour), Pribram/Czech Republic, the acquisition of 100% of the shares in Barnsdale Cartel Damage Solution AG (Barnsdale), Berlin, and the acquisition of 99.9% of the shares in Bochimar Assistencia à Tripulacao de Navios Lda., Luanda/Angola, as well as a shell company.

The transactions are detailed in the following:

- With the agreement of February 11, 2014 (closing February 28, 2014), all shares in Cup Tour were acquired. This company operates 17 buses primarily on the local service route from Pribram to Prague. Since March 1, 2014, this information has been disclosed in segment reporting in the DB Arriva segment; the company was merged in July 2014.
- With the agreement of May 13, 2014 (closing May 13, 2014), all shares in Barnsdale were acquired. Since June 1, 2014, this company has been included in segment reporting in the Subsidiaries/Other segment. No business operation exists as defined by IFRS 3; a business combination in the sense of IFRS 3 does not exist in this case.
- With the agreement of July 30, 2014 (closing August 22, 2014), 99.9% of the shares in Bochimar were acquired. The company is now trading under the name Schenker Angola Limitada; it operates various activities, including air and ocean freight transports and has already been a long-standing partner in the DB Schenker network in Angola. In segment reporting, the company has been shown in DB Schenker Logistics segment since September 1, 2014.

The costs of purchase and the fair value of the acquired net assets are shown in the following (cumulative) for all changes in the scope of consolidation if these are covered by the scope of IFRS 3. All purchase price allocations for acquisitions in the year 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]	2014	Thereof Cup Tour	Thereof Bochimar
PURCHASE PRICE			
Payments	1	1	0
+ Outstanding payments	-	-	0
Total compensation	**1**	**1**	**0**
+ Fair value of share in equity capital held before acquisition	-	-	-
- Fair value of net assets acquired	0	1	-1
Goodwill	**1**	**0**	**1**

In the case of the above-mentioned acquisitions, we do not expect that part of the goodwill is allowable for income tax purposes.

PURCHASE PRICE ALLOCATION CUP TOUR

The acquired net assets are broken down as follows:

[€ MILLION]	Carrying amount	Adjustment	Fair value
Property, plant and equipment	0	-	0
Intangible assets	0	2	2
Trade receivables	0	-	0
Other receivables and other assets	0	-	0
Cash and cash equivalents	0	-	0
Deferred tax assets	0	-	0
Assets	**0**	**2**	**2**
Liabilities	0	-	0
Other provisions	0	-	0
Deferred tax liabilities	0	1	1
Debt	**0**	**1**	**1**
Thereof recognized contingent liabilities in accordance with IFRS 3	-	-	-
Share of third parties	-	-	-
Net assets acquired	**0**	**1**	**1**
Purchase price paid in cash and cash equivalents	1	-	1
Cash and cash equivalents acquired	0	-	0
Outflow of cash and cash equivalents through transaction	**1**	**-**	**1**

The fair value of the trade receivables is € 0 million; this figure does not include any impairments.

If Cup Tour had been included in the DB consolidated financial statements as of January 1, 2014, DB Group would have reported additional revenues of € 0 million and an additional net profit of € 0 million.

After being initially consolidated and up to the time of the merger of the company (July 2014), Cup Tour has generated revenues of € 1 million and a net profit of € 0 million.

PURCHASE PRICE ALLOCATION BOCHIMAR

The acquired net assets are broken down as follows:

[€ MILLION]	Carrying amount	Adjustment	Fair value
Property, plant and equipment	0	-	0
Trade receivables	1	-	1
Other receivables and other assets	3	-	3
Cash and cash equivalents	2	-	2
Assets	**6**	**-**	**6**
Liabilities	6	-	6
Other provisions	1	-	1
Deferred tax liabilities	0	-	0
Debt	**7**	**-**	**7**
thereof recognized contingent liabilities in accordance with IFRS 3	-	-	-
Share of third parties	0	0	0
Net assets acquired	**-1**	**-**	**-1**
Purchase price paid in cash and cash equivalents	0	-	0
Cash and cash equivalents acquired	2	-	2
Outflow of cash and cash equivalents through transaction	**-2**	**-**	**-2**

The fair value of the trade receivables is € 1 million, including impairments of € 0 million.

If Bochimar had been included in the DB consolidated financial statements as of January 1, 2014, DB Group would have reported additional revenues of € 5 million and an additional net profit of € 2 million.

After being initially consolidated, Bochimar has generated revenues of € 2 million and a net profit of € 0 million.

Disposals of companies and parts of companies

The disposals from the scope of consolidation relate to 23 mergers as well as ten liquidations and five sales. The sales have generated a cash inflow of € 65 million.

The impact on earnings of the loss of control is detailed in the following table:

[€ MILLION]	2014
Sale of The Original London Sightseeing Tour Ltd.	51
Sale of Schenker Mauritanie SAS	2
Sale of WBN Waggonbau Niesky GmbH	-13
Liquidation of BAX Global Holdings Pty Ltd.	-7
Liquidation of BAX Global (Aust.) Pty Ltd.	-3
Other	1
Total impact on income	**31**

The results are shown in the other operating expenses or income.

In April 2014, a resolution was adopted to dispose of the operations of Waggonbau Niesky. A shelf company – WBN Waggonbau Niesky GmbH (formerly trading as Blitz 14-53 GmbH) was acquired to carry out the transaction. The operations of Waggonbau Niesky, including the corresponding assets, liabilities and legal relationships, were then transferred to this company.

Following the contribution of its operations, all shares on WBN Waggonbau Niesky were sold for a symbolic price of € 1 with the purchase and assignation agreement as of May 30, 2014 (closing July 9, 2014).

The disposals relating to the change in the type of incorporation comprise two companies which have been recognized at equity since the beginning of the year under review.

The following table shows a summary of the effects on the consolidated income statement resulting from the changes in the scope of consolidation which have taken place compared with the previous year period:

[€ MILLION]	DB Group Jan 1 to Dec 31, 2014	Thereof due to additions to the scope of consolidation	Amounts due to disposals from scope of consolidation
Revenues	39,728	107	-65
Inventory changes and internally produced and capitalized assets	2,694	0	-
Overall performance	42,422	107	-65
Other operating income	2,824	3	-14
Cost of materials	-20,250	-47	24
Personnel expenses	-14,919	-37	23
Depreciation	-3,190	-9	32
Other operating expenses	-5,057	-9	32
Operating profit (EBIT)	**1,830**	**8**	**32**
Result from investments accounted for using the equity method	8	-	-
Net interest income	-898	-1	0
Other financial result	-3	0	0
Financial result	**-893**	**-1**	**0**
Profits before taxes on income	**937**	**7**	**32**
Taxes on income	51	-1	3
Net profit for the year	**988**	**6**	**35**

Of the revenues of € 107 million resulting from additions to the scope of consolidation, € 76 million relates to Veolia Eastern Europe which was acquired in the course of the previous year, € 12 million relates to Centrebus which was acquired in the course of the previous year, € 9 million relates to Czech Bus which was acquired in the course of the previous

year, € 5 million relates to Schenker VAE (trading as Schenker Logistics L.L.C.) which was acquired in the course of the previous year, € 2 million relates to Schenker Panama which was acquired in the course of the previous year and € 2 million relates to the acquisition of Bochimar. Cup Tour which was acquired in February 2014 was merged in July 2014.

Of the figures shown for disposals from the scope of consolidation, revenues of € 31 million relate to Arriva Malta which was sold in the year under review.

Details of subsidiaries in which the company owns significant non-controlling interests:

			Interest and share of voting rights of non-controlling shares (%)		Minority interests (€ million)	
[NAME]	Domicile	Business unit	**Dec 31, 2014**	Dec 31, 2013	**Dec 31, 2014**	Dec 31, 2013
Transportes Ferroviarios Especiales S.A. (Transfesa)	Madrid/Spain	DB Schenker Rail	22.67	22.67	28	28
Autoservizi F.V.G. S.P.A. – SAF (SAF)	Udine/Italy	DB Arriva	40.00	40.00	25	24
DB Schenker Rail Scandinavia A/S (Scandinavia)	Taastrup/ Denmark	DB Schenker Rail	49.00	49.00	22	23
Schenker-Seino Co. Ltd. (Seino)	Tokyo/Japan	DB Schenker Logistics	40.00	40.00	12	13
Schenker-Arkas Nakliyat Ve Tic. A.S. (Arkas)	Zincirlikuyu/ Turkey	DB Schenker Logistics	45.00	45.00	8	6
Arriva Nitra a.s. (Nitra)	Nitra/Slovakia	DB Arriva	39.52	39.52	6	6
Botniatag AB (Botniatag)	Umeå/Sweden	DB Arriva	40.00	40.00	-5	-14
Individual minor subsidiaries with non-controlling interests					47	40
Total non-controlling interests					**143**	**126**

Financial information of the subsidiaries is summarized in the following. Group-internal transactions have not been eliminated from the specified amounts.

	Transfesa		SAF		Scandinavia		Seino		Arkas		Nitra		Botniatag	
[€ MILLION]	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
CURRENT NET ASSETS														
Assets as of Dec 31	44	38	20	20	35	34	51	54	39	36	9	9	4	8
Debt as of Dec 31	-44	-37	-17	-20	-20	-21	-31	-34	-24	-24	-6	-8	-5	-20
	0	**1**	**3**	**0**	**15**	**13**	**20**	**20**	**15**	**12**	**3**	**1**	**-1**	**-12**
NON-CURRENT NET ASSETS														
Assets as of Dec 31	183	190	76	77	69	77	21	22	3	2	17	17	-	0
Debt as of Dec 31	-1	-1	-17	-17	-38	-43	-5	-4	-	0	-3	-2	-13	-23
	182	**189**	**59**	**60**	**31**	**34**	**16**	**18**	**3**	**2**	**14**	**15**	**-13**	**-23**
Revenues	124	110	58	57	59	66	257	237	163	164	16	14	16	15
Profit before taxes on income	-10	-3	10	14	-	5	9	10	6	6	2	-	17	-50
Taxes on income	5	1	-3	-5	-	-1	-4	-4	-1	-2	-1	-	-	-
Net profit from continued operations	**-5**	**-2**	**7**	**9**	**1**	**4**	**5**	**6**	**5**	**4**	**1**	**0**	**17**	**-50**
After tax result of discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net profit for the year	**-5**	**-2**	**7**	**9**	**1**	**4**	**5**	**6**	**5**	**4**	**1**	**0**	**17**	**-50**
Other result	-	-	-	0	0	0	0	-10	1	-3	-	-	1	1
Comprehensive income	**-5**	**-2**	**7**	**9**	**1**	**4**	**5**	**-4**	**6**	**1**	**1**	**0**	**18**	**-49**
Thereof attributable to shares without a controlling influence	-1	0	3	4	0	2	2	-2	3	0	0	0	7	-20
Dividend paid to holders of shares without a controlling interest	-	-	1	1	-	-	2	1	1	1	-	-	-	-
Cash flow from operating activities	15	2	8	17	8	10	-4	11	5	2	2	6	1	-2
Cash flow from investing activities	-7	-15	-7	-3	0	1	-1	-7	-1	-1	-1	-3	0	-
Cash flow from financing activities	-7	14	0	-15	-24	4	-5	-2	-3	-1	0	1	-1	2
Net changes in cash and cash equivalents	**1**	**1**	**1**	**-1**	**-16**	**15**	**-10**	**2**	**1**	**0**	**1**	**4**	**0**	**0**

b) Joint ventures and associated companies

[NUMBER]	German 2014	Foreign 2014	Total 2014	Total 2013
JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD				
As of Jan 1	12	11	**23**	**22**
Additions	0	1	**1**	**2**
Additions due to changes in type of inclusion	2	7	**9**	**0**
Disposals	1	1	**2**	**1**
Disposals due to changes in type of inclusion	0	0	**0**	**0**
As of Dec 31	**13**	**18**	**31**	**23**
ASSOCIATED COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD				
As of Jan 1	57	53	**110**	**116**
Additions	0	0	**0**	**1**
Additions due to changes in type of inclusion	0	0	**0**	**0**
Disposals	3	5	**8**	**5**
Disposals due to changes in type of inclusion	2	5	**7**	**2**
As of Dec 31	**52**	**43**	**95**	**110**

The additions comprise the newly established joint venture Container Terminal Enns GmbH (total costs of purchase: € 2.1 million).

Details of major joint ventures of DB Group are shown in the following tables:

[NAME]	Domicile	Business units	Voting rights/capital holding (%) Dec 31, 2014	Dec 31, 2013
VT-Arriva Személyszállító és Szolgéltató Kft. (VT-Arriva)	Székesfehérvár/ Hungary	DB Arriva	**49.91**	**49.91**
Trieste Trasporti S.P.A. (Trieste)	Trieste/ Italy	DB Arriva	**39.94**	**39.94**

The relations with the joint ventures are of an operational nature.

All companies detailed above are shown in the consolidated financial statements using the at-equity method. There are no listed market prices.

The combined financial information of the major joint ventures of DB Group are shown in the following. The disclosed financial information corresponds to the amounts shown in the financial statements of the joint ventures prepared in accordance with IFRS.

	VT-Arriva		Trieste	
[€ MILLION]	2014	2013	2014	2013
Non-current assets as of Dec 31	41	47	63	62
CURRENT ASSETS				
Liquid assets as of Dec 31	4	3	21	17
Other current assets as of Dec 31	9	10	28	24
	13	**13**	**49**	**41**
NON-CURRENT LIABILITIES				
Financial liabilities as of Dec 31	-28	-41	-	-
Non-financial liabilities as of Dec 31	-1	-1	-17	-18
	-29	**-42**	**-17**	**-18**
CURRENT LIABILITIES				
Financial liabilities as of Dec 31	-5	-1	-	-
Non-financial liabilities as of Dec 31	-5	-6	-45	-41
	-10	**-7**	**-45**	**-41**
Net assets as of Dec 31	**15**	**11**	**50**	**44**
Revenues	52	40	75	75
Depreciation	-4	-3	-5	-4
Interest income	-	-	1	2
Interest expenses	-3	-3	-	-
Taxes on income	-2	-1	-8	-5
Net profit from continued operations	5	4	9	4
After tax profit of discontinued operations	-	-	-	-
Net profit for the year	5	4	9	4
Other result	-	-	-	-
Comprehensive income	5	4	9	4

Reconciliation of the combined financial information with the carrying amount of the investments:

	VT-Arriva		Trieste	
[€ MILLION]	2014	2013	2014	2013
Net assets of the joint venture as of Jan 1	11	7	44	46
Net income/net loss for the year	5	4	9	4
Other result	-	-	-	-
Capital increase (+)/dividends (-)	-	-	-3	-6
Foreign currency differences	-1	0	-	-
Net assets of the joint venture as of Dec 31	**15**	**11**	**50**	**44**
Holding of DB Group (%)	49.91	49.91	39.94	39.94
Share in net assets of the associated company	7	5	20	18
Goodwill	3	3	6	6
Other adjustments	-	-	-	-
Carrying amount of the investment	10	8	26	24

The combined financial information of the individual minor joint ventures of DB Group is shown in the following table:

[€ MILLION]	2014	2013
Interest of DB Group in the profit/loss of continued operations	1	–2
Interest of DB Group in after-tax profit of discontinued operations	–	–
Interest of DB Group in other result	0	0
Interest of DB Group in comprehensive income	**1**	**–2**

The carrying amounts of the individual minor joint ventures of DB Group are stated as € 25 million (as of December 31, 2013: € 15 million).

There were no losses not recognized in relation to joint ventures in the year under review or in the corresponding previous year period.

Details of major associated companies of DB Group are shown in the following tables:

			Voting rights/capital holding (%)	
[NAME]	Domicile	Business unit	**Dec 31, 2014**	Dec 31, 2013
Container Terminal Dortmund GmbH (CTD)	Dortmund	DB Schenker Rail	30.00	30.00
EUROFIMA European Company for the Financing of Railroad Rolling Stock (EUROFIMA)	Basel/Switzerland	Subsidiaries/ Other	22.60	22.60
BLS Cargo AG (BLS)	Bern/Switzerland	DB Schenker Rail	–	45.00
Sociedad de Estudios y Explotación Material Auxiliar de Transportes, S.A. (SEMAT)	Madrid/Spain	DB Schenker Rail	62.80	62.80
Omfesa Logística S.A. (Omfesa)	Madrid/Spain	DB Schenker Rail	50.00	50.00
Barraqueiro SGPS SA (Barraquiero)	Lisbon/Portugal	DB Arriva	31.50	31.50

The relations with the associated companies are of an operational nature.

In the year under review, the shares in BLS Cargo AG, Bern/Switzerland, were sold.

All companies detailed above are shown in the consolidated financial statements using the at-equity method. There are no listed market prices.

The combined financial information of the major associated companies of DB Group are shown in the following. The disclosed financial information corresponds to the amounts shown in the financial statements of the associated companies prepared in accordance with IFRS.

	CTD		EUROFIMA		BLS		SEMAT		Omfesa		Barraquiero	
[€ MILLION] AS OF DEC 31	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Non-current assets	1	1	17,216	17,844	–	86	18	22	11	12	341	377
CURRENT ASSETS												
Cash and cash equivalents	3	3	1,003	907	–	18	1	–	2	2	85	81
Other current assets	2	2	3,478	3,714	–	25	6	5	–	2	106	100
	5	**5**	**4,481**	**4,621**	**–**	**43**	**7**	**5**	**2**	**4**	**191**	**181**
NON-CURRENT LIABILITIES												
Financial liabilities	–	–	–17,320	–17,879	–	–9	–1	–3	–	–2	–136	–140
Non-financial liabilities	–2	–2	–4	–3	–	–7	–1	–	–2	–2	–82	–83
	–2	**–2**	**–17,324**	**–17,882**	**–**	**–16**	**–2**	**–3**	**–2**	**–4**	**–218**	**–223**
CURRENT LIABILITIES												
Financial liabilities	–	–	–3,044	–3,312	–	–	–1	–4	–2	–1	–30	–28
Non-financial liabilities	–	–	–11	–12	–	–39	–18	–16	–10	–11	–142	–132
	–	**–**	**–3,055**	**–3,324**	**–**	**–39**	**–19**	**–20**	**–12**	**–12**	**–172**	**–160**
Net assets	**4**	**4**	**1,318**	**1,259**	**–**	**74**	**4**	**4**	**–1**	**0**	**142**	**175**

	CTD		EUROFIMA		BLS		SEMAT		Omfesa		Barraquiero	
[€ MILLION]	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Revenues	9	20	–	–	–	148	16	13	1	6	336	328
Depreciation	0	0	–1	–1	–	–7	–2	–3	–1	–2	–23	–23
Interest income	0	0	802	949	–	0	0	0	0	0	–	–
Interest expenses	0	0	–769	–914	–	0	0	–1	–1	–1	–10	–9
Taxes on income	0	–1	–	–	–	–	–1	–1	0	0	–2	–1
Net profit from continued operations	1	2	27	28	–	1	–	–5	–1	–5	–33	–18
After tax profit of discontinued operations	–	–	–	–	–	–	–	–	–	–	–	–
Net profit for the year	1	2	27	28	–	1	0	–5	–1	–5	–33	–18
Other result	–	–	5	–18	–	–	–	–	–	–	–	–
Comprehensive income	1	2	32	10	–	1	0	–5	–1	–5	–33	–18

Reconciliation of the combined financial information with the carrying amount of the investments:

	CTD		EUROFIMA		BLS		SEMAT		Omfesa		Barraquiero	
[€ MILLION]	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Net asset of the associated company as of Jan 1	4	4	1,259	1,270	–	75	4	4	0	3	175	193
Net profit for the year	1	2	27	28	–	1	0	–5	–1	–5	–33	–18
Other result	–	–	5	–18	–	–	–	–	–	–	–	–
Capital increase (+)/dividends (–)	–1	–2	–	–	–	–	–	5	–	2	–	–
Foreign currency differences	–	–	27	–21	–	–2	–	–	–	–	–	–
Net asset of the associated company as of Dec 31	**4**	**4**	**1,318**	**1,259**	**–**	**74**	**4**	**4**	**–1**	**0**	**142**	**175**
Holding (%)	30.00	30.00	22.60	22.60	–	45.00	62.80	62.80	50.00	50.00	31.50	31.50
Share in net assets of the associated company	1	1	298	285	–	33	3	3	0	0	45	55
Goodwill	–	–	–	–	–	–	–	–	–	–	33	33
Other adjustments	–	–	–	–	–	–	–	–	–	–	–	–
Carrying amount of the investment	1	1	298	285	–	33	3	3	0	0	78	88

The combined financial information of the individual minor associated companies of DB Group is shown in the following table:

[€ MILLION]	**2014**	2013
Interest of DB Group in the profit/loss of continued operations	6	6
Interest of DB Group in after-tax result of discontinued operations	–	–
Interest of DB Group in other result	0	0
Interest of DB Group in comprehensive income	**6**	**6**

The carrying amounts of the individual minor associated companies of DB Group are stated as € 37 million (as of December 31, 2013: € 54 million).

DB Group has not recognized losses totaling € 0.4 million (previous year: € 0.04 million) in relation to its shares in associated companies, because it does not have any obligation in relation to the losses.

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 DB consolidated financial statements is the relevant local currency.

The DB 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	
€ 1 EQUIVALENT TO	**2014**	2013	**2014**	2013
Australian Dollar (AUD)	1.48290	1.54230	1.47188	1.37769
Canadian Dollar (AUD)	1.40630	1.46710	1.46614	1.36837
Swiss Franc (CHF)	1.20240	1.22760	1.21462	1.23106
Danish Krone (DKK)	7.44530	7.45930	7.45482	7.45792
Pound Sterling (GBP)	0.77890	0.83370	0.80612	0.84925
Hong Kong Dollar (HKD)	9.41700	10.69330	10.30246	10.30157
Japanese Yen (JPY)	145.23000	144.72000	140.30612	129.66267
Norwegian Krone (NOK)	9.04200	8.36300	8.35438	7.80671
Polish Zloty (PLN)	4.27320	4.15430	4.18426	4.19749
Swedish Krona (SEK)	9.39300	8.85910	9.09852	8.65154
Singapore Dollar (SGD)	1.60580	1.74140	1.68232	1.66188
US Dollar (USD)	1.21410	1.37910	1.32850	1.32812

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 order processing 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 about 5% 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 PRINCIPLES

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 allocable.

If a considerable period is required for manufacturing an asset in order to place it in its intended state in which it is capable of being used or sold, directly attributable borrowing costs are capitalized as costs of production of the asset. If a direct link cannot be established, the average borrowing cost rate of the year under review is used. Turnover tax incurred in connection with the purchase or production of property, plant and equipment is only capitalized if input tax is not permitted to be deducted.

Subsequent costs are capitalized if the expenses enhance the economic benefit of the property, plant and equipment and if the costs can be reliably measured. On the other hand, all other repairs or maintenance are expensed.

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.

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, railway crossings	15 – 90
Track infrastructure	13 – 26
Buildings, halls, roofs	10 – 75
Other structures	8 – 60
Signaling equipment	10 – 40
Telecommunications equipment	5 – 20
Traction current installations	10 – 40
Rolling stock	10 – 30
Other technical equipment, machinery and vehicles	5 – 40
Fixtures and fittings	3 – 15

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 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 contract.

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. It is not depreciated; instead, it is 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 is carried out at the level of the CGU to which the goodwill has been allocated. Significant goodwill currently exists in the CGUs DB Arriva, DB Schenker Rail and DB Schenker Logistics. Please refer to the segment information according to operating segments.

METHOD

In the impairment test in accordance with IAS 36, the carrying amount of an asset, a CGU or 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 of disposal 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 global tax rate of 30.5% has again been used in relation to EBIT (unchanged compared with the previous year). 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 adopted by the Management 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 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. Because free cash flow after taxes has been calculated, a cost-of-capital rate after tax has also been used. Risks of free cash flows are recognized by a risk-equivalent capitalization rate. A uniform capitalization rate of 6.2% has been used for the CGUs of DB ML Group, which is equivalent to a corresponding capitalization rate before tax of 9.0% (previous year: 9.5%) when due consideration is given to the typical tax rate of 30.5% in relation to EBIT. A uniform capitalization rate of 5.4% has been used for the CGUs of the infrastructure, which is equivalent to a corresponding capitalization rate before tax of 7.7% (previous year: 7.5%) when due consideration is given to the typical tax rate of 30.5% in relation to EBIT. The changes in the WACCs compared with the previous year are attributable to current expectations of medium- to long-term development 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 value in use disregards assets or future cash flows which result from major structural changes, disinvestment measures or extension capital expenditures. Resultant 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 2019) and for which most of the planned DB funds have not yet been invested. 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 investment had not been realized as of the balance sheet date and because the project is to be completed beyond the medium-term period. The cash flow forecasts take account of DB Group-internal transfer prices 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.

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 is 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 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 medium-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 (Investments in Associates) or in accordance with the option specified in IAS 31 (Interests 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. Cash at bank comprises overnight money as well as time deposits due within three months.

Cash and cash equivalents 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 medium-term planning with additional estimates is used as the basis of this process. Deferred tax assets relating to income which can be generated after the medium-term period are not recognized, on the grounds that they cannot be reliably determined.

Deferred taxes are established on the basis of the tax rates which can be expected for the period in which the deferred tax is realized on the basis of existing laws or laws which have in essence been adopted.

j) Financial debt and liabilities

Current liabilities are normally recognized with their nominal amount, which corresponds to the fair value at the point at which the liability is initially recognized and the amortized costs of purchase up to the date at which the liability is settled. Financial debt and other non-current liabilities, when initially recognized, are stated with the amount which corresponds to the fair value of the received assets, where appropriate less transaction costs. Subsequently, they are stated using amortized costs of purchase using the effective interest method. The differences between the amount paid out less transaction costs and the amount repaid are recognized in the income statement over the life of the liability.

Interest-free 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.

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 (employees covered by wage bargaining agreements and employees not covered by wage bargaining agreements)

PENSION OBLIGATIONS AND SIMILAR COMMITMENTS

In DB Group, there are defined benefit as well as defined contribution retirement pension systems.

The provision for defined benefit pension schemes shown in the balance sheet corresponds to the present value of the pension obligation (defined benefit obligation; DBO) less the present value of the plan assets on the balance sheet date adjusted by effects of cost-spreading and franchise agreements. The pension obligation is calculated annually by independent actuarial appraisals using the projected unit credit method. Actuarial profits or losses are recognized as revaluation in other comprehensive income.

Past service cost is recognized immediately in the income statement. The discount rate underlying the calculation of the pension obligation is used for calculating the income from the plan assets. This income and the expenses of compounding the pension obligations are shown in financial result. The difference between the theoretical income from the plan assets and the actual development is also shown as revaluation under other comprehensive income.

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 corporate bonds. These are defined as bonds with an AA rating.

Employees who are covered by the collective bargaining agreement for employer-financed payments to the company retirement benefit scheme for the employees of various companies of DB Group (Tarifvertrag über arbeitgeberfinanzierte Leistungen zur betrieblichen Altersvorsorge für die Arbeitnehmer verschiedener Unternehmen des DB Konzerns; bAV-TV) or the corresponding regulations in other collective bargaining agreements of the companies of DB Group or the collective bargaining agreement for engine drivers of rail transport companies of the Mobility and Transport Services Association (Tarifvertrag für Lokomotivführer von Schienenverkehrsunternehmen des Agv MoVe; LfTV) receive an employer-financed payment into the company retirement benefit scheme.

The funding vehicle for this employer-financed payment into the company retirement benefit scheme is the pension fund of DEVK Pensionsfonds-AG which has already been offered to employees for salary conversion. Defined contribution pension plans were set up for the 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/her duties under the terms of an early-retirement or semi-retirement scheme before reaching normal pensionable age (which would not involve any reduction of retirement benefits) or if an employee voluntarily terminates his/her employment contract in return for a severance package. Severance payments are recognized if there is a demonstrable obligation either to terminate the employment agreements of current employees in accordance with a detailed formal plan which cannot be reversed or to pay severance payments if the employment contract is voluntarily terminated by employees within the framework of employment contract termination agreements.

Severance package obligations for agreements agreed as of the balance sheet reporting date are recognized as other liabilities and – if they are not yet included in individual agreements and if they are part of a restructuring obligation in accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) – are stated as other provisions.

OTHER BENEFITS DUE IN THE LONG TERM

Employees who are covered by the regulations of the collective bargaining agreement with regard to maintaining long-term accounts for the employees of various companies of DB Group (Tarifvertrag zur Führung von Langzeitkonten für die Arbeitnehmer verschiedener Unternehmen des DB-Konzerns; Lzk-TV), are able to convert their overtime which they have worked 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 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.

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 are collected in installments up to the end of the active phase of the semi-retirement period and are recognized as provisions. 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 pro rata value as another non-current employee benefit.

If certain conditions are satisfied, DB Group offers its employees the opportunity to reduce their working hours to a level below their regular working hours (special semi-retirement arrangement).

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 items, 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 items

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. The income from pro rata reversal of these accruals is shown as other operating income.

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 reporting date. Common valuation methods such as option price or present-value models are used for determining the fair value of financial instruments which are not traded in an active market. If valuation-relevant parameters are not directly observable on the market, forecasts are used based on comparable financial instruments which are traded in an active market; these forecasts are then adjusted by premiums or discounts on the basis of historical data. The mean value of bid and offer rates are used. Trades for which no premium has been paid have a fair value of zero upon conclusion. DB AG operates with long-dated financial derivatives on a hedged basis, and does not perform any credit risk adjustment for the present value for hedged transactions. For considerations of materiality, no credit risk adjustment is used for short-term derivatives. If credit risk adjustment is used, the relevant discounts are derived from the credit default swap (CDS) figures observable on the market.

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 the previous year. Gearing has developed as follows:

[€ MILLION]	Dec 31, 2014	Dec 31, 2013	Change absolute	Change %
Financial debt	20,334	19,313	+1,021	+5.3
- Receivables from financing	-91	-90	-1	+1.1
- Cash and cash equivalents	-4,031	-2,861	-1,170	+40.9
Net financial debt	**16,212**	**16,362**	**-150**	**-0.9**
÷ Equity	14,525	14,912	-387	-2.6
Gearing (%)	**112**	**110**	**-**	**-**

Compared with the previous year, gearing deteriorated slightly as a result of the decline in equity, due to a reduction in reserves in equity. This decline is attributable to the actuarial losses resulting from the revaluation of the pensions using a lower discount rate compared with the previous year (see CONSOLIDATED STATEMENT OF CHANGES IN EQUITY [PAGE 189] and NOTE (32) [PAGE 234]).

Based on adjusted EBIT, return on capital employed (ROCE) is calculated as a key component of the value management concept. The capital employed represents the use of capital provided by shareholders and providers of debt which is tied up in DB Group and which is associated with yield expectations. The parameter is derived on the basis of the closing balance sheet for the year under review. The following table shows the process of calculating capital employed, using the asset and liability items shown in the balance sheet.

[€ MILLION]	Dec 31, 2014	Dec 31, 2013	Change absolute	Change %
Property, plant and equipment	39,022	37,696	+1,326	+3.5
+ Intangible assets/goodwill	4,195	4,115	+80	+1.9
+ Inventories	959	948	+11	+1.2
+ Trade receivables	4,146	4,113	+33	+0.8
+ Receivables and other financial assets	1,247	1,027	+220	+21.4
- Receivables from financing	-91	-90	-1	+1.1
+ Income tax receivable	84	112	-28	-25.0
+ Assets held for sale	0	5	-5	-100
- Trade liabilities	-4,949	-4,379	-570	+13.0
- Miscellaneous/other liabilities	-3,653	-3,290	-363	+11.0
- Income tax liabilities	-170	-147	-23	+15.6
- Other provisions	-5,044	-4,883	-161	+3.3
- Deferred items	-2,063	-2,141	+78	-3.6
Capital employed	**33,683**	**33,086**	**+597**	**+1.8**

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]	Dec 31, 2014	Dec 31, 2013	Change absolute	Change %
Operating profit (EBIT)	1,830	1,767	+63	+3.6
Income from the disposal of financial instruments	-61	-13	-48	-
Expenses from the disposal of financial instruments	23	2	+21	-
Restructuring	340	-12	+328	-
Impairments for real estate	-	200	-200	-100
Potential losses DB Arriva	-	102	-102	-100
Property sale Great Britain	-192	-	-192	-
Other	74	99	-25	-25.3
Operating profit (EBIT) adjusted for special items	**2,014**	**2,145**	**-131**	**-6.1**
PPA amortization customer contracts (depreciation)	95	91	+4	+4.4
EBIT adjusted	**2,109**	**2,236**	**-127**	**-5.7**
Depreciation	3,190	3,228	-38	-0.8
PPA amortization customer contracts (depreciation)	-95	-91	-4	+4.4
Impairments	-94	-234	+140	-59.8
EBITDA adjusted	**5,110**	**5,139**	**-29**	**-0.6**

Special item factors totaling € 184 million were adjusted in EBIT in the year under review. They are mainly attributable to the creation of provisions in connection with restructurings. The restructurings relate mainly to DB Schenker Rail and DB Schenker Logistics, the local accounting organizations and vehicle maintenance. On the other hand, the book profit from a property sale in Great Britain has been eliminated. 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) (€ 95 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]	Dec 31, 2014	Dec 31, 2013	Change absolute	Change %
EBIT adjusted	2,109	2,236	-127	-5.7
÷ Capital employed	33,683	33,086	+597	+1.8
ROCE (%)	**6.3**	**6.8**	**-**	**-**

CRITICAL ASSESSMENTS AND APPRAISALS

The consolidated financial statements are based on assessments and assumptions relating to the future. Based on past experience and reasonable expectations of future events, the estimates and assessments which are derived are continuously reviewed and adjusted where appropriate. Nevertheless, the assessments will not always correspond to subsequent actual circumstances.

The assessments and assumptions which may involve a significant risk during the next reporting year in the form of major adjustments to the carrying amounts of assets and liabilities are discussed in the following.

a) Impairment of cash-generating unit

Every year, and on the basis of the updated medium-term planning, DB Group carries out a test to establish whether there is an impairment requirement for a CGU. This assessment is also reviewed in the course of a year if there are any major events or changes to assumptions, and is updated where necessary. 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 the heading "Impairments of assets." The main assumptions which have an impact on the value of a CGU are reviewed in the form of standard sensitivity analyses.

Possible effects on the value of selected CGUs may also result from the current business model discussions for the DB Bahn Long-Distance segment, the results of which are to be discussed in the course of the first half of 2015 in the Supervisory Board of DB AG. In the current assessment, all currently discussed scenarios assure the value of business in the Long-Distance CGU and also the other CGUs affected by potential changes.

In addition, the infrastructure CGUs are still exposed to risks relating to the extent of long-term investment grants for replacement capital expenditures in the existing network and the related extent of own funds from the infrastructure companies. The investment grants included in medium-term planning are based on the new performance and financing agreement (LuFV II) which has since been signed by BMVI and DB.

In order to assure the quality and availability of the existing network in the long term, the cash flow forecasts underlying the impairment procedure take account of all necessary maintenance costs and replacement capital expenditures.

EBIT MARGIN

The risk of an EBIT margin reduced by 10% has been considered for analyzing a scenario in which results fail to perform in line with budget. This model calculation has identified an impairment requirement of approximately € 20 million for DB Fleet Management and an impairment requirement of approximately € 380 million for DB Netze Track; this means that the value in use for these CGUs no longer provides adequate cover for the carrying amount of the essential capital employed. In scenarios in which the EBIT margin is reduced, the above CGUs are robust up to the following limits: DB Fleet Management 7.5% and DB Netze Track 8.0%. All other CGUs report stable surplus coverage even if the EBIT margin is reduced by 10%.

AVERAGE REAL GROWTH RATE OF CASH FLOWS

A reduction of 10% in the long-term growth rate has been simulated in order to assess the sensitivity of the impairment test result in relation to the assumed long-term growth of cash flow (DB Arriva 2%, all other CGUs 1%). As was the case in the previous year, no impairment requirement has been identified for any of the CGUs considered in this scenario.

WEIGHTED AVERAGE COST OF CAPITAL

Risks relating to the assumptions of the capitalization rate, which is normally used for calculating the present value of value in use, have been analyzed by simulating the value of each CGU in conjunction with a capital cost mark-up of 10%. The currently used weighted costs of capital (after tax) have been used as the basis of this simulation: infrastructure 5.4%, DB ML Group 6.2%. In this scenario, no cover shortfall is shown for any of the CGUs.

USEFUL LIFE AND RESIDUAL VALUE

With regard to the assumptions relating to useful life and residual value, the effect of a 10% reduction in the residual value at the end of useful life (= terminal value) was analyzed. All CGUs also showed sound surplus cover in this scenario.

b) Deferred taxes

The calculation of deferred tax assets is generally based on the medium-term planning. If the sum of net profits planned for the medium-term planning period were to decline by 10% in conjunction with otherwise unchanged tax parameters, deferred tax assets would have to be adjusted by € 122 million (previous year: € 112 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 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 the valuation of provisions as of the balance sheet reference date, 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 provision is discounted on the basis of expected cash outflows, using a risk-adjusted 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. 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 (see sensitivity analyses in section "PENSION OBLIGATIONS" [PAGE 234 FF.] under NOTE (32)).

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 STATEMENT OF INCOME

The special items 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 items 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 items, effects from changes in the scope of consolidation and in exchange rates are also disclosed separately. The item "Total – comparable" does not involve IFRS figures; instead, it involves additional disclosures in accordance with internal reporting.

(1) Revenues

[€ MILLION]	2014	2013
Revenues from services and sale of goods	39,728	39,107
thereof concession fees for rail transport	4,773	4,783
Total	**39,728**	**39,107**
- Special items	-8	12
- Effects from changes in scope of consolidation	-107	-65
- Effects from changes in exchange rates	180	-
Total – comparable	**39,793**	**39,054**

In the year under review, revenues increased by € 621 million (+1.6%) to € 39,728 million). This revenue growth compared with the previous year is mainly attributable to DB Arriva, DB Schenker Logistics and the infrastructure companies. At DB Arriva, the higher farebox revenues, currency effects and also the fact that Veolia Eastern Europe was recognized for the full year had a positive impact. DB Schenker Logistics has reported performance growth in all lines of business, thus compensating for negative currency effects. At Infrastructure, growth in performance, particularly in the field of stationary energy of DB Energie GmbH, is boosting revenues. The revenue development in the year under review has been negatively affected by the strike action of the GDL trade union and the Ela storm, without which the growth in revenue would have been much more significant. In the DB Bahn Long-Distance segment, the competition posed by the long-distance bus market and the changed price/performance perception of customers have had a negative impact on the development in revenues. Adjusted by effects from changes in the scope of consolidation and exchange rates, the increase in revenues was 1.9%.

The slight decline in concession fees for rail transport as a result of the GDL strike is attributable to the DB Bahn Regional segment. On the other hand, DB Arriva has reported a slight increase.

The revenues include a figure of € 180 million for negative currency effects. Whereas DB Arriva and DB Schenker Rail are benefiting from the strength of sterling, DB Schenker Logistics on the other hand has been affected by very negative exchange rate factors.

Movements in revenues broken down according to business segments and regions are set out in segment reporting.

(2) Inventory changes and internally produced and capitalized assets

[€ MILLION]	2014	2013
Inventory changes	-1	-15
Other internally produced and capitalized assets	2,695	2,664
Total	**2,694**	**2,649**
- Special items	-10	-
- Effects from changes in scope of consolidation	0	-
- Effects from changes in exchange rates	0	-
Total – comparable	**2,684**	**2,649**

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]	2014	2013
SERVICES FOR THIRD PARTIES AND SALE OF MATERIALS		
Income from maintenance and repair	4	4
Sale of materials and energy	132	155
Other services for third parties	464	513
	600	**672**
Leasing and rental income	203	204
Income from claims for damages and cost refunds	230	159
Income from creating fixed assets	0	-
INCOME FROM FEDERAL GRANTS		
Federal compensation payments	79	84
Other investment grants	1	4
Income from release of deferred items	144	144
Other Federal grants	151	184
	375	**416**
Income from the disposal of property, plant and equipment and intangible assets	396	186
Income from disposal of non-current financial instruments	61	13
Income from reversal of provisions	231	416
Income from the reversal of negative differences	1	-
OTHER INCOME		
Income from third-party fees	32	29
Income from remediation of ecological burdens	63	66
Utilization of provisions for potential losses	121	156
Miscellaneous other income	511	536
	727	**787**
Total	**2,824**	**2,853**
- Special items	-279	-25
- Effects from changes in scope of consolidation	-3	-14
- Effects from changes in exchange rates	-10	-
Total – comparable	**2,532**	**2,814**

Other operating income fell slightly by € 29 million compared with the previous year. The considerable increase in income from a property sale in Great Britain by DB Schenker Rail has compensated for the downturn in income from the reversal of provisions. The other services for third parties also still include personnel cost refunds from the Federal Railroad Fund (Bundeseisenbahnvermögen; BEV).

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 Appendix IV and refunds for the operation of infrastructure on Swiss territory.

(4) Cost of materials

[€ MILLION]	2014	2013
COSTS OF RAW MATERIALS AND SUPPLIES AND OF PURCHASED PRODUCTS		
Energy costs		
Electricity	1,634	1,641
Electricity tax	165	167
Diesel, other fuel	1,320	1,391
Other energies	233	226
	3,352	**3,425**
Other supplies and purchased goods	472	453
Price and value adjustment for materials	-119	-105
Energy price derivatives	43	-23
	3,748	**3,750**
COSTS OF PURCHASED SERVICES		
Purchased transport services	10,858	10,973
Cleaning, security, disposal, winter service	308	345
Commissions	153	157
Costs in connection with utilization of infrastructure		
Train-path usage	353	415
Station usage	34	29
	387	**444**
Other purchased services	787	769
	12,493	**12,688**
Costs of maintenance and production	4,009	3,976
Total	**20,250**	**20,414**
- Special items	-29	-48
- Effects from changes in scope of consolidation	-47	-24
- Effects from changes in exchange rates	170	-
Total - comparable	**20,344**	**20,342**

The impairments on inventories recognized in cost of materials amount to € 6 million in the year under review (previous year: € 14 million).

Compared with the previous year, the cost of materials has declined slightly by € 164 million (–0.8%).

As a result of a decline in power consumption volumes, the energy costs have declined slightly compared with the previous year despite an increase in the proportion of renewable energy.

The costs of purchased services have declined by € 195 million compared with the previous year (–1.5%). The decline is related to currency factors in the DB Schenker Logistics segment. The mild winter also resulted in lower costs for winter service operations.

The costs of train path usage have declined compared with the previous year as a result of modifications to transport contracts of Arriva UK Trains.

(5) Personnel expenses and employees

GRI EC3

[€ MILLION]	2014	2013
WAGES AND SALARIES		
Employees	10,805	10,341
Civil servants assigned	1,172	1,254
	11,977	**11,595**
SOCIAL SECURITY EXPENSES		
Employees	2,003	1,917
Civil servants assigned	255	268
Costs for adjusting staffing levels	343	283
Retirement benefit expenses	341	320
	2,942	**2,788**
Total	**14,919**	**14,383**
- Special items	-225	-1
- Effects from changes in scope of consolidation	-37	-23
- Effects from changes in exchange rates	-1	-
Total - comparable	**14,656**	**14,359**

The figure stated for personnel expenses (social security contributions) includes expense of € 936 million for defined contribution plans (previous year: € 899 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) [PAGE 238 FF.]).

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 NOTE (32) [PAGE 234 FF.].

The activities of the civil servants in DB Group are based on statutory allocation within the framework of the German Rail Restructuring Act (Eisenbahnneuordnungsgesetz; ENeuOG), Art. 2 section 12. For the work of the allocated civil servants, DB AG reimburses to the 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 increase in wages and salaries mainly reflects the wage increases of the previous year as well as the provisions created for the wage agreements which expired in the year under review. The higher average workforce has also had a further impact in this respect.

The development in the number of employees in DB Group, converted to full-time employees (FTE) in each case, is shown in the following:

	At year end		Annual average	
[FTE]	**2014**	2013	**2014**	2013
Employees	268,731	266,337	267,860	263,224
Civil servants	27,032	29,316	28,234	30,541
Employees	**295,763**	**295,653**	**296,094**	**293,765**
Trainees and dual degree students	11,790	11,936	10,733	10,616
Total	**307,553**	**307,589**	**306,827**	**304,381**

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.

At the end of the year, the number of persons employed in DB Group was in line with the corresponding previous year level. At the various segments, there was a decline in the number of employees at DB Arriva (as a result of the disposal of activities on Malta) and also at DB Services, whereas there was an increase in the number of staff at DB Netze Track in operations and also in maintenance as well as at DB Schenker Logistics.

The development in the number of employees, based on the number of natural persons, is shown in the following:

	At year end	
[NATURAL PERSONS]	**2014**	2013
Employees	279,166	276,718
Civil servants	27,800	30,201
Employees	**306,966**	**306,919**
Trainees and dual degree students	11,790	11,936
Total	**318,756**	**318,855**

(6) Depreciation

In the year under review, depreciation was slightly lower than the corresponding previous year figure, and 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 year under review.

For further explanations, please refer to the details concerning the development in property, plant and equipment or intangible assets under NOTES (13) [PAGE 215 FF.] and (14) [PAGE 218].

The depreciation includes special effects arising from adjustments (€ 189 million; previous year: € 325 million) as well as effects attributable to changes in the scope of consolidation (€ 9 million; previous year: € 32 million) and changes in exchange rates (€ 5 million).

(7) Other operating expenses

[€ MILLION]	**2014**	2013
RENTAL AND LEASING EXPENSES		
Operating lease expenses	1,537	1,515
Conditional leasing expenses	4	5
	1,541	**1,520**
Legal, consultancy and audit fees	231	207
Fees and contributions	242	239
Insurance expenses	163	172
Costs of advertising and sales promotion	159	161
Printing and stationery costs	74	77
Travel and representation expenses	285	280
Research and non-capitalized development costs	12	10
OTHER PURCHASED SERVICES		
IT services	293	259
Other communication services	47	50
Other services	616	535
	956	**844**
Damages payable	130	154
Impairments recognized in relation to receivables and other assets [1]	28	48
Losses from disposal of property, plant and equipment and intangible assets	170	148
Expenses from disposal of non-current financial instruments	23	2
Other operating taxes	65	73
OTHER EXPENSES		
Grants for third-party facilities	70	78
Other personnel-related expenses	220	181
Miscellaneous other expenses	688	623
Net of expenses and income consolidation	0	0
	978	**882**
Total	**5,057**	**4,817**
– Special items	-133	-108
– Effects from changes in scope of consolidation	– 9	– 32
– Effects from changes in exchange rates	11	–
Total – comparable	**4,926**	**4,677**

[1] *Including payments for receivables written down in the previous year.*

The other operating expenses have increased by € 240 million (+ 5.0%) compared with the previous year.

This increase is mainly attributable to higher other purchased services in the DB Schenker Logistics segment. This segment has reported an increase in various items, including the purchased IT services as a result of the further development of the worldwide IT landscape.

The increase in miscellaneous other expenses is due to much higher franchise payments for transport contracts in Great Britain. This was opposed by the decline in the additions to the provisions for potential losses.

The legal, consultancy and audit fees comprise fees of € 25.1 million for the auditor of the consolidated financial statements (previous year: € 22.2 million); this figure comprises auditing services of € 10.4 million (previous year: € 11.0 million), other certification services of € 3.6 million (previous year: € 4.0 million), tax advice services of € 0.2 million (previous year: € 0.2 million) as well as other services of € 10.9 million (previous year: € 7.0 million).

(8) Result from investments accounted for using the equity method

The following contributions to profits 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]	2014	2013
JOINT VENTURES		
Other [1]	7	2
	7	**2**
ASSOCIATED COMPANIES		
EUROFIMA	6	7
Other [1]	-5	-6
	1	**1**
Total	**8**	**3**

[1] *The previous year figure was adjusted as a result of the effects of the first-time retrospective application of IFRS 10 and IFRS 11 (revised May 2011).*

(9) Net interest income

[€ MILLION]	2014	2013
INTEREST INCOME		
Net interest income from pension provisions	10	8
Other interest and similar income	44	32
Income from securities	0	1
Operating interest income	**54**	**41**
Interest income from the reversal of deferred items and other interest income	13	15
	67	**56**
INTEREST EXPENSES		
Other interest and similar expenses	-736	-737
Net interest expenses for pension provisions	-103	-100
Interest expenses from finance leases	-39	-46
Operating interest expenses	**-878**	**-883**
Compounding of long-term provisions and liabilities	-87	-52
	-965	**-935**
Total	**-898**	**-879**
- Special items	-	0
- Effects from changes in scope of consolidation	1	0
- Effects from changes in exchange rate	1	-
Total - comparable	**-896**	**-879**
For information only:		
Net operating interest income	-824	-842

The increase in other interest and similar income is due to various factors, including interest relating to tax refunds received in the year under review.

Within the other interest and similar expenses, higher interest costs of bonds are offset by lower interest costs resulting from the repayment of loans of EUROFIMA as well as lower compounding for the interest-free loans. The interest expense from finance leasing has declined as a result of scheduled repayments.

The increase in the compounding of long-term provisions and liabilities is due to the increase in the carrying amounts as a result of lower discount rates.

The interest income and expenses from the financial assets and liabilities not measured at fair value through profit or loss amount to € 48 million (previous year: € 37 million) and € 777 million respectively (previous year: € -784 million).

(10) Other financial result

[€ MILLION]	2014	2013
Result from equity investment	1	0
Result from currency exchange gains	-93	214
Result from currency-related derivatives	108	-209
Result from other derivatives	-2	-1
Result from disposal of financial instruments	0	-
Impairments on financial instruments	-6	-7
Other financial result	-11	-12
Total	**-3**	**-15**
- Special items	-	-
- Effects from changes in scope of consolidation	0	0
- Effects from changes in exchange rates	-4	-
Total - comparable	**-7**	**-15**

The result from exchange rate effects is attributable to the conversion of foreign currency liabilities and 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 against most currencies and in particular against the Swiss franc, the US dollar and the British pound sterling. The result from currency-based derivatives comprises the reclassification of currency-related changes in the market value of cash flow hedges recognized under shareholders' equity with no impact on the income statement. The result from other derivatives relates to the development in the market value of derivatives which are not classified as effective hedges in accordance with IAS 39.

The impairments recognized in relation to financial instruments relate mainly to impairments for the investments in Prometro S.A., Porto/Portugal, as well as Autoterminal Śląsk Logistic Sp. z.o.o., Sosnowiec/Poland.

(11) Taxes on income

[€ MILLION]	2014	2013
Actual tax expense	-155	-157
Income due to lapsing of tax obligations	19	11
Actual taxes on income	**-136**	**-146**
Deferred tax expense	187	-81
Taxes on income	**51**	**-227**

The actual taxes on income have been incurred mainly at foreign Group companies. The change in deferred taxes compared with the previous year is mainly attributable to a change in the assessment of the extent to which tax loss carry-forwards can be used in future and new temporary differences which have arisen.

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]	2014	2013
Profit before taxes on income	937	876
Group tax rate (%)	30.5	30.5
Expected tax expense	**-286**	**-267**
Additional recognition as well as usage of temporary differences and losses carried forward	135	-46
Income not subject to tax	40	39
Tax effects related to IAS 12.33	83	86
Expenses not deductible for tax purposes	-22	-21
Differences in tax rates for foreign companies	55	18
Other effects	46	-36
Taxes on income as reported	**51**	**-227**
Effective tax rate (%)	-5.4	25.9

The reconciliation amount as detailed in IAS 12.33 relates exclusively to additional tax write-downs resulting from the fact that tax-free grants in the IFRS financial statements have been deducted directly from the costs of purchasing the assets. It is not permissible for deferred taxes to be created in relation to these temporary differences.

In the year under review, the other effects include in particular effects attributable to the difference in the assessment bases of different income tax bases, 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 € 12 million (previous year: € 5 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]	2014	2013
Net profit for the year	988	649
thereof attributable to minority interests	22	-8
thereof due to shareholders of DB AG	966	657
Number of issued shares	430,000,000	430,000,000
Earnings per share (€ per share)		
Undiluted	2.25	1.53
Diluted	2.25	1.53

NOTES TO THE BALANCE SHEET

(13) Property, plant and equipment

PROPERTY, PLANT AND EQUIPMENT [€ 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 operational and office equipment	Advance payments and assets under construction	**Total**
COST OF PURCHASE AND COST OF PRODUCTION									
As of Jan 1, 2014	4,318	6,661	13,858	16,353	26,474	1,774	4,320	3,594	**77,352**
Changes in the scope of consolidation	-1	-8	0	0	-29	-1	-4	0	**-43**
thereof additions	-	0	-	-	1	-	0	-	**1**
thereof disposals	-1	-8	-	-	-30	-1	-4	0	**-44**
Additions [1]	35	223	568	1,417	2,230	69	411	4,051	**9,004**
Addition borrowing costs	-	-	-	-	-	-	-	20	**20**
Investment grants	0	-85	-417	-1,159	-10	-18	-54	-2,943	**-4,686**
Transfers	-9	200	907	282	183	-99	234	-1,701	**-3**
Transfers related to assets held for sale	-	-	-	-	0	-	-	-	**0**
Changes with no impact on the income statement	-	1	-	-	-	-	-	-	**1**
Disposals	-74	-65	-19	-191	-656	-50	-332	136	**-1,251**
Currency translation differences	13	2	3	0	83	8	23	3	**135**
As of Dec 31, 2014	**4,282**	**6,929**	**14,900**	**16,702**	**28,275**	**1,683**	**4,598**	**3,160**	**80,529**
ACCUMULATED DEPRECIATION									
As of Jan 1, 2014	-854	-2,792	-4,411	-10,798	-16,341	-1,251	-2,933	-276	**-39,656**
Changes in the scope of consolidation	0	3	0	0	20	1	4	0	**28**
thereof additions	-	0	-	-	-1	-	0	-	**-1**
thereof disposals	-	3	-	-	21	1	4	-	**29**
Depreciation	-9	-215	-211	-625	-1,358	-86	-376	0	**-2,880**
Impairments	-7	-17	0	-9	-87	-4	-7	0	**-131**
Reversal of impairment losses	2	0	-	13	0	1	0	-	**16**
Transfers	-1	0	-5	1	1	133	-129	0	**0**
Transfers related to assets held for sale	-	-	-	-	0	-	-	-	**0**
Disposals	37	48	14	172	583	48	286	0	**1,188**
Currency translation differences	-4	4	-2	0	-47	-7	-16	0	**-72**
As of Dec 31, 2014	**-836**	**-2,969**	**-4,615**	**-11,246**	**-17,229**	**-1,165**	**-3,171**	**-276**	**-41,507**
Carrying amount as of Dec 31, 2014	**3,446**	**3,960**	**10,285**	**5,456**	**11,046**	**518**	**1,427**	**2,884**	**39,022**
Carrying amount as of Dec 31, 2013	3,464	3,869	9,447	5,555	10,133	523	1,387	3,318	**37,696**

[1] *The additions include a figure of € 130 million for credit notes from previous years.*

PROPERTY, PLANT AND EQUIPMENT [€ 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 operational and office equipment	Advance payments and assets under construction	Total
COST OF PURCHASE AND COST OF PRODUCTION									
As of Jan 1, 2013	4,365	6,561	13,539	16,025	25,545	1,788	4,088	3,305	**75,216**
Changes in the scope of consolidation	7	26	0	0	307	0	22	1	**363**
thereof additions	7	26	–	–	308	–	22	1	**364**
thereof disposals	–	–	–	–	–1	0	0	–	**–1**
Additions [1]	43	258	564	1,469	1,201	79	415	4,096	**8,125**
Investment grants	–1	–110	– 459	–1,263	–18	–22	– 61	–2,877	**– 4,811**
Transfers	1	117	230	291	100	16	134	– 907	**–18**
Transfers related to assets held for sale	–	1	–	–	– 43	–	–10	–1	**– 53**
Changes with no impact on the income statement	–	2	–	–	–	–	–	–	**2**
Disposals	– 88	–157	–15	–169	– 557	–78	–240	–18	**–1,322**
Currency translation differences	– 9	–37	–1	0	– 61	– 9	–28	– 5	**–150**
As of Dec 31, 2013	**4,318**	**6,661**	**13,858**	**16,353**	**26,474**	**1,774**	**4,320**	**3,594**	**77,352**
ACCUMULATED DEPRECIATION									
As of Jan 1, 2013	– 680	–2,695	– 4,220	–10,346	–15,390	–1,228	–2,742	–285	**–37,586**
Changes in the scope of consolidation	–1	–12	0	0	–202	0	–17	0	**–232**
thereof additions	–1	–12	–	–	–203	–	–17	0	**–233**
thereof disposals	–	–	–	–	1	0	0	–	**1**
Depreciation	– 9	–208	–202	– 636	–1,311	– 94	–386	0	**–2,846**
Impairments	–200	– 4	0	– 3	–26	– 5	– 8	–	**–246**
Reversal of impairment losses	–	0	–	36	2	0	–	6	**44**
Transfers	1	9	0	2	–2	–2	–11	3	**0**
Transfers related to assets held for sale	–	0	–	–	39	–	9	–	**48**
Disposals	33	99	10	149	514	73	203	0	**1,081**
Currency translation differences	2	19	1	0	35	5	19	0	**81**
As of Dec 31, 2013	**– 854**	**–2,792**	**– 4,411**	**–10,798**	**–16,341**	**–1,251**	**–2,933**	**–276**	**–39,656**
Carrying amount as of Dec 31, 2013	**3,464**	**3,869**	**9,447**	**5,555**	**10,133**	**523**	**1,387**	**3,318**	**37,696**
Carrying amount as of Dec 31, 2012	3,685	3,866	9,319	5,679	10,155	560	1,346	3,020	**37,630**

[1] *The additions include a figure of € 133 million for credit notes from previous years.*

The additions to the borrowing costs include an average borrowing cost rate of 3.55% (previous year: 3.87%).

Impairments of € 131 million (previous year: € 246 million) mainly relate to rolling stock of DB Regio AG (€ 44 million) as well as vehicles of DB Schenker Rail Polska S.A., Zabrze/Poland, (€ 40 million).

Reversals of impairments of € 16 million (previous year: € 44 million) related mainly to track of DB Netze Track.

In the year under review, the carrying amount disposals for assets under construction included carrying amount disposals of € 139 million (previous year: € 56 million). They are attributable to the repayment of investment grants which had been received in previous years and deducted from assets.

Financial debt was backed by property, plant and equipment with carrying amounts of € 6 million (as of December 31, 2013: € 46 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 segments DB Arriva and DB Bahn Long Distance. Restrictions to rights of disposal in relation to property, plant and equipment existed to the extent of € 51 million (as of December 31, 2013: € 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., Brescia/Italy.

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	Rolling stock for passenger and freight transport	Technical equipment and machinery	Other operational and office equipment	Total
ASSETS LEASED FROM THIRD PARTIES UNDER FINANCE LEASE						
Cost of purchase and cost of production	20	376	677	2	0	**1,075**
Accumulated depreciation	-3	-154	-465	-1	0	**-623**
Carrying amount as of Dec 31, 2014	**17**	**222**	**212**	**1**	**0**	**452**
Cost of purchase and cost of production	20	370	738	3	0	**1,131**
Accumulated depreciation	-2	-143	-469	-2	0	**-616**
Carrying amount as of Dec 31, 2013	**18**	**227**	**269**	**1**	**0**	**515**

The figure shown for the commercial, operating and other buildings under leased assets also relates to concourse buildings of DB Station&Service AG and energy installations of DB Energie GmbH. The decline is attributable to the repurchase of leased vehicles in the year under review. 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 and freight cars) as well as buses. The additions in the year under review amounted to costs of purchase of € 11 million and depreciation of € 55 million.

The assets which are leased by way of an operating lease and which have in certain cases been calculated on the basis of retrospective calculations and also on the basis of our own analyses are shown with a residual carrying amount of € 1,130 million as of December 31, 2014 for land and buildings with cumulative depreciation of € 437 million (as of December 31, 2013: residual carrying amount € 1,040 million; cumulative depreciation of € 404 million), and a residual carrying amount of € 1,973 million with cumulative depreciation of € 3,654 million for moveable assets (mainly rolling stock) (as of December 31, 2013: residual carrying amount of € 2,143 million; cumulative depreciation € 3,411 million). The slight increase in the residual carrying amounts of land and buildings is due to various factors, including the increase in externally marketed areas in station buildings. This is also the reason for the slight increase in cumulative depreciation. The decline in the residual carrying amounts of mobile assets is mainly attributable to the decline in the residual carrying amounts of leased rail freight cars. The increase in the cumulative depreciation of mobile assets is mainly attributable to the increase in the leasing of higher-value long-distance vehicles, most of which have been completely written down. Rental and leasing income resulting from the rental and leasing of these assets are expected to be received in future years as detailed in the following:

	Residual maturity							
EXPECTED RENTAL AND LEASING PAYMENTS (NOMINAL VALUES) [€ MILLION]	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	**Total more than 1 year**	**Total**
DEC 31, 2014								
Minimum lease payments	390	231	186	163	138	492	**1,210**	**1,600**
DEC 31, 2013								
Minimum lease payments	452	268	227	181	157	818	**1,651**	**2,103**

(14) Intangible assets

INTANGIBLE ASSETS [€ MILLION]	Capitalized development costs – products in use		Capitalized development costs – products under development		Purchased intangible assets		Goodwill		Intangible assets with indefinite useful life		Payments made on account		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	**2013**
COST OF PURCHASE AND COST OF PRODUCTION														
As of Jan 1	39	37	140	109	2,120	2,101	2,982	3,021	0	–	1	1	**5,282**	**5,269**
Changes in the scope of consolidation	0	0	0	0	2	44	1	44	5	0	0	0	**8**	**88**
thereof additions	–	–	–	–	2	44	1	44	5	0	–	–	**8**	**88**
thereof disposals	–	–	–	–	0	0	–	–	–	–	–	–	**–**	**–**
Additions	2	2	66	45	57	52	–	0	–	–	0	0	**125**	**99**
Investment grants	–	–	–	–	–1	–1	–	–	–	–	–	–	**–1**	**–1**
Transfers	–	0	–26	–11	29	28	–	1	–	0	0	0	**3**	**18**
Transfers related to assets held for sale	–	–	–	–	–	– 6	–	–	–	–	–	–	**–**	**– 6**
Changes with no impact on the income statement	–	–	–	–	1	6	–	–	–	–	–	–	**1**	**6**
Disposals	–18	0	– 4	–1	– 81	– 82	–	0	0	–	0	–	**–103**	**– 83**
Currency translation difference	0	0	–3	–2	36	–22	134	– 84	0	0	0	0	**167**	**–108**
As of Dec 31	**23**	**39**	**173**	**140**	**2,163**	**2,120**	**3,117**	**2,982**	**5**	**0**	**1**	**1**	**5,482**	**5,282**
ACCUMULATED DEPRECIATION														
As of Jan 1	–34	–31	–	–	–1,114	–1,033	–19	–19	0	–	–	–	**–1,167**	**–1,083**
Changes in the scope of consolidation	0	0	0	0	0	–2	0	0	0	0	0	0	**0**	**–2**
thereof additions	–	–	–	–	0	–2	–	–	0	0	–	–	**0**	**–2**
thereof disposals	–	–	–	–	0	0	–	–	–	–	–	–	**–**	**–**
Additions	–3	–3	–	–	–189	–177	–	–	0	0	–	–	**–192**	**–180**
Depreciation	–	–	–2	–	–1	0	–	–	–	–	–	–	**–3**	**–**
Impairments	–	–	–	–	–	0	–	–	–	–	–	–	**–**	**–**
Transfers	–	–	–	–	0	0	–	–	–	0	–	–	**–**	**0**
Transfers related to assets held for sale	–	–	–	–	–	6	–	–	–	–	–	–	**–**	**6**
Disposals	16	0	–	–	80	81	–	–	0	–	–	–	**96**	**81**
Currency translation difference	0	0	–	–	–21	11	0	0	0	0	–	–	**–21**	**11**
As of Dec 31	**–21**	**–34**	**–2**	**0**	**–1,245**	**–1,114**	**–19**	**–19**	**0**	**0**	**0**	**0**	**–1,287**	**–1,167**
Carrying amount as of Dec 31	**2**	**5**	**171**	**140**	**918**	**1,006**	**3,098**	**2,963**	**5**	**0**	**1**	**1**	**4,195**	**4,115**
Carrying amount as of Dec 31 of previous year	5	6	140	109	1,006	1,068	2,963	3,002	0	0	1	1	**4,115**	**4,186**

The acquired intangible assets mainly comprise acquired customer and franchise contracts (about € 397 million carrying amount), franchises and rights (about € 248 million carrying amount) and software (about € 151 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 € 35 million). No impairments were recognized (previous year: € 12 million). Segment reporting shows the allocation of reported goodwill to the various segments.

Impairments totaling € 3 million were recognized (previous year: no impairments), mainly relating to the DB Schenker Rail segment.

Segment reporting shows the allocation of reported goodwill to the various segments.

(15) Investments accounted for using the equity method

[€ MILLION]	**2014**	2013
As of Jan 1	511	529
Additions	2	0
Disposals	– 36	0
Group share of profit	8	3
Capital increase	2	6
Dividends received	– 7	– 9
Adjustment	– 4	– 8
Currency translation differences	6	– 6
Other valuation	– 4	– 4
As of Dec 31	**478**	**511**

The figure shown in the balance sheet as of December 31, 2014 is mainly attributable to the shares held in the associated companies EUROFIMA, Basel/Switzerland and Barraqueiro SGPS SA, Lisbon/Portugal. The negotiability of the shares in EUROFIMA is limited. The disposals relate almost exclusively to the shares in BLS Cargo AG, Bern/Switzerland.

(16) Deferred tax assets

[€ MILLION]	Dec 31, 2014	Dec 31, 2013
Deferred tax assets in respect of temporary differences	728	597
Deferred tax assets in respect of losses carried forward	876	807
Total	**1,604**	**1,404**

No deferred tax assets have been created in relation to the following losses carried forward and temporary differences:

[€ MILLION]	Dec 31, 2014	Dec 31, 2013
Tax loss carry-forwards for which no deferred tax asset has been created	13,301	13,897
Temporary differences for which no deferred tax asset has been created	5,031	4,312
Temporary differences which are not permitted to be recognized in accordance with IAS 12.24b in conjunction with 12.33	3,226	3,501
Total	**21,558**	**21,710**

The losses carried forward are mainly attributable to the tax law treatment of Federal Government grants paid in the past 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 not applicable in relation to statement and valuation differences for the individual balance sheet items and tax losses carried forward:

	Deferred tax assets		Deferred tax liabilities	
AS OF DEC 31 [€ MILLION]	2014	2013	2014	2013
NON-CURRENT ASSETS				
Property, plant and equipment	111	90	165	160
Intangible assets	6	1	113	133
Investments accounted for using the equity method	1	1	4	8
Other financial assets	1	2	8	4
CURRENT ASSETS				
Inventories	3	0	2	2
Trade receivables	21	20	1	3
Other financial assets	7	4	8	11
Assets held for sale	0	0	1	1
NON-CURRENT LIABILITIES				
Financial debt	125	68	18	18
Other liabilities	47	42	4	5
Derivative financial instruments	41	15	1	9
Pension obligations	218	129	4	4
Other provisions	209	214	1	4
CURRENT LIABILITIES				
Financial debt	51	26	5	15
Other liabilities	37	47	12	11
Other provisions	105	110	16	7
Losses carried forward	876	807	0	0
Total	**1,859**	**1,576**	**363**	**395**
Offsetting [1]	-255	-172	-255	-172
Amount stated in the balance sheet	**1,604**	**1,404**	**108**	**223**

[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 € 1,859 million (as of December 31, 2013: € 1,576 million), a figure of € 254 million (as of December 31, 2013: € 230 million) will probably be realized in the course of the next 12 months. Of the deferred tax liabilities of € 363 million (as of December 31, 2013: € 395 million), a figure of € 45 million (as of December 31, 2013: € 49 million) will probably be realized in the course of the next 12 months.

Deferred tax assets of € 200 million (as of December 31, 2013: € 81 million) shown directly in equity and deferred tax liabilities of € 9 million (as of December 31, 2013: € 9 million) are included in the deferred taxes shown in the balance sheet.

(17) Available-for-sale financial assets

[€ MILLION]	Investments in subsidiaries 2014	Investments in subsidiaries 2013	Other subsidiaries 2014	Other subsidiaries 2013	Securities 2014	Securities 2013	Total 2014	Total 2013
As of Jan 1	0	0	9	13	7	8	**16**	**21**
Currency translation differences	0	0	0	0	0	–1	**0**	**–1**
Changes in scope of consolidation	0	0	0	0	0	0	**0**	**0**
Additions	0	0	0	0	0	0	**0**	**0**
Disposals through sale	–	–	0	0	0	–	**0**	**0**
Other disposals	–	–	–	–4	–	–	**–**	**–4**
Fair value changes	–	–	–	–	–	0	**–**	**0**
Reclassifications	–	–	–	–	0	0	**0**	**0**
Impairment losses	–	–	–1	–1	–	–	**–1**	**–1**
Other	0	–	0	1	–	–	**0**	**1**
As of Dec 31	**0**	**0**	**8**	**9**	**7**	**7**	**15**	**16**
Non-current portion	–	0	8	9	2	2	**10**	**11**
Current portion	–	–	0	0	5	5	**5**	**5**

(18) Inventories

[€ MILLION]	Dec 31, 2014	Dec 31, 2013
Raw materials, consumables and supplies	1,070	1,069
Unfinished products, unfinished services	159	149
Finished products and goods	56	51
Advance payments	9	4
Impairments	–335	–325
Total	**959**	**948**

(19) Receivables and other assets

[€ MILLION]	Trade receivables	Receivables from financing	Advance payments	Other assets [1]	Total
DEC 31, 2014					
Gross value	4,344	93	215	984	**5,636**
Impairments	–191	–2	–	–50	**–243**
Net value	**4,153**	**91**	**215**	**934**	**5,393**
thereof due from related parties	39	16	0	95	**150**
DEC 31, 2013					
Gross value	4,336	92	217	761	**5,406**
Impairments	–214	–2	–	–50	**–266**
Net value	**4,122**	**90**	**217**	**711**	**5,140**
thereof due from related parties	44	12	0	142	**198**

[1] *In the year under review, the other assets include customs receivables of € 124 million of the DB Schenker Logistics segment. In the previous year, such receivables (€ 100 million) had been shown as trade receivables.*

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, 2014	–214	–2	–50	**–266**
Additions	–20	0	–5	**–25**
Reversals	24	0	5	**29**
Amounts used	17	0	0	**17**
Changes in the scope of consolidation	3	0	0	**3**
Currency translation differences	–1	0	0	**–1**
As of Dec 31, 2014	**–191**	**–2**	**–50**	**–243**
As of Jan 1, 2013	–231	–1	–41	**–273**
Additions	–28	–	–18	**–46**
Reversals	35	–	2	**37**
Amounts used	13	0	7	**20**
Changes in the scope of consolidation	–6	0	0	**–6**
Currency translation differences	3	–1	0	**2**
As of Dec 31, 2013	**–214**	**–2**	**–50**	**–266**

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 € 25 million (previous year: € 46 million) consists of individual allowances of € 11 million (previous year: € 39 million) and global individual allowances of € 14 million (previous year: € 7 million). The reversals have recognized reductions of individual allowances of € 22 million (previous year: € 16 million) and reductions of global individual allowances of € 7 million (previous year: € 21 million).

Costs of € 39 million were incurred for the complete derecognition of receivables and other assets (previous year: € 49 million).

Income of € 7 million was reported for amounts received in relation to previously derecognized receivables and other assets (previous year: € 9 million).

The following overview shows the maturity structure of the receivables for the financial instruments classified in accordance with IFRS 7 and the advanced payments which have been made:

	Residual maturity							
[€ MILLION]	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	**Total more than 1 year**	**Total**
DEC 31, 2014								
Trade receivables	4,146	4	1	1	1	0	**7**	**4,153**
Receivables from financing	72	2	9	1	1	6	**19**	**91**
Advance payments	183	32	–	–	–	–	**32**	**215**
Other assets	866	4	1	3	1	59	**68**	**934**
Total	**5,267**	**42**	**11**	**5**	**3**	**65**	**126**	**5,393**
thereof non-financial assets	420	32	–	–	–	53	**85**	**505**
DEC 31, 2013								
Trade receivables	4,113	6	1	1	0	1	**9**	**4,122**
Receivables from financing	55	18	2	8	1	6	**35**	**90**
Advance payments	185	32	–	–	–	–	**32**	**217**
Other assets	649	4	3	3	1	51	**62**	**711**
Total	**5,002**	**60**	**6**	**12**	**2**	**58**	**138**	**5,140**
thereof non-financial assets	345	33	–	–	1	44	**78**	**423**

The slight increase in trade receivables mainly relates to the segments DB Bahn Regional and Subsidiaries/Other; opposite developments were reported for the segments DB Netze Track and DB Netze Stations. Starting in the year under review, the current other assets have also included the customs receivables of the DB Schenker Logistics segment.

As a result of the large number of customers in the various operating segments, there is no evidence of any concentration of credit risks with trade receivables.

The fair values of the receivables and other assets are to a large extent equivalent to the carrying amounts.

The maximum default risk is essentially equivalent to the carrying amount in each case. No collateral is normally held.

The gross amounts of the individually adjusted receivables as well as the age structure in accordance with IFRS 7.37a are shown in the following:

			Not impaired but overdue within the following period of time (days)					
[€ MILLION]	Gross figure adjusted	Neither impaired nor overdue	Less than 29	30 to 59	60 to 89	90 to 179	180 to 359	More than 359
DEC 31, 2014								
Trade receivables	188	2,892	860	172	85	62	38	47
Receivables from financing	4	79	10	0	0	0	0	0
Other assets	50	510	76	7	3	10	22	16
Total	**242**	**3,481**	**946**	**179**	**88**	**72**	**60**	**63**
DEC 31, 2013								
Trade receivables	222	2,883	901	139	56	54	36	45
Receivables from financing	8	64	7	0	0	1	2	10
Other assets	48	354	103	9	5	11	9	13
Total	**278**	**3,301**	**1,011**	**148**	**61**	**66**	**47**	**68**

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]	2014	2013
INTEREST-BASED CONTRACTS		
Interest swaps	179	191
	179	**191**
CURRENCY-BASED CONTRACTS		
Currency swaps	850	1,097
Currency forwards	932	796
Cross-currency swaps	4,828	5,091
	6,610	**6,984**

VOLUMES [DESIGNATED UNITS OF VOLUME]	2014	2013
OTHER CONTRACTS		
Diesel (1,000 tons)	1,535	1,667
Heavy fuel oil (1,000 tons)	192	288
Hard coal (1,000 tons of coal equivalent)	1,394	2,234

The volume of interest rate swaps declined slightly to € 179 million; no new business was transacted. In the year under review, the nominal value of the cross-currency swaps declined by € 263 million to € 4,828 million, because expiring internal foreign currency loans were not fully replaced.

The portfolio of foreign currency swaps has declined by € 247 million to € 850 million. As a result of higher hedging activities of the subsidiaries, the volume of currency forwards has increased by € 136 million to € 932 million.

The volume of coal hedging has declined by approx. 0.8 million tons to 1.4 million tons; the heavy fuel oil hedging declined by 0.1 million tons to 0.2 million tons because no new coal and heavy fuel oil hedges were concluded in the year under review.

All derivative financial instruments are marked-to-market on the reporting date. The following overview shows the structure of the item stated in the balance sheet depending on the type of underlying hedge:

	Assets		Debt	
[€ MILLION]	2014	2013	2014	2013
INTEREST-BASED CONTRACTS				
Interest swaps	–	–	30	26
Interest forwards	–	0	–	–
	0	**0**	**30**	**26**
CURRENCY-BASED CONTRACTS				
Currency swaps	4	6	5	7
Currency forwards	4	4	6	4
Other currency derivatives	0	0	0	0
Cross-currency swaps	89	25	322	309
	97	**35**	**333**	**320**
OTHER CONTRACTS				
Energy price derivatives	5	51	317	96
	5	**51**	**317**	**96**
Total	**102**	**86**	**680**	**442**
Interest-based contracts	–	–	30	27
Currency-based contracts	90	25	315	249
Other contracts	5	49	210	67
Non-current share	**95**	**74**	**555**	**343**
Current share	7	12	125	99

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. The weakening of the euro against the US dollar, sterling and the Swiss franc has resulted in an increase in the assets of cross-currency swaps. The liabilities relating to cross-currency swaps have increased slightly, despite the expiry of existing hedges, as a result of the development of the Norwegian krone and the Japanese yen.

The development in the value of the currency swaps is mainly attributable to the lower volume of such instruments.

The very negative market valuation of the energy price derivatives is due to the collapse in prices on the energy markets.

The market values of the cash flow hedges are shown as follows under assets and liabilities:

	Assets		Debt	
[€ MILLION]	**2014**	2013	**2014**	2013
INTEREST-BASED CONTRACTS				
Interest swaps	–	–	30	26
	0	**0**	**30**	**26**
CURRENCY-BASED CONTRACTS				
Currency swaps	4	6	5	7
Currency forwards	0	0	–	–
Cross-currency swaps	89	25	322	309
	93	**31**	**327**	**316**
OTHER CONTRACTS				
Energy price derivatives	5	51	317	96
	5	**51**	**317**	**96**
Total	**98**	**82**	**674**	**438**
Interest-based contracts	–	–	30	27
Currency-based contracts	89	24	315	249
Other contracts	5	49	210	67
Non-current portion	**94**	**73**	**555**	**343**
Current portion	4	9	119	95

The following tables show the periods within which the hedged cash flows of the underlyings (interest and redemption payments as well as energy payments) will occur:

	Due in					
NOMINAL VALUE [€ MILLION]	2015	2016	2017	2018	2019	2020 ff.
REDEMPTION						
EUR	–	–	–	–	–	–
USD	6	400	–	–	250	–
GBP	416	46	19	5	5	431
CHF	6	–	525	–	–	1,625
JPY	–	–	–	–	7,500	47,100
AUD	–	–	–	–	–	90
HKD	100	486	–	–	–	–
NOK	50	2,120	–	–	–	1,500
SEK	2,287	117	117	877	107	2,411
DKK	198	136	115	321	47	8
SGD	99	–	–	177	–	–
NZD	–	–	10	–	–	–
MXN	19	–	–	–	–	–
PLN	1,022	79	70	82	76	101
CZK	38	33	21	16	14	300
HUF	170	170	170	1,970	170	297
RON	29	–	–	–	–	–
HRK	1	1	1	1	1	3
SAR	13	–	–	–	–	–

	Due in					
NOMINAL VALUE [€ MILLION]	2015	2016	2017	2018	2019	2020 ff.
INTEREST PAYMENTS						
EUR	1	1	–	–	1	1
USD	12	13	6	7	2	–
GBP	18	15	14	14	14	93
CHF	33	32	32	26	26	69
JPY	658	658	658	658	658	532
AUD	5	5	5	5	5	22
HKD	10	10	–	–	–	–
NOK	131	131	60	60	60	359
SEK	147	105	102	99	76	150
DKK	21	17	14	13	1	–
SGD	8	6	6	3	–	–
NZD	1	1	1	–	–	–
MXN	–	–	–	–	–	–
PLN	18	12	9	8	5	5
CZK	10	9	9	8	8	28
HUF	172	157	139	123	38	28
RON	0	0	–	–	–	–
HRK	0	0	–	–	–	–
SAR	0	0	–	–	–	–
ENERGY [€ MILLION]						
Diesel	365	254	189	123	45	53
Heavy fuel oil	44	23	20	2	–	–
Hard coal	64	30	24	2	–	–

The interest payments are normally reflected in the income statement in the above-mentioned periods. The period during which interest is recognized in the income statement may differ from the maturities of the interest payments.

The payments from energy derivatives are recognized in the income statement in the periods in which they fall due.

In the case of interest and cross-currency hedges, the effectiveness of the hedge is assessed prospectively using the Critical Terms Match method. This method is used because the major valuation parameters of the underlying and hedges are identical. The effectiveness is measured retrospectively as of each balance sheet date by using the dollar-offset method or the hypothetical derivatives method. In this method, the development in value of the hedge which is actually taken out is compared with the development in value of a theoretical hedge in which all valuation-relevant parameters are identical to those of the underlying. In the case of energy price derivatives, the effectiveness of the hedge is assessed prospectively using the linear regression. The retrospective effectiveness measurement is carried out as of every balance sheet date by means of linear regression. The ineffectiveness is also calculated using the dollar-offset method. Under this 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 € 0 million in the year under review (previous year: € 0 million).

NON-HEDGE DERIVATIVES

Currency forwards taken out to hedge operations are normally classified as non-hedge derivatives. There has only been a slight change in the market values at the end of the year compared with the previous year.

The market values of the non-hedge derivatives are shown under assets and liabilities as follows:

	Assets		Debt	
[€ MILLION]	**2014**	2013	**2014**	2013
INTEREST-BASED CONTRACT				
Interest forwards	–	0	–	–
	0	**0**	**0**	**0**
CURRENCY-BASED CONTRACTS				
Currency forwards	4	4	6	4
Other currency derivatives	0	0	0	0
Cross-currency swaps	–	–	0	0
	4	**4**	**6**	**4**
OTHER CONTRACTS				
Energy price derivatives	0	0	–	–
	0	**0**	**0**	**0**
Total	**4**	**4**	**6**	**4**
Currency-based contracts	1	1	0	0
Non-current portion	1	1	0	0
Current portion	3	3	6	4

(22) Cash and cash equivalents

[€ MILLION]	**Dec 31, 2014**	Dec 31, 2013
Cash at banks and in hand	4,029	2,859
Cash equivalents	2	2
Total	**4,031**	**2,861**
Effective interest rate on short-term bank deposits (%)	0.12	0.17
Average term of short-term bank deposits (months)	0.1	0.1

The interest rates for short-term bank deposits were again in a corridor between 0.0% and 0.7% (unchanged).

With regard to cash and cash equivalents, please refer to section "NOTES TO THE STATEMENT OF CASH FLOWS" [PAGE 240 F.].

(23) Held-for-sale assets and liabilities

In the previous year, the figure which was disclosed related to Arriva Malta Limited, Qormi/Malta.

(24) Subscribed capital

GRI 4.14

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 Government.

(25) Reserves

A) CAPITAL RESERVES

Capital reserves comprise reserves which have not been part of profits.

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 value 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 € 0 million in the year under review (as of December 31, 2013: deferred tax assets € 0 million).

Reserve attributable to the market valuation of cash flow hedges

The development in the reserve is shown in the following:

[€ MILLION]	**2014**	2013
As of Jan 1	-181	-119
Change in market value	-291	-256
RECLASSIFICATIONS		
Financial result	-108	209
Net interest income/loss	43	49
Cost of materials	43	-23
Changes in deferred taxes	32	-41
As of Dec 31	**-462**	**-181**

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 dividends paid to the shareholder.

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 € 1 million (as of December 31, 2013: € –2 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 loans stated with their present values. The maturity structure of financial debt is as follows:

	Residual maturity							
[€ MILLION]	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	**Total more than 1 year**	**Total**
DEC 31, 2014								
Interest-free loans	215	206	184	175	146	568	**1,279**	**1,494**
Bonds	699	1,533	1,818	1,895	1,929	9,288	**16,463**	**17,162**
Bank borrowings	55	404	1	0	0	402	**807**	**862**
EUROFIMA loan	–	–	–	–	–	200	**200**	**200**
Finance lease liabilities	169	155	19	60	15	175	**424**	**593**
Other financial liabilities	23	0	0	0	0	0	**0**	**23**
Total	**1,161**	**2,298**	**2,022**	**2,130**	**2,090**	**10,633**	**19,173**	**20,334**
thereof due to related companies	222	206	184	175	146	768	**1,479**	**1,701**
DEC 31, 2013								
Interest-free loans	215	206	196	176	168	683	**1,429**	**1,644**
Bonds	403	698	1,520	1,782	1,894	9,157	**15,051**	**15,454**
Bank borrowings	39	5	404	0	0	402	**811**	**850**
EUROFIMA loan	519	–	–	–	–	200	**200**	**719**
Finance lease liabilities	59	160	155	19	60	181	**575**	**634**
Other financial liabilities	12	0	0	0	0	0	**0**	**12**
Total	**1,247**	**1,069**	**2,275**	**1,977**	**2,122**	**10,623**	**18,066**	**19,313**
thereof due to related companies	736	206	196	176	168	883	**1,629**	**2,365**

The following fair values are summarized compared with the carrying amounts:

[€ MILLION]	**Carrying amount 2014**	**Fair value 2014**	Carrying amount 2013	Fair value 2013
Interest-free loans	1,494	1,745	1,644	1,888
Bonds	17,162	19,157	15,454	16,526
Bank borrowings	862	863	850	851
EUROFIMA loan	200	243	719	765
Finance lease liabilities	593	771	634	758
Other financial liabilities	23	23	12	12
Total	**20,334**	**22,802**	**19,313**	**20,800**

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.

Interest-free 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 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.

Interest-free loans have developed as follows:

[€ MILLION]	**2014**	2013
As of Jan 1	1,644	1,789
Redemption	–220	–220
Reclassifications	–	–
Compounding	70	75
As of Dec 31	**1,494**	**1,644**

The issued bonds consist of the following transactions:

BONDS [€ MILLION]	Volume of issue	Issue currency	Residual maturity (years)	Effective interest rate (%)	**Carrying amount 2014**	**Fair value 2014**	Carrying amount 2013	Fair value 2013
UNLISTED BONDS								
DB Finance	304	HKD, JPY, EUR	1.9 – 11.9		301	348	359	372
					301	**348**	**359**	**372**
LISTED BONDS OF DB FINANCE								
Bond 2003 – 2018	1,000	EUR	3.2	5.000	995	1,142	994	1,138
Bond 2003 – 2015	700	EUR	0.5	4.600	699	715	698	739
Bond 2004 – 2018	300	EUR	3.2	4.850	299	343	299	342
Bond 2004 – 2016	500	EUR	1.9	4.300	500	537	499	548
Bond 2004 – 2014	366	JPY	0.0	1.700	–	–	345	350
Bond 2006 – 2018	300	EUR	3.2	4.510	302	343	303	342
Bond 2006 – 2017	500	EUR	2.0	4.116	499	539	498	546
Bond 2007 – 2019	600	EUR	4.6	5.110	597	723	597	705
Bond 2009 – 2019	1,000	EUR	4.2	4.923	997	1,189	996	1,158
Bond 2009 – 2021	600	EUR	6.8	4.445	598	742	597	692
Bond 2009 – 2017	500	EUR	2.8	3.774	498	546	498	545
Bond 2010 – 2020	500	EUR	5.5	3.572	498	580	498	545
Bond 2010 – 2025	500	EUR	10.5	3.870	495	622	494	546
Bond 2010 – 2020	410	JPY	5.8	1.150	324	338	325	334
Bond 2010 – 2022	500	EUR	7.8	3.464	497	593	497	539
Bond 2010 – 2020	567	CHF	5.4	1.924	619	676	605	637
Bond 2011 – 2021	700	EUR	6.4	3.797	698	837	698	774
Bond 2011 – 2016	500	EUR	1.5	3.003	499	520	498	525
Bond 2011 – 2017	323	CHF	3.0	1.566	311	324	305	318
Bond 2011 – 2016	160	NOK	1.7	3.551	138	143	149	154
Bond 2011 – 2016	78	HKD	1.8	2.021	89	89	78	79
Bond 2011 – 2016	146	USD	1.9	FRN	165	167	145	145
Bond 2012 – 2016	97	NOK	1.7	3.179	83	86	90	92
Bond 2012 – 2017	124	CHF	2.6	0.799	125	127	122	124
Bond 2012 – 2017	368	GBP	2.8	1.456	384	389	359	356
Bond 2012 – 2022	495	GBP	7.5	2.821	511	537	477	464
Bond 2012 – 2023	400	EUR	8.1	2.116	397	439	396	383
Bond 2012 – 2024	83	CHF	9.1	1.586	83	91	81	80
Bond 2012 – 2024	500	EUR	9.2	3.119	495	585	495	514
Bond 2012 – 2072	75	GBP	57.9	4.524	77	101	72	75
Bond 2013 – 2018	300	EUR	3.1	FRN	299	300	299	300
Bond 2013 – 2028	50	EUR	13.1	2.707	50	58	50	48
Bond 2013 – 2025	202	NOK	10.2	4.017	165	191	179	185
Bond 2013 – 2023	386	CHF	8.6	1.425	394	427	386	380
Bond 2013 – 2026	497	GBP	11.6	3.351	534	579	498	478
Bond 2013 – 2023	500	EUR	8.7	2.578	497	569	497	497
Bond 2013 – 2020	300	EUR	5.9	1.899	298	323	297	296
Bond 2013 – 2019	186	USD	4.2	FRN	206	206	181	181
Bond 2014 – 2024	59	AUD	9.1	5.395	61	64	–	–
Bond 2014 – 2021	142	SEK	6.1	2.940	133	145	–	–
Bond 2014 – 2021	40	SEK	6.1	FRN	37	37	–	–
Bond 2014 – 2019	73	SGD	4.1	2.338	78	78	–	–
Bond 2014 – 2024	246	CHF	9.6	1.522	249	273	–	–
Bond 2014 – 2029	500	EUR	14.2	2.886	491	593	–	–
Bond 2014 – 2020	300	EUR	5.6	FRN	299	302	–	–
Bond 2014 – 2022	300	EUR	7.1	FRN	299	300	–	–
Bond 2014 – 2022	300	EUR	7.7	FRN	299	301	–	–
					16,861	**18,809**	**15,095**	**16,154**
Adjustments from derivatives					0	0	0	0
Total					**17,162**	**19,157**	**15,454**	**16,526**

In the year under review, one listed bond for JPY 50 billion (€ 366 million)as well as two private placings for JPY 5 billion (€ 36.8 million) and HKD 250 million (€ 26.7 million) of Deutsche Bahn Finance B.V. (DB Finance), Amsterdam/the Netherlands, were redeemed as planned.

DB Finance has also issued nine new bonds. These are listed bonds of AUD 90 million (€ 59 million), SEK 1,250 million (€ 142 million), SEK 350 million (€ 40 million), SGD 125 million (€ 73 million), CHF 300 million (€ 246 million), € 500 million and three times € 300 million.

Bank borrowings are detailed in the following table:

BANK BORROWINGS [€ MILLION]	Currency	Residual maturity (years)	Nominal interest rate (%)	**Carrying amount 2014**	**Fair value 2014**	Carrying amount 2013	Fair value 2013
Bank loan 2002 – 2016	EUR	1.7	FRN	200	200	200	200
Bank loan 2002 – 2022	EUR	7.7	FRN	200	200	200	200
Bank loan 2003 – 2016	EUR	1.7	FRN	200	200	200	200
Bank loan 2003 – 2022	EUR	7.7	FRN	200	200	200	200
Miscellaneous				62	63	50	51
Total				**862**	**863**	**850**	**851**

Liabilities are not secured in DB Group.

As of December 31, 2013, guaranteed credit facilities with a total volume of € 3,799 million (as of December 31, 2013: € 3,646 million) were available to DB Group. Of this figure, € 2,080 million (as of December 31, 2013: € 2,080 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, 2014. Global credit facilities totaling € 1,719 million (as of December 31, 2013: € 1,566 million) are used for working capital and surety for payment financing of subsidiaries with worldwide operations, primarily in the segments DB Schenker Logistics and DB Arriva.

The liabilities due to EUROFIMA are detailed in the following:

LIABILITIES DUE TO EUROFIMA [€ MILLION]	Currency	Residual maturity (years)	Nominal interest rate (%)	**Carrying amount 2014**	**Fair value 2014**	Carrying amount 2013	Fair value 2013
Loan 2000 – 2014	EUR	0.0	5.970	–	–	219	228
Loan 2001 – 2014	EUR	0.0	5.410	–	–	300	311
Loan 2010 – 2021	EUR	6.8	4.050	200	243	200	226
Total				**200**	**243**	**719**	**765**

In the year under review, two EUROFIMA loans totaling € 519 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, € 29 million (as of December 31, 2013: € 32 million) relates to a real estate leasing agreement for concourse buildings of DB Station&Service AG and a logistics centre of Schenker Deutschland AG in Echingen; a further figure of € 301 million (as of December 31, 2013: € 325 million) relates to leasing agreements for various rolling stock (multiple units, engines, 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 volume	Currency	Residual maturity (years)	Nominal interest rate (%)	**Carrying amount 2014**	**Fair value 2014**	Carrying amount 2013	Fair value 2013
FINANCE LEASES – MOBILE ASSETS								
Freight locomotives (2000)	101	DEM	0.5	5.35	51	54	56	61
Freight locomotives (2000)	154	EUR	2.0	5.40	92	100	101	112
Locomotives (2001)	178	EUR	0.5 – 2.0	4.87	110	116	119	129
Diesel rail cars for regional transport (2009)	55	EUR	4.0	8.34	48	62	49	61
					301	**332**	**325**	**363**
FINANCE LEASES – REAL ESTATE								
Logistics center (1986)	24	DEM	1.0	8.50	2	2	3	3
Concourse buildings (1998)	497	DEM	7.0	4.00 – 5.95	27	34	29	35
					29	**36**	**32**	**38**
Miscellaneous					263	403	277	357
Total					**593**	**771**	**634**	**758**

The above finance leases for engines and multiple units cannot be terminated during a fixed basic lease term, and have a maximum remaining term of four 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 declines in finance leasing for mobile assets and real estate are attributable to scheduled redemption payments.

The finance leases for the concourse building of DB Station&Service AG have a remaining term of seven 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) [PAGE 215 FF.]) are secured by rights of the lessors in relation to the leased assets. The leased assets have a carrying amount of € 452 million (as of December 31, 2013: € 515 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 € 93 million (as of December 31, 2013: € 100 million) as well as the carrying amount of an inverter agreement of DB Energie GmbH in the amount of € 43 million (as of December 31, 2013: € 46 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:

	Residual maturity							
[€ MILLION]	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	**Total more than 1 year**	**Total**
DEC 31, 2014								
Minimum lease payments (nominal)	204	179	36	76	27	327	**645**	**849**
Less future interest charges	35	24	17	16	12	152	**221**	**256**
Finance lease liabilities	**169**	**155**	**19**	**60**	**15**	**175**	**424**	**593**
DEC 31, 2013								
Minimum lease payments (nominal)	95	193	179	36	77	335	**820**	**915**
Less future interest charges	36	33	24	17	17	154	**245**	**281**
Finance lease liabilities	**59**	**160**	**155**	**19**	**60**	**181**	**575**	**634**

(29) Other liabilities

[€ MILLION]	Residual maturity							
	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	**Total more than 1 year**	**Total**
DEC 31, 2014								
Trade liabilities including deposits received	4,949	34	30	34	34	32	**164**	**5,113**
Miscellaneous/other liabilities	3,412	15	11	11	10	30	**77**	**3,489**
Total	**8,361**	**49**	**41**	**45**	**44**	**62**	**241**	**8,602**
thereof non-financial liabilities	1,924	28	24	26	29	29	**136**	**2,060**
thereof deposits received	108	28	24	26	29	29	**136**	**244**
thereof due to related parties	417	0	0	0	0	0	**0**	**417**
DEC 31, 2013								
Trade liabilities including deposits received	4,379	28	30	30	34	62	**184**	**4,563**
Miscellaneous/other liabilities	3,019	20	11	11	9	36	**87**	**3,106**
Total	**7,398**	**48**	**41**	**41**	**43**	**98**	**271**	**7,669**
thereof non-financial liabilities	1,758	21	25	24	26	58	**154**	**1,912**
thereof deposits received	102	21	25	24	26	58	**154**	**256**
thereof due to related parties	296	0	0	0	0	0	**0**	**296**

The increase in trade liabilities is mainly related to the acquisition of rolling stock.

The miscellaneous/other liabilities comprise the following:

[€ MILLION]	**Dec 31, 2014**	Dec 31, 2013
PERSONNEL-RELATED LIABILITIES		
Unused holiday entitlements	348	330
Outstanding overtime	281	284
Social security	97	101
Severance payments	26	22
Christmas bonuses	3	4
Holiday pay	14	14
Other personnel obligations	748	622
OTHER TAXES		
Value-added tax	76	61
Payroll and church taxes, solidarity surcharge	113	115
Miscellaneous other taxes	111	103
Interest payable	290	278
Sales discounts	108	121
Deferred construction grants	129	120
Liabilities due to Railway Crossings Act	3	4
Reconveyance obligations	3	3
Miscellaneous/other liabilities	1,139	924
Total	**3,489**	**3,106**

The other personnel obligations also include bonus obligations. The increase is mainly attributable to the accrual of one-off payments in connection with wage bargaining negotiations (EVG and GDL).

The increase in the other and miscellaneous liabilities is mainly due to higher liabilities resulting from investment grants which have to be repaid to the Federal Government.

As of December 31, 2014, other liabilities were secured in an amount of € 0 million in the year under review (as of December 31, 2013: € 0 million).

(30) Income tax liabilities

The income tax liabilities as of December 31, 2014 related mainly to obligations to the fiscal authorities in Great Britain, Germany and India.

(31) Additional disclosures relating to the financial instruments

Carrying amounts and fair values are based on valuation categories.

BALANCE SHEET CATEGORIES

	Held for trading[1]		Held to maturity	
	Fair value (recognized in the income statement)		At amortized cost	
CATEGORIES OF FINANCIAL ASSETS [€ MILLION]	**2014**	2013	**2014**	2013
NON-CURRENT FINANCIAL ASSETS				
Shares in affiliated companies (at cost)	0	0	0	0
Investments (at cost)	0	0	0	0
Securities (at cost)	0	0	0	0
Securities (at fair value)	0	0	0	0
Available-for-sale financial assets	**0**	**0**	**0**	0
Trade receivables	0	0	0	0
Receivables from financing	0	0	0	0
Receivables from finance leases	0	0	0	0
Advance payments and accrued income	0	0	0	0
Plan assets according to IAS 19	0	0	0	0
Miscellaneous other assets	0	0	0	0
Receivables and other assets	**0**	**0**	**0**	**0**
Currency-based derivatives – hedging	0	0	0	0
Commodity derivatives – hedging	0	0	0	0
Interest-based derivatives – non-hedging	-	-	0	0
Currency-based derivatives – non-hedging	1	1	0	0
Derivative financial instruments	**1**	**1**	**0**	**0**
Total non-current financial assets	**1**	**1**	**0**	**0**
CURRENT FINANCIAL ASSETS				
Investments (at cost)	0	0	0	0
Securities (at cost)	0	0	0	0
Securities (at fair value)	0	0	0	0
Available-for-sale financial assets	**0**	**0**	**0**	**0**
Trade receivables	0	0	0	0
Receivables from financing	0	0	0	0
Receivables from finance leases	0	0	0	0
Advance payments and accrued income[3]	0	0	0	0
Held-to-maturity securities	0	0	0	0
Receivables from other taxes[3]	0	0	0	0
Plan assets according to IAS 19[3]	0	0	0	0
Miscellaneous other assets	0	0	0	0
Other receivables and other assets	**0**	**0**	**0**	**0**
Currency-based derivatives – hedging	0	0	0	0
Commodity derivatives – hedging	0	0	0	0
Interest-based derivatives – non-hedging	-	0	0	0
Currency-based derivatives – non-hedging	3	3	0	0
Commodity derivatives – non-hedging	0	0	0	0
Derivative financial instruments	**3**	**3**	**0**	**0**
Cash and cash equivalents	0	0	0	0
Assets held for sale	0	0	0	0
Total current financial assets	**3**	**3**	**0**	**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."

[2] *For reconciling the categories of financial assets and financial liabilities to the figures stated in the balance sheet.*

[3] *Previous year figure for fair value adjusted.*

Valuation categories (according to IAS 19)														
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	
2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	**2013**	**2014**	2013
–	0	0	0	0	0	0	0	0	0	**0**	**0**	n/a	n/a
8	9	0	0	0	0	0	0	0	0	**8**	**9**	n/a	n/a
0	0	0	0	0	0	0	0	0	0	**0**	**0**	n/a	n/a
0	0	2	2	0	0	0	0	0	0	**2**	**2**	2	2
8	**9**	**2**	**2**	**0**	**0**	**0**	**0**	**0**	**0**	**10**	**11**	–	–
0	0	0	0	0	0	7	9	0	0	**7**	**9**	7	9
0	0	0	0	0	0	10	9	0	0	**10**	**9**	10	9
0	0	0	0	0	0	0	0	9	26	**9**	**26**	9	26
0	0	0	0	0	0	0	0	32	32	**32**	**32**	n/a	n/a
0	0	0	0	0	0	0	0	53	44	**53**	**44**	n/a	n/a
0	0	0	0	0	0	15	17	0	1	**15**	**18**	15	18
0	**0**	**0**	**0**	**0**	**0**	**32**	**35**	**94**	**103**	**126**	**138**	–	–
0	0	0	0	0	0	0	0	89	24	**89**	**24**	89	24
0	0	0	0	0	0	0	0	5	49	**5**	**49**	5	49
0	0	0	0	0	0	0	0	0	0	**0**	**0**	0	0
0	0	0	0	0	0	0	0	0	0	**1**	**1**	1	1
0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**94**	**73**	**95**	**74**	**95**	**74**
8	**9**	**2**	**2**	**0**	**0**	**32**	**35**	**188**	**176**	**231**	**223**	–	–
0	0	0	0	0	0	0	0	0	0	**0**	**0**	n/a	n/a
1	0	0	0	0	0	0	0	0	0	**1**	**0**	n/a	n/a
0	0	4	5	0	0	0	0	0	0	**4**	**5**	4	5
1	**0**	**4**	**5**	**0**	**0**	**0**	**0**	**0**	**0**	**5**	**5**	–	–
0	0	0	0	0	0	4,146	4,113	0	0	**4,146**	**4,113**	4,146	4,113
0	0	0	0	0	0	37	38	0	0	**37**	**38**	37	38
0	0	0	0	0	0	0	0	35	17	**35**	**17**	35	17
0	0	0	0	0	0	0	0	183	185	**183**	**185**	n/a	n/a
0	0	0	0	0	0	0	0	0	0	**0**	**0**	0	0
0	0	0	0	0	0	0	0	200	127	**200**	**127**	n/a	n/a
0	0	0	0	0	0	0	0	0	0	**0**	**0**	n/a	n/a
0	0	0	0	0	0	629	489	37	33	**666**	**522**	666	522
0	**0**	**0**	**0**	**0**	**0**	**666**	**527**	**455**	**362**	**1,121**	**889**	**738**	**577**
0	0	0	0	0	0	0	0	4	7	**4**	**7**	4	7
0	0	0	0	0	0	0	0	0	2	**0**	**2**	0	2
0	0	0	0	0	0	0	0	0	0	**0**	**0**	0	0
0	0	0	0	0	0	0	0	0	0	**3**	**3**	3	3
0	0	0	0	0	0	0	0	0	0	**0**	**0**	0	0
0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**4**	**9**	**7**	**12**	**7**	**12**
0	0	0	0	0	0	4,031	2,861	0	0	**4,031**	**2,861**	4,031	2,861
0	0	0	0	0	0	–	–	0	5	**0**	**5**	0	5
1	**0**	**4**	**5**	**0**	**0**	**8,843**	**7,501**	**459**	**376**	**9,310**	**7,885**	–	–

CATEGORIES OF FINANCIAL LIABILITIES [€ MILLION]	Valuation category (according to IAS 39)											
	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	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
NON-CURRENT FINANCIAL LIABILITIES												
Interest-free loans	0	0	0	0	1,279	1,429	0	0	**1,279**	**1,429**	1,530	1,673
Bonds	0	0	0	0	16,463	15,051	0	0	**16,463**	**15,051**	18,458	16,123
Bank borrowings [3]	0	0	0	0	807	811	0	0	**807**	**811**	808	812
EUROFIMA loan	0	0	0	0	200	200	0	0	**200**	**200**	243	226
Finance lease liabilities	0	0	0	0	0	0	424	575	**424**	**575**	602	699
Financial debt	**0**	**0**	**0**	**0**	**18,749**	**17,491**	**424**	**575**	**19,173**	**18,066**	**21,641**	**19,533**
Trade liabilities including received deposits	0	0	0	0	28	30	136	154	**164**	**184**	28	30
Other liabilities	0	0	0	0	77	87	0	0	**77**	**87**	77	87
Liabilities	**0**	**0**	**0**	**0**	**105**	**117**	**136**	**154**	**241**	**271**	**105**	**117**
Interest-based derivatives – hedging	0	0	0	0	0	0	30	27	**30**	**27**	30	27
Currency-based derivatives – hedging	0	0	0	0	0	0	315	248	**315**	**248**	315	248
Commodity derivatives – hedging	0	0	0	0	0	0	210	68	**210**	**68**	210	68
Currency-based derivatives – non-hedging	0	0	0	0	0	0	0	0	**0**	**0**	0	0
Derivative financial instruments	**0**	**0**	**0**	**0**	**0**	**0**	**555**	**343**	**555**	**343**	**555**	**343**
Total non-current financial liabilities	**0**	**0**	**0**	**0**	**18,854**	**17,608**	**1,115**	**1,072**	**19,969**	**18,680**	**22,301**	**19,993**
CURRENT FINANCIAL LIABILITIES												
Interest-free loans	0	0	0	0	215	215	0	0	**215**	**215**	215	215
Bonds	0	0	0	0	699	403	0	0	**699**	**403**	699	403
Bank borrowings	0	0	0	0	55	39	0	0	**55**	**39**	55	39
EUROFIMA loan	0	0	0	0	–	519	0	0	**0**	**519**	–	539
Finance lease liabilities	0	0	0	0	0	0	169	59	**169**	**59**	169	59
Other financial liabilities	0	0	0	0	23	12	0	0	**23**	**12**	23	12
Financial debt	**0**	**0**	**0**	**0**	**992**	**1,188**	**169**	**59**	**1,161**	**1,247**	**1,161**	**1,267**
Trade liabilities including received deposits [3]	0	0	0	0	4,841	4,277	108	102	**4,949**	**4,379**	4,841	4,277
Trade liabilities including received deposits	**0**	**0**	**0**	**0**	**4,841**	**4,277**	**108**	**102**	**4,949**	**4,379**	**4,841**	**4,277**
Liabilities from other taxes [3]	0	0	0	0	0	0	299	279	**299**	**279**	0	0
Miscellaneous/other liabilities [3]	0	0	0	0	1,596	1,362	1,517	1,378	**3,113**	**2,740**	1,596	1,362
Other liabilities	**0**	**0**	**0**	**0**	**1,596**	**1,362**	**1,816**	**1,657**	**3,412**	**3,019**	**1,596**	**1,362**
Currency-based derivatives – hedging	0	0	0	0	0	0	12	67	**12**	**67**	12	67
Commodity derivatives – hedging	0	0	0	0	0	0	107	28	**107**	**28**	107	28
Currency-based derivatives – non-hedging	6	4	0	0	0	0	0	0	**6**	**4**	6	4
Commodity derivatives – non-hedging	–	0	0	0	0	0	0	0	**0**	**0**	0	0
Derivative financial instruments	**6**	**4**	**0**	**0**	**0**	**0**	**119**	**95**	**125**	**99**	**125**	**99**
Available-for-sale liabilities	0	0	0	0	0	0	0	0	**0**	**0**	0	0
Total current financial liabilities	**6**	**4**	**0**	**0**	**7,429**	**6,827**	**2,212**	**1,913**	**9,647**	**8,744**	**7,723**	**7,005**

[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 reconciling the categories of financial assets and financial liabilities to the figures stated in the balance sheet.*

[3] *Previous year figure for fair value adjusted.*

The carrying amounts of the liquid assets, trade receivables and other financial assets (€ 4,888 million) approximate the fair values as of the balance sheet date.

The carrying amounts of the trade payables, the sundry and other financial liabilities (a total of € 6,542 million) as well as the short-term financial debt approximate the fair values as of the balance sheet date.

The fair values of the long-term financial debt are allocated to the following valuation categories:

	Dec 31, 2014				Dec 31, 2013			
[€ MILLION]	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	**Total**
FINANCIAL DEBT – NON-CURRENT								
Interest-free loans	–	1,530	–	**1,530**	–	1,673	–	**1,673**
Bonds	18,458	–	–	**18,458**	16,123	–	–	**16,123**
Commercial paper	–	–	–	**–**	–	–	–	**–**
Bank borrowings [1), 2)]	–	808	–	**808**	–	812	–	**812**
EUROFIMA loan [2)]	–	243	–	**243**	–	226	–	**226**
Finance lease liabilities	–	602	–	**602**	–	699	–	**699**
Total	**18,458**	**3,183**	**–**	**21,641**	**16,123**	**3,410**	**–**	**19,533**

1) Previous year allocation adjusted.

2) Previous year figure adjusted.

The interest-free loans shown at fair value are established by discounting the nominal values of the interest-free loans broken down into maturity buckets using the DB interest curve (market interest curve plus current DB spread; source: Reuters or Bloomberg) and a term until 2024.

Market prices, multiplied by the exchange rates on the balance sheet date, are used for bonds of DB Finance. Various sources are used for these prices, including Reuters and Bloomberg. Variable bonds with an equivalent value of less than € 100 million are measured at par if no prices are available from Reuters or Bloomberg.

Theoretical refinancing via bonds of DB Finance are assumed for assessing the market value of outstanding EUROFIMA loans. A discounted cash flow method is used for calculation purposes. The reference interest rate which is used is established by interpolation of the yields for matching maturities of bonds of DB Finance.

The fair value of the finance leases is calculated by discounting the outstanding leasing payments using the DB interest curve (market interest curve plus current DB spread; source: Reuters or Bloomberg).

The financial instruments recognized at fair value are classified under valuation level 2 and to a lesser extent under valuation level 1.

	Dec 31, 2014				Dec 31, 2013			
[€ MILLION]	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	**Total**
ASSETS								
Available-for-sale financial assets (securities at fair value)	6	–	–	**6**	7	–	–	**7**
Derivatives – non-hedging	–	4	–	**4**	–	4	–	**4**
Derivatives – hedging	–	98	–	**98**	–	82	–	**82**
Total	**6**	**102**	**–**	**108**	**7**	**86**	**–**	**93**
LIABILITIES								
Derivatives – non-hedging	–	6	–	**6**	–	4	–	**4**
Derivatives – hedging	–	674	–	**674**	–	438	–	**438**
Total	**–**	**680**	**–**	**680**	**–**	**442**	**–**	**442**

The other available-for-sale financial assets shown in the balance sheet (a total of € 9 million; as of December 31, 2013: € 9 million) comprise other investments and securities which are recognized at cost, because there is no corresponding price listed on an active market and because the fair value cannot be reliably determined. At present, there is essentially no intention to sell.

There have been no reclassifications between the valuation levels in the year under review.

For establishing the fair values of the derivative financial instruments, the contractually agreed or most probable cash flows are discounted using the appropriate market interest rate, whereby due consideration is given to the credit risk by means of credit spreads. No credit risk mark-downs have been recognized in the case of secured exposures. The credit risk resulting from the derivative portfolio is treated on a net basis. Credit support annexes, which are subject to daily security settlement with a threshold value of € 0, were concluded to minimize the credit risk of long-term interest and cross-currency transactions.

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 exchange rate transaction: from currency translation	From exchange rate transaction: from impairments	**Total net result**
DEC 31, 2014								
Held-for-trading assets and liabilities including non-hedge derivatives	–	–	–	–	–3	–	–	**–3**
Available for sale	–	–	61	–23	1	–	–2	**37**
Loans and receivables	32	–	7	–	–	16	–28	**27**
Other liabilities	–	–686	–	–18	–	–	–	**–704**
Total	**32**	**–686**	**68**	**–41**	**–2**	**16**	**–30**	**–643**
thereof recognized in the income statement	32	–686	68	–41	–3	16	–30	**–644**
thereof directly offset in equity	–	–	–	–	1	–	–	**1**
DEC 31, 2013								
Held-for-trading assets and liabilities including non-hedge derivatives	0	–	–	–	–1	–	–	**–1**
Available for sale	–	–	5	–2	1	–	1	**5**
Loans and receivables	23	–	3	–	–	5	–48	**–17**
Other liabilities	–	–684	–	–6	–	–	–	**–690**
Total	**23**	**–684**	**8**	**–8**	**0**	**5**	**–47**	**–703**
thereof recognized in the income statement	23	–684	8	–8	–1	5	–47	**–704**
thereof directly offset in equity	–	–	–	–	1	–	–	**1**

The net results mainly include net interest income of € –654 million (previous year: € –661 million).

The interest attributable to financial instruments is shown in net interest income (see NOTE (9) [PAGE 213]); the other components of net result are shown under other financial result.

The net result of financial liabilities in the category "Other liabilities" includes interest expenses attributable to the cumulative interest relating to interest-free loans.

Foreign currency gains and losses attributable to the translation of foreign currency liabilities are opposed by almost identical losses/gains attributable to derivatives (see NOTE (10) [PAGE 213]).

GRI EC3

(32) Pension obligations

DB Group grants post-employment benefits to its employees in numerous countries. The form of the pension commitments depends on the legal, economic and tax conditions applicable in the particular country. A distinction is made between defined contribution plans and defined benefit plans. Major pension obligations exist only in Germany and in Great Britain. For this reason, only these pension obligations are described in greater detail in the following.

GERMANY

Pension obligations of DB Group in Germany comprise pension obligations for civil servants and also for employees.

After they retire, civil servants assigned to the companies of DB Group receive pensions from the BEV under the Civil Servants Benefits Act (Beamtenversorgungsgesetz).

Only while the assigned civil servants are actively working for DB Group are payments made to the BEV 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 BEV for retirement pensions and supplementary benefits of civil servants are defined contribution retirement schemes.

The pension 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 BEV 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. The current pension benefits are adjusted every year in line with the regulations of the Company Pensions Act (Betriebsrentengesetz). Retirement benefits, invalidity benefits and benefits to surviving dependants are provided in the form of a lifetime pension. No plan assets are created for this scheme.

c) Various defined benefit pension obligations exist with regard to senior executives in DB Group who were granted a senior executive commitment before January 1, 2007. The extent of the benefits depend on the length of service and the salary of the beneficiary. In general, retirement benefits, invalidity benefits and benefits to surviving dependants are provided in the form of a lifetime pension. In some exceptional cases, pledged reinsurance policies have been taken out to eliminate biometric risks; these are recognized as plan assets. With this exception, no plan assets are created.

d) Senior executives of DB Group who were granted a senior executive commitment after December 31, 2006, are provided with a retirement benefit scheme in the form of a defined contribution commitment. For this purpose, a benefit module is calculated in each year of service, depending on the salary and age of the beneficiary. These benefits are financed by way of a contractual trust arrangement (CTA), namely Deutsche Bahn Pension Trust e. V. The extent of the benefits depends on the yield of the CTA, whereby a minimum return is guaranteed. To avoid longevity risks, the benefits are granted in the form of a five-year installment. The assets of the CTA are classified as plan assets. The pension obligation is covered by the plan assets on the assumption that the CTA produces a corresponding performance, thus minimizing investment risks. There are no legal or regulatory obligations requiring Deutsche Bahn Pension Trust e. V. to make minimum payments into the scheme. The contributions are invested in line with the fundamental assumption that the benefit commitment is guaranteed by a corresponding guarantee element. For each payment relating to the individual beneficiary, an age-related amount is invested in prime zero bonds. The investment amount remaining after the payment has been made into the guarantee element, is mainly invested in passively managed European equity and bond funds (or equivalent products) with the aim of optimizing returns.

Whilst maintaining the existing rights from an original pension scheme (lifetime pension), some senior executives with an older senior executive commitment have been transferred to this defined contribution scheme financed via Deutsche Bahn Pension Trust e. V.

e) Senior executives are able to participate in a deferred-compensation program. This employee-financed form of company pension scheme constitutes a defined benefit obligation.

f) In addition, there are also employee-financed direct insurance policies, mainly with DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a. G., as well as an employee-financed pension fund at DEVK Pensionsfonds-AG which is the subject of a collective bargaining agreement. Due to the existence of a guarantee in the form of insurance, these two external forms of company pension scheme are not relevant for provisions.

GREAT BRITAIN

a) 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 schemes 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 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, 2013. As of the intermediate valuation dates, the obligations in the plan are measured on the basis of the correspondingly updated data. The pension scheme is based on final salary, and lifetime pensions are provided as benefits. The pension obligations are essentially covered by plan assets. Capital is invested by the trustee of the plan assets following liaison with DB Group.

b) 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) relate to employees of DB Arriva within the "Railway Pension Scheme" in Great Britain. These are sections other than the DB Schenker Rail UK scheme within the railway pension scheme. The costs of the pension schemes are also shared between the employer and the employee in the ratio 60:40 and accordingly recognized in the balance sheet. The pension schemes are based on final salary, and lifetime pensions are provided as benefits. The corresponding pension obligations are to a large extent covered by fund assets. Capital is invested by the trustee of the plan assets following liaison with DB Group.

Some companies pay contributions within the framework of a franchise agreement to the British "Railway Pension Scheme" for employees seconded for the duration of the agreement (franchise period). The obligations to these employees as well as the plan assets are completely disclosed after deduction of the element financed by the employees (40%). The process of recognizing the effect of franchise agreements recognizes that part of the shortfall or surplus cover will probably not be financed by 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).

In the case of the defined benefit pension obligations in Germany and abroad, the actuarial risks are borne by DB Group. There are the following actuarial risks which are considered to be typical for companies with defined benefit schemes.

- Interest risk: A change in the discount rate results in a change in the present value of the total obligation (DBO).
- Inflation risk: Part of the pension obligations, particularly as a result of adjustments to current pensions, is linked to the development of inflation.
- Longevity risk: A longevity risk may occur in the form of extended periods in which pensions are paid out as a result of an increase in life expectancy in future.
- Investment risk: The capital investment is exposed to numerous risks, which may have an impact on the present value recognized for the plan assets. In the case of pension schemes with an obligation to pay into the scheme, the amount of future contributions may be affected by the investment risk.

The figures stated for pension provisions in the balance sheet are detailed in the following:

	Germany		Europe (excl. Germany)		Rest of world		Total	
AS OF DEC 31 [€ MILLION]	2014	2013	2014	2013	2014	2013	2014	2013
Funded obligations	214	222	4,701	3,670	69	49	4,984	3,941
Unfunded obligations	3,301	2,477	316	248	6	5	3,623	2,730
Total obligations	**3,515**	**2,699**	**5,017**	**3,918**	**75**	**54**	**8,607**	**6,671**
Fair value of plan assets	-144	-129	-3,456	-2,947	-39	-33	-3,639	-3,109
Effects due to cost sharing	-	-	-370	-237	-	-	-370	-237
Effects due to franchise contracts	-	-	-293	-205	-	-	-293	-205
Assets recognized in the balance sheet as pension assets	-	-	52	44	-	-	52	44
Net liability recognized in the balance sheet	**3,371**	**2,570**	**950**	**573**	**36**	**21**	**4,357**	**3,164**

The total pension commitment has developed as follows:

	Germany		Europe (excl. Germany)		Rest of world		Total	
[€ MILLION]	2014	2013	2014	2013	2014	2013	2014	2013
Obligations as of Jan 1	2,699	2,581	3,918	3,655	54	59	6,671	6,295
Service cost, excluding employee contributions	95	86	76	65	2	2	173	153
Employees' contributions	3	3	44	40	0	0	47	43
Interest expense	79	76	116	105	1	2	196	183
Payments	-71	-64	-136	-135	-2	-2	-209	-201
thereof pensions	-66	-64	-136	-120	-2	-2	-204	-186
thereof payments for settlements	-5	0	0	-15	0	0	-5	-15
Past service costs and profits or losses from settlements	-3	0	-45	-2	0	0	-48	-2
Transfers	0	0	3	-2	-	0	3	-2
Changes in scope of consolidation	0	0	0	0	0	0	0	0
thereof additions	-	-	-	-	-	-	-	-
thereof disposals	-	-	-	0	-	-	-	0
Actuarial gains (-) or losses	713	17	780	263	16	0	1,509	280
Revaluations based on experience	-35	16	72	10	0	0	37	26
Due to change in demographic assumptions	-	1	99	3	2	0	101	4
Due to change in financial assumptions	748	0	609	250	14	0	1,371	250
Currency effects	-	-	261	-71	4	-7	265	-78
Obligations as of Dec 31	**3,515**	**2,699**	**5,017**	**3,918**	**75**	**54**	**8,607**	**6,671**

In the year under review, income of € 48 million was realized from plan changes. This is almost exclusively the result of an agreement which provides for a reduction in the pension increases for the next six years for pensioners of Schenker Rail UK.

The development of the plan assets is detailed in the following:

	Germany		Europe (excl. Germany)		Rest of world		Total	
[€ MILLION]	2014	2013	2014	2013	2014	2013	2014	2013
Fair value of plan assets as of Jan 1	129	116	2,947	2,744	33	31	3,109	2,891
Employer's contributions	13	12	78	69	2	2	93	83
Employees' contributions	0	0	44	40	0	1	44	41
Expected return from plan assets	4	3	98	87	1	1	103	91
Payments	-10	-5	-126	-124	-2	-2	-138	-131
thereof pensions	-5	-5	-126	-109	-2	-2	-133	-116
thereof payments for settlements	-5	0	0	-15	0	0	-5	-15
Transfers	0	0	4	3	-	-	4	3
Changes in scope of consolidation	0	0	0	0	0	0	0	0
thereof additions	-	-	-	-	-	-	-	-
Revaluation	8	3	208	187	3	4	219	194
Administrative costs: costs of pension assurance	-	-	-7	-6	0	0	-7	-6
Currency effects	-	-	210	-53	2	-4	212	-57
Fair value of plan assets as of Dec 31	**144**	**129**	**3,456**	**2,947**	**39**	**33**	**3,639**	**3,109**

The reported plan assets are broken down as follows:

	Germany		Europe (excl. Germany)		Rest of world		Total	
AS OF DEC 31 [€ MILLION]	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	**2013**
Stocks and other securities	5	4	1,983	1,581	16	21	**2,004**	**1,606**
thereof with market price listing	5	4	1,346	798	16	21	**1,367**	**823**
thereof without market price listing	-	0	637	783	-	-	**637**	**783**
Interest-bearing securities	51	31	822	809	21	10	**894**	**850**
thereof with market price listing	51	31	787	181	21	10	**859**	**222**
thereof without market price listing	-	-	35	628	-	-	**35**	**628**
Real estate and other self-used assets	0	0	0	2	0	0	**0**	**2**
thereof with market price listing	-	-	0	2	-	-	**0**	**2**
thereof without market price listing	-	-	0	-	-	-	**0**	**-**
Reinsurance	88	89	68	64	0	0	**156**	**153**
thereof with market price listing	37	-	0	0	-	-	**37**	**0**
thereof without market price listing	51	89	68	64	-	-	**119**	**153**
Private equity	0	0	240	196	0	0	**240**	**196**
thereof with market price listing	-	-	-	0	-	-	**-**	**0**
thereof without market price listing	-	-	240	196	-	-	**240**	**196**
Investments in infrastructure	0	0	92	76	0	0	**92**	**76**
thereof with market price listing	-	-	-	0	-	-	**-**	**0**
thereof without market price listing	-	-	92	76	-	-	**92**	**76**
Commodities	0	0	0	33	0	0	**0**	**33**
thereof with market price listing	-	-	-	-	-	-	**-**	**-**
thereof without market price listing	-	-	-	33	-	-	**-**	**33**
Cash and other assets	0	4	251	187	2	2	**253**	**193**
thereof with market price listing	0	4	192	86	0	0	**192**	**90**
thereof without market price listing	-	-	59	101	2	2	**61**	**103**
	144	**128**	**3,456**	**2,948**	**39**	**33**	**3,639**	**3,109**
thereof assets classified as pension assets	0	0	-52	-44	-	-	**-52**	**-44**
	144	**128**	**3,404**	**2,904**	**39**	**33**	**3,587**	**3,065**

Changes in the net pension provisions are detailed in the following:

	Germany		Europe (excl. Germany)		Rest of world		Total	
AS OF DEC 31 [€ MILLION]	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	**2013**
Provisions as of Jan 1	2,570	2,465	573	581	21	28	**3,164**	**3,074**
Pension expenses	170	162	56	87	2	2	**228**	**251**
thereof service cost	98	89	76	65	2	1	**176**	**155**
thereof interest income and interest expenses	75	73	18	18	0	1	**93**	**92**
thereof administrative expenses	-	-	7	6	0	0	**7**	**6**
thereof past service costs and profits or losses from settlements	-3	-	-45	-2	0	0	**-48**	**-2**
Employer's contributions	-13	-12	-78	-69	-2	-2	**-93**	**-83**
Payments	-61	-59	-10	-11	0	0	**-71**	**-70**
thereof pensions	-61	-59	-10	-11	0	0	**-71**	**-70**
thereof payments for settlements	0	0	0	0	0	0	**0**	**0**
Transfers	0	0	-1	-5	-	0	**-1**	**-5**
Changes in scope of consolidation	0	0	0	0	0	0	**0**	**0**
thereof additions	-	-	-	-	-	-	**-**	**-**
thereof disposals	-	-	-	0	-	-	**-**	**0**
Revaluation	705	14	388	-33	13	-4	**1,106**	**-23**
Revaluations based on experience	-35	16	38	3	0	0	**3**	**19**
Due to change in demographic assumptions	-	0	78	4	2	0	**80**	**4**
Due to change in financial assumptions	748	0	416	105	14	0	**1,178**	**105**
Difference between actual income and theoretical income from plan assets	-8	-2	-144	-145	-3	-4	**-155**	**-151**
Currency effects	-	-	16	-12	2	-3	**18**	**-15**
Change in recognized assets	-	0	6	35	-	-	**6**	**35**
Provisions as of Dec 31	**3,371**	**2,570**	**950**	**573**	**36**	**21**	**4,357**	**3,164**

In the year under review, there have been revaluations of € 184 million (previous year: € 109 million) in relation to the effect of cost splitting and the effect of franchise agreements. The interest expense and expected income from the plan assets are recorded under net interest income.

All other items are recognized under personnel expenses.

The actuarial parameters used for assessing the value of most of the pension provision are set out in the following:

[%]	2014	2013
DISCOUNT RATE		
Germany and abroad (excluding Great Britain)	1.75	3.00
Great Britain	3.40	4.30
EXPECTED RATE OF SALARY INCREASES		
Germany and abroad (excluding Great Britain)	2.50	2.50
Great Britain	3.55	4.00
EXPECTED RATE OF PENSION INCREASE (DEPENDENT ON STAFF GROUP)		
Germany and abroad (excluding Great Britain)	2.00	2.00
Great Britain	2.00	2.30
EXPECTED AVERAGE STAFF TURNOVER	2.67	2.67

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.

Sensitivities and additional information:

[€ MILLION]	Dec 31, 2014	Dec 31, 2013
Total obligation for an interest rate increased by 1 percentage point	6,927	5,522
Total obligation for an interest rate reduced by 1 percentage point	10,838	8,163
Total obligation with salary growth increased by 0.5%	8,832	6,787
Total obligation for pensions increased by 0.5%	9,325	7,173
Total obligation for life expectancy increased by 1 year	8,901	6,877
Total obligations	8,607	6,671
thereof active beneficiaries	4,930	3,718
thereof vested rights	1,281	961
thereof pensioners	2,396	1,992
Payments into plan assets expected for next year	100	87
Direct pension payments for next year	87	79
Duration of benefit obligation (in years)	18.1	18.2

The sensitivity figures have been established using the method which was used for calculating the extent of the obligation. One assumption was modified while the other assumptions were retained, which means that interdependencies between the individual assumptions were disregarded.

(33) Other provisions

	Personnel-related provisions		Sales discounts		Provisions for potential losses		Decommissioning provisions		Environmental protection provisions		Other provisions		**Total**	
[€ MILLION]	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	**2013**
As of Jan 1	1,090	1,202	586	552	377	415	522	496	1,116	1,179	1,192	1,318	**4,883**	**5,162**
Currency translation differences	1	-3	0	0	1	-3	0	0	0	0	7	-8	**9**	**-14**
Changes in scope of consolidation	0	2	0	0	0	5	0	0	0	0	0	0	**0**	**7**
thereof additions	0	2	0	0	0	5	0	0	0	0	0	0	**0**	**7**
thereof disposals	0	0	0	0	0	0	0	0	0	0	0	0	**0**	**0**
Amounts used	-270	-249	-151	-175	-129	-170	-27	-25	-72	-67	-259	-270	**-908**	**-956**
Reversals	-85	-256	-54	-55	-27	-21	-4	0	-1	0	-118	-168	**-289**	**-500**
Reclassifications	19	-2	4	0	-1	1	0	0	0	-5	-1	-13	**21**	**-19**
Additions	476	387	363	264	35	145	7	26	1	3	362	332	**1,244**	**1,157**
Compounding and discounting	39	9	0	0	2	5	25	25	8	6	10	1	**84**	**46**
As of Dec 31	**1,270**	**1,090**	**748**	**586**	**258**	**377**	**523**	**522**	**1,052**	**1,116**	**1,193**	**1,192**	**5,044**	**4,883**

The following table breaks down the other provisions into current and non-current amounts, and also details their estimated residual maturity:

[€ MILLION]	Residual maturity: Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	**Total more than 1 year**	**Total**
DEC 31, 2014								
Personnel-related provisions	399	128	113	73	124	433	**871**	**1,270**
Sales discounts	748	–	–	–	–	–	**–**	**748**
Provisions for potential losses	94	71	36	24	7	26	**164**	**258**
Decommissioning provisions	31	30	30	30	30	372	**492**	**523**
Environmental protection provisions	74	70	71	69	68	700	**978**	**1,052**
Other provisions	870	79	50	27	29	138	**323**	**1,193**
Total	**2,216**	**378**	**300**	**223**	**258**	**1,669**	**2,828**	**5,044**
DEC 31, 2013								
Personnel-related provisions	340	109	61	42	106	432	**750**	**1,090**
Sales discounts	586	–	–	–	–	–	**–**	**586**
Provisions for potential losses	133	93	60	34	22	35	**244**	**377**
Decommissioning provisions	29	27	31	31	31	373	**493**	**522**
Environmental protection provisions	75	70	72	69	68	762	**1,041**	**1,116**
Other provisions	892	86	31	25	21	137	**300**	**1,192**
Total	**2,055**	**385**	**255**	**201**	**248**	**1,739**	**2,828**	**4,883**

PROVISIONS FOR ENVIRONMENTAL PROTECTION

Of the figure stated for environmental protection provisions, € 1,038 million (as of December 31, 2013: € 1,100 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:

- the 4-stage soil decontamination program
- the 3-stage sewerage network program
- the 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 shut-down 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).

PERSONNEL-RELATED PROVISIONS

GRI EC3

[€ MILLION]	**Dec 31, 2014**	Dec 31, 2013
Obligations under employment contracts	739	549
Early retirement and semi-retirement obligations	252	288
Service anniversary provisions	106	103
Miscellaneous	173	150
Total	**1,270**	**1,090**

The staff-related provisions include obligations arising from employment agreements 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. The obligations arising from employment agreements also include restructuring provisions, which have increased considerably in the year under review.

The provisions set aside to cover semi-retirement and early retirement obligations cover the obligations arising from collective bargaining agreements, and have mostly been calculated on the basis of actuarial reports. As a result of the current regulations of the Demographic Wage Agreement (Demografietarifvertrag), this includes an amount of € 115 million (previous year: € 126 million) for the entitlement of employees with many years of service and also many years of shift working to enjoy special semi-retirement benefits.

DECOMMISSIONING PROVISIONS

The decommissioning provisions refer to the company's pro rata decommissioning obligation in relation to a joint power generation plant. The valuation of the provision is based on an unchanged discount rate of 5.0%.

OTHER PROVISIONS

The other provisions comprise provisions for litigation risks, claims for damages as well as decommissioning and demolition obligations, real estate risks, guarantee and warranty obligations, third-party obligations for maintenance, liability pensions, interest for reclaims and other tax risks as well as numerous other issues which individually are of minor significance.

(34) Deferred items

[€ MILLION]	Dec 31, 2014	Dec 31, 2013
Deferred Federal grants	1,163	1,282
Deferred revenues	568	508
Miscellaneous	332	351
Total	**2,063**	**2,141**
Non-current portion	1,265	1,389
Current portion	798	752

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]	2014	2013
As of Jan 1	1,075	1,219
Addition	0	0
Reclassifications	0	0
Reversals	-144	-144
As of Dec 31	**931**	**1,075**

Of the figure shown for the reversal in the year under review, € 59 million (previous year: € 59 million) is attributable to the annual reversal of deferred items. The remainder is attributable to the release of amortized deferrals relating to premature one-off repayments at the present value in 1999, 2004 and in 2011.

Deferred revenues constitute that part of compensation which is attributable to the period after the balance sheet date.

NOTES TO THE STATEMENT OF CASH FLOWS

The statement of cash flows 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 standard 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). In the year under review, of the total figure stated for cash and cash equivalents, € 448 million (previous year: € 485 million) was subject to disposal restrictions mainly as a result of provisions of the rail franchises in Great Britain, external solvency requirements for DB Group's own insurance companies as well as country-specific and contractual restrictions particularly in international logistics business. The cash and cash equivalents also include current receivables due from banks (€ 465 million; previous year: about € 292 million) resulting from hedges in connection with financial futures. These receivables are repaid in the event of a positive market development, and are repaid by no later than the maturity of the financial futures.

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 non-current assets, in liabilities (excluding financial debt) and in provisions. The cash flow from operating activities is then established after due consideration is given to interest and tax payments.

With a € 61 million increase in profit before taxes, the slight increase in cash flow from operating activities was mainly due to the decline in income taxes which were paid. Higher trade receivables and higher trade payables, a considerable increase in the result from the disposal of property, plant and equipment and intangible assets, higher non-cash-effective expenses and income as well as the revaluation of pension provisions shown directly in equity have also had an impact in this respect.

The increase in non-cash-effective expenses and income compared with the previous year is mainly attributable to lower income from the reversal of other provisions; the non-cash-effective expenses increased as a result of increased additions to the other provisions and pension provisions.

Cash flow from investing activities

The cash flow from investing activities is calculated as the cash flow provided by the disposal of property, plant and equipment and intangible assets as well as by investment grants, and the cash flow used for capital spending in property, plant and equipment and intangible assets as well as for non-current financial assets.

Payments received from investment grants are shown under investing activities due to the close connection between investment grants received and the payments made for capital spending in property, plant and equipment assets.

The considerably lower cash flow from investing activities is mainly attributable to the 2% decline in outflows for investments in property, plant and equipment and a decline in net inflows from investment grants in conjunction with a simultaneous increase in the inflows from the disposal of property, plant and equipment and intangible assets. Outflows for the acquisition of shares in consolidated companies (in the period under review: € 2 million; previous year: € 142 million, mainly for the acquisition of Veolia Eastern Europe) declined significantly compared with the previous year. In addition, the increase in inflows from the disposal of assets measured at equity has resulted in an increase in cash 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.

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 interest-free loans.

The decline in cash flow from financing activities is due to a € 325 million decline in the dividend payment to the Federal Government, lower inflows from the issuing and redemption of bonds as well as higher net outflows from the repayment of funding (in particular the further redemption of EUROFIMA loans € 519 million; previous year: zero).

NOTES TO THE SEGMENT INFORMATION

Segment reporting of DB Group has been prepared in accordance with IFRS 8 (Operating Segments). The operating segments of DB Group result from the aggregation of fully consolidated legal entities; these legal entities have been allocated to specific segments on the basis of the company-specific operational performance on a defined market. The Management Board of the Group takes its decisions and carries out economic analyses as well as appraisals at the level of the operating segments ("management approach").

The allocation of legal entities to operating segments in external accounting is consistent with the allocation in internal management reporting. This means that the management and legal structure of DB Group are coincident. As a result of this allocation principle, there are no partial balance sheets or partial income statements within a legal entity which are allocated to different segments.

In this connection, management reporting is addressed to the Group Management Board in its function as the primary decision maker. Management reporting in DB Group is based on the accounting principles in accordance with IFRS. With regard to reconciling the segment data with the corresponding corporate data, it is accordingly mainly necessary to take account of consolidation effects. For this reason, a consolidation column is used for reconciliation purposes. The operations of the 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 segments:

- DB Bahn Long-Distance: This segment comprises all cross-regional transport operations and general services in 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 passenger transport are combined in the DB Bahn Regional segment. These activities also comprise the S-Bahn (metro) 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 transport in 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 traffic, logistics, information technology and telecommunications. The companies in this segment mainly render their services within DB Group.
- Subsidiaries/other: DB AG and DB ML AG with their numerous management, financing and service functions in their capacity as the management holdings of DB Group are shown in this segment. In addition, this segment also comprises DB Energie GmbH, DB ProjektBau GmbH and the other subsidiaries and remaining activities.

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 contracts, which have been capitalized as part of the purchase price allocation process due to 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 "CAPITAL MANAGEMENT IN DB GROUP (ACCORDING TO IAS 1)" [PAGE 207 F.]).

The external revenues and other revenues consist exclusively of income generated by the segments with non-Group customers. The internal revenues and other income show the income with other segments (inter-segment income). Prices on an arm's length basis 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 essential capital 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 net operating interest income is additionally taken into consideration in the parameter operating income after interest.

The essential assets which are used (capital employed) also have to be taken into consideration in addition to the above-mentioned parameters for internal management of the operating segments. The capital employed comprises the essential capital which is used by providers of equity and providers of debt and for which interest has to be paid.

Net financial debt is defined as the balance of interest-bearing external liabilities and finance lease liabilities as well as liquid assets and interest-bearing external receivables. The net financial debt of the segments also comprises the receivables and liabilities attributable to Group financing and Group-internal finance lease arrangements.

The gross capital expenditures consist of investments in property, plant and equipment and intangible assets excluding capitalized borrowing costs. Net capital expenditures are calculated by deducting the participation of third parties in the financing of specific investment projects (essentially the 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 year under review (part-time employees have been converted to full-time equivalents).

The segments are subject to the same accounting principles which are described in the section "BASIC PRINCIPLES AND METHODS" [PAGE 192 FF.] and which are applicable for the remainder of the consolidated financial statements. Group-internal segment transactions are generally conducted on an arm's length basis.

Explanations concerning the information by 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 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.

With its central Group Treasury, DB AG is responsible for all financing and hedging transactions. 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 profits 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 cross-currency hedges) have an impact on the hedge reserve in shareholders' equity and are therefore taken into consideration in the sensitivity calculations relating to shareholders' equity.

- Variable-interest financial instruments have an impact on net interest income. This is applicable to variable-income cross-currency swaps as well as variable-rate loans/finance leases.
- Cash at banks and current borrowings/deposits with banks have an impact on net interest income.

If the level of market interest rates for the exposure had been 100 basis points higher (lower) as of the balance sheet date, the result would have been affected as follows:

	Changes in market level of interest rates			
	2014		2013	
[€ MILLION]	+100 BP [1]	−100 BP [1]	+100 BP [1]	−100 BP [1]
Impact on comprehensive income [2]	+29	−29	+29	−30
thereof recognized in income statement [2]	+19	−19	+17	−17
thereof covered directly in equity	+10	−10	+12	−13

[1] *Basis points.*

[2] *Previous-year figures adjusted.*

Foreign currency risks

The foreign currency risks are attributable to financing measures and operating activities.

In order to avoid interest rate and foreign currency risks, the foreign currency bonds issued within the framework of Group financing are converted into euro liabilities by means of cross-currency swaps. However, it is not necessary for such bonds to be converted in individual cases if there is a guarantee that the bond can be serviced out of inflows of foreign currency payments.

Group Treasury extends loans to foreign subsidiaries in their functional currency. These positions are normally hedged with the aid of derivative financial instruments.

We have international operations with our activities and are thus exposed to operational exchange rate risks. In order to minimize these risks, the subsidiaries take out internal foreign exchange transactions with Group Treasury and hedge all major foreign currency positions in their functional currency. Group Treasury in turn hedges its open foreign currency positions by way of opposite transactions on the financial markets. In exceptional cases and to a limited extent, subsidiaries are permitted to hedge foreign currency positions with banks themselves.

In order to present foreign currency risks, IFRS 7 requires a sensitivity analysis which investigates the effects of theoretical changes in foreign currency relations on result and shareholders' equity.

The currency sensitivity analysis is based on the following assumptions:

- The cross-currency swaps which are concluded and the current currency transactions are always allocated to non-derivative underlyings.
- All major foreign currency positions arising from operating activities are always 100% hedged. If exchange rate changes are 100% hedged, they do not have any impact on results or capital.
- Foreign currency risks can only occur if a 100% hedge does not exist in justified exceptional cases; for instance if a conservative estimate is made for hedge volumes for anticipated foreign currency cash flows in order to avoid overhedging.
- On-balance-sheet foreign currency risks may result from energy price hedging which is not denominated in the respective functional currency.

If the following foreign currencies for currency hedges had weakened (or strengthened) by 10% as of the balance sheet date, the result would have been affected as follows:

	Appreciation of foreign currency by			
	2014		2013	
[€ MILLION]	+10%	−10%	+10%	−10%
USD	+3	−3		
CHF	+1	−1	+1	−1
CNY	+5	−5	+2	−2
HKD	−3	+4		
CAD	−1	+1		
SGD	−1	+1		
SAR	+1	−1		
TRY	0	0	−1	+2

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 profit 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 heavy fuel 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:

	Changes in market prices			
	2014		2013	
[€ MILLION]	+10%	-10%	+10%	-10%
Impact on comprehensive income	+83	-83	+128	-128
thereof recognized in the income statement	0	0	-1	+1
Diesel	0	0	-1	+1
Hard coal	0	0	0	0
Heavy fuel oil	0	0	0	0
thereof covered directly in equity	+83	-83	+129	-129
Diesel	+74	-74	+108	-108
Hard coal	+5	-5	+10	-10
Heavy fuel oil	+4	-4	+11	-11

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 credit risk of long-term derivative transactions, DB Group has concluded credit support agreements (CSA) with its core banks. In the CSA, it was agreed that both parties would mutually provide cash securities for interest and cross-currency swaps as well as energy derivatives. Securities are exchanged daily with all relevant banks.

Related amounts which are not netted in the balance sheet:

	Financial assets/ liabilities shown in the balance sheet		Related amounts which are not netted in the balance sheet:					
			Financial Instruments		Cash securities received/provided		Net amounts	
AS OF DEC 31 [€ MILLION]	2014	2013	2014	2013	2014	2013	2014	2013
Derivative financial instruments - assets	102	86	-98	-39	-	-	4	47
Derivative financial instruments - liabilities	680	442	-98	-39	-465	-292	117	111

The increase in the assets of financial derivatives and thus the maximum counterparty default risk is based on the development in the value of the cross-currency swaps. The increase in the liabilities of derivative financial instruments due to the collapse in prices on the energy markets has more than compensated for this aspect, and there has accordingly been a significant increase in the cash securities which have been paid. The maximum individual risk – default risk in relation to individual contract partners – is € 25 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 Baa2.

Liquidity risk

Liquidity management involves maintaining adequate liquid assets, constantly checking the commercial paper market for ensuring adequate market liquidity and depth and the constant availability of financial resources via guaranteed credit facilities of banks (see NOTE (28) [PAGE 225 FF.]).

The following table shows the contractually agreed undiscounted interest payments and redemption payments relating to the non-derivative 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, 2014 [€ MILLION]	2015		2016		2017–2019		2020–2024		2025 ff.	
	Fixed/ variable interest	Re-demp-tion	Fixed/ variable interest	Re-demp-tion	Fixed/ variable interest	Re-demp-tion	Fixed/ variable interest	Re-demp-tion	Fixed/ variable interest	Re-demp-tion
NON-DERIVATIVE FINANCIAL LIABILITIES										
Interest-free loans	–	220	–	220	–	588	–	787	–	–
Bonds	533	700	499	1,535	1,183	5,657	806	7,320	310	2,029
Commercial paper	–	–	–	–	–	–	–	–	–	–
Bank borrowings	13	55	15	404	26	1	24	402	–	–
EUROFIMA loan	8	–	8	–	24	–	16	200	–	–
Finance lease liabilities	35	169	24	155	45	94	42	88	110	87
Other financial liabilities	–	23	–	–	–	–	–	–	–	–
Trade liabilities	–	4,949	–	34	–	98	–	32	–	–
Other/miscellaneous liabilities	–	3,412	–	15	–	32	–	30	–	–
DERIVATIVE FINANCIAL LIABILITIES (NET/GROSS SETTLED)										
Interest/currency derivatives connected with cash flow hedges	95	279	88	499	190	733	140	1,651	5	202
Interest derivatives not connected with hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	1	–	1	–	–	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	562	–	15	–	–	–	–	–	–
Currency derivatives not connected with hedges	–	546	–	4	–	–	–	–	–	–
Energy price derivatives	159	–	84	–	82	–	8	–	–	–
DERIVATIVE FINANCIAL ASSETS (GROSS SETTLED)										
Interest/currency derivatives connected with cash flow hedges	38	28	37	218	92	307	87	402	27	497
Interest derivatives not connected with hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	292	–	0	–	–	–	–	–	–
Currency derivatives not connected with hedges	–	407	–	15	–	52	–	–	–	–
Energy price 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	–	0	–	0	–	–	–	–	–	–
Energy price derivatives	–3	–	–2	–	–	–	0	–	–	–
INFLOW OF FUNDS FROM DERIVATIVE FINANCIAL INSTRUMENTS (GROSS SETTLED)										
Interest/currency derivatives connected with cash flow hedges	–102	–350	–92	–678	–207	–1,077	–211	–2,042	–41	–712
Interest derivatives not connected with hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	–853	–	–15	–	–	–	–	–	–
Currency derivatives not connected with hedges	–	–950	–	–20	–	–52	–	–	–	–
Energy price derivatives	–	–	–	–	–	–	–	–	–	–
FINANCIAL WARRANTIES										
Financial warranties	–	42	–	–	–	–	–	–	–	–

MATURITY ANALYSIS OF FINANCIAL LIABILITIES AS OF DEC 31, 2013 [€ MILLION]	2014		2015		2016 – 2018		2019 – 2023		2024 ff.	
	Fixed/ variable interest	Re-demp-tion	Fixed/ variable interest	Re-demp-tion	Fixed/ variable interest	Re-demp-tion	Fixed/ variable interest	Re-demp-tion	Fixed/ variable interest	Re-demp-tion
NON-DERIVATIVE FINANCIAL LIABILITIES										
Interest-free loans	–	220	–	220	–	630	–	809	–	156
Bonds	508	403	501	700	1,284	5,210	909	7,136	298	2,083
Commercial paper	–	–	–	–	–	–	–	–	–	–
Bank borrowings	14	39	17	5	32	404	32	400	–	–
EUROFIMA loan	37	519	8	–	24	–	24	200	–	–
Finance lease liabilities	36	59	33	160	58	234	44	85	110	96
Other financial liabilities	–	10	–	–	–	–	–	2	–	–
Trade liabilities	–	4,379	–	28	–	94	–	62	–	–
Other/miscellaneous liabilities	–	3,019	–	20	–	31	–	36	–	–
DERIVATIVE FINANCIAL LIABILITIES (NET/GROSS SETTLED)										
Interest/currency derivatives connected with cash flow hedges	125	879	95	206	217	1,354	138	1,537	3	83
Interest derivatives not connected with hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	1	–	1	–	1	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	788	–	–	–	–	–	–	–	–
Currency derivatives not connected with hedges	–	379	–	0	–	–	–	–	–	–
Energy price derivatives	33	–	32	–	39	–	3	–	–	–
DERIVATIVE FINANCIAL ASSETS (GROSS SETTLED)										
Interest/currency derivatives connected with cash flow hedges	25	125	25	77	67	96	96	205	50	699
Interest derivatives not connected with hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	312	–	0	–	–	–	–	–	–
Currency derivatives not connected with hedges	–	309	–	5	–	58	–	47	–	–
Energy price 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	–	0	–	0	–	–	–	–	–	–
Energy price derivatives	–25	–	–21	–	–7	–	0	–	–	–
INFLOW OF FUNDS FROM DERIVATIVE FINANCIAL INSTRUMENTS (GROSS SETTLED)										
Interest/currency derivatives connected with cash flow hedges	–108	–957	–89	–274	–215	–1,396	–191	–1,693	–63	–771
Interest derivatives not connected with hedges	–	–	–	–	–	–	–	–	–	–
Interest derivatives connected with cash flow hedges	–	–	–	–	–	–	–	–	–	–
Currency derivatives connected with cash flow hedges	–	–1,099	–	0	–	–	–	–	–	–
Currency derivatives not connected with hedges	–	–687	–	–6	–	–58	–	–	–	–
Energy price derivatives	–	–	–	–	–	–	–	–	–	–
FINANCIAL WARRANTIES										
Financial warranties	–	50	–	–	–	–	–	–	–	–

This includes all instruments which were held at the end of 2014 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, 2014 (previous year on December 31, 2013). 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 € 4,031 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 € 64 million as of December 31, 2014 (as of December 31, 2013: € 234 million), and comprise mainly a claim for a refund regarding 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.

Injunction proceedings and official investigations were initiated or continued in relation to various cartel issues in the course of the financial year. 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, 2014	Dec 31, 2013
Contingent liabilities from		
Provision of warranties	–	–
Other contingent liabilities	128	454
Total	**128**	**454**

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 € 41 million from guarantees as of December 31, 2014 (as of December 31, 2013: € 50 million). The decline relates particularly to the DB Schenker Rail segment. Fixed assets with carrying amounts of € 6 million (as of December 31, 2013: € 46 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 segments DB Arriva and DB Bahn Long-Distance.

Cartel authorities have been investigating companies in the freight forwarding sector worldwide since the autumn of 2007. We are assuming that the small number of ongoing cartel authority investigations will not be concluded before the end of 2015. In 2013, the European Commission carried out additional audits and searches at two European Schenker companies. The companies are alleged to have carried out anti-competitive practises, such as price collusion and allocation of customers for their transport activities. These investigations regarding the extent of the allegations have not yet been entirely concluded. They probably relate to the years 2004 up to 2012. The State Prosecutor of Cologne is investigating several employees of DB Schenker on the grounds of the suspicion of possible legal infringements in connection with business relations with Russia. External lawyers and auditors have for a long time been included in the internally initiated process of clarifying the situation. Personnel consequences have been drawn and compliance structures have been strengthened. We are cooperating closely with the prosecution authorities.

DB Group acts as guarantor mainly for equity participations and joint ventures, and is subject to joint and several liability for all syndicates in which it is involved.

(36) Other financial obligations

The other financial obligations amounted to € 20,866 million as of December 31, 2014 (as of December 31, 2013: € 21,827 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, 2014	Dec 31, 2013
Committed capital expenditures for		
Property, plant and equipment	15,512	16,083
Intangible asset	6	10
Outstanding contributions	391	383
Total	**15,909**	**16,476**

The slight decline in the order commitment reflects the purchases of new rolling stock. The order commitment for property, plant and equipment also mainly includes further purchases of new rolling stock, in particular ICx trains and electric locomotives, as well as planned capital expenditure projects as a result of own construction work. 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, € 391 million (as of December 31, 2013: € 383 million) relates to outstanding contributions at EUROFIMA which have not been called in. Various companies in DB Group have leased assets, e.g. property, buildings, technical equipment, plant and machinery as well as operational and business equipment within the framework of operating lease agreements.

The terms of the future minimum payments arising from operating lease agreements are set out in the following table:

	Nominal values	
[€ MILLION]	**Dec 31, 2014**	Dec 31, 2013
Less than 1 year	1,208	1,246
1 to 2 years	851	864
2 to 3 years	649	709
3 to 4 years	498	553
4 to 5 years	351	413
More than 5 years	1,400	1,566
Total	**4,957**	**5,351**

(37) Structured entities

In May 2014, DB ML AG acquired 100% of the shares in Barnsdale Cartel Damage Solutions AG. The purchase price was € 10.4 million. Barnsdale is a structured company for enforcing claims for damages from a cartel and has been included in the consolidated financial statements since June 1, 2014. DB ML AG has provided Barnsdale with an undated and unlimited guarantee for absorbing litigation cost refund claims. A profit and loss transfer agreement has also been concluded.

In 1998, the DB Group company DB Schenker Rail (UK) Limited (formerly English Welsh & Scottish Railway Limited) concluded two leases for leasing locomotives with the structured company Locomotive Operating Leasing Partnership (LOLP). The DB Group company Locomotive 6667 Limited (L6667) has an option to purchase 95% of the shares of LOLP. In January 2014, it was agreed that L6667 will acquire the shares for a price of GBP 138.4 million in October 2015. LOLP is currently not consolidated as a subsidiary.

(38) 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 (RIC) 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 RICs 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 RICs 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 RICs of DB Group are regulated by the Federal Railway Authority.

In addition, the RICs 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" of the Federal Government for existing lines.

The RICs provide non-discriminatory access to the rail infrastructure in accordance with sections 14 et seq. AEG, and charge the train operating companies (TOC) 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 German 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 € 8,676 million (previous year: € 8,422 million); of this figure, € 2,556 million (previous year: € 2,286 million) was generated with non-DB Group customers.

The assets of the rail infrastructure are the legal and economic property of the companies.

TRANSPORT CONTRACTS

Service licenses and similar approvals which guarantee the general public access to important economic and public facilities have been granted to companies in DB Group. This is applicable particularly for DB Regio AG as well as its subsidiaries which conduct regional rail passenger operations.

DB Regio AG and its subsidiaries provide transport services on the basis of ordered-service contracts. These so-called "transport contracts for local passenger transport services" are signed with the organization which orders the transport services (e.g. Federal states, special-purpose association, local transport company); these contracts determine the way in which the transport service is provided and continued, and also governs the relevant compensation (concession fees) paid for the transport services.

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 € 4,145 million in the year under review (previous year: € 4,184 million) (see NOTE (1) [PAGE 210]).

The transport contracts usually run for periods of between eight and 15 years. In the year under review, positive effects from the fact that most domestic transport contracts include a mechanism for the concession fees to increase by 1.5% p.a., as well as revenues attributable to final settlements of previous years and successful quality improvements could not compensate for the effects of tender losses and loss of margin as well as cuts of the ordering organizations in the year under review.

In addition, there are similar transport contracts with international ordering organizations in the segment DB Arriva, with a volume of € 628 million (previous year: € 599 million) (see NOTE (1) [PAGE 210]).

The overall number of secured transport contracts will remain constant until the end of 2015; 75% of the transport contracts are due to run until at least 2018, 50% are due to run until at least 2021 and 25% until at least 2027. The transport contracts can only be terminated by the ordering organization during the term of the agreement 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.

(39) 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 (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) [PAGE 220 FF.], (28) [PAGE 225 FF.] and (29) [PAGE 229].

Details and explanations of transactions between DB Group and the Federal Republic of Germany are included in the NOTES (3) [PAGE 210 F.], (5) [PAGE 211 F.], (9) [PAGE 213], (13) [PAGE 215 FF.], (32) [PAGE 234 FF.], (36) [PAGE 247 F.] and (38) [PAGE 248 FF.].

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]	**2014**	2013
SERVICES RECEIVED BY DB GROUP		
Purchase of goods and services	1,542	1,584
Lease and rental payments made	1	1
Investment grants received	3,902	4,280
Other income grants received	195	186
	5,640	**6,051**
SERVICES RENDERED BY DB GROUP		
Sale of goods and services	298	316
Lease and rental payments received	13	10
Other services rendered	113	124
Repayment of loans	220	220
Repayment of investment grants	19	56
Repayment from cartel proceedings	100	25
Repayment of other income grants	0	69
	763	**820**
OTHER DISCLOSURES		
Unsecured receivables [1)]	95	142
Unsecured liabilities [1)]	1,896	1,914
Current total of guarantees received [1)]	1,080	1,581

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 the year under review, the German Federal Employment Agency refunded to DB Group subsidies of around € 13 million for which an application has been made in accordance with the Semi-Retirement Act (Altersteilzeitgesetz; AltTZG) section 3 AltTZG in conjunction with sections 4, 16 AltTZG. The claim to such payments is justified when a person is appointed to the position which has become free as a result of the semi-retirement arrangement.

With the law for improving the opportunities for re-integration on the labor market, the corresponding regulations in code of social law III (SGB III) were revised. In accordance with section 54 SGB III, the German Federal Employment Agency provides a subsidy of up to € 216 per month for career opportunity qualifications. In the year under review, approximately 300 young persons were offered a training opportunity within the framework of the career preparation program "Chance Plus."

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DB AG and the RICs have signed a performance and financing agreement (Leistungs- und Finanzierungsvereinbarung; LuFV) with the Federal Republic of Germany represented by the Federal Ministry of Transport and Digital Infrastructure (Bundesministerium für Verkehr und digitale Infrastruktur; BMVI). This agreement governs the financing regime for the existing network in a quality-oriented manner. The agreement came into force on January 1, 2009. The duration of the LuFV was extended from the end of 2013 to the end of 2015 by way of a second addendum to the performance and financing agreement of September 6, 2013. The Federal Government undertook to make payments of € 2.5 billion per calendar year to the RICs which are earmarked exclusively for carrying out replacement capital expenditures for the track (infrastructure contribution and simultaneously minimum replacement capital expenditures contribution) under the terms of this agreement. The RICs undertook to use a further € 0.5 billion per annum for maintaining and modernizing the existing network. During the period covered by the agreement, the RICs also undertook to use a minimum amount of € 1.25 billion (2009) and € 1.0 billion (starting 2010) per annum for the specific purpose of maintaining the track (so-called minimum maintenance contribution). The RICs are responsible for guaranteeing operation of the infrastructure, and are measured against the attainment of quality targets as well as evidence of minimum replacement capital expenditures and minimum maintenance. The application of funds as well as success in attaining the quality targets is documented by the annual infrastructure status and development report. An infrastructure auditor engaged by the Federal Government audits the application of funds. The Federal Railway Authority is responsible for assessing the success in attaining the quality targets. The Federal Government is authorized to reclaim all or part of its infrastructure contribution if the RICs fail to meet the agreed targets. In connection with the prolongation of the LuFV, DB AG and the RICs also signed an agreement with the Federal Government on September 6, 2013, on the basis of which, in the budget years 2013 and 2014, the Federal funds of € 250 million per calendar year which were not utilized in the requirement plan were transferred from the budget item for the requirement plan to the budget item for the existing network, and these funds were paid out to the RICs. The transferred amounts are to be used mainly for providing additional finance for capital expenditures in the barrier-free expansion of interchanges as well as planning services and replacement capital expenditures in railway bridges. The minimum maintenance contribution in the calendar years 2013 and 2014 increased by € 100 million in each case. The agreement also provides for Federal funds in the amount of the transferred amounts to be taken from the budget item for the existing network and used for the requirement

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plan project rail hinterland connection for the permanent Fehmarn Belt crossing (Schienenhinterlandanbindung der Festen Fehmarnbeltquerung) in accordance with the financing agreement still to be concluded on the basis of the state treaty. On the occasion of the extension of the LuFV I, DB AG and the RICs signed an agreement with the Federal Government regarding the need to combat corruption and also regarding cartel damages relating to the infrastructure financing contribution of the Federal Government. The LuFV I in the version of the Second Addendum of September 9, 2013 ended on December 31, 2014. It is replaced by the LuFV II. The negotiations concerning the LuFV II between DB Group and the Federal Government were concluded in October 2014. The LuFV II, which was signed on January 12, 2015, has been applicable since January 1, 2015. It is a target-oriented instrument for financing and managing capital expenditures. The core objectives are to maintain and further improve the quality and availability of the existing infrastructure (existing network) and to assure financing for the existing network for the years 2015 to 2019.

Further investment grants are provided in accordance with the Municipal Transport Financing Act (Gemeindeverkehrsfinanzierungsgesetz; GVFG) for measures of the transport program. In the year under review, no building cost grants under the terms of the program sea port hinterland transport for remedying freight transport bottlenecks were extended to DB Group, as the Federal financing expired as of December 31, 2013.

Under the terms of the infrastructure modernization acceleration program II (Infrastrukturbeschleunigungsprogramm II; IBP II) signed in the previous year, the Federal Government provided DB Netz AG with funds for individual noise abatement measures on railways of the Federal Government.

In order to remedy the flood damage caused in the previous year (May 18 to July 4) to the track network of the RICs, a financing agreement was concluded between DB AG and the Federal Government on December 19/20, 2013. On the basis of the damage reports which have been submitted to the Federal Government, a total of about € 100 million will be made available to DB AG, spread over the years 2013 to 2015, from the European Solidarity Fund and the Restructuring Aid Fund of the Federal Government. The funds will be used for remedying flood damage to permanent way and concourse buildings which are used as interchanges in the catchment area of the Elbe and Danube.

DB AG has been approved funds of the European Union for infrastructure projects in the fields of trans-European networks (TEN) and for the regional development of transport infrastructure (EFRE).

The 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 level crossings with roads of all construction authorities.

Sales of products and services also comprise services for carrying severely disabled persons, Bundeswehr soldiers and Bundeswehr traffic.

DB AG repaid to the Federal Government interest-free loans of € 220 million in accordance with the BSWAG. The payments were made within the framework of the agreed annual standard payment.

The liabilities due to the Federal Government comprise the extended loans, which are shown here with their present values, and other liabilities of € 402 million (as of December 31, 2013: € 270 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 € 200 million as of the balance sheet date.

The following agreements were concluded with the Federal Government in the year under review:

Three new financing agreements were concluded in the year under review in addition to the Adjustment Agreement 2014. The Federal Government has provided finance totaling about € 404 million for the new agreement. Of this figure, about € 7 million relates to the year under review. The financing agreements have different terms, which in certain cases extend to the year 2025. 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, a general payment settled these claims for the years 2009 to 2012 in accordance with the conditions of section 21 (5) DBGrG. For the entire period, DB AG received a refund of around € 279 million. A follow-on agreement was signed on December 2, 2013 for the years 2013/2014. Under the terms of the new agreement, claims of DB AG are charged to the Federal Government every month on the basis of the number of entitled employees. The amount of the annual reimbursement is limited to € 99 million.

RELATIONS WITH FEDERAL COMPANIES

Most of the transactions carried out in accordance with IAS 24 in the period under review and in the previous year period related to operations, and overall were of minor significance for DB Group. The receivables and liabilities which had arisen were virtually completely settled as of the reference 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 € 140 million (previous year: € 165 million), mainly for purchasing passenger and freight transport services. At € 110 million (previous year: € 159 million), most of the total figure which has been reported is attributable to transactions with associates. Rental and leasing payments of € 7 million were also made (previous year: € 7 million).

Interest payments of € 29 million (previous year: € 38 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 € 409 million (previous year: € 426 million) from sales of goods and services. The revenues were generated mainly in the DB Schenker Rail segment and relate to revenues generated by transport services which were provided.

Guarantees totaling € 19 million (as of December 31, 2013: € 17 million) have been extended; of this figure € 19 million (as of December 31, 2013: € 17 million) was attributable to joint ventures. An equivalent volume of transactions with related companies was conducted in the previous year period.

RELATIONS WITH THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF DB AG

The following section sets out the transactions between DB Group and the members of the Management Board and the Supervisory Board, as well as the companies in which members of the Management Board or the Supervisory Board own a majority interest.

[€ THOUSAND]	2014	2013
SERVICES RENDERED BY DB GROUP		
Sale of goods and services	10,710	13,702
Trade receivables as of Dec 31	186	191
SERVICES RECEIVED BY DB GROUP		
Purchase of goods and services	25,725	23,076
Trade liabilities as of Dec 31	2,161	1,720

The revenues of € 10,710 thousand (previous year: € 13,702 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, € 814 thousand (previous year: € 1,282 thousand) was generated with the SMS GmbH Group, and € 9,849 thousand (previous year: € 12,376 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]	2014	2013
Total compensation of the Management Board	14,108	9,653
Fixed	7,786	7,102
Variable	6,322	2,551
Short-term	9,714	5,051
Long-term [1]	4,394	4,602
Compensation of former members of the Management Board and their surviving dependants	3,474	3,257
Retirement benefit obligations in respect of former members of the Management Board and their surviving dependants [2]	76,566	64,600

[1] *The figure for long-term compensation consists of retirement benefits (€ 3,699 thousand) and € 695 thousand relates to additions to/reversals of provisions for long-term incentives.*

[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]	2014	2013
Total compensation of the Supervisory Board	827	746
thereof short-term	827	746
thereof fixed	513	520
thereof variable	103	–
thereof attendance fees	37	44
thereof benefits in kind from discounted travel	81	67
thereof compensation for membership in supervisory board/advisory boards of DB Group companies (including attendance fees)	93	115

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 in the Group management report.

(40) Events after the balance sheet date

At the end of January, when the Swiss central bank (SNB) lifted the minimum rate of CHF 1.20 per euro, the Swiss currency saw its value increase by almost 35% against the euro within a very short period of time. This has also had an impact on the amount of debt of DB Group which is shown in euros, because some of the outstanding bonds are denominated in CHF. However, the corresponding hedges have meant that this has not had a negative impact on DB Group.

Because of the lengthy wage-bargaining negotiations, DB Group is paying an advance of € 750 to all employees of the TOCs and RICs involved in the current wage-bargaining round. The negotiations between DB Group and the GDL trade union are still ongoing.

At the end of January 2015, Intertec Beteiligungs-GmbH and System-Partner GmbH & Co. KG (SPA) agreed that they would combine their activities in SPA as a joint venture. They will in future trade under the name Marken TechnikService GmbH & Co. KG. DB ML AG will hold a stake of 69% in the joint venture.

The LuFV II which was definitively negotiated in 2014 was signed on January 12, 2015.

(41) 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:

- 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
- BVO Busverkehr Ostwestfalen GmbH, Bielefeld
- BVR Busverkehr Rheinland GmbH, Düsseldorf
- DB Barnsdale AG, Berlin
- DB Busverkehr Hessen GmbH, Gießen
- 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 Projekt Stuttgart-Ulm GmbH, Stuttgart
- DB ProjektBau GmbH, Berlin
- DB Regio Bus Bayern GmbH, Coburg
- DB Regio Bus Nord GmbH, Hamburg
- 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 Sicherheit GmbH, Berlin
- DB Systel GmbH, Frankfurt am Main
- DB Systemtechnik GmbH, Minden
- DB Vertrieb GmbH, Frankfurt am Main
- DB Zeitarbeit GmbH, Berlin
- DVA Deutsche Verkehrs-Assekuranz-Vermittlungs-GmbH, Bad Homburg v. d. Höhe
- 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 Beteiligungs-GmbH, Landau in der Pfalz
- Intertec GmbH, Landau in der Pfalz
- Intertec Retail Logistics GmbH, Landau in der Pfalz
- Inter-Union Technohandel GmbH, Landau in der Pfalz
- Karpeles Flight Services GmbH, Frankfurt am Main
- NVO Nahverkehr Ostwestfalen GmbH, Münster
- 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
- Saar-Pfalz-Mobil GmbH, Bexbach
- SBG SüdbadenBus GmbH, Freiburg im Breisgau
- Schenker Aktiengesellschaft, Essen
- Schenker Dedicated Services Germany GmbH, Essen
- Schenker Deutschland AG, Frankfurt am Main
- Schenker Direct Production GmbH, Lübeck
- SCHENKER INTERNATIONAL AKTIENGESELLSCHAFT, Essen
- Schenker Technik GmbH, Essen
- Stinnes Beteiligungs-Verwaltungs GmbH, Essen
- Stinnes Immobiliendienst AG & Co. KG, Mülheim an der Ruhr
- Stinnes Logistics GmbH, Essen
- Südwest Mobil GmbH, Mainz
- TFG Transfracht Internationale Gesellschaft für kombinierten Güterverkehr mbH, Mainz
- TRANSA Spedition GmbH, Offenbach am Main
- UBB Usedomer Bäderbahn GmbH, Heringsdorf
- Verkehrsgesellschaft mbH Untermain – VU –, Aschaffenburg
- Vorpommernbahn GmbH, Wolgast
- WB Westfalen Bus GmbH, Münster
- Weser-Ems Busverkehr GmbH (WEB), Bremen
- Zentral-Omnibusbahnhof Berlin GmbH, Berlin
- Zweite Kommanditgesellschaft Stinnes Immobiliendienst AG & Co., Mülheim an der Ruhr

(42) List of shareholdings

The list of shareholdings is set out on the following pages.

BREAKDOWN OF SHAREHOLDINGS OF DB AG (IN ACCORDANCE WITH SECTION 313 (2) HGB)

GRI 3.8

SUBSIDIARY [NAME AND DOMICILE]	Currency	Equity (TLC [1])	Ownership (%)
DB BAHN LONG-DISTANCE			
FULLY CONSOLIDATED			
DB Bahn Italia S.r.l., Verona/Italy	EUR	6,165	100.00
DB European Railservice GmbH, Dortmund	EUR	-36	100.00
DB Fernverkehr Aktiengesellschaft, Frankfurt am Main	EUR	2,320,299	100.00
DB Reise&Touristik Suisse SA, Basel/Switzerland	CHF	-4,546	100.00
AT EQUITY			
Alleo GmbH, Saarbrücken [2),3)]	EUR	257	50.00
RailLink B.V., Amsterdam/the Netherlands [3),4)]	EUR	113	25.00
Railteam B.V., Amsterdam/the Netherlands [3),4)]	EUR	61	25.00
Rheinalp GmbH, Frankfurt am Main [3),4)]	EUR	119	50.00
DB BAHN REGIONAL			
FULLY CONSOLIDATED			
Autokraft GmbH, Kiel	EUR	11,195	100.00
Bayern Express & P. Kühn Berlin GmbH, Berlin	EUR	4,423	100.00
BBH BahnBus Hochstift GmbH, Paderborn	EUR	2,610	100.00
BERLIN LINIEN BUS Gesellschaft mit beschränkter Haftung, Berlin	EUR	26	65.00
BRN Busverkehr Rhein-Neckar GmbH, Ludwigshafen am Rhein	EUR	14,209	100.00
BRS Busverkehr Ruhr-Sieg GmbH, Meschede	EUR	5,050	100.00
Busverkehr Märkisch-Oderland GmbH, Strausberg	EUR	6,641	51.17
Busverkehr Oder-Spree GmbH, Fürstenwalde	EUR	3,819	51.17
BVO Busverkehr Ostwestfalen GmbH, Bielefeld	EUR	9,192	100.00
BVR Busverkehr Rheinland GmbH, Düsseldorf	EUR	4,784	100.00
DB Busverkehr Hessen GmbH, Gießen	EUR	2,223	100.00
DB Regio Aktiengesellschaft, Frankfurt am Main	EUR	1,988,567	100.00
DB Regio Bus Bayern GmbH, Coburg	EUR	1,000	100.00
DB Regio Bus Nord GmbH, Hamburg	EUR	454	100.00
DB Regio Bus Ost GmbH, Potsdam	EUR	5,191	100.00
DB RegioNetz Verkehrs GmbH, Frankfurt am Main	EUR	68,275	100.00
DB ZugBus Regionalverkehr Alb-Bodensee GmbH (RAB), Ulm	EUR	27,384	100.00
Friedrich Müller Omnibusunternehmen GmbH, Schwäbisch Hall	EUR	1,369	100.00
Haller Busbetrieb GmbH, Walsrode-Honerdingen	EUR	4,412	100.00
Hanekamp Busreisen GmbH, Cloppenburg	EUR	2,272	100.00
KOB GmbH, Oberthulba	EUR	1,269	70.00
NVO Nahverkehr Ostwestfalen GmbH, Münster	EUR	864	100.00
Omnibusverkehr Franken GmbH (OVF), Nuremberg	EUR	15,339	100.00
ORN Omnibusverkehr Rhein-Nahe GmbH, Mainz	EUR	5,280	100.00
RBO Regionalbus Ostbayern GmbH, Regensburg	EUR	11,323	100.00
Regional Bus Stuttgart GmbH RBS, Stuttgart	EUR	18,440	100.00
Regionalbus Braunschweig GmbH -RBB-, Brunswick	EUR	7,303	100.00
Regionalverkehr Allgäu GmbH (RVA), Oberstdorf	EUR	3,075	70.00
Regionalverkehr Dresden GmbH, Dresden	EUR	5,954	51.00
Regionalverkehr Kurhessen GmbH (RKH), Kassel	EUR	4,556	100.00
Regionalverkehr Oberbayern Gesellschaft mit beschränkter Haftung, Munich	EUR	12,614	100.00
RegioTram Betriebsgesellschaft mbH i. L., Kassel	EUR	255	50.96
rhb rheinhunsrückbus GmbH, Simmern	EUR	113	48.69
Rheinpfalzbus GmbH, Ludwigshafen am Rhein	EUR	4,878	100.00
Rhein-Westerwald Nahverkehr GmbH, Montabaur	EUR	-772	61.36
RMV Rhein-Mosel Verkehrsgesellschaft mbH, Koblenz	EUR	9,889	74.90
RVE Regionalverkehr Euregio Maas-Rhein GmbH, Aachen	EUR	1,526	100.00
RVN Regionalverkehr Niederrhein GmbH, Wesel	EUR	1,676	100.00
RVS Regionalbusverkehr Südwest GmbH, Karlsruhe	EUR	8,146	100.00
Saar-Pfalz-Bus GmbH, Saarbrücken	EUR	5,224	100.00
Saar-Pfalz-Mobil GmbH, Bexbach	EUR	519	100.00
S-Bahn Berlin GmbH, Berlin	EUR	170,942	100.00
S-Bahn Hamburg GmbH, Hamburg	EUR	62,267	100.00
SBG SüdbadenBus GmbH, Freiburg im Breisgau	EUR	8,403	100.00
Südwest Mobil GmbH, Mainz	EUR	943	100.00
Verkehrsgesellschaft mbH Untermain - VU -, Aschaffenburg	EUR	2,672	100.00
Vorpommernbahn GmbH, Wolgast	EUR	8,476	100.00
WB Westfalen Bus GmbH, Münster	EUR	6,117	100.00
Weser-Ems Busverkehr GmbH (WEB), Bremen	EUR	10,647	100.00
Zentral-Omnibusbahnhof Berlin GmbH, Berlin	EUR	214	100.00
AT EQUITY			
"Rhein-Nahe Nahverkehrsverbund GmbH," Ingelheim am Rhein [3),4)]	EUR	123	38.33
"Steig ein" GmbH i. L., Kempten [4),5)]	EUR	50	23.33
"ZOB" Zentral-Omnibus-Bahnhof Gesellschaft mit beschränkter Haftung, Bremen [2),4)]	EUR	28	25.60
Bodensee-Oberschwaben Verkehrs-verbundgesellschaft mit beschränkter Haftung, Ravensburg [3),4)]	EUR	82	25.31
Connect-Fahrplanauskunft GmbH, Hanover [4),5)]	EUR	111	42.00
FahrBus Ostalb GmbH, Aalen [3),4)]	EUR	227	49.90
Filsland Mobilitätsverbund GmbH, Göppingen [4),5)]	EUR	59	30.00
FSN Fahrzeugservice Neunkirchen GmbH, Neunkirchen [3),4)]	EUR	146	47.50
Hövelhofer Ortsbus GmbH (HOB), Rheda-Wiedenbrück [4),5)]	EUR	26	50.00
Kahlgrund-Verkehrs-Gesellschaft mit beschränkter Haftung, Schöllkrippen [3),4)]	EUR	8,301	28.00
Kitzinger Nahverkehrsgemeinschaft (KiNG), Kitzingen	EUR	-	50.00
Kreisbahn Aurich GmbH, Aurich [2),4)]	EUR	1,118	33.33
Main-Spessart-Nahverkehrsgesellschaft mbH, Gemünden (Main) [3),4)]	EUR	107	25.00
Niedersachsentarif GmbH, Hanover [4),5)]	EUR	54	8.33
NSH Nahverkehr Schleswig-Holstein GmbH, Kiel [3),4)]	EUR	98	46.90
OWL Verkehr GmbH, Bielefeld [3),4)]	EUR	71	21.36
RBP Regionalbusverkehr Passau Land GmbH, Bad Füssing [4),5)]	EUR	75	33.33
Regionalverkehr Bayerisch Schwaben GmbH (RBS) i. L., Augsburg [4),6)]	EUR	118	50.00
Regio-Verkehrsverbund Freiburg GmbH (RVF), Freiburg im Breisgau [4),6)]	EUR	323	45.00
Saarländische Nahverkehrs-Service GmbH, Saarbrücken [3),4)]	EUR	60	41.67
stadtbus Ravensburg Weingarten GmbH, Ravensburg [3),4)]	EUR	25	45.20
TGO - Tarifverbund Ortenau GmbH, Offenburg [4),5)]	EUR	240	48.50

SUBSIDIARY [NAME AND DOMICILE]	Currency	Equity (TLC [1])	Ownership (%)
Unternehmensgesellschaft Verkehrsverbund Rhein-Neckar GmbH (URN GmbH), Mannheim [3), 4)]	EUR	237	30.91
UVW Unternehmensverbund Westpfalz GmbH i. L., Kaiserslautern [4), 5)]	EUR	47	61.67
Verkehrsgemeinschaft Mittelthüringen GmbH (VMT), Erfurt [3), 4)]	EUR	70	16.67
Verkehrsgesellschaft Landkreis Nienburg mbH (VLN), Nienburg/Weser [4), 5)]	EUR	26	47.00
VerkehrsGesellschaft Main-Tauber mbH (VGMT), Lauda-Königshofen [4), 5)]	EUR	95	42.19
Verkehrsunternehmen Hegau-Bodensee Verbund GmbH (VHB), Constance [3), 4)]	EUR	30	34.00
Verkehrsunternehmens-Verbund Mainfranken GmbH – VVM, Würzburg [2), 4)]	EUR	30	18.64
Verkehrsverbund Großraum Nürnberg GmbH (VGN), Nuremberg [2), 4)]	EUR	52	26.92
Verkehrsverbund Neckar-Alb-Donau GmbH (naldo), Hechingen [3), 4)]	EUR	40	21.00
Verkehrsverbund Schwarzwald-Baar GmbH (VSB), Villingen-Schwenningen [4), 5)]	EUR	64	45.00
Verkehrsverbund Süd-Niedersachsen GmbH (VSN), Göttingen [4), 5)]	EUR	74	32.09
VGC Verkehrsgesellschaft Bäderkreis Calw mbH, Calw [4), 5)]	EUR	445	32.50
VHN Verkehrsholding Nord GmbH & Co. KG, Schleswig [3), 4)]	EUR	720	20.00
VHN Verwaltungsgesellschaft mbH, Schleswig [3), 4)]	EUR	732	20.00
VMS Verkehrs-Management und Service GmbH, Trier [2), 4)]	EUR	48	38.46
Völklinger Verkehrsgesellschaft mbH, Völklingen [4), 5)]	EUR	217	25.50
WNS Westpfälzische Nahverkehrs-Service GmbH, Kaiserslautern [4), 5)]	EUR	178	45.00
WTV Waldshuter Tarifverbund GmbH, Waldshut-Tiengen [3), 4)]	EUR	107	40.00
AT COST			
Regio Verkehrsverbund Lörrach GmbH (RVL), Lörrach [3), 4)]	EUR	191	54.00
Verkehrsverbund Rottweil GmbH (VVR), Rottweil [3), 4)]	EUR	93	70.20
vgf Verkehrs-Gemeinschaft Landkreis Freudenstadt GmbH, Waldachtal [3), 4)]	EUR	148	51.92
VVW Verkehrsverbund Warnow GmbH, Rostock [3), 4)]	EUR	27	21.61
DB ARRIVA			
FULLY CONSOLIDATED			
A&T Motor Retailing Limited, Sunderland/Great Britain	GBP	1,522	100.00
ACTIJOVEN CONSULTING & TRAVELLING s.l., Madrid/Spain	EUR	597	100.00
Alliance Rail Holdings Ltd, Sunderland/Great Britain	GBP	0	100.00
Alliance Rail Management Ltd, Sunderland/Great Britain	GBP	0	100.00
Ambuline Ltd., Sunderland/Great Britain	GBP	– 92	100.00
Ambuline Training Limited, Sunderland/Great Britain	GBP	4	100.00
APS (Leasing) Ltd, Sunderland/Great Britain	GBP	643	100.00
Arriva (2007) Limited, Sunderland/Great Britain	GBP	478,479	100.00
Arriva Bus & Coach Finance Ltd, Sunderland/Great Britain	GBP	2,923	100.00
Arriva Bus & Coach Holdings Limited, Sunderland/Great Britain	GBP	21,250	100.00

SUBSIDIARY [NAME AND DOMICILE]	Currency	Equity (TLC [1])	Ownership (%)
Arriva Bus & Coach Ltd, Sunderland/Great Britain	GBP	16,003	100.00
Arriva Bus & Coach Rental (4) Ltd, Sunderland/Great Britain	GBP	7,083	100.00
Arriva Bus Transport Polska Sp. z o.o., Warsaw/Poland	PLN	23,998	100.00
Arriva Colchester Limited, Sunderland/Great Britain	GBP	–	100.00
Arriva Coöperatie W.A., Heerenveen/the Netherlands	EUR	602,450	100.00
Arriva CR s.r.o., Prague/Czech Republic	CZK	112	100.00
Arriva Crossrail Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva Croydon & North Surrey Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva Cymru Limited, Sunderland/Great Britain	GBP	38,239	100.00
Arriva Danmark A/S, Kastrup/Denmark	DKK	1,599,611	100.00
Arriva Derby Limited, Sunderland/Great Britain	GBP	8,041	100.00
Arriva Dolenjska in Primorska, družba za prevoz potnikov, d.o.o., Koper/Slovenia	EUR	5,299	100.00
Arriva Durham County Limited, Sunderland/Great Britain	GBP	10,374	100.00
Arriva East Herts & Essex Ltd, Sunderland/Great Britain	GBP	1,140	100.00
Arriva Europe GmbH, Berlin	EUR	133,338	100.00
Arriva Finance Holding BV, Heerenveen/the Netherlands	EUR	57,100	100.00
Arriva Finance Lease Limited, Sunderland/Great Britain	GBP	7,035	100.00
Arriva Findiv Limited, Sunderland/Great Britain	GBP	30,700	100.00
Arriva Guildford & West Surrey Limited, Sunderland/Great Britain	GBP	3,177	100.00
Arriva Holding Česká Republika s.r.o., Prague/Czech Republic	CZK	615,100	100.00
Arriva Hongarije Holding BV, Heerenveen/the Netherlands	EUR	33,468	100.00
Arriva Hrvatska d.o.o., Osijek/Croatia	HRK	53,887	100.00
Arriva Hungary Zrt., Budapest/Hungary	HUF	3,932,732	100.00
Arriva Insurance A/S, Kastrup/Denmark	DKK	85,397	100.00
Arriva Insurance Company (Gibraltar) Limited, Gibraltar/Gibraltar	GBP	3,438	100.00
Arriva International (2) Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva International (7) Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva International (Northern Europe) Limited, Sunderland/Great Britain	EUR	354,041	100.00
Arriva International (Southern Europe) Limited, Sunderland/Great Britain	EUR	354,041	100.00
Arriva International Finance Limited, Sunderland/Great Britain	EUR	0	100.00
Arriva International Limited, Sunderland/Great Britain	EUR	400,012	100.00
Arriva International Trains (Leasing) Limited, Sunderland/Great Britain	EUR	29,228	100.00
ARRIVA INVESTIMENTOS SGPS, SA, Almada/Portugal	EUR	216,936	100.00
Arriva Italia Rail S.R.L., Milan/Italy	EUR	1,578	100.00
Arriva Italia s.r.l., Milan/Italy	EUR	283,279	100.00

SUBSIDIARY [NAME AND DOMICILE]	Currency	Equity (TLC [1])	Ownership (%)
Arriva Kent & Surrey Limited, Sunderland/Great Britain	GBP	82,518	100.00
Arriva Kent Thameside Limited, Sunderland/Great Britain	GBP	67,519	100.00
Arriva Letbane ApS, Kastrup/Denmark	DKK	34,081	100.00
ARRIVA LISBOA TRANSPORTES SA, Almada/Portugal	EUR	5	100.00
Arriva LITAS d.o.o. Pozarevac, Pozarevac/Serbia	RSD	1,455,518	100.00
Arriva Liverpool Limited, Sunderland/Great Britain	GBP	716	100.00
Arriva London Limited, Sunderland/Great Britain	GBP	–	100.00
ARRIVA LONDON NORTH EAST LTD, Sunderland/Great Britain	GBP	5,752	100.00
ARRIVA LONDON NORTH LTD, Sunderland/Great Britain	GBP	65,040	100.00
ARRIVA LONDON SOUTH LTD, Sunderland/Great Britain	GBP	38,463	100.00
Arriva Malta Finance & Investments Limited, Valletta/Malta	EUR	236,690	100.00
Arriva Malta Holdings Limited, Valletta/Malta	EUR	526,955	100.00
Arriva Manchester Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva Medway Towns Limited, Sunderland/Great Britain	GBP	6,671	100.00
Arriva Merseyside Limited, Sunderland/Great Britain	GBP	127,918	100.00
Arriva Michalovce, a.s., Michalovce/Slovakia	EUR	10,864	60.14
Arriva Middle East FZE, Dubai/United Arab Emirates	AED	1,000	100.00
Arriva Midlands Limited, Sunderland/Great Britain	GBP	34,747	100.00
Arriva Midlands North Limited, Sunderland/Great Britain	GBP	54,675	100.00
Arriva Morava a.s., Ostrava/Czech Republic	CZK	1,522,705	100.00
Arriva Motor Holdings Limited, Sunderland/Great Britain	GBP	140,886	100.00
Arriva Multimodaal BV, Heerenveen/the Netherlands	EUR	18	100.00
Arriva Night Trains Limited, Glasgow/Great Britain	GBP	0	100.00
Arriva Nitra a.s., Nitra/Slovakia	EUR	17,153	60.48
Arriva Noroeste s.l., Ferrol/Spain	EUR	13,210	100.00
Arriva North East Limited, Sunderland/Great Britain	GBP	6,319	100.00
Arriva North West Limited, Sunderland/Great Britain	GBP	6,517	100.00
Arriva Northumbria Limited, Sunderland/Great Britain	GBP	20,757	100.00
Arriva Nove Zamky, a.s., Nove Zamky/Slovakia	EUR	9,233	60.36
Arriva Östgötapendeln AB, Stockholm/Sweden	SEK	17,732	100.00
Arriva Passenger Services (International) Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva Passenger Services Limited, Sunderland/Great Britain	GBP	309,248	100.00
Arriva Passenger Services Pension Trustees Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva Personenvervoer Nederland BV, Heerenveen/the Netherlands	EUR	195,716	100.00
Arriva plc, Sunderland/Great Britain	GBP	609,089	100.00

SUBSIDIARY [NAME AND DOMICILE]	Currency	Equity (TLC [1])	Ownership (%)
Arriva Poland Holding B.V., Heerenveen/the Netherlands	EUR	6,103	100.00
Arriva Polska Sp. z o.o., Warsaw/Poland	PLN	39,684	100.00
ARRIVA PORTUGAL – TRANSPORTES LDA, Guimaraes/Portugal	EUR	9,788	100.00
Arriva Praha s.r.o., Prague/Czech Republic	CZK	692,157	100.00
Arriva Rail North Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva RP Sp. z o.o., Warsaw/Poland	PLN	3,021	100.00
Arriva Scotland West Limited, Inchinnan/Great Britain	GBP	4,265	100.00
Arriva Scotrail Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva Service s.r.o., Komárno/Slovakia	EUR	25,689	100.00
Arriva Services a.s., Králův Dvůr/Czech Republic	CZK	54,376	100.00
Arriva Southend Limited, Sunderland/Great Britain	GBP	7,804	100.00
Arriva Southern Counties Limited, Sunderland/Great Britain	GBP	721	100.00
ARRIVA SPAIN HOLDING, S.L., Madrid/Spain	EUR	59,146	100.00
Arriva Spolka z o.o., Toruń/Poland	PLN	145,039	99.75
Arriva Stajerska, družba za prevoz potnikov, d.d., Maribor/Slovenia	EUR	7,634	75.90
Arriva Sverige AB, Stockholm/Sweden	SEK	657,899	100.00
Arriva Tag AB, Malmö/Sweden	SEK	12,556	100.00
Arriva Techniek BV, Heerenveen/the Netherlands	EUR	631	100.00
Arriva Tees & District Limited, Sunderland/Great Britain	GBP	957	100.00
Arriva Teesside Limited, Sunderland/Great Britain	GBP	749	100.00
Arriva Teplice s.r.o., Teplice/Czech Republic	CZK	151,943	100.00
Arriva the Shires Limited, Sunderland/Great Britain	GBP	69,067	100.00
Arriva Tog A/S, Kastrup/Denmark	DKK	307,353	100.00
Arriva Touring BV, Heerenveen/the Netherlands	EUR	2,342	100.00
Arriva Trains (Poland) Limited, Sunderland/Great Britain	EUR	0	100.00
Arriva Trains Bidco Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva Trains Holdings Limited, Sunderland/Great Britain	GBP	95,103	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 Wales/Trenau Arriva Cymru Limited, Sunderland/Great Britain	GBP	62,302	100.00
Arriva Transpennine Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva Transport Česká Republika a.s., Prague/Czech Republic	CZK	1,721,029	100.00
Arriva Transport Services s.r.o., Nitra/Slovakia	EUR	11,727	100.00
Arriva Transport Solutions Limited, Sunderland/Great Britain	GBP	5,099	100.00
ARRIVA TRANSPORTES DA MARGEM SUL, SA, Almada/Portugal	EUR	82,275	100.00
Arriva Trustee Company Limited, Sunderland/Great Britain	GBP	0	100.00
Arriva UK Trains Limited, Sunderland/Great Britain	GBP	242,756	100.00

SUBSIDIARY [NAME AND DOMICILE]	Currency	Equity (TLC [1])	Ownership (%)
Arriva vlaky s.r.o., Prague/Czech Republic	CZK	17,397	100.00
Arriva Východní Čechy a.s., Chrudim/Czech Republic	CZK	622,050	100.00
Arriva West Sussex Limited, Sunderland/Great Britain	GBP	4,331	100.00
Arriva Yorkshire Ltd, Sunderland/Great Britain	GBP	47,893	100.00
Arriva Yorkshire North Ltd, Sunderland/Great Britain	GBP	1,283	100.00
Arriva Yorkshire South Ltd, Sunderland/Great Britain	GBP	0	100.00
Arriva Yorkshire West Ltd, Sunderland/Great Britain	GBP	5,282	100.00
Arriva Zuid Europa Holding BV, Heerenveen/the Netherlands	EUR	422,191	100.00
At Seat Catering (2003) Limited, Sunderland/Great Britain	GBP	16	100.00
AUTOBUSES GREISI S.L., Madrid/Spain	EUR	401	100.00
Autocares Mallorca, s.l., Alcudia/Spain	EUR	2,630	100.00
Autoservizi F.V.G. S.P.A. – SAF, Udine/Italy	EUR	62,619	60.00
B.B. Motors (Bristol) Limited, Sunderland/Great Britain	GBP	–	100.00
Bergamo Trasporti Est S.c.a.r.l., Bergamo/Italy	EUR	10	93.67
Botniatåg AB, Umeå/Sweden	SEK	–128,915	60.00
British Bus (Properties) Limited, Sunderland/Great Britain	GBP	45,699	100.00
British Bus Limited, Sunderland/Great Britain	GBP	8,514	100.00
Broadwood Finance Company Limited, Sunderland/Great Britain	GBP	32,378	100.00
Bus Nort Balear s.l., Alcudia/Spain	EUR	517	100.00
BUSDAN 30 ApS, Kastrup/Denmark	DKK	41,249	100.00
BUSDAN 31 ApS, Kastrup/Denmark	DKK	31,581	100.00
BUSDAN 32 ApS, Kastrup/Denmark	DKK	28,537	100.00
Busdan 32,1 A/S, Kastrup/Denmark	DKK	71,535	100.00
BUSDAN 33 ApS, Kastrup/Denmark	DKK	37,501	100.00
BUSDAN 34 ApS, Kastrup/Denmark	DKK	50,853	100.00
BUSDAN 35 ApS, Kastrup/Denmark	DKK	49,815	100.00
Centrebus Holdings Limited, Sunderland/Great Britain	GBP	585	100.00
CERTUS Transport družba za prevoz potnikov d.o.o., Maribor/Slovenia	EUR	8	100.00
Classic Coaches (Continental) Limited, Sunderland/Great Britain	GBP	483	100.00
DB Regio Tyne and Wear Limited, Sunderland/Great Britain	GBP	1,147	100.00
EMPRESA DE BLAS Y COMPANIA S.A., Madrid/Spain	EUR	133,399	100.00
ESFERA BUS S.L., Madrid/Spain	EUR	2,834	100.00
ESFERA UNIVERSAL S.L., Madrid/Spain	EUR	25,556	100.00
Estacion de autobuses de Ferrol S.A., Ferrol/Spain	EUR	297	80.14
Eurocare Travel Ltd, Sunderland/Great Britain	GBP	342	100.00
Flight Delay Services Limited, Sunderland/Great Britain	GBP	0	100.00
GCRC Holdings Limited, Sunderland/Great Britain	GBP	115	100.00
Grand Central Railway Company Limited, Sunderland/Great Britain	GBP	21,468	100.00
Great North Eastern Railway Company Ltd, Sunderland/Great Britain	GBP	0	100.00
Great North Western Railway Company Ltd, Sunderland/Great Britain	GBP	0	100.00
Greenline Travel Ltd, Sunderland/Great Britain	GBP	8	100.00

SUBSIDIARY [NAME AND DOMICILE]	Currency	Equity (TLC [1])	Ownership (%)
JTL 2004 ApS, Kastrup/Denmark	DKK	37,349	100.00
JTL 2009 ApS, Kastrup/Denmark	DKK	41,249	100.00
London and North Western Railway Company Limited, Sunderland/Great Britain	GBP	5,518	100.00
London Pride Sightseeing Ltd, Sunderland/Great Britain	GBP	4,677	100.00
Londonlinks Buses Limited, Sunderland/Great Britain	GBP	0	100.00
M40 Trains Limited, Sunderland/Great Britain	GBP	91,642	100.00
Meadowhall Limited, Sunderland/Great Britain	GBP	52	100.00
Merseyrail Electrics Limited, Sunderland/Great Britain	GBP	0	100.00
Merseyside Transport Limited, Sunderland/Great Britain	GBP	–	100.00
MK Metro Ltd, Sunderland/Great Britain	GBP	9,355	100.00
Moor-dale Coaches Limited, Sunderland/Great Britain	GBP	500	100.00
MTL Services Limited, Sunderland/Great Britain	GBP	132,441	100.00
NETOSEC S.L., Madrid/Spain	EUR	211	100.00
Network Colchester Limited, Sunderland/Great Britain	GBP	335	100.00
New Enterprise Coaches (Tonbridge) Limited, Sunderland/Great Britain	GBP	0	100.00
Nitravel s.r.o., Nitra/Slovakia	EUR	175	60.48
Northern Spirit Limited, Sunderland/Great Britain	GBP	0	100.00
Northern Spirit Trains Limited, Sunderland/Great Britain	GBP	–	100.00
Northern Spirit Transport Limited, Sunderland/Great Britain	GBP	–	100.00
NV Personeel de Noord-Westhoek, Heerenveen/the Netherlands	EUR	421	100.00
OFJ Ground Services Limited, Sunderland/Great Britain	GBP	0	100.00
OSNADO spol. s.r.o., Svoboda nad Úpou/Czech Republic	CZK	42,929	100.00
Panturist dioničko društvo za prijevoz putnika i turizam d.d., Osijek/Croatia	HRK	17,906	99.69
Pickering's Transport Services Limited, Sunderland/Great Britain	GBP	1,032	100.00
Premier Buses Ltd, Sunderland/Great Britain	GBP	2,102	100.00
PROBO BUS a.s., Králův Dvůr/Czech Republic	CZK	223,790	100.00
RIVIERA TRASPORTI LINEA S.P.A., Imperia/Italy	EUR	607	80.00
S.A.B. AUTOSERVIZI S.R.L., Bergamo/Italy	EUR	34,587	100.00
S.A.L. Servizi automobilistici Lecchesi S.R.L., Lecco/Italy	EUR	7,526	100.00
S.I.A. Società Italiana Autoservizi S.P.A., Brescia/Italy	EUR	30,584	100.00
SAB Piemonte S.r.l. a socio unico, Grugliasco (TO)/Italy	EUR	6,542	100.00
SADEM – SOCIETÀ PER AZIONI, Turin/Italy	EUR	20,310	100.00
SAIA TRASPORTI S.P.A., Brescia/Italy	EUR	21,605	100.00
SERVICIOS INTEGRALES BUS & TRUCK S.A., Madrid/Spain	EUR	398	100.00
Stevensons of Uttoxeter Limited, Sunderland/Great Britain	GBP	–405	100.00
Teamdeck Limited, Sunderland/Great Britain	GBP	2,791	100.00
Tellings Golden Miller Limited, Sunderland/Great Britain	GBP	655	100.00
TGM (Holdings) Limited, Sunderland/Great Britain	GBP	–7,119	100.00

SUBSIDIARY [NAME AND DOMICILE]	Currency	Equity (TLC [1])	Ownership (%)
TGMGroup Limited, Sunderland/Great Britain	GBP	2,248	100.00
The Chiltern Railway Company Limited, Sunderland/Great Britain	GBP	45,348	100.00
Transcare Solutions Limited, Sunderland/Great Britain	GBP	219	100.00
TRANSCENTRUM bus s.r.o., Kosmonosy/Czech Republic	CZK	155,354	100.00
Transportes Sul do Tejo S.A., Almada/Portugal	EUR	2,347	100.00
TRANSURBANOS DE GUIMARAES TP, LDA, Guimaraes/Portugal	EUR	-222	100.00
Trasporti Brescia Nord S.c.a.r.l., Brescia/Italy	EUR	100	92.00
Trasporti Brescia Sud S.c.a.r.l., Brescia/Italy	EUR	100	93.00
TUF-TRANSPORTES URBANOS DE FAMALICAO, LDA, Vila Nova de Famalicao/Portugal	EUR	-306	66.67
UCPLUS A/S, Kastrup/Denmark	DKK	30,104	100.00
United Automobile Services Limited, Sunderland/Great Britain	GBP	13,085	100.00
White Rose Bus Company Limited, Sunderland/Great Britain	GBP	-324	100.00
XC Trains Limited, Sunderland/Great Britain	GBP	57,530	100.00
Yorkshire Bus Group Ltd, Sunderland/Great Britain	GBP	38,544	100.00
Yorkshire Tiger Limited, Sunderland/Great Britain	GBP	2,054	100.00
Zeta Automotive Limited, Bicester/Great Britain	GBP	3,805	51.00
AT EQUITY			
Aquabus BV, Heerenveen/the Netherlands [3),4)]	EUR	4,003	50.00
Barraqueiro SGPS SA, Lisbon/Portugal [2)]	EUR	145,815	31.50
Bergamo Trasporti Ovest S.c.a.r.l., Bergamo/Italy	EUR	10	65.76
Bergamo Trasporti Sud Scarl, Bergamo/Italy [2)]	EUR	10	25.57
Bus Point Srl, Lallio (BG)/Italy [2)]	EUR	213	30.00
Estacion Autobuses de Pobra, Ferrol/Spain [7)]	EUR	9	33.33
Explotacion Gasoleos de la Coruna, s.l., Ferrol/Spain [4),5)]	EUR	83	40.00
EXTRA.TO S.c.a.r.l., Turin/Italy [4),6)]	EUR	100	30.01
Garda Trasporti Scarl, Desenzano del Garda (BS)/Italy [2),3),4)]	EUR	16	23.00
Intercambiador de Transportes Principe PIO S.A., Madrid/Spain [2)]	EUR	8,309	30.00
KM S.P.A., Cremona/Italy [2)]	EUR	5,118	49.00
Lecco Trasporti S.c.a.r.l., Lecco/Italy	EUR	10	56.94
London Overground Rail Operations Limited, London/Great Britain [4)]	GBP	234	50.00
Omnibus partecipazioni S.R.L., Milan/Italy [2)]	EUR	7,383	50.00
Prometro S.A., Porto/Portugal [2),4)]	EUR	5,882	20.00
PTI (South East) Limited, Sunderland/Great Britain [5)]	GBP	272	20.00
Rodinform – Informatica Aplicada aos Transportes, SA, Lisbon/Portugal [2),3),4)]	EUR	27	20.00
S.T.I. Servizi Transporti Interregionali SpA, Cordenons PN/Italy [4),6)]	EUR	962	9.81
TPL FVG Scarl s.r.l., Gorizia/Italy [2),4)]	EUR	85	15.00
Trieste Trasporti S.P.A., Trieste/Italy [2)]	EUR	49,513	39.94
Union Ferrolana de Transportes S.A., Ferrol/Spain [4),7)]	EUR	2	50.00
Viajeros del Eo, Ferrol/Spain [4),8)]	EUR	11	50.00
VT-Arriva Személyszállító és Szolgáltató Kft., Székesfehérvár/Hungary [2)]	HUF	4,943,243	49.91
WSMR (Holdings) Limited, London/Great Britain [4),5)]	GBP	0	50.00

SUBSIDIARY [NAME AND DOMICILE]	Currency	Equity (TLC [1])	Ownership (%)
DB SCHENKER RAIL			
FULLY CONSOLIDATED			
ATG Autotransportlogistic Sp. z o. o., Malaszewicze/Poland	PLN	3,526	100.00
Autologistic Poland Sp. z o. o., Tychy/Poland	PLN	2,682	51.00
Auxiliar Logística de Vehiculos S.L., Saragossa/Spain	EUR	142	65.28
Axiom Rail (Cambridge) Limited, Doncaster/Great Britain	GBP	678	100.00
Axiom Rail (Stoke) Limited, Doncaster/Great Britain	GBP	-5,187	100.00
Axiom Rail Components Limited, Doncaster/Great Britain	GBP	-2,454	100.00
Axiom Rail SAS, Paris/France	EUR	-1,426	100.00
Boreal & Austral Railfreight Ltd, Doncaster/Great Britain	GBP	67,500	100.00
Compañía Aragonesa de Portacoches S.A., Saragossa/Spain	EUR	13,524	65.28
Container Szállítmányátrakó Állomás Kft. i. L., Györ/Hungary	EUR	105	100.00
Container-Terminal Puchov s. r. o., Puchov/Slovakia	EUR	99	100.00
Corridor Operations NMBS/SNCB DB Schenker Rail N.V., Brussels/Belgium	EUR	1,430	51.00
DB Intermodal Services GmbH, Mainz	EUR	3,670	100.00
DB PORT SZCZECIN Sp. z o.o., Szczecin/Poland	PLN	12,867	96.80
DB Schenker BTT GmbH, Mainz	EUR	2,024	100.00
DB Schenker Nieten GmbH, Freilassing	EUR	3,767	100.00
DB Schenker Rail (UK) Holdings Limited, Doncaster/Great Britain	GBP	195,320	100.00
DB Schenker Rail (UK) Limited, Doncaster/Great Britain	GBP	189,821	100.00
DB Schenker Rail Aktiengesellschaft, Mainz	EUR	672,937	100.00
DB Schenker Rail Automotive GmbH, Kelsterbach	EUR	11,769	100.00
DB Schenker Rail Bulgaria EOOD, Sofia/Bulgaria	BGN	5,666	100.00
DB Schenker Rail Corridor Operations GmbH, Mainz	EUR	47	100.00
DB Schenker Rail Danmark Services A/S, Taastrup/Denmark	DKK	3,473	100.00
DB Schenker Rail Deutschland Aktiengesellschaft, Mainz	EUR	50	100.00
DB Schenker Rail Hungaria Kft., Györ/Hungary	HUF	1,259,592	100.00
DB Schenker Rail Information Services Limited, Doncaster/Great Britain	GBP	1,078	100.00
DB Schenker Rail International Limited, Doncaster/Great Britain	GBP	9,882	100.00
DB Schenker Rail Italia S.r.L., Milan/Italy	EUR	13,942	100.00
DB Schenker Rail Italia Services S.r.l., Milan/Italy	EUR	1,173	100.00
DB Schenker Rail Nederland N. V., Utrecht/the Netherlands	EUR	5,081	100.00
DB Schenker Rail Polska S.A., Zabrze/Poland	PLN	274,664	100.00
DB Schenker Rail Romania S.R.L., Timişoara/Romania	RON	2,959	100.00
DB Schenker Rail Scandinavia A/S, Taastrup/Denmark	DKK	340,382	51.00
DB Schenker Rail Schweiz GmbH, Opfikon/Switzerland	CHF	833	100.00
DB Schenker Rail Spedkol Sp. z o.o., Kędzierzyn-Koźle/Poland	PLN	28,079	100.00
Deutsche TRANSFESA GmbH Internationale Eisenbahn-Spezial-Transporte, Kehl	EUR	2,146	77.33
Doker-Port Sp. z o.o., Szczecin/Poland	PLN	203	96.80

SUBSIDIARY [NAME AND DOMICILE]	Currency	Equity (TLC [1])	Ownership (%)
DUSS Italia Terminal s.r.l., Verona/Italy	EUR	84	80.00
East & West Railway Ltd, Doncaster/Great Britain	GBP	0	100.00
Euro Cargo Rail SAS, Paris/France	EUR	54,559	100.00
Guga B.V., Amsterdam/the Netherlands	EUR	-25	77.33
Infra Silesia S.A., Rybnik/Poland	PLN	6,014	100.00
KombiTerminal Burghausen GmbH, Mainz	EUR	2,056	67.62
LGP Lagerhausgesellschaft Pfullendorf mbH i. L., Pfullendorf	EUR	0	49.08
Loadhaul Ltd, Doncaster/Great Britain	GBP	16,131	100.00
Locomotive 6667 Ltd, Doncaster/Great Britain	GBP	0	100.00
Logística Sanmival S.L., Burgos/Spain	EUR	307	57.99
Mainline Freight Ltd, Doncaster/Great Britain	GBP	21,266	100.00
Marcroft Holdings Ltd, Doncaster/Great Britain	GBP	-3,012	100.00
MDL Distribución y Logistica S.A., Madrid/Spain	EUR	8,898	77.33
Mitteldeutsche Eisenbahn GmbH, Schkopau	EUR	1,488	80.00
New Locomotive Finance Ltd, Doncaster/Great Britain	GBP	0	100.00
NordCargo S.r.l, Milan/Italy	EUR	11,819	60.00
OOO Railion Russija Services, Moscow/Russia	RUB	94,513	100.00
Rail Express Systems Ltd, Doncaster/Great Britain	GBP	30,241	100.00
Rail Service Center Rotterdam B. V., Rotterdam/the Netherlands	EUR	4,861	51.00
Rail Terminal Services Limited, Doncaster/Great Britain	GBP	-2,061	100.00
Railway Investments Ltd, Doncaster/Great Britain	GBP	-200	100.00
RBH Logistics GmbH, Gladbeck	EUR	27,567	100.00
RES December Ltd, Doncaster/Great Britain	GBP	16,048	100.00
TFG Transfracht Internationale Gesellschaft für kombinierten Güterverkehr mbH, Mainz	EUR	-67	100.00
TGP Terminalgesellschaft Pfullendorf mbH, Pfullendorf	EUR	296	75.50
Transervi France S.A.S., Cerbère/France	EUR	638	77.33
Transervi S.A., Madrid/Spain	EUR	3,712	77.33
Transfesa Benelux S.P.R.L., Genk/Belgium	EUR	313	77.33
Transfesa France SAS, Gennevilliers Cedex/France	EUR	2,856	77.33
Transfesa Portugal Lda., Lisbon/Portugal	EUR	324	77.33
Transfesa Rail S.A., Madrid/Spain	EUR	564	77.33
Transfesa UK Ltd., Rainham (Essex)/Great Britain	GBP	351	77.33
Transportes Ferroviarios Especiales S.A., Madrid/Spain	EUR	183,458	77.33
AT EQUITY			
"Cross-Baltic Terminaloperators" Sp. z o. o. i. L., Szczecin/Poland	PLN	-	48.40
ATN Auto Terminal Neuss GmbH & Co. KG, Neuss [2]	EUR	7,310	50.00
Autoterminal Śląsk Logistic Sp. z o. o., Dąbrowa Górnicza/Poland [2]	PLN	3,668	50.00
Autotrax Limited, Lufton/Great Britain [3], [4]	GBP	1,635	24.00
baymodal Bamberg GmbH, Bamberg [3], [4]	EUR	163	25.10
Container Terminal Dortmund GmbH, Dortmund [3], [4]	EUR	4,321	30.00
Container Terminal Enns GmbH, Enns, Austria [2]	EUR	4,200	49.00
CTS Container-Terminal GmbH Rhein-See-Land-Service, Cologne [2]	EUR	1,112	22.50
DCH Düsseldorfer Container-Hafen GmbH, Düsseldorf [2], [4]	EUR	602	51.00
Dörpener Umschlaggesellschaft für den kombinierten Verkehr mbH (DUK), Dörpen [2], [4]	EUR	5,248	35.00
Etihad Rail DB Operations LLC, Abu Dhabi/United Arab Emirates [2], [3], [4]	AED	300	49.00
Hispanauto - Empresas Agrupadas A.E.I.E. ©, Madrid/Spain [2]	EUR	0	58.04
INTERCONTAINER - INTERFRIGO SA i. L., Brussels/Belgium [4], [9]	EUR	-5,874	36.20
Kombiverkehr Deutsche Gesellschaft für kombinierten Güterverkehr mbH & Co. Kommanditgesellschaft, Frankfurt am Main [3], [4]	EUR	17,115	50.00
Lokomotion Gesellschaft für Schienentraktion mbH, Munich [4]	EUR	12,391	30.00
OFP La Rochelle Maritime Rail Services SAS, La Rochelle/France	EUR	-	24.90
Omfesa Logistica S.A., Madrid/Spain [2]	EUR	-663	38.66
OPTIMODAL NEDERLAND B.V., Rotterdam/the Netherlands [3], [4]	EUR	812	24.34
PKV Planungsgesellschaft kombinierter Verkehr Duisburg mbH, Duisburg [2], [4]	EUR	1,473	50.00
Pool Ibérico Ferroviario A.I.E., Madrid/Spain [2]	EUR	0	9.02
ŚLĄSKIE CENTRUM LOGISTYKI S.A., Gliwice/Poland [2], [4]	PLN	47,359	21.86
Sociedad de Estudios y Explotacion de Material Auxiliar de Transportes, S.A. ("SEMAT"), Madrid/Spain [2]	EUR	4,052	48.56
Stifa S.A. i. L., Malveira/Portugal [2]	EUR	-85	38.66
Terminal Singen TSG GmbH, Singen [2], [4]	EUR	854	50.00
Trans-Eurasia Logistics GmbH, Berlin [2], [4]	EUR	963	40.00
Xrail S.A., Brussels/Belgium [3], [4]	EUR	342	32.00
ZAO Eurasia Rail Logistics i. L., Moscow/Russia [4], [10]	RUB	1,675	34.90
DB SCHENKER LOGISTICS			
FULLY CONSOLIDATED			
"Scanspol" Sp. z o.o., Warsaw/Poland	PLN	3,030	99.62
Air Terminal Handling S.A., Tremblay en France/France	EUR	-536	100.00
ALB Automotive Logistica LTDA, Juiz de Fora - MG/Brazil	BRL	3,380	51.00
Anterist + Schneider Zeebrugge B.V., Zeebrugge/Belgium	EUR	1,332	100.00
AS Schenker, Tallinn/Estonia	EUR	8,916	100.00
ASIMEX Anterist + Schneider Import - Export SAS, Stiring-Wendel/France	EUR	502	100.00
ATLANTIQUE EXPRESS SAS, Montaigu Cedex/France	EUR	290	100.00
BAX Global (Malaysia) Sdn. Bhd., Petaling Jaya/Malaysia	MYR	271	100.00
BAX Global (Pty.) Ltd., Johannesburg/South Africa	ZAR	85	100.00
BAX Global (Thailand) Limited, Bangkok/Thailand	THB	391,526	100.00
BAX Global (UK) Limited i. L., London/Great Britain	GBP	7,979	100.00
BAX Global Inc., Norfolk/USA	USD	79,814	100.00
BAX Global Limited i. L., London/Great Britain	GBP	2,738	100.00
BAX Global Logistics (Shanghai) Co. Ltd., Shanghai/China	CNY	108,572	100.00
BAX Global Logistics Sdn.Bhd., Petaling Jaya/Malaysia	MYR	90,536	100.00

SUBSIDIARY [NAME AND DOMICILE]	Currency	Equity (TLC [1])	Ownership (%)
BEMI JOYAU SCI, Montaigu Cedex/France	EUR	120	100.00
Bischof Gesellschaft mbH., Vienna/Austria	EUR	90	100.00
BTL Reinsurance S.A., Luxembourg/Luxembourg	SEK	42,365	100.00
DB Schenker (Cambodia) Limited, Phnom Penh/Cambodia	USD	491	100.00
DB Schenker FLLC, Minsk/Belarus	BYR	468,123	100.00
DB Schenker Global Services Europe S.R.L., Bucharest/Romania	RON	20,095	100.00
DP Schenker, Kiev/Ukraine	UAH	-26,793	100.00
DVA Marine Re S.A., Luxembourg/Luxembourg	EUR	11,811	65.00
ELAG Emder Lagerhaus und Automotive GmbH, Emden	EUR	1,162	100.00
ELSPED Speditions-Gesellschaft m.b.H., Hamburg	EUR	4,002	100.00
Engelberg Transportes Internacionales C.A. (Entra), Caracas/Venezuela	VEF	57,732	100.00
EVAG Emder Verkehrs und Automotive Gesellschaft mbH, Emden	EUR	2,210	100.00
EVB Handelshaus Bour GmbH, Landau in der Pfalz	EUR	25	100.00
Facility Plus B.V., Tilburg/the Netherlands	EUR	854	100.00
Fastighets Aktiebolaget Orbyn, Göteborg/Sweden	SEK	10,748	100.00
HANGARTNER Terminal AG, Zürich/Switzerland	CHF	763	100.00
HANGARTNER Terminal S.r.l., Verona/Italy	EUR	645	100.00
Heck Slovensko s.r.o., Bratislava/Slovakia	EUR	35	100.00
Intertec Asia Limited, Hong Kong/China	HKD	10,471	100.00
Intertec Beteiligungs-GmbH, Landau in der Pfalz	EUR	31,139	100.00
Intertec GmbH, Landau in der Pfalz	EUR	26	100.00
INTERTEC Polska Sp.zo.o., Nadarzyn/Poland	PLN	534	100.00
Intertec Retail Logistics GmbH, Landau in der Pfalz	EUR	26	100.00
Inter-Union Technohandel Gesellschaft m.b.H., Vienna/Austria	EUR	19	100.00
Inter-Union Technohandel GmbH, Landau in der Pfalz	EUR	26	100.00
Intreprinderea Mixta "S.C. Schenker" S.R.L., Chisinau/Moldova	MDL	1,504	96.69
Joyau S.A., Montaigu Cedex/France	EUR	17,098	100.00
Karpeles Flight Services (H.K.) Limited, Hong Kong/China	HKD	7,397	100.00
Karpeles Flight Services GmbH, Frankfurt am Main	EUR	1,613	100.00
Karpeles Freight Services Inc., Delaware/USA	USD	36	100.00
KB Ädelgasen 1 -Jönköping, Jönköping/Sweden	SEK	108,691	100.00
KB Älghunden Jönköping, Jönköping/Sweden	SEK	21,635	100.00
KB Älghunden 1 -Jönköping, Jönköping/Sweden	SEK	28,372	100.00
KB Anholt 3, Stockholm/Sweden	SEK	9,199	100.00
KB Arbetsbasen 4 -Stockholm, Stockholm/Sweden	SEK	42,266	100.00
KB Ättehögen Östra 1 -Helsingborg, Helsingborg/Sweden	SEK	67,085	100.00
KB Backa 107:3 -Göteborg, Göteborg/Sweden	SEK	134,965	100.00
KB Baggböle 2:35 -Umeå, Umeå/Sweden	SEK	23,787	100.00
KB Benkammen 12 -Malmö, Malmö/Sweden	SEK	132,008	100.00
KB Bleket 1 -Karlstad, Karlstad/Sweden	SEK	44,009	100.00
KB Distributören 3 och 4 -Örebro, Örebro/Sweden	SEK	86,211	100.00
KB Forsmark 2 -Stockholm, Stockholm/Sweden	SEK	64,171	100.00
KB Forsmark 3 -Stockholm, Stockholm/Sweden	SEK	171,222	100.00
KB Forsmark 5 Stockholm, Göteborg/Sweden	SEK	-290	100.00
KB Frysen 1 Visby, Visby/Sweden	SEK	16,182	100.00

SUBSIDIARY [NAME AND DOMICILE]	Currency	Equity (TLC [1])	Ownership (%)
KB Fryshuset 3-Visby, Visby/Sweden	SEK	1,029	100.00
KB Köpmannen 10 -Västerås, Västerås/Sweden	SEK	39,105	100.00
KB Kungsängen 28:1 -Uppsala, Uppsala/Sweden	SEK	11,357	100.00
KB Langtradaren 2 -Borlänge, Borlänge/Sweden	SEK	35,398	100.00
KB Lertaget 1, Skara, Skara/Sweden	SEK	47,801	100.00
KB Malmö Hamnen 22 Malmö, Malmö/Sweden	SEK	66,671	100.00
KB Maskinen 3 -Linköping, Linköping/Sweden	SEK	63,424	100.00
KB Neonljuset 3 -Eskilstuna, Eskilstuna/Sweden	SEK	5,025	100.00
KB Önnestad 108:4 -Kristianstad, Kristianstad/Sweden	SEK	42,898	100.00
KB Överön 1:66 -Örnsköldsvik, Örnsköldsvik/Sweden	SEK	11,068	100.00
KB Pantern 1 -Växjö, Växjö/Sweden	SEK	38,833	100.00
KB Reläet 8 -Norrköping, Norrköping/Sweden	SEK	26,786	100.00
KB Sandstuhagen 3 -Stockholm, Stockholm/Sweden	SEK	53,698	100.00
KB Sörby 24:3 -Gävle, Gävle/Sweden	SEK	36,845	100.00
KB Storheden 1:8 -Luleå, Luleå/Sweden	SEK	29,481	100.00
KB Tingstadsvassen 31:3 -Göteborg, Göteborg/Sweden	SEK	37,234	100.00
KB Transporten 1 -Hultsfred, Hultsfred/Sweden	SEK	19,873	100.00
KB Transportören 1 -Värnamo, Värnamo/Sweden	SEK	88,416	100.00
KB Viken 3 -Karlshamn, Karlshamn/Sweden	SEK	12,103	100.00
KB Vindtrycket 1 -Borås, Borås/Sweden	SEK	67,417	100.00
KB Vivstamon 1:13 -Timrå, Timrå/Sweden	SEK	54,219	100.00
Kiinteistö Oy Ferryroad, Helsinki/Finland	EUR	292	100.00
Kiinteistö Oy Helsingin Metsäläntie 2–4, Helsinki/Finland	EUR	3,394	100.00
Kiinteistö Oy Kaakon Terminaali, Lappeenranta/Finland	EUR	688	100.00
Kiinteistö Oy Porin Kiitolinja, Björneborg/Finland	EUR	101	100.00
Kiinteistö Oy Reininkatu 9, Vaasa/Finland	EUR	83	100.00
Kiinteistö Oy Seinäjoen Kiitolinja-asema, Seinäjoki/Finland	EUR	179	100.00
Kiinteistö Oy Tampereen Rahtiasema, Tampere/Finland	EUR	522	100.00
Kiinteistö Oy Tir-Trans, Joentaustankatu/Finland	EUR	552	100.00
Kiinteistö Oy Turun Nosturinkatu 6, Turku/Finland	EUR	1,046	100.00
Kiinteistömaaliikenne Oy, Helsinki/Finland	EUR	1,611	54.70
Langtradaren i Jämtland AB, Göteborg/Sweden	SEK	5,625	100.00
Luxemburger Transport Logistik Diekirch S.A., Wilwerdange/Luxembourg	EUR	1,114	100.00
Oy Schenker East AB, Helsinki/Finland	EUR	36,726	100.00
PT. Schenker Petrolog Utama, Jakarta/Indonesia	USD	19,385	71.00
Rengaslinja Oy, Helsinki/Finland	EUR	448	100.00
Romtrans Holiday Ltd., Eforie Sud, Constanţa/Romania	RON	-230	99.46
Scantrans SAS, Rouen/France	EUR	438	100.00
SCHENKER & CO AG, Vienna/Austria	EUR	134,700	100.00
Schenker (Asia Pacific) Pte. Ltd., Singapore/Singapore	SGD	571,847	100.00
Schenker (BAX) Holding Corp., Delaware/USA	USD	118,184	100.00
Schenker (H.K.) Ltd., Hong Kong/China	HKD	89,247	100.00

SUBSIDIARY [NAME AND DOMICILE]	Currency	Equity (TLC [1])	Ownership (%)
Schenker (Ireland) Ltd., Shannon/Ireland	EUR	10,394	100.00
Schenker (L.L.C), Dubai/United Arab Emirates	AED	52,209	60.00
Schenker (Lao) Sole Co., Ltd., Vientiane/Laos	LAK	1,705,871	100.00
Schenker (NZ) Ltd., Auckland/New Zealand	NZD	15,990	100.00
Schenker (Thai) Holdings Ltd., Bangkok/Thailand	THB	56,496	100.00
Schenker (Thai) Ltd., Bangkok/Thailand	THB	1,484,192	100.00
Schenker A.E., Athens/Greece	EUR	429	100.00
Schenker A/S, Hvidovre/Denmark	DKK	129,075	100.00
Schenker AB, Göteborg/Sweden	SEK	-38,889	100.00
Schenker Akeri AB, Göteborg/Sweden	SEK	132,235	100.00
Schenker Aktiengesellschaft, Essen	EUR	801,298	100.00
Schenker Angola, Limitada, Luanda/Angola	AOA	117,081	99.90
Schenker Argentina S.A., Buenos Aires/Argentina	ARS	9,329	100.00
Schenker AS, Oslo/Norway	NOK	617,519	100.00
Schenker Australia Pty. Ltd., Alexandria/Australia	AUD	152,975	100.00
Schenker B.V., Tilburg/the Netherlands	EUR	-5,026	100.00
Schenker BITCC Customs Broker (Beijing) Co. Ltd., Beijing/China	CNY	968	70.00
Schenker BITCC Logistics (Beijing) Co. Ltd., Beijing/China	CNY	96,560	70.00
Schenker Business Services LLC, Moscow/Russia	RUB	7,053	100.00
Schenker Chile S.A., Santiago/Chile	CLP	5,115,904	100.00
Schenker China Ltd., Pudong, Shanghai/China	CNY	1,479,104	100.00
Schenker Consulting AB, Göteborg/Sweden	SEK	8,400	100.00
Schenker Customs Agency B.V., Rotterdam/the Netherlands	EUR	-9	100.00
Schenker d.d., Ljubljana/Slovenia	EUR	14,356	100.00
SCHENKER d.o.o., Sarajevo/Bosnia-Herzegovina	BAM	947	100.00
Schenker d.o.o., Rugvica/Croatia	HRK	14,050	100.00
Schenker d.o.o., Belgrade/Serbia	RSD	88,403	100.00
Schenker Dedicated Services AB, Göteborg/Sweden	SEK	16,622	100.00
Schenker Dedicated Services Germany GmbH, Essen	EUR	279	100.00
Schenker Deutschland AG, Frankfurt am Main	EUR	56	100.00
Schenker Direct Production GmbH, Lübeck	EUR	19,260	100.00
Schenker Distribution Solutions, Inc., Paranaque-City/Philippines	PHP	17,586	98.51
Schenker do Brasil Transportes Internacionais Ltda., São Paulo/Brazil	BRL	22,108	100.00
SCHENKER DOOEL, Skopje/Macedonia	MKD	39,365	100.00
Schenker Egypt Ltd., Cairo/Egypt	EGP	9,435	100.00
SCHENKER EOOD, Sofia/Bulgaria	BGN	10,707	100.00
Schenker Equipment AB, Göteborg/Sweden	EUR	3,910	100.00
Schenker Filen 8 Aktiebolag, Göteborg/Sweden	SEK	5,569	100.00
SCHENKER FRANCE SAS, Montaigu Cedex/France	EUR	27,846	100.00
Schenker High Tech Logistics B.V., Rotterdam/the Netherlands	EUR	19,286	100.00
Schenker Holdings (NZ) Limited, Auckland/New Zealand	NZD	19,664	100.00
SCHENKER INDIA PRIVATE LIMITED, New Delhi/India	INR	1,913,813	100.00
Schenker International (HK) Ltd., Hong Kong/China	HKD	1,446,680	100.00

SUBSIDIARY [NAME AND DOMICILE]	Currency	Equity (TLC [1])	Ownership (%)
Schenker International (Macau) Ltd., Macau/China	HKD	30,981	100.00
SCHENKER INTERNATIONAL AKTIENGESELLSCHAFT, Essen	EUR	56	100.00
Schenker International B.V., Rotterdam/the Netherlands	EUR	221	100.00
Schenker International S.A. de C.V., Mexico City/Mexico	MXN	243,740	100.00
Schenker Italiana S.p.A., Peschiera/Italy	EUR	56,675	100.00
Schenker Khimji's LLC, Muscat/Sultanate of Oman	OMR	388	60.00
Schenker Korea Ltd., Seoul/Republic of Korea	KRW	33,757,646	100.00
Schenker Limited, London/Great Britain	GBP	5,785	100.00
Schenker Logistics (Chengdu) Co., Ltd., Chengdu/China	CNY	-18,109	100.00
Schenker Logistics (Chongqing) Co. Ltd, Chongqing/China	CNY	8,842	100.00
Schenker Logistics (Guangzhou) Company Ltd., Guangzhou/China	CNY	77,234	100.00
Schenker Logistics (Malaysia) Sdn Bhd., Kuala Lumpur/Malaysia	MYR	120,903	100.00
Schenker Logistics (Shanghai) Co., Ltd., Shanghai/China	CNY	12,264	100.00
Schenker Logistics (Shenzhen) Co. Ltd., Shenzhen/China	CNY	27,043	100.00
Schenker Logistics (Suzhou) Company Ltd., Suzhou/China	CNY	114,119	100.00
Schenker Logistics (Thai) Ltd., Bangkok/Thailand	THB	3,124	100.00
Schenker Logistics (Xiamen) Co. Ltd., Xiamen/China	CNY	55,212	100.00
Schenker Logistics AB, Göteborg/Sweden	SEK	-23,473	100.00
Schenker Logistics Inc., Calamba City/Philippines	PHP	10,379	100.00
Schenker Logistics L.L.C., Abu Dhabi/United Arab Emirates	AED	37,425	70.00
Schenker Logistics S.A., Barcelona/Spain	EUR	134,446	100.00
Schenker Logistics Vietnam Co., Ltd., Ho-Chi-Minh City/Vietnam	USD	100	100.00
Schenker Ltd., Nairobi/Kenya	KES	14,643	100.00
SCHENKER LUXEMBURG GMBH, Leudelange/Luxembourg	EUR	784	100.00
Schenker Maroc S.a.r.l., Casablanca/Morocco	MAD	16,379	100.00
Schenker Mauritius (Malaysian Holdings) Ltd., Port Louis/Mauritius	USD	39,065	100.00
Schenker Mauritius (Thai Holdings) Ltd., Port Louis/Mauritius	USD	46,610	100.00
Schenker Metafores A.G. i. L., Athens/Greece	EUR	786	100.00
Schenker Middle East FZE, Dubai/United Arab Emirates	AED	55,098	100.00
SCHENKER N.V., Antwerp/Belgium	EUR	39,837	100.00
Schenker Namibia (Pty) Ltd., Windhoek/Namibia	NAD	7,164	100.00
Schenker Nederland B.V., Tilburg/the Netherlands	EUR	1,190	100.00
Schenker Nemzetközi Szállítmányozási és Logisztikai Kft., Szigetszentmiklos/Hungary	HUF	4,711,817	100.00
Schenker North & East AB, Göteborg/Sweden	SEK	2,182,529	100.00
Schenker of Canada Ltd., Toronto/Canada	CAD	36,108	100.00
Schenker OY, Helsinki/Finland	EUR	23,731	100.00
Schenker Panama S.A., Panama City/Panama	USD	2,478	100.00
Schenker Peru S.R.L., Lima/Peru	PEN	5,461	100.00
Schenker Philippines, Inc., Makati City/Philippines	PHP	807,407	100.00
Schenker Privpak AB, Borås/Sweden	SEK	2,876	100.00
Schenker Privpak AS, Oslo/Norway	NOK	210	100.00

SUBSIDIARY [NAME AND DOMICILE]	Currency	Equity (TLC [1])	Ownership (%)
Schenker Property Sweden AB, Göteborg/Sweden	SEK	52,949	100.00
Schenker Re Limited, Dublin/Ireland	EUR	44,291	100.00
Schenker Romtrans S.A., Bucharest/Romania	RON	375,385	99.46
Schenker S.A., Guatemala City/Guatemala	GTQ	-12,190	100.00
SCHENKER s.r.o., Bratislava/Slovakia	EUR	2,566	100.00
Schenker SA, Gennevilliers Cedex/France	EUR	72,134	100.00
Schenker Saudi Arabia LLC, Riyadh/Saudi Arabia	SAR	26,828	100.00
Schenker Switzerland AG, Zurich/Switzerland	CHF	44,149	100.00
Schenker Shared Services (Nanjing) Co. Ltd., Nanjing/China	CNY	8,753	100.00
Schenker Singapore (PTE) Ltd., International Forwarders, Singapore/Singapore	SGD	168,211	100.00
Schenker South Africa (Pty) Ltd., Isando/South Africa	ZAR	212,040	100.00
Schenker Sp. z o.o., Warsaw/Poland	PLN	283,079	99.62
SCHENKER spol. s r.o., Prague/Czech Republic	CZK	392,831	100.00
Schenker Technik GmbH, Essen	EUR	25	100.00
Schenker Transitarios, S.A., Loures/Portugal	EUR	-2,328	100.00
Schenker Transport Aktiebolag, Göteborg/Sweden	SEK	70,979	100.00
Schenker Transport Groep B.V., Tilburg/the Netherlands	EUR	2,551	100.00
Schenker Vietnam Co., Ltd., Ho-Chi-Minh City/Vietnam	USD	16,037	100.00
Schenker, Inc., New York/USA	USD	151,259	100.00
Schenker-Arkas Nakliyat Ve Tic. A.S., Zincirlikuyu/Turkey	TRY	49,339	55.00
Schenker-BTL Ltd., London/Great Britain	GBP	-	100.00
Schenker-Gemadept Logistics Vietnam Company Limited, Provinz Binh Duong/Vietnam	USD	-602	100.00
Schenkerocean Ltd, Wanchai/China	HKD	5,298	100.00
Schenker-Seino Co. Ltd., Tokyo/Japan	JPY	5,306,343	60.00
SIA Schenker, Riga/Latvia	EUR	4,301	100.00
SIA Sky Partners, Riga/Latvia	EUR	43	100.00
Sky Partners OÜ, Tallinn/Estonia	EUR	167	100.00
Stinnes (UK) Limited, Feltham, Middlesex/Great Britain	GBP	22,298	100.00
Stinnes Immobiliendienst AG & Co. KG, Mülheim an der Ruhr	EUR	5,488	100.00
SW Zoll-Beratung GmbH, Wees	EUR	1,186	100.00
TEGRO AG, Schwerzenbach/Switzerland	CHF	5,884	90.00
Trafikaktiebolaget NP Kagström, Göteborg/Sweden	SEK	1,796	100.00
TRANSA Spedition GmbH, Offenbach am Main	EUR	13,977	100.00
Transorient SA, Bucharest/Romania	RON	2,715	53.71
Transport Gesellschaft mbH, Hamburg	EUR	608	96.70
Transworld Asig - Broker de Asigurare Ltd., Bucharest/Romania	RON	415	99.46
UAB "Schenker," Vilnius/Lithuania	LTL	5,045	100.00
Viktor E. Kern Gesellschaft m.b.H., Vienna/Austria	EUR	1,080	100.00
ZAO Schenker, Moscow/Russia	RUB	428,787	100.00
ZAO Schenker Russija, Moscow/Russia	RUB	3,191	100.00
Zweite Kommanditgesellschaft Stinnes Immobiliendienst AG & Co., Mülheim an der Ruhr	EUR	91,084	100.00
AT EQUITY			
ADRIA KOMBI, nacionalna družba za kombinirani promet d.o.o., Ljubljana/Slovenia [2), 4)]	EUR	10,749	26.00
ATS Air Transport Service AG, Zurich/Switzerland [2), 4)]	CHF	3,231	26.00

SUBSIDIARY [NAME AND DOMICILE]	Currency	Equity (TLC [1])	Ownership (%)
Autoport Emden GmbH, Emden [2), 4)]	EUR	97	33.30
Bäckebols Åkeri AB, Göteborg/Sweden [2), 4)]	SEK	69,341	35.00
BTU - Bilspedition Transportörer Utvecklings AB, Solna/Sweden [2), 4)]	SEK	1,725	50.00
Express Air Systems GmbH (EASY), Kriftel [2), 4)]	EUR	3,709	50.00
Gardermoen Perishables Center AS, Gardermoen/Norway [2), 4)]	NOK	9,217	33.30
Germans Corbalan & Alvarez, S.L., Manresa (Barcelona)/Spain [2), 4)]	EUR	907	20.00
Halmstadsakarnas Fastighets AB, Halmstad/Sweden [2), 4)]	SEK	19,755	31.44
I.M. "Moldromukrtrans" S.R.L., Chisinau/Moldova [2), 4)]	MDL	17,160	33.15
Intermodal Sea Solutions, S.L., Orejo-Cantabria/Spain [2), 4)]	EUR	84	24.75
LogCap-IR Grundverwertungsgesellschaft mbH, Vienna/Austria [2)]	EUR	4,840	49.00
Speditionsbau und Verwertungsgesellschaft m.b.H., Salzburg/Austria [2), 3), 4)]	EUR	45	25.00
Trans Jelabel S.L., Aldeamayorde S Martin/Spain [2), 4)]	EUR	246	20.00
Transatlantic Shipping and Trading SRL, Bucharest/Romania [2), 4)]	RON	6,375	49.73
Värnamo Åkeri AB, Värnamo/Sweden [2), 4)]	SEK	15,419	50.00
Volla Eiendom AS, Oslo/Norway [2), 4)]	NOK	14,836	50.00
DB SERVICES			
FULLY CONSOLIDATED			
DB Dienstleistungen GmbH, Berlin	EUR	618,559	100.00
DB Fahrzeuginstandhaltung GmbH, Frankfurt am Main	EUR	198,654	100.00
DB FuhrparkService GmbH, Frankfurt am Main	EUR	3,434	100.00
DB Kommunikationstechnik GmbH, Berlin	EUR	4,108	100.00
DB Mobility Services Austria GmbH, Vienna/Austria	EUR	-361	100.00
DB Rent GmbH, Frankfurt am Main	EUR	32	100.00
DB Services GmbH, Berlin	EUR	11,854	100.00
DB Sicherheit GmbH, Berlin	EUR	2,006	100.00
DB Systel GmbH, Frankfurt am Main	EUR	238,260	100.00
DB Systel UK Limited, Doncaster/Great Britain	GBP	1,712	100.00
DB Waggonbau Niesky GmbH, Niesky	EUR	-25,048	100.00
DB NETZE ENERGY			
FULLY CONSOLIDATED			
DB Energie GmbH, Frankfurt am Main	EUR	548,063	100.00
DB NETZE TRACK			
FULLY CONSOLIDATED			
DB Bahnbau Gruppe GmbH, Berlin	EUR	28,889	100.00
DB Fahrwegdienste GmbH, Berlin	EUR	2,544	100.00
DB Netz Aktiengesellschaft, Frankfurt am Main	EUR	7,319,400	100.00
DB RegioNetz Infrastruktur GmbH, Frankfurt am Main	EUR	2,034	100.00
Deutsche Umschlaggesellschaft Schiene-Straße (DUSS) mbH, Bodenheim am Rhein	EUR	1,228	87.50
MegaHub Lehrte Betreibergesellschaft mbH, Hanover	EUR	291	65.62
AT EQUITY			
EEIG Corridor Rhine - Alpine EWIV, Frankfurt am Main [3), 4)]	EUR	0	25.00
Güterverkehrszentrum Entwicklungsgesellschaft Dresden mbH, Dresden [2), 4)]	EUR	2,443	24.53

SUBSIDIARY [NAME AND DOMICILE]	Currency	Equity (TLC [1])	Ownership (%)
TIA GmbH, Augsburg [4),5)]	EUR	289	42.88
TKN Terminal Köln-Nord GmbH, Cologne [4),5)]	EUR	18	42.88
TriCon Container-Terminal Nürnberg GmbH, Nuremberg [3),4)]	EUR	1,655	21.88
DB NETZE STATIONS			
FULLY CONSOLIDATED			
DB BahnPark GmbH, Berlin	EUR	4,219	51.00
DB Station & Service Aktiengesellschaft, Berlin	EUR	1,498,286	100.00
AT COST			
Immobilien-Vermietungsgesellschaft Schumacher & Co Objekt Bahnhöfe Deutschland KG, Düsseldorf [3),4)]	EUR	0	100.00
TUDO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Bahnhöfe KG Düsseldorf, Düsseldorf [3),4)]	EUR	1	100.00
OTHER SUBSIDIARIES			
FULLY CONSOLIDATED			
AMEROPA-REISEN GmbH, Bad Homburg v. d. Höhe	EUR	2,844	100.00
DB (UK) Investments Limited, Sunderland/Great Britain	GBP	883,214	100.00
DB (UK) Logistics Holdings Limited, Doncaster/Great Britain	GBP	1	100.00
DB Barnsdale AG, Berlin	EUR	10,860	100.00
DB Belgie Holding BVBA, Antwerp/Belgium	EUR	37,744	100.00
DB Czech Holding s.r.o., Rudná/Czech Republic	CZK	245,305	100.00
DB Danmark Holding ApS, Hvidovre/Denmark	DKK	217,662	100.00
DB Dialog GmbH, Berlin	EUR	991	100.00
DB France Holding SAS, Gennevilliers Cedex/France	EUR	539,854	100.00
DB Gastronomie GmbH, Frankfurt am Main	EUR	1,242	100.00
DB Hungaria Holding Kft., Budapest/Hungary	HUF	10,943,995	100.00
DB International Brasil Servicos de Consultoria Ltda., Rio de Janeiro/Brazil	BRL	498	100.00
DB International GmbH, Berlin	EUR	34,322	100.00
DB International USA, Inc., Delaware/USA	USD	-211	100.00
DB JobService GmbH, Berlin	EUR	3,435	100.00
DB Media & Buch GmbH, Kassel	EUR	26	100.00
DB Mobility Logistics AG, Berlin	EUR	2,060,139	100.00
DB Nederland Holding B.V., Heerenveen/the Netherlands	EUR	225,801	100.00
DB Polska Holding Sp. z o.o., Warsaw/Poland	PLN	1,578,622	100.00
DB Projekt Stuttgart-Ulm GmbH, Stuttgart	EUR	1,981	100.00
DB ProjektBau GmbH, Berlin	EUR	23,307	100.00
DB Schweiz Holding AG, Zug/Switzerland	CHF	99,980	100.00
DB Systemtechnik GmbH, Minden	EUR	1,068	100.00
DBUK Holding Limited, Doncaster/Great Britain	GBP	1	100.00
DBUS Corporation, Tarrytown/USA	USD	463,383	100.00
DBUS Holding Corporation, Tarrytown/USA	USD	487,707	100.00
DB Vertrieb GmbH, Frankfurt am Main	EUR	9,373	100.00
DB Zeitarbeit GmbH, Berlin	EUR	-25	100.00
Deutsche Bahn Finance B. V., Amsterdam/the Netherlands	EUR	42,859	100.00
Deutsche Bahn France Voyages & Tourisme SAS, Paris/France	EUR	292	100.00
Deutsche Bahn Iberica Holding, S.L., Barcelona/Spain	EUR	236,081	100.00
Deutsche Bahn Stiftung gGmbH, Berlin	EUR	2,159	100.00
Deutsche Industrieholz GmbH, Essen	EUR	-440	29.15

SUBSIDIARY [NAME AND DOMICILE]	Currency	Equity (TLC [1])	Ownership (%)
DVA Deutsche Verkehrs-Assekuranz-Vermittlungs-GmbH, Bad Homburg v. d. Höhe	EUR	592	65.00
DVA REINSURANCE LIMITED, Dublin/Ireland	EUR	6,080	65.00
Engineering Support Group Ltd, Doncaster/Great Britain	GBP	360	100.00
Frank & Schulte GmbH i. L., Essen	EUR	26	100.00
Grundstückspool Potsdam Center GbR mbH, Berlin	EUR	-	70.00
Precision National Plating Services, Inc., Delaware/USA	USD	-19,029	100.00
Railway Approvals Ltd, Doncaster/Great Britain	GBP	311	100.00
Schenker International AB, Göteborg/Sweden	SEK	1,348,095	100.00
Stinnes Beteiligungs-Verwaltungs GmbH, Essen	EUR	175,181	100.00
Stinnes Handel GmbH & Co. Beteiligungs OHG, Essen	EUR	-92	100.00
Stinnes Holz GmbH, Essen	EUR	150	53.00
Stinnes Logistics GmbH, Essen	EUR	4,071	100.00
Stinnes Montan Gesellschaft mit beschränkter Haftung i. L., Essen	EUR	214	100.00
UBB Polska Sp.z o.o., Swinoujscie/Poland	PLN	751	100.00
UBB Usedomer Bäderbahn GmbH, Heringsdorf	EUR	2,609	100.00
Unterstützungskasse der Firma H.M. Gehrckens Gesellschaft mit beschränkter Haftung, Hamburg	EUR	57	100.00
AT EQUITY			
BahnflächenEntwicklungsGesellschaft NRW mbH, Essen [3),4)]	EUR	336	49.90
Beijing HuaJing DeBe International Engineering Consulting Co., Ltd, Beijing/China [4),5)]	CNY	6,061	25.00
BwFuhrparkService GmbH, Troisdorf [3),4)]	EUR	148,982	24.90
CD-DUSS Terminal, a.s., Lovosice/Czech Republic [3),4)]	CZK	353	49.00
Elevator-Gesellschaft mit beschränkter Haftung, Hanover [2)]	EUR	192	50.00
EUROFIMA Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial, Basel/Switzerland	CHF	1,545,392	22.60
Innovationszentrum für Mobilität und gesellschaftlichen Wandel (InnoZ) GmbH, Berlin [3),4)]	EUR	516	50.27
Rail Technology Company Limited, Jeddah/Saudi Arabia [3),4)]	SAR	1,483	24.90
SSG Saar-Service GmbH, Saarbrücken [2),4)]	EUR	1,855	25.50
AT COST			
TREMA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Bahnhöfe West KG, Berlin [3),4)]	EUR	4,155	94.00
TRENTO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Bahnhöfe Ost KG i. L., Düsseldorf [3),4)]	EUR	1	100.00

1) IFRS data.

2) Preliminary data.

3) Data: 2013 financial year.

4) Local GAAP data.

5) Data: 2012 financial year.

6) Data: 2011 financial year.

7) Data: 2010 financial year.

8) Data: 2009 financial year.

9) Liquidation balance sheet as of September 30, 2010.

10) Data: 2008 financial year.

GRI 4.1

(43) Management Board and Supervisory Board

The names and mandates of the members of the Supervisory Board and Management Board of DB AG are set out in the following list.

Deutsche Bahn AG

MANAGEMENT BOARD

Dr. Rüdiger Grube

Chief Executive Officer and Chairman of the Management Board,
Chief Executive and Chairman of the Management Board
of DB Mobility Logistics AG,
Hamburg

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 Stuttgart region)

Gerd Becht

Compliance, Privacy, Legal Affairs and Group Security,
Member of the Management Board of DB Mobility Logistics AG,
Bad Homburg v. d. Höhe

a) — DB Schenker Rail AG [1]
— Schenker AG [1]
— DB Barnsdale AG [1] (Chairman)
— 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)
— DFS Deutsche Flugsicherung GmbH (Advisory Board)

Dr. Heike Hanagarth

Technology and Environment,
Member of the Management Board of DB Mobility Logistics AG,
Oberteuringen

a) — DB Systemtechnik GmbH [1] (Chairman)
b) — DB Dienstleistungen GmbH [1] (Advisory Board)

Dr. Volker Kefer

Infrastructure and Services,
Member of the Management Board of DB Mobility Logistics AG,
Erlangen

a) — DB Energie GmbH [1] (Chairman)
— DB International GmbH [1] (Chairman)
— DB ProjektBau GmbH [1] (Chairman)
— DB Station&Service AG [1] (Chairman)
b) — DB Dienstleistungen GmbH [1] (Advisory Board, Chairman)
— DEVK Deutsche Eisenbahn Versicherung
Sach- und HUK-Versicherungsverein a. G.
Betriebliche Sozialeinrichtung der Deutschen Bahn
(Advisory Board)

Dr. Richard Lutz

Finance/Controlling,
Member of the Management Board of DB Mobility Logistics AG,
Hoppegarten (Mark)

a) — DB Barnsdale AG [1]
— 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)
— DB Zeitarbeit 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) — Sparda-Bank West eG

Deutsche Bahn AG

SUPERVISORY BOARD

Prof. Dr. Dr. Utz-Hellmuth Felcht

Chairman of the Supervisory Board,
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
– until January 8, 2014 –

a) — DB Mobility Logistics AG
— Deutsche Telekom AG
b) — Bundesanstalt für Immobilienaufgaben (Administrative Board)
— g.e.b.b. Gesellschaft für Entwicklung, Beschaffung
und Betrieb mbH
— KfW IPEX-Bank GmbH

Jürgen Beuttler*
Head of ITK and CIO Long-Distance, Privacy, Compliance at DB Fernverkehr AG,
Wiesbaden

Christoph Dänzer-Vanotti
Lawyer,
Essen
a) ⟞ RWE Generation SE
b) ⟞ RAG Stiftung Stiftung (Board of Trustees)

Patrick Döring
Member of the Management Board of Agila Haustierversicherung AG,
Hanover
– until June 30, 2014 –
a) ⟞ VIFG Verkehrsinfrastrukturfinanzierungsgesellschaft mbH

Dr.-Ing. Dr. E.h. Jürgen Großmann
Shareholder Georgsmarienhütte Holding GmbH,
Hamburg
a) ⟞ BATIG Gesellschaft für Beteiligungen mbH
⟞ British American Tobacco (Germany) GmbH
⟞ British American Tobacco (Industrie) GmbH
⟞ SURTECO SE (Chairman)
b) ⟞ Hanover Acceptances Limited, London/Great Britain
⟞ RAG Stiftung (Chairman of Board of Trustees)

Dr. Bernhard Heitzer
State Secretary in the Federal Ministry of Economics and Energy,
Alfter
– until January 29, 2014 –
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 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 (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
b) ⟞ DB Services GmbH (Advisory Board)

Wolfgang Joosten*
Chairman of the Central Works Council DB Fernverkehr AG,
Lünen
– until June 30, 2014 –
a) ⟞ DB Fernverkehr AG
b) ⟞ DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a. G. Betriebliche Sozialeinrichtung der Deutschen Bahn (Advisory Board)

Ludwig Koller*
Chairman of the Central Works Council of DB Fernverkehr AG,
Karlsruhe
– since September 12, 2014 –
a) ⟞ DB Fernverkehr AG
b) ⟞ Sparda-Bank Baden-Württemberg eG

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

Prof. Dr. Knut Löschke
Management consultant,
Leipzig
a) ⟞ Softline AG (Chairman)
b) ⟞ Druck & Werte GmbH (Advisory Board, Chairman)
⟞ Universitätsklinikum Leipzig, AÖR (Chairman)

Kirsten Lühmann
Member of the German Bundestag,
Berlin
– since July 17, 2014 –
a) ⟞ Nürnberger Beamten Lebensversicherung AG
b) ⟞ BTA Betriebs- und Anlagegesellschaft mbH

Vitus Miller*
Employee, responsible for “Staff Affairs fit 2014” Region Baden-Württemberg,
Stuttgart
a) ⟞ DB Regio AG

Fred Nowka*
Chairman of the Central Works Council of DB Netz AG,
Glinzig
b) ⟞ DEVK Lebensversicherungsverein a. G. (Advisory Board)

Michael Odenwald
State Secretary in the Federal Ministry of Transport and Digital Infrastructure,
Kleinmachnow
a) ⟞ DB Mobility Logistics AG
⟞ DFS Deutsche Flugsicherung GmbH (Chairman)
⟞ Fraport AG

Mario Reiß*
Chairman of the Works Council of DB Schenker Rail 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

Jens Schwarz*
Chairman of the Group Works Council of Deutsche Bahn AG,
Chemnitz
a) — DB Fahrzeuginstandhaltung GmbH
b) — DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a. G.
Betriebliche Sozialeinrichtung der Deutschen Bahn (Advisory Board)
— DEVK Lebensversicherungsverein a. G.

Dr. Rainer Sontowski
State Secretary in the Federal Ministry of Economics and Energy,
Berlin
– from January 30 to July 8, 2014 –
a) — DB Mobility Logistics AG

Dr. Thomas Steffen
State Secretary in the Federal Ministry of Finance,
Berlin
– since March 20, 2014 –
a) — DB Mobility Logistics AG
b) — Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) [1)]
(Administrative Board, Chairman)
— Bundesanstalt für Finanzmarktstabilisierung (FMSA) [1)]
(Chairman)

Dr.-Ing. E.h. Dipl.-Ing. Heinrich Weiss
Chairman of the Supervisory Board of SMS Holding GmbH,
Meerbusch
a) — DB Mobility Logistics AG
— SMS Holding GmbH [1)] (Chairman)
— SMS Siemag AG [1)] (Chairman)
b) — Bombardier Inc., Montreal/Canada

Brigitte Zypries
Parliamentary State Secretary in the Federal Ministry of Economics and Energy,
Berlin
– since September 8, 2014 –
a) — DB Mobility Logistics AG
— Deutsche Gesellschaft für internationale Zusammenarbeit (GiZ) GmbH
b) — Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG)

Supervisory Board committees

MEMBERS OF EXECUTIVE COMMITTEE
— Professor Dr. Dr. Utz-Hellmuth Felcht (Chairman)
— Alexander Kirchner
— Michael Odenwald
— Jens Schwarz

MEMBERS OF THE AUDIT AND COMPLIANCE COMMITTEE
— Dr. Jürgen Krumnow (Chairman)
— Michael Odenwald
— Jörg Hensel
— Regina Rusch-Ziemba

MEMBERS OF THE PERSONNEL COMMITTEE
— Professor Dr. Dr. Utz-Hellmuth Felcht (Chairman)
— Alexander Kirchner
— Michael Odenwald
— Jens Schwarz

MEMBERS OF THE MEDIATION COMMITTEE
— Professor Dr. Dr. Utz-Hellmuth Felcht (Chairman)
— Alexander Kirchner
— Michael Odenwald
— Jens Schwarz

* *Employees' representative on the Supervisory Board.*
[1)] *Mandate within the Group.*
a) Membership in other supervisory boards required by law.
b) Membership in comparable domestic and foreign corporate control committees of business enterprises.
Information relating to December 31, 2014 or the time of leaving the services of the company in the year under review. If appointed after December 31, 2014, the time of appointment is used.

Berlin, February 17, 2015

Deutsche Bahn Aktiengesellschaft
The Management Board

AUDITOR'S 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, 2014.

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, 2014, 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, 2014. The Board of Managing Directors 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 27, 2015
PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Georg Kämpfer
(German Public Auditor)

Rainer Kroker
(German Public Auditor)

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This additional information on sustainability contains supplementary information about the fulfillment of GRI requirements, among other things. An auditor checked this content with what is called limited assurance.

GRI 2.9 3.1 3.2 3.3 3.5 3.6 3.7 3.9 3.10 3.11 4.8

The 2014 Integrated Report of DB Group refers to the year under review, respectively the calendar year for 2014. In order to facilitate a comparison, values from the calendar years 2013 and 2012 are also presented here for most of the figures. For some data, only comparable figures from 2013 are given. The Integrated Report is published on an annual basis.

The Integrated Report follows the DB Group's 2013 Annual Report, which was published in March 2014, and the 2012 Sustainability Report, which was published in September 2013.

The 2014 Integrated Report is addressed to the major stakeholder groups of DB Group. The reporting covers all of the essential economic, social and environmental elements. All of the fully consolidated companies of DB Group are included in the reporting. Deviations from this reporting process are noted as such.

The data collection methods and bases of calculation used for the data in the Integrated Report are oriented towards applicable standards.

The Integrated Report corresponds to the A+ application level of the Global Reporting Initiative. In addition, important content, indicators and text passages in the Integrated Report were audited by an independent third party, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PwC).

DB GROUP

COMPLIANCE

GRI SO7

Preserving integrity

COMPLIANCE ON FIRM FOOTING

The compliance work of DB Group includes the early detection of compliance risks as well as the introduction of relevant countermeasures. This work includes conducting compliance programs, constant communication and compliance training.

RISK ANALYSIS IN DB GROUP

GRI HR5 HR6 HR7 HR10 SO2

The established compliance risk atlas provides an overview of regional and business-specific compliance risks for DB Group business activities. The atlas consists of cartographic representations and risk observations for the countries in which DB Group is represented outside of Germany. It also shows factors that reduce risk as well as counteractive measures. The compliance risk atlas also incorporates human rights topics (such as child labor and forced labor, freedom of association, discrimination, and working conditions).

GRI SO2

Measures were carried out in all of DB Group's business units, and there were services such as compliance consulting, special communications measures, and risk and process analyses that aim to minimize the risk of corruption.

EXPANDING COMPLIANCE INSTRUMENTS

The "Group principles – Ethics – Code of Conduct" (DB Code of Conduct) were developed further. The DB Code of Conduct now explicitly articulates its intention to make a positive contribution to the protection and promotion of internationally recognized human rights and basic freedoms.

Furthermore, donation guidelines for DB Group have been developed and will go into effect in 2015. These guidelines replace DB Group's existing regulations governing permissible donations, thereby providing clear and uniform rules. In addition, the Deutsche Bahn Stiftung gGmbH (Deutsche Bahn Foundation), as an independent non-profit organization, is planning on implementing its own donation guidelines.

Further develop compliance of business partners

GRI HR5 HR6 HR7

Successful long-term business operations require the careful selection of business partners and suppliers who must then be informed of DB Group values and commit to collaboration based on shared values. E-learning for business partners, which is accessible at no cost on the Internet, provides information about binding ethical standards, legal questions and the topic of integrity. DB Group's expectations with regard to human rights compliance are also presented there. DB Group offers compliance dialogs as additional measures in particular to its medium-sized business partners; these dialogs center on discussions of the mutual understanding of compliance and how it is organized.

COMPLAINTS REGARDING HUMAN RIGHTS

DB Group is aware of its responsibility to society. Compliance with internationally recognized human rights and basic freedoms – according to the Universal Declaration of Human Rights by the United Nations – is therefore indispensable for all employees.

GRI HR11

Complaints regarding human rights can be reported at any time to supervisors and to human resources managers on site. Furthermore, central whistle-blowing management is available at all times as a reporting venue. There were no specific human rights incidents reported during the year under review.

ANTI-CORRUPTION TRAINING AND HUMAN RIGHTS TRAINING

GRI HR3 SO3

Training (e-learning) on DB Code of Conduct contains a focus on the topic of integrity (anti-corruption). The topics of human rights, child labor, forced labor, equal opportunity and teamwork are other important subjects in e-learning. Executives are required to complete e-learning. In selected companies and units, participation in e-learning is also mandatory for all other employees for reasons of risk. Employees have free access to e-learning in several languages on the intranet.

GRI SO3

In addition, two special e-learning units are offered on the topic of anti-corruption ("DB corruption prevention" and "DB refresher course on corruption prevention").

Due to privacy rules in a works council agreement, we cannot determine how many DB Group employees used the e-learning program.

ON-SITE COMPLIANCE TRAINING ON INTEGRITY

TRAINING SESSIONS FOR EXECUTIVES AND EMPLOYEES	2014	2013	2012	2011	2010	2010–2012 [1]	Total
Participants	13,500	6,507	6,134	3,009	1,247	710	**31,100**

Risk-based selection of participants (focus on Germany and Europe), especially from typical risk areas (for example, sales, procurement, construction supervision).

[1] Additional year-to-year training.

The number of participants rose during the year under review as a consequence of the expansion of the awareness-raising concept.

DB Group informed most of its suppliers during this year under review about the opportunity to participate in a one-day training session, co-developed by DB Group, on corruption prevention and cartel regulations. DB Group thereby seeks to establish more strongly sustainable behavior in its supply chain. A total of 350 employees and managers from 322 companies were trained during the year under review.

ANTI-CORRUPTION MEASURES

GRI SO4

Substantial allegations of corruption in the two-digit range were registered through the WHISTLE-BLOWING MANAGEMENT and assessed. Remedial actions were introduced whenever they were necessary.

An anonymous tip led to the opening of an INVESTIGATION INTO ISSUES IN THE AREA OF LOGISTICS [PAGE 146], and all DB Group-internal offices cooperated with the investigating authorities.

FINES DUE TO VIOLATIONS OF LEGAL REGULATIONS AND NON-MONETARY PENALTIES

GRI SO8

There were no major fines or non-monetary penalties arising from the violation of legal regulations in the year under review.

FINES IN THE PRODUCTS/SERVICES AREA

GRI PR9

There were no major fines arising from the violation of legal regulations related to products and services in the year under review.

SOCIAL AND CHARITABLE COMMITMENT

GRI SO1

DB Group is involved in numerous social projects and partnerships.

SOCIAL PROJECTS/PARTNERSHIPS [NUMBER]	2014	2013	2012
DB Group	212	108	75

2014 DB Schenker Logistics, relevant countries only, 2013 DB Schenker Rail and DB Schenker Logistics, relevant countries only, 2012 only Germany.

EXPENSES FOR SOCIAL PROJECTS/ PARTNERSHIPS [€ MILLION]	2014	2013	2012
DB Group	2.1	1.9	1.2

2014 DB Schenker Logistics, relevant countries only, 2013 DB Schenker Rail and DB Schenker Logistics, relevant countries only, 2012 only Germany.

In addition to its own projects, DB Group supports social institutions, initiatives and activities by means of donations.

DONATIONS [€ MILLION]	2014	2013	2012
DB Group	0.9	1.3	1.1

In addition to social projects and donations, DB Group supports young people by awarding scholarships. The number of scholarships funded by DB Group decreased in the year under review. This was caused in particular by the financial transfer of scholarships to the Deutsche Bahn Foundation.

SCHOLARSHIPS [NUMBER]	2014	2013	2012
DB Group	21	71	63

2014 DB Schenker Logistics, relevant countries only, 2013 DB Schenker Rail and DB Schenker Logistics, relevant countries only, 2012 only Germany.

Deutsche Bahn Foundation

The Deutsche Bahn Foundation supported 20 charitable projects in the year under review.

CHARITABLE PROJECTS IN GERMANY [NUMBER]	2014	2013	2012
Deutsche Bahn Foundation	20	5	-

Preliminary figures.

EXPENSES FOR CHARITABLE PROJECTS IN GERMANY [€ THOUSAND]	2014	2013	2012
Deutsche Bahn Foundation	2,593	451	-

Preliminary figures.

The Deutsche Bahn Foundation has also donated funds in the context of thematic priorities.

DONATIONS IN GERMANY [€ THOUSAND]	2014	2013	2012
Deutsche Bahn Foundation	53	52	-

Preliminary figures.

The Deutsche Bahn Foundation has also financed 61 scholarships.

SCHOLARSHIPS IN GERMANY [NUMBER]	2014	2013	2012
Deutsche Bahn Foundation	61	49	-

Preliminary figures.

The expenses for DB Museum amounted to about € 4.8 million in the year under review (preliminary figure).

CUSTOMER AND QUALITY

EXPANDING CUSTOMER INFORMATION

Legally required product information

GRI PR3

We offer our customers comprehensive insight into statutory product information. This information is published on the Web sites of our Group companies around the world for private and business customers. The Web sites offer a number of general terms of contract and tariffs for download. This information is also provided, or is available for review, in the context of customer service and upon the conclusion of a contract, for example as part of a contract. For example, the General Terms & Conditions must be approved when PURCHASING TICKETS ONLINE.

ENHANCING SAFETY STANDARDS

Health and safety impacts of DB products

GRI PR1

DB Group strives to improve the health and safety impacts of its products and services throughout the entire product life cycle. The Integrated Management System (IMS) is used for this purpose in the railway, bus and infrastructure area in Germany. The IMS, including the Safety Management System (SMS), is a management instrument for the planning, control, supervision and constant improvement of services related to occupational health and safety, hazardous materials management, emergency management and fire safety, quality, safety and environmental concerns. The SMS takes into account legal regulations and standard requirements. Under EU regulations, the SMS is mandatory for railway transport and infrastructure companies.

A Global Occupational Health & Safety Management System is installed at DB Schenker Logistics; this system has a direct effect on the safety of customers and third parties by means of behavior guidelines (for example, safety driving, safe loading and unloading).

Ensure ethical behavior and legal compliance in advertising

GRI PR6

DB Group meets laws and regulations and complies with ethical standards in its advertising activities. In this context, DB Code of Conduct, the corporate guideline on marketing and the sponsoring guidelines apply DB Group-wide. Access to this information is always possible via the intranet, respectively a centralized policy database. In addition, a reference to ethical standards is a fixed component of our first briefings with advertising agency partners. Group marketing checks advertising concepts before publication for compliance with legal regulations and guidelines.

NUMBER OF BAHNCARDS HAS RISEN

GRI EN26

BAHNCARDS AS OF DEC 31 [THOUSAND]	2014	2013	2012
Total	5,090	4,963	4,942

The number of BahnCards has grown to over five million thanks to the gradual expansion of our customer loyalty. All holders of a valid BahnCard travel within Germany with 100% green power.

ADDITIONAL MOBILITY SERVICES IN GERMANY

GRI EN26

AS OF DEC 31 [NUMBER]	2014	2013	2012
VEHICLES			
Flinkster [1]	3,800	3,100	3,047
thereof e-Flinkster and Multicity [2]	760	580	165
Call a Bike	9,100	9,071	8,919
thereof pedelecs	130	132	131
CUSTOMERS			
Flinkster	270,000	253,000	211,643
Call a Bike	745,000	614,000	536,535

Values rounded for 2013 and 2014.

[1] Vehicles can be booked for end customers in Germany, Austria and Switzerland.
[2] Excluding electric cars from other cooperation partners.

The growing acceptance of our Flinkster and Call a Bike services testifies to the popularity of individualized, need-based vehicle use. Furthermore, the use of electric cars (e-Flinkster) and Call a Bikes leads to a reduction of harmful emissions in comparison to other mobility services.

SOCIAL

TOP EMPLOYER

Strategic workforce planning

GRI LA2

NEW HIRES BY GENDER AS OF DEC 31 [NP]	2014	2013	Change absolute	Change %	2012
< 30 years	5,491	4,990	+501	+10.0	4,938
Share of women (%)	33.3	33.1	-	-	32.4
30–49 years	5,411	5,204	+207	+4.0	4,981
Share of women (%)	25.0	27.4	-	-	25.0
≥ 50 years	1,535	1,287	+248	+19.3	1,180
Share of women (%)	20.6	22.8	-	-	21.1
Total	**12,437**	**11,481**	**+956**	**+8.3**	**11,099**

Germany (companies with about 97% of domestic employees). Not included are hiring and takeover of vocational trainees and dual degree students.

GRI EC7

The global growth of DB Group has led to the creation of new jobs. Moreover, because of demographic development in the coming years, several positions will become available due to attrition caused by employee turnover and age.

The hiring and development of female and male specialists and executives from the respective countries in which DB Group does business belongs to the basic principles of DB Group; this is a business necessity. The largest growth compared to the previous year was posted in the age group below 30.

Talent acquisition

GRI LA1

JUNIOR EMPLOYEES HIRED AS CORE STAFF BY TYPE OF TRAINING [NP]	2014	2013	2012
Vocational trainees	2,512	2,208	2,069
Dual degree students	179	184	190

Germany (companies with about 97% of domestic employees).
Hires after completion of training or dual degree.

Young people can complete training in over 50 apprenticeships in DB Group. Vocational training and dual degree programs are the foundation of DB Group's efforts to secure the recruitment of skilled employees.

Personnel development

TRAINING AND PROFESSIONAL DEVELOPMENT

GRI LA10

TRAINING AND PROFESSIONAL DEVELOPMENT COSTS FOR EMPLOYEES[1] [€ MILLION]	2014	2013	Change absolute	Change %	2012
Total	158	146	+12	+8.2	141
Per employee (FTE) (€)	796	739	+57	+7.7	719

[1] *Germany, including vocational trainees and dual degree students.*

TRAINING AND PROFESSIONAL DEVELOPMENT DAYS IN CUSTOMER-ORIENTED JOB FAMILIES [DAYS]	2014	2013	2012
Per employee (FTE)	7.0	6.6	-

Germany (companies with about 74% of domestic employees).

Training and professional development days are only considered in customer-oriented job families for core employees, excluding vocational trainees and students in dual degree programs.

Regional training centers were set up as pilot projects during the year under review for employee training and professional development. Furthermore, the DB Schenker Training Center in Singapore was expanded further and a program was developed for time-limited international project and visitation experience for specialists and potential executives.

Corporate culture

DIVERSITY

GRI LA13

EMPLOYEES BY AGE, GENDER AND IMMIGRANT BACKGROUND, AS OF DEC 31 [NP]	2014	2013	2012
< 30 years	23,304	21,989	20,441
Share of women (%)	28.2	28.8	29.2
30 – 49 years	85,078	87,023	87,608
Share of women (%)	25.5	25.3	24.8
≥ 50 years	82,413	81,224	78,523
Share of women (%)	18.2	17.6	16.9
Total employees	**190,795**	**190,236**	**186,572**
Share of employees from an immigrant background (%)	8.6	8.0	7.4

Germany (companies with about 97% of domestic employees).

MANAGERIAL LEVELS BY AGE AS OF DEC 31 [NP]	2014	2013	2012
Supervisory Board (DB AG, DB ML AG)	32	32	32
< 30 years	0	0	0
30 – 49 years	3	2	2
≥ 50 years	29	30	30
Senior executives	235	224	223
< 30 years	0	0	0
30 – 49 years	92	97	102
≥ 50 years	143	127	121
Upper management	869	852	789
< 30 years	1	1	0
30 – 49 years	485	501	477
≥ 50 years	383	350	312
Middle management	2,177	2,147	2,094
< 30 years	5	5	8
30 – 49 years	1,280	1,323	1,290
≥ 50 years	892	819	796
Executives (excluding Supervisory Board) total	**3,281**	**3,223**	**3,106**

Germany (companies with about 97% of domestic employees).

GRI LA13

MANAGERIAL LEVELS BY GENDER AND IMMIGRANT BACKGROUND, AS OF DEC 31 [NP]	2014	2013	2012
Supervisory Board (DB AG, DB ML AG)	32	32	32
Share of women (%)	21.9	9.4	9.4
Senior executives	235	224	223
Share of women (%)	10.6	9.8	8.5
Share of employees from an immigrant background (%)	4.3	4.0	4.9
Upper management	869	852	789
Share of women (%)	15.8	14.6	13.9
Share of employees from an immigrant background in %	4.1	3.9	3.7
Middle management	2,177	2,147	2,094
Share of women (%)	18.9	18.5	18.2
Share of employees from an immigrant background (%)	2.4	2.5	2.5
Executives (excluding Supervisory Board) total	**3,281**	**3,223**	**3,106**
Share of women (%)	17.5	16.9	16.5
Share of employees from an immigrant background (%)	3.0	3.0	3.0

Germany (companies with about 97% of domestic employees).

In Germany, almost 200,000 employees from over 100 nations work for DB Group, and about 45,000 of them are women. About 80,000 employees are over 50 years of age and over 20,000 are under 30 years of age.

GRI LA14

A uniform human resources policy applies at DB Group: remuneration, professional and career development support, social security and fringe benefits are governed according to the same uniform principles – primarily by collective bargaining agreements – that apply to women and men as well as for all groups of employees.

EMPLOYEES WITH SEVERE DISABILITY BY AGE, AS OF DEC 31 [NP]	2014	2013	2012
< 30 years	234	257	227
30 – 49 years	3,077	3,144	3,310
≥ 50 years	9,464	9,231	8,777
Total	**12,775**	**12,632**	**12,314**

Germany (companies with about 97% of domestic employees), severely disabled employees or equivalent.

Employment conditions

WORK-LIFE BALANCE

GRI LA1

EMPLOYEES BY WORKING TIME AND GENDER AS OF DEC 31 [NP]	2014	2013	2012
Full-time	175,205	175,125	172,550
Share of women (%)	18.6	18.4	18.0
Part-time	15,590	15,111	14,022
Share of women (%)	68.4	68.6	70.1
Total	**190,795**	**190,236**	**186,572**

Germany (companies with about 97% of domestic employees).

DB Group offers a variety of part-time arrangements to facilitate better work-life balance for its employees. This increased flexibility in working hours is not just appreciated by female employees. During the year under review, the share of part-time employees in Germany climbed slightly in comparison to 2013.

COLLECTIVE AGREEMENTS

GRI LA4

EMPLOYEES BY EMPLOYMENT TYPE [NP]	2014	2013	2012
Employees subject to collective bargaining agreements	153,181	150,186	145,145
Civil servants	27,776	30,177	32,510
Employees on individual contracts [1]	9,838	9,873	8,917
Total	**190,795**	**190,236**	**186,572**

Germany (companies with about 97% of domestic employees).

[1] The figures for employees on individual contracts primarily include executive employees (managers), employees paid above the wage agreement level (called non-tariff employees) and employees with individual contractual agreements.

The working conditions for DB Group employees are oriented, in addition to country-specific regulations, primarily on collective bargaining agreements that have been concluded with the trade unions in the respective countries.

Civil servants are also included in the share of employees in Germany for whom collective agreements apply. The activities of the civil servants in DB Group are based on statutory allocation within the framework of the German Rail Restructuring Act (ENeuOG), Art. 2 §12. The same wage agreement provisions therefore apply on this basis to civil servants as for other employees.

NOTICE PERIOD FOR SIGNIFICANT COMPANY CHANGES

GRI LA5

GRI DB Group, in compliance with regulatory information obligations and in accordance with corporate values and operational practices, communicates major operational changes to affected employees in advance in a timely manner through appropriate measures (at employee meetings or explicitly in writing). Not least due to legal reasons, transfers of operations are usually announced at least one month prior to the change, in writing.

In Germany, applicable works council agreements ensure that the affected representatives are informed four to eight weeks before major operational changes that affect employees, so that they can discuss the measures with the employer if necessary.

EMPLOYEE TURNOVER BY AGE AND GENDER

GRI LA2

EMPLOYEE TURNOVER [1] [NP]	2014 Share absolute	2014 Share (%)	2013 Share absolute	2013 Share (%)	2012 Share absolute	2012 Share (%)
< 30 years old	1,390	6.1	1,063	5.4	1,404	6.9
Women	380	6.2	305	5.6	377	6.5
Men	1,010	6.1	758	5.4	1,027	7.1
30 – 49 years old	2,101	2.4	1,572	1.8	1,893	2.1
Women	536	2.5	305	1.5	365	1.7
Men	1,565	2.4	1,267	2.0	1,528	2.3
≥ 50 years old	5,800	7.3	4,918	6.4	5,530	7.3
Women	802	5.8	749	5.9	784	6.3
Men	4,998	7.6	4,169	6.5	4,746	7.5
Total	**9,291**	**4.9**	**7,553**	**4.2**	**8,827**	**4.8**

[1] Germany (companies with about 97% of domestic employees). These figures reflect employee-initiated turnover of core employees with unlimited contracts.

GRI LA15

RETURN AND RESIGNATION AFTER MATERNITY LEAVE/PARENTAL LEAVE, AS OF DEC 31 [NP]	2014 Share absolute	2014 Share (%)	2013 Share absolute	2013 Share (%)	2012 Share absolute	2012 Share (%)
Returnees	971	52.9	944	52.2	1,069	54.3
thereof women	876	51.4	856	50.6	893	50.7
thereof men	95	72.5	88	74.6	176	84.6
Resignations	110	6.0	94	5.2	104	5.3
thereof women	100	5.9	89	5.3	94	5.3
thereof men	10	7.6	5	4.2	10	4.8
Remained in parental leave	754	41.1	771	42.6	796	40.4
thereof women	728	42.7	746	44.1	774	44.0
thereof men	26	19.8	25	21.2	22	10.6

Germany (companies with about 97% of domestic employees), in terms of employees who, as of Dec 31 of the previous year, were on maternity or parental leave.

OCCUPATIONAL HEALTH AND SAFETY AS WELL AS HEALTH PROTECTION WITH HIGH STRATEGIC IMPORTANCE

GRI LA8

GRI Our self-image is that we do not differentiate between the safety of our own employees and those of our business partners. We want to continue improving in the coming years and further expand upon our proactive behavior. We want to continuously improve our commitment to safety by means of close collaboration between management and employees. Work and health protection are integrated into all of our activities to ensure that we reach these targets.

Committees

GRI LA6

GRI In Germany, a company with more than 20 employees is required by law to form an occupational health and safety committee (§11 German Occupational Safety Act). The definition of operations is significant here (production sites, branches, operating units). DB Group in Germany consists primarily of operations with more than 20 employees, which means that a majority of all employees (over 75%) is represented in occupational health and safety committees.

Occupational health and safety

GRI LA7

OCCUPATIONAL AND WORK-RELATED COMMUTING ACCIDENTS	2014	2013	2012
Occupational and work-related commuting accidents	7,688	7,458	7,725
thereof fatal occupational accidents	5	1	7
Occupational accident rate [1] per thousand employees	33.4	32.1	33.5

Germany (companies with about 93% or 86% of the occupational accident rate for domestic employees).

Recording in case of inability to work in principle if it lasts for more than three calendar days.

[1] Occupational accident rate without commute-related accidents.

We were unable to meet our target of reducing fatal occupational accidents in the year under review. The results show us which activities deserve our intense attention. Fatal accidents occurred in the vicinity of tracks and were caused by unforeseeable and dangerous situations. Immediate awareness-raising measures were introduced to all of those involved.

The occupational accident rate in our accident statistics for Germany reveal that our efforts in recent years have built a strong foundation. Nevertheless, we still want to work on creative ideas, technological innovations, and new occupational health and safety targets. The evaluation

GRI LA7

of accidents, hazardous situations resulting from transport services, and cultural aspects have changed due to our international orientation. We are already working on this today and have converted our reporting internationally. Our Group companies abroad will report on the Lost Time Injury Frequency (LTIF) occupational health and safety figure in the future.

GRI LA9

DB Group is aware of its responsibility with regard to occupational health and safety as well as health protection. Compliance with internal standards according to OHSAS 18001 and national laws serves to protect employees. A safe work environment, as well as healthy and motivated employees, contributes to the success of the business. We conducted more safety campaigns in the year under review with different focuses. The aim was to improve safety awareness among executives and employees.

Health protection

GRI LA11 LA9

DB Group offers its employees training courses, advice and regular medical checkups as preventive health measures. In Germany, these efforts are bolstered by consulting and training programs from company social services (BSW and VDES) and the social insurance programs associated with DB Group (the company health insurance program Bahn-Betriebskrankenkasse (BAHN-BKK), Eisenbahn-Unfallkasse (EUK) and Deutsche Rentenversicherung Knappschaft-Bahn-See (KBS)). The priorities in company health management are focused on dealing with an aging workforce and preventing stress.

In Germany, DB Group identifies possible health risks for every type of workplace in a risk analysis and sets appropriate measures: ergonomic design of workplaces; training on handling hazardous substances and performing dangerous tasks; as well as general instruction on dangers in individual working environments. Every possible known danger is described in writing and in person to each employee.

We are not aware of any operational activities for which the risk of falling ill with a recognized professional disease is particularly high. Training and psychological supervision measures counteract the specific psychosocial risks of working in railway operations (shift work, third-party violence and suicides on the track).

GRI LA7

HEALTH RATE IN GERMANY BASED ON HOURS [%]	2014	2013	2012
DB Bahn Long-Distance	93.7	93.6	93.7
DB Bahn Regional	92.9	93.1	93.6
DB Schenker Rail	93.3	93.3	93.4
DB Schenker Logistics	95.8	95.7	96.2
DB Services	93.3	93.2	93.5
DB Netze Track	95.0	94.8	95.1
DB Netze Stations	93.9	93.5	93.7
DB Netze Energy	95.9	95.8	96.2
Other	94.5	94.4	94.7
DB Group	**94.1**	**94.0**	**94.3**

ANTI-DISCRIMINATION MEASURES

GRI HR4

DB Group applies all of its power to create a working environment free of discrimination and harassment. If an employee feels they are being exposed to improper behavior, the ombudsperson in Germany offers them expert support. The parties seek to find a constructive solution through mediation and discussions. About 80 internal mediators stand at the ready.

Development of the number of employees

GRI LA1

EMPLOYEES AS OF DEC 31 [NP]	2014	2013	Change absolute	Change %	2012
DB Bahn Long-Distance	17,503	17,621	-118	-0.7	16,963
DB Bahn Regional	38,220	38,496	-276	-0.7	38,551
DB Arriva	47,792	48,715	-923	-1.9	42,274
DB Schenker Rail	31,212	31,290	78	-0.2	32,127
DB Schenker Logistics	67,374	66,795	+579	+0.9	67,005
DB Services	26,483	27,344	-861	3.1	27,466
DB Netze Track	44,116	42,930	+1,186	+2.8	42,066
DB Netze Stations	5,122	5,095	+27	+0.5	5,046
DB Netze Energy	1,805	1,783	+22	+1.2	1,649
Other	27,339	26,850	+489	+1.8	26,200
DB Group	**306,966**	**306,919**	**+47**	**-**	**299,347**

EMPLOYEES (FTE) BY BUSINESS UNIT AS OF DEC 31 [%]	2014	2013	2012
DB Bahn Long-Distance	5.6	5.6	5.5
DB Bahn Regional	12.4	12.5	12.9
DB Arriva	15.5	15.8	13.8
DB Schenker Rail	10.4	10.5	11.1
DB Schenker Logistics	21.9	21.7	22.3
DB Services	8.6	8.9	9.2
DB Netze Track	14.7	14.3	14.4
DB Netze Stations	1.6	1.6	1.7
DB Netze Energy	0.6	0.6	0.6
Other	8.7	8.5	8.5

SHARE OF WOMEN AS OF DEC 31 BASED ON NP [%]	2014	2013	2012
DB Bahn Long-Distance	27.1	27.1	26.7
DB Bahn Regional	16.0	15.7	15.3
DB Arriva	13.5	12.4	10.9
DB Schenker Rail	10.9	11.4	11.0
DB Schenker Logistics	35.2	34.6	35.4
DB Services	18.9	18.5	18.3
DB Netze Track	16.8	16.5	16.1
DB Netze Stations	47.7	46.9	46.4
DB Netze Energy	12.9	12.0	11.5
Other	42.0	41.7	41.3
DB Group	**23.1**	**22.6**	**22.5**

PERCENTAGE OF WOMEN IN GERMANY AS OF DEC 31 BASED ON NP [%]	2014	2013	2012
DB Bahn Long-Distance	26.9	26.9	26.4
DB Bahn Regional	16.0	15.7	15.3
DB Schenker Rail	11.2	11.1	10.6
DB Schenker Logistics	32.6	33.1	32.7
DB Services	19.0	18.5	18.3
DB Netze Track	16.8	16.5	16.1
DB Netze Stations	47.7	46.9	46.4
DB Netze Energy	12.9	12.0	11.5
Other	44.6	44.5	44.4
DB Group	**22.8**	**22.5**	**22.1**

GRI LA1

EMPLOYEES BY REGION AS OF DEC 31 BASED ON NP [%]	2014	2013	2012
Germany	63.8	63.8	64.8
Europe (excluding Germany)	28.3	28.4	27.1
Asia/Pacific	4.6	4.5	4.7
North America	2.5	2.4	2.6
Rest of world	0.8	0.8	0.8

EMPLOYEE LOYALTY AS OF DEC 31 [YEARS]	2014	2013	Change absolute	Change %	2012
Average length of service	21	21	–	–	22
Average age	46	46	–	–	46

Germany (companies with about 97% of domestic employees).
2012 Germany excluding DB Schenker Logistics.

EMPLOYEES BY CONTRACT TYPE AS OF DEC 31 [NP]	2014	2013	Change absolute	Change %	2012
Permanent	183,048	182,630	+418	+0.2	179,269
Share of women (%)	22.3	22.1	–	–	21.6%
Temporary	7,747	7,606	+141	+1.9	7,303
Share of women (%)	31.2	29.6	–	–	29.9%
Total	**190,795**	**190,236**	**+559**	**+0.3**	**186,572**

Germany (companies with about 97% of domestic employees).

AGENCY STAFF [NP]	2014	2013	Change absolute	Change %	2012
Agency staff	2,500	2,303	+197	+8.6	2,491

Germany (companies with about 98% of domestic employees).

ENVIRONMENTAL

ECO-PIONEER

DB employees for environmental protection

ENVIRONMENTAL TRAINING

In order to develop environmental protection into an integral component of our business activity, we rely above all on the enthusiasm, motivation and knowledge of our employees. They can make an essential contribution in their daily practice with environmentally sound and forward-looking action to further expand our lead in environmental issues. We have developed special training programs on environmental protection that are implemented by DB Training in collaboration with DB Environment. In the year under review, we trained about 800 employees in the context of 70 environmental courses. Our aim is to inspire all DB employees to intensify their commitment to the environment and to constantly keep their knowledge up to the latest standards.

VOCATIONAL TRAINEES FOR THE ENVIRONMENT

In order to constantly improve and bring the younger generation closer to the topic of environmental friendliness, DB Bahn Long-Distance initiated the "Long-distance transport vocational trainees for the environment" contest in the year under review.

CO_2 COMPASS FOR DB EMPLOYEES

GRI EN5

GRI Our employees were able, during the year under review, to participate in the CO_2 Compass, an online application on the theme of climate protection. Easy-to-implement examples from everyday professional and private life are meant to inspire everyone to reduce their CO_2 emissions. This reveals opportunities for action and makes it possible to comprehend positive effects. In addition, we donate to the BERGWALDPROJEKT association, which protects native forests. GRI The CO_2 Compass received Germany's Federal Eco-Design prize in 2014. The prize is awarded by the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMUB) and the Federal Environmental Agency (Umweltbundesamt; UBA) in collaboration with the International Design Center Berlin, and recognizes particularly environmentally friendly products and services.

GRI 2.10

ENVIRONMENTALLY FRIENDLY MOBILITY FOR DB EMPLOYEES

GRI EN29

GRI In many cases, replacing business travel with conference calls saves time and money while protecting the environment. In the year under review, about 200,000 conference calls took place with more than 900,000 participants. This is an increase of 20% over 2013. In 96% of the cases, participants came from different cities or called in while underway. At least one participant is thereby spared the need to travel, which saves energy. The number of video conferences (65,000) has more than doubled. In addition, executives receive both environmentally friendly company cars and a network ticket, which contributes to reducing CO_2 emissions.

Climate protection

INTERNATIONAL STANDARDS AS THE BASIS FOR DATA COLLECTION FOR THE CLIMATE PROTECTION TARGET

GRI EN16

GRI The climate protection target describes the development of specific CO_2 emissions in certain business units on the basis of methodical emissions. Each year, the recorded specific emissions per business unit are "converted" into methodical emissions on the basis of volume sold/produced for the benchmark year of 2006. This holds the relationship of the business units constant with each other.

For the calculation of specific indicators for the actual year, we consider the combustion-related CO_2 emissions of our own vehicles (Scope 1), traction current provisioning (Scope 2), and the transport services of our subcontractors (Scope 3). Because of our business model, Scope 3 only includes transport-related emissions according to the Greenhouse Gas Protocol. Emissions from processes not related to transport are not considered in the climate protection target. The CO_2 emission factors we use have been based since 2013 on the EN 16258 standard. The values provided by the Federal Environmental Agency are used for emissions factors for renewable energy.

For rail transport, energy consumption and affiliated performance data for the financial year are recorded at a country-specific level and calculated using the emissions factors for the specific CO_2 emissions. The emissions factors for traction current are differentiated carefully at the country level. For DB Schenker Logistics (land, air, ocean), emissions are calculated on the basis of individual dispatch data. The EcoTransIT World tool provides support in determining distances. Total transport volumes per means of transport are derived from the distances and transport volumes, and then are combined with emissions factors related to trade lane, distance class or performance class. External studies on efficiency developments are also considered, such as those from the International Air Transport Association (IATA; air) and Clean Cargo Working Group (ocean). In bus service, emissions are calculated from the consumption of fuel-dependent CO_2 factors.

GRI EN18

EXPAND CLIMATE PROTECTION

Climate protection award

We received an award for our work on climate protection in the year under review from the renowned RATINGS ORGANIZATION, CDP [PAGE 81].

GRI EN16

ABSOLUTE CO_2 EMISSIONS BY JOURNEYS, TRANSPORTS AND STATIONARY SYSTEMS [MILLION T]	2014	2013	2012
Regional rail passenger transport	3.07	3.29	3.25
thereof in Germany	2.53	2.75	2.80
Long-distance rail passenger transport	0.38	0.72	1.48
Bus service	1.62	1.70	1.33
thereof in Germany	0.59	0.66	0.60
Rail freight transport	2.27	2.46	2.67
Road freight transport [1]	4.06	3.07	2.97
Air freight [2]	5.62	4.83	5.93
Ocean freight [2,3]	2.88	2.72	3.39
Other transport [4]	0.10	0.10	0.11
Stationary systems	1.27	1.50	1.44
Total	**21.27**	**20.39**	**22.32**

Well-to-wheel (WTW), Scope 1–3, 2012 and 2013 DB Schenker Rail stationary only Germany.

[1] Including ferries.

[2] With pre- and onward carriage, as well as scheduling-related increases in distance as of 2014 (15% ocean, 20% air).

[3] Change in methods from 2013 onward.

[4] Among others, DB Fleet Management, internal traffic.

CO_2 equivalents in DB Group

GRI EN16 EN17

ABSOLUTE CO_2 EQUIVALENTS BY JOURNEYS, TRANSPORTS AND STATIONARY SYSTEMS [MILLION T]	2014	2013	2012
Regional rail passenger transport	3.28	3.51	3.48
thereof in Germany	2.72	2.96	3.02
Long-distance rail passenger transport	0.43	0.79	1.60
Bus service	1.69	1.76	1.34
thereof in Germany	0.60	0.67	0.61
Rail freight transport	2.43	2.60	2.84
Road freight transport [1]	4.26	3.20	3.08
Air freight [2]	5.66	4.87	5.98
Ocean freight [2,3]	2.91	2.75	3.42
Other transport [4]	0.10	0.11	0.11
Stationary systems	1.33	1.57	1.34
Total	**22.09**	**21.16**	**23.17**

Well-to-wheel (WTW), Scope 1–3, 2012 and 2013 DB Schenker Rail stationary only Germany.

[1] Including ferries.

[2] With pre- and onward carriage, as well as scheduling-related increases in distance as of 2014 (15% ocean, 20% air).

[3] Change in methods from 2013 onward.

[4] Among others, DB Fleet Management, internal traffic.

In logistics, the increases in absolute CO_2 emissions, CO_2 equivalents and primary energy consumption are due to increased volume sold. The distribution of CO_2 equivalents to different emissions areas (scopes) shows that, at more than 60%, a high share of greenhouse gas emissions comes from engaged service providers in freight forwarding and logistics. This poses a special challenge in managing reduction measures, and for collecting the data. DB Group is working continuously on measures for improving the data basis.

GRI EN16 EN17

CO_2 EQUIVALENTS BY SCOPE 1–3 [MILLION T]	2014	2013	2012
Scope 1 (%)	18	16	14
Scope 2 (%)	20	27	28
Scope 3 (%) [1]	62	57	58
Total	**20.76**	**19.59**	**21.85**

Without stationary systems and combustion-related greenhouse gases, the change in methods as of 2013 does not lead to any changes in the presentation of the scopes.

[1] Only transport-related scope 3 emissions.

Adjustment to climate change

GRI EC2

Extreme weather events are a major challenge for us. According to current projections, it seems likely that climate change, despite global efforts at climate protection, can no longer be completely held off, and that today's extreme weather could become far more common in the future. One example of these weather extremes was the STORM ELA [PAGE 154] in 2014.

Together with various research institutions, state offices and other European railways, we are committed to climate impact assessment projects and we are participating actively in stakeholder processes. The results flow continuously into the planning of our production resources. For instance, aspects of climate change already have to be considered in the early planning phases of new construction and renovation projects. At the same time, we are involved in national and international expert committees that are focused on adjusting external technological regulations to meet changing environmental conditions. DB Group's own regulations are being assessed and adjusted as necessary.

INCREASING ENERGY EFFICIENCY

Primary energy consumption

GRI EN3 EN4

ABSOLUTE PRIMARY ENERGY CONSUMPTION BY JOURNEYS AND TRANSPORTS OF DB GROUP [TJ]	2014	2013	2012
Regional rail passenger transport	51,472	54,814	58,182
thereof in Germany	43,317	46,254	48,456
Long-distance rail passenger transport	13,797	17,478	25,390
Bus service	25,577	24,847	23,620
thereof in Germany	8,570	9,163	8,637
Rail freight transport	38,718	40,927	44,224
Road freight transport [1]	59,689	45,063	43,288
Air freight [2]	76,648	65,912	80,861
Ocean freight [2,3]	37,872	35,766	44,496
Other transport [4]	1,453	1,498	1,521
Total	**305,226**	**286,305**	**321,582**

Well-to-wheel (WTW); Scope 1–3.

[1] Including ferries.

[2] With pre- and onward carriage, as well as scheduling-related increases in distance as of 2014 (15% ocean, 20% air).

[3] Change in methods from 2013 onward.

[4] Among others, DB Fleet Management, internal traffic.

ABSOLUTE PRIMARY ENERGY CONSUMPTION STATIONARY SYSTEMS [TJ]	2014	2013	2012
Share of heat [1] (%)	25	27	26
Share of electricity (%)	75	73	74
Total	**22,743**	**26,631**	**25,404**

2012 and 2013 DB Schenker Rail, Germany only, electricity-powered district cooling systems.

[1] District heating, oil, gas and coal.

GRI EN3 EN4

PRIMARY ENERGY MIX FOR JOURNEYS, TRANSPORTS AND STATIONARY SYSTEMS BY ENERGY SOURCE [%]	2014	2013	2012
Mineral and heating oils [1]	69	65	65
Electricity [2]	29	33	34
Gas	1	1	1
District heating	1	1	0

Scope 1–3, 2012 and 2013 DB Schenker Rail, Germany only.

1) Including heating oil, coal, diesel, heavy oil and kerosene.

2) Including district cooling. Analogous to the requirements of the Global Reporting Initiative, electricity is considered an independent primary energy source, even if for example coal was used as an energy source to produce that electricity. The designation of the traction current mix is on page 119.

Brake energy recovery increases energy efficiency

GRI EN5

BRAKE ENERGY RECOVERY [1] [GWH]	2014	2013	2012
Regional rail passenger transport	697	620	566
Share of total electricity procurement (%)	16	14	13
Long-distance rail passenger transport	280	279	288
Share of total electricity procurement (%)	11	11	11
Rail freight transport	153	140	143
Share of total electricity procurement (%)	6	6	5
Total	**1,130**	**1,040**	**997**

1) Germany, tank-to-wheel (TTW).

Modern rail vehicles, such as the 442 series in regional transport, are able to convert part of their kinetic energy into electrical energy upon braking and to feed it back into the traction current grid. In the northeast region, DB Bahn Regional has over 80 vehicles of this type in service; the average brake energy recovery in the year under review was over 30%. At DB Bahn Long-Distance, the first new ICE 3 train of the 407 series went into passenger service in the year under review; it fed back in about 24% of the recovered energy. That is 15% more than for comparable older vehicles of the 403 series. The volume of recycled electricity increased in the year under review, with savings of about 14% in total electricity procurement.

ADDITIONAL MEASURES FOR SAVING ENERGY AND REDUCING CO_2

Energy savings at DB Bahn Long-Distance

GRI EN5 EN7

GRI During train journeys, our locomotive drivers have several strategies available to reduce energy consumption (forward-looking driving, use travel time reserves, let the train "roll in"). These kinds of strategies enabled DB Bahn Long-Distance to use 5% less energy per kilometer in the year under review than in the previous year.

An "Energy League" at DB Bahn Long-Distance also awakened the sporting spirit of locomotive drivers. Twelve teams entered an energy-efficient driving competition from May to October 2014. The five best teams won a company team event.

Employees help save energy with innovative technology

GRI EN5 EN26

GRI FASSI, the innovative drive-assistance system for railways, is a modular concept that provides drivers with recommendations for how to drive in an energy-saving and sustainable way, thereby reducing CO_2 emissions. FASSI was developed and introduced by DB Communication Technology. 650 vehicles in the Berlin S-Bahn (metro) system were equipped with this system in the year under review. A total of about 800 vehicles now use this system for energy-efficient driving. Additional performance features of the FASSI system can be used in the future to reduce peak loads in the traction power grid.

Illuminating savings

GRI EN5 EN26

GRI A subsidiary of DB Bahn Regional Bus equipped its depot with LED lights and motion detectors in the year under review. LEDs require far less energy than the previous fluorescent tubes, and employees also enjoy better illumination at their workplace. This saves about 28,200 KWh of electricity each year. In turn, this reduces CO_2 emissions by about 16.5 t per year.

EconoSpeed helps to save fuel

GRI EN5

GRI In the year under review, more than 2,000 EconoSpeed systems were purchased for DB Arriva buses in Great Britain. ECONOSPEED uses automatic control of acceleration to save fuel. Applications in additional buses, as well as passenger cars and trucks, are conceivable in the future. EconoSpeed is patented by Zeta Automotive Ltd., the majority of which is owned by DB Arriva.

Alternative fuel use increasingly frequent

The DB Arriva fleets in the Czech Republic, Italy, the Netherlands, Denmark, Slovakia and Great Britain have more than 200 gas-driven buses. They are fueled by compressed natural gas or liquid gas. DB Arriva also operates about 400 hybrid buses. 337 are in service in Great Britain, 51 in the Netherlands, nine in Spain, and one in the Czech Republic. Furthermore, biodiesel fuel is being used in Sweden and the Czech Republic, for example. Ten battery-driven electrobuses are also underway in London and the English regions.

Green products in logistics

GRI EN6 EN26

GRI Rail freight transport offers the Eco Plus product, which enables customers to "green" their transports. BMW has used the CO_2-free transport product since March 2014 for its vehicle components on a second rail connection. Since July 2014, Eco Plus can also be booked for all Austrian connections. This means that CO_2-free cross-border traffic is possible for the first time in Europe, between Germany and Austria. In addition to Eco Plus, DB Schenker offers its customers further environmentally friendly products under the ECO SOLUTIONS name. DB Schenker Logistics uses the DB SCHENKERhangartner and DB SCHENKERrailog products for efficient combined road and rail transport, whereby two-thirds to three-fourths of CO_2 emissions can be saved. The customer took advantage of this offer in the year under review, saving a total amount of € 116 million. CO_2 emissions that currently cannot be avoided can be offset with the Eco Neutral product.

Agreement on CO_2 reduction

GRI EN7

GRI DB Schenker Logistics and Maersk Line have signed a strategic agreement in the year under review that focuses on reducing CO_2 emissions in ocean freight. The world's largest container shipping company has agreed to reduce CO_2 emissions by 20% in comparison to 2014 for every container shipped for DB Schenker Logistics.

Internet tools show carbon footprint for transports

GRI EN6

GRI With ECOTRANSIT WORLD, companies can see how much pollution their transports cause and calculate their carbon footprint. This tool offers customers the opportunity to determine their emissions on all

GRI EN6

routes worldwide, and for all means of transport. In the year under review, 18 logistics and industrial companies used EcoTransIT World (business solutions) (previous year: 14), including DB Schenker, as a foundation for its consultation services. Companies can produce detailed carbon footprints on the basis of norm-driven methods of calculation, and they can also develop customized concepts to avoid and reduce air pollution.

For passenger transport, we offer online travel information with the ENVIRONMENTAL MOBILITY CHECK. Whoever wants to know which means of transport is more environmentally friendly for a specific route can use this tool to find out. One can compare the carbon footprint of traveling by train, car or plane in terms of the duration of the journey, energy consumption, and emissions of CO_2 and pollutants. The number of users per month fell slightly from the previous year (about 270,000) to about 250,000 in the year under review.

Alternative energy supply (Eco Rail Innovation)

GRI EN6 EN26

In the year under review, we worked together with our partners from industry and science, in the context of the Eco Rail Innovation platform, on a concept for how existing DB Infrastructure, such as stations or large facilities, can be sustainably and (semi-)independently supplied with energy through additional alternative energy production systems (such as solar and wind energy systems, as well as thermal power stations). The analytical investigation focused on the Berlin Südkreuz station and the Dessau maintenance facility.

THE STATION OF THE FUTURE: BERLIN SÜDKREUZ

GRI EN26

Germany's first-ever wind energy system on a station roof was installed at BERLIN SÜDKREUZ [PAGE 158] in late April 2014. DB Netze Energy also installed a mobile solar system with storage batteries (solar mover) at the station in late September. These systems deliver renewable energy that can be used in the future to charge electric cars and bicycles at the station. The wind energy system generates 2 kW and the solar mover produces 7 kW. The project is supported by the BMVI.

Photovoltaic plants on DB sites expanded

GRI EN6 EN26

INSTALLED CAPACITY OF PHOTOVOLTAIC PLANTS ON DB SITES [MWP]	2014	2013	2012
Capacity in total	19.6	14.4	6.8

We provide investors with sites and roofs for the construction of photovoltaic plants. In the year under review, projects in Schwandorf, Nordhausen and at DB Regio Nuremberg led to an increase in installed capacity up to 19.6 MWp. The electricity produced here is fed into the public grid and saves about 9,300 t of CO_2 per year over conventional electricity generation.

Noise reduction

NOISE REDUCTION IN INFRASTRUCTURE MOVES FORWARD

GRI EN26

Since June 2013, DB Netz AG's noise-based train-path pricing system (LaTPS) stipulates an initial surcharge on the regular train-path price of 1.0% for loud freight trains. This was increased to 2.0% on December 14, 2014. Freight trains that consist of at least 90% (until Dec 14, 2014: 80%) of freight cars with quiet braking technology are exempt from the surcharge. In the working timetable period of 2014, DB Netz AG generated a total sum of € 7.4 million with this noise surcharge for loud freight trains. This benefits the financing of bonus payments for train operating companies that have equipped their freight cars with quiet braking technology, such as K brake shoes or especially LL brake shoes. In September 2014, we approved 146 applications for the funding year 2013 and paid out approximately € 0.04 million. The payout for the year 2014 will take place in September 2015. The program is planned for eight years. To avoid a rapid climb in extra premiums, the income at the start of the program exceeded the expenses to the degree to which they are balanced out by increasing retrofit activities at the train operating companies at the end of the program.

GRI EN26

In the year under review, the "Quieter Middle Rhine Valley" committee introduced its feasibility study on additional measures for reducing noise in rail line infrastructure in the Middle Rhine valley that go beyond noise remediation. The realization of this package of measures cost about € 80 million, according to current information. The financing for these measures had not yet been clarified in the year under review.

Also, two noise measurement stations began operations in the Middle Rhine valley in the year under review.

Information about the current noise situation is available at our NOISE PROTECTION PORTAL.

Material and resource efficiency

GRI EN22

VOLUME OF WASTE ACCORDING TO TYPE [THOUSAND T]	2014	2013	2012
Total waste	6,381	5,693	5,320
thereof construction waste	5,782	5,067	4,633
thereof scrap metal	481	498	476
thereof electronic scrap	3.3	1.3	3.2
thereof residential area waste	56	97	119
thereof paper	16.8	8.0	9.5
thereof waste oil	5.1	5.3	7.1
thereof other [1]	37.2	16.7	72.1

The data for 2014 is based on the information and estimates available as of February 2015. Values are rounded, excluding DB Arriva. Change in methods from 2014 onward. Values for 2013 not adjusted.

[1] For example, paint, varnishes, sludge and other wastes produced in the repair and maintenance context.

The additional approximately 690,000 t of waste in 2014 resulted from an increase in construction activity in the infrastructure sector.

USE OF MATERIALS IN GERMANY

GRI EN1 EN2

USE OF MATERIALS IN INFRASTRUCTURE IN GERMANY [THOUSAND T] [1]	2014	2013	2012
Total materials used	4,685	4,567	4,794
Ballast	3,662	3,776	3,866
Share of recycled ballast (%)	17	20	17
Concrete ties	767	591	730
Share of recycled concrete ties (%)	13	13	9
Wooden ties [2]	31.4	8.8	8.4
Rail steel	223	191	190
Share of recycled rail steel (%)	2	2	9

The data for 2014 is based on the information and estimates available as of December 2014.

[1] Rounded.

[2] Recycled wooden ties are not available on the market as a result of legal requirements relating to their disposal (thermal recovery).

GRI EN1 EN2

REUSE OF BALLAST AND CONCRETE TIES

We have established a material flow for ballast, concrete ties and tracks for the purposes of regular renewal and maintenance. Every year, between 4 and 5 million t of old, worn down material are removed from the network and almost the same amount is reintegrated again.

About 1.5 to 2 million t of ballast are mechanically processed each year on location using rail-mounted ballast-cleaning machines or mobile processing equipment and then directly reintegrated into the gravel bed. This not only significantly reduces the amount of new ballast required but also the related transport costs and CO_2 emissions. About half of the ballast is processed or recycled in external certified disposal facilities for reintegration into the track bed as quality-controlled recycling ballast or for other recycling materials, such as chippings or crushed sand for use in road construction. About 3.6 million t of ballast were used in the year under review, about 640,000 t of which consisted of recycled material.

Concrete ties likewise have a limited useful life and must be replaced. 2.4 million concrete ties (767,000 t) were installed in the year under review, about 358,000 of which were recycled. The service life of a recycled concrete tie corresponds to that of a new one. The potential for economic and environmental savings is therefore high and has not yet been fully tapped. Concrete ties which are no longer capable of being reprocessed in accordance with the necessary quality criteria are recycled and put to other profitable use outside of DB Group.

GRI EN24

DANGEROUS FREIGHT AND WASTE ARE TRANSPORTED RESPONSIBLY

GRI Safety in disposal management is a very important issue for us. The responsible transport of dangerous freight and waste is the order of the day. DB Schenker Rail is certified as a waste management facility for the transport of wastes of all kinds and therefore fulfills the requirements for being able to professionally and responsibly transport hazardous waste. DB Schenker Logistics has permission from the regional council of Darmstadt to transport hazardous waste.

GRI EN5

VEHICLE MODERNIZATION

GRI We are currently working on a comprehensive redesign of the ICE T. The redesign is focusing on increasing the technical stability of the trains; important components such as the inter-carriage cable and seals are being switched out that cannot be used further due to their age. Furthermore, seats and floor coverings are being reconditioned, and the toilet facilities are being improved. Two additional seats are now available in 1st class.

GRI EN1 EN2

USE OF RECYCLED PAPER

GRI Each year, we consume 600 million pages of paper in the DIN A3 and A4 formats in our offices in Germany. Previously, 90% of this paper was made of fresh fiber or mixed materials. We switched over to 100% recycled paper in 2014. Even the paper that we use for printing our brochures, for example, is being converted gradually. For example, we purchased about 2,381 t of paper for offset printing in 2014, of which 1,680 t, or 70%, were recycled paper. In comparison to fresh fiber paper, recycled paper saves up to 70% water, 60% energy, and a significant amount of CO_2.

GRI EN27

PACKAGING MATERIALS

GRI Reusability is also an important topic in logistics, particularly with regard to packaging materials. These are primarily materials associated with work in progress, such as pallets or pallet cages that are in constant use. 70% of all other waste produced by DB Schenker Logistics worldwide is already recycled – without thermal utilization.

Air quality control

GRI EN20

ABSOLUTE PARTICULATE EMISSIONS BY JOURNEYS AND TRANSPORTS [T]	2014	2013	2012
Long-distance rail passenger transport	105	108	80
Regional rail passenger transport	424	261	229
Bus service	140	61	58
Rail freight transport	383	490	523
Road freight transport [1]	380	490	473
Air freight [2]	625	524	643
Ocean freight [2]	7,014	5,843	8,761
Other transport [3]	3	4	6
Total	**9,075**	**7,781**	**10,772**

Well-to-wheel (WTW), Scope 1–3, as of 2013 according to the accountancy rules of the Federal Environmental Agency for renewable energy; as of 2014 including DB Arriva.

[1] Including ferries.

[2] With pre- and onward carriage, as well as scheduling-related increases in distance as of 2014 (15% ocean, 20% air).

[3] Among others, DB Fleet Management, internal traffic.

ABSOLUTE HYDROCARBON EMISSIONS (NMHC) BY JOURNEYS AND TRANSPORTS [T]	2014	2013	2012
Long-distance rail passenger transport	57	77	118
Regional rail passenger transport	1,402	498	539
Bus service	583	246	228
Rail freight transport	1,013	1,356	1,648
Road freight transport [1]	1,902	1,781	1,717
Air freight [2]	2,672	2,265	2,777
Ocean freight [2]	4,349	3,924	5,522
Other transport [3]	37	39	41
Total	**12,015**	**10,186**	**12,590**

Well-to-wheel (WTW), Scope 1–3; total of non-methane hydrocarbons, methane emissions (CH_4) (see CO_2 equivalents) as of 2013 according to the accountancy rules of the Federal Environmental Agency for renewable energy; as of 2014 including DB Arriva.

[1] Including ferries.

[2] With pre- and onward carriage, as well as scheduling-related increases in distance as of 2014 (15% ocean, 20% air).

[3] Among others, DB Fleet Management, internal traffic.

ABSOLUTE SULFUR OXIDE EMISSIONS (SO_2) BY JOURNEYS AND TRANSPORTS [T]	2014	2013	2012
Long-distance rail passenger transport	375	728	1,519
Regional rail passenger transport	2,793	2,550	2,752
Bus service	951	371	333
Rail freight transport	2,385	2,723	2,939
Road freight transport [1]	4,566	4,195	4,024
Air freight [2]	7,811	6,635	8,140
Ocean freight [2]	47,308	39,986	59,000
Other transport [3]	59	61	61
Total	**66,248**	**57,249**	**78,767**

Combustion-related, well-to-wheel (WTW), Scope 1–3, as of 2013 according to the accountancy rules of the Federal Environmental Agency for renewable energy; as of 2014 including DB Arriva.

[1] Including ferries.

[2] With pre- and onward carriage, as well as scheduling-related increases in distance as of 2014 (15% ocean, 20% air).

[3] Among others, DB Fleet Management, internal traffic.

GRI EN20

ABSOLUTE NITROGEN OXIDE EMISSIONS (NO_x) BY JOURNEYS AND TRANSPORTS [T]	2014	2013	2012
Long-distance rail passenger transport	979	1,317	1,922
Regional rail passenger transport	14,127	8,329	8,962
Bus service	8,429	3,601	3,470
Rail freight transport	10,986	13,741	15,393
Road freight transport [1]	16,360	16,314	16,025
Air freight [2]	23,520	19,861	24,368
Ocean freight [2]	77,790	65,865	97,873
Other transport [3]	382	404	412
Total	**152,573**	**129,432**	**168,425**

Not including DB Arriva, combustion-related, well-to-wheel (WTW), Scope 1–3, as of 2013 according to the accountancy rules of the Federal Environmental Agency for renewable energy; as of 2014 including DB Arriva.

[1] Including ferries.

[2] With pre- and onward carriage, as well as scheduling-related increases in distance as of 2014 (15% ocean, 20% air).

[3] Among others, DB Fleet Management, internal traffic.

USE OF ENVIRONMENTALLY FRIENDLY DIESEL LOCOMOTIVES

GRI EN5

DB Bahn Long-Distance has signed an order with Bombardier for the delivery of seven TRAXX diesel locomotives with multi-motor drives. The locomotives are used as car trains from the continent to Sylt. The special feature of TRAXX locomotives is that they have more than four individual motors that can be switched on as needed. Diesel particulate filters also ensure that particulate matter emissions are reduced by 99.9% in comparison to the 218 series.

NEW VEHICLES AS CONTRIBUTION TO AIR QUALITY CONTROL AT DB BAHN REGIONAL BUS

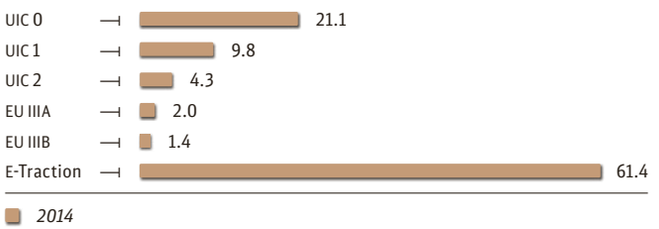
GRI EN5 EN26

In 2015 and 2016, DB Bahn Regional Bus will request over 800 urban and intercity buses from a contract with MAN and Iveco that has a remaining volume of € 200 million. DB Bahn Regional Bus also has an option for additional vehicles in 2017 and 2018. By purchasing new, environmentally friendly vehicles that meet the strict Euro VI emissions standards, we are contributing to the reduction of airborne pollutants and environmental impact.

HIGH EMISSIONS STANDARDS IN EXISTING FLEET

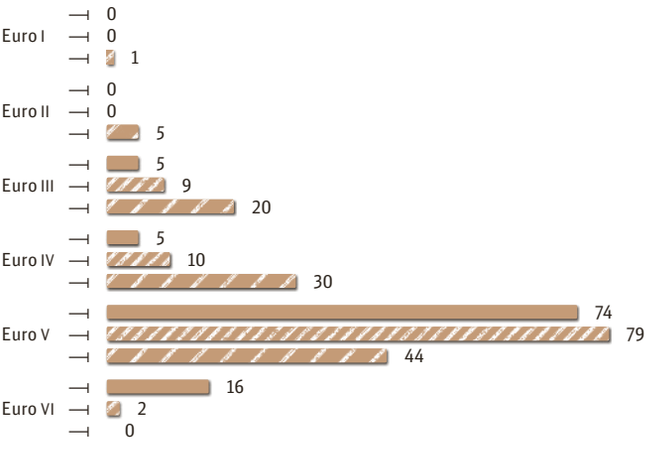
GRI EN20

BREAKDOWN OF RAIL VEHICLE FLEET BY POLLUTANT STANDARDS [%]



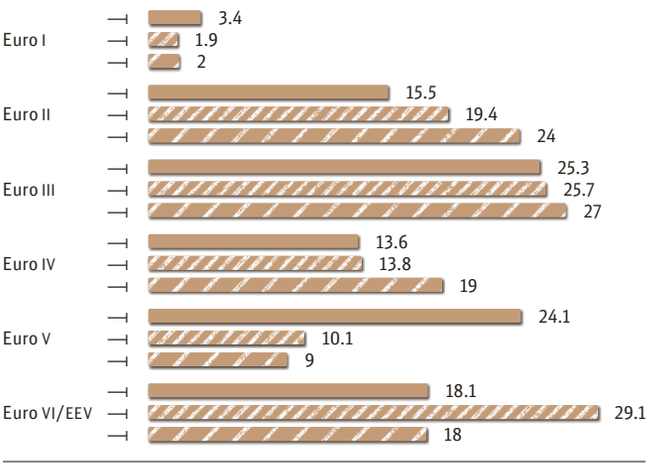
GRI EN20

BREAKDOWN OF TRUCK FLEET BY EURO NORMS [%] [1]



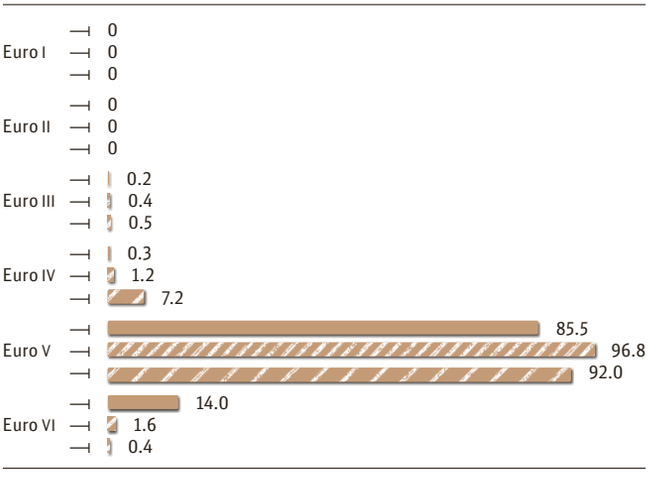
[1] Long-distance in road freight transport.

BREAKDOWN OF BUS FLEET BY EURO NORMS [%] [1]



[1] 2014 including DB Arriva.

BREAKDOWN OF PASSENGER CAR FLEET IN GERMANY BY EURO NORMS [%]



USE OF LOW-EMISSIONS VEHICLES

GRI EN5 EN26

A total of 200 environmentally friendly TRAXX locomotives were ordered for local transport and the first of them are now in service. DB Bahn Regional has put the first of its 56 Alstom-Coradia-LINT 620 series trains into service in the Cologne diesel network. The new diesel-driven multiple units meet the strict IIIB emissions standard and are equipped with an SCR (selective catalytic reduction) exhaust gas purifier that reduces nitrogen oxide as much as is technically possible, while reducing particulate matter emissions by about 90% in comparison to previous vehicles.

In the S-Bahn (metro) Mitteldeutschland network, a hybrid shunting locomotive is in service that produces 60% less harmful emissions, is significantly quieter, and consumes up to 40% less fuel.

In the "EcoTrain" project, DB RegioNetz Verkehrs GmbH, together with its research partners in Saxony, are building a hybrid power system for a diesel-electric traction unit. BMVI is funding the project. An environmentally friendly CO_2 air-conditioning system is also being developed for the train.

EXPAND RECYCLING IN DEPOTS

GRI EN8 EN22

At the Canton depot of Arriva Trains Wales in Cardiff, rainwater is being used for train toilets instead of drinking water. Arriva Trains Wales is also working together with disposal companies on solutions to recycle up to 90% of the garbage produced at different branches and depots.

Conservation

MANAGEMENT FOR NATURAL PRESERVATION

GRI EN14

DB Group has established its own nature conservation management program to promote biodiversity. The project is being spearheaded by the technical group for nature conservation, which is comprised of experts from DB Environment and specialists from the business units. They are developing such things as recommendations for action on issues related to nature conservation so that we can give DB employees specific aids for their work. In the year under review, this resulted, for example, in the preparation of new informational materials for dealing with invasive neophytes in railway facilities.

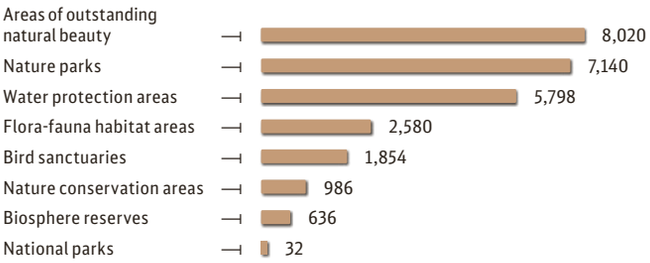
Furthermore, DB employees regularly attend special training courses on nature conservation. In accordance with internal requirements, skilled employees from the environmental protection and landscape planning business units must attend a refresher course every two years. Moreover, these offerings are also available to project managers and project engineers in construction and maintenance projects.

In the year under review, representatives from four German environmental associations – the Bund für Umwelt und Naturschutz (BUND), Naturschutzbund Deutschland e. V. (NABU), Verkehrsclub e. V. (VCD) and Deutsche Umwelthilfe (DUH) – along with the Chairman of DB AG, Dr. Rüdiger Grube, and the Management Board member for Technology and Environment, Dr. Heike Hanagarth, signed a joint declaration on the usage of DB property. In the future, property that is no longer required for railway operations will be identified for nature conservation and transferred to associations and foundations.

POINTS OF CONTACT WITH CONSERVATION AREAS

GRI EN11

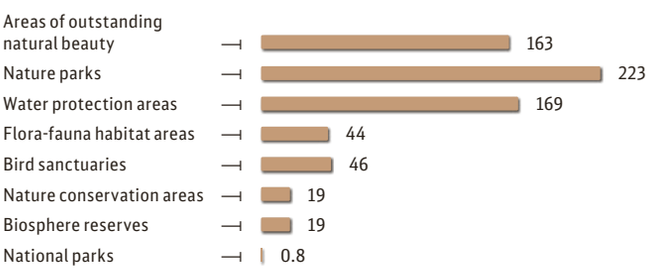
POINTS OF CONTACT BETWEEN LINES OF DB GROUP AND CONSERVATION AREAS IN GERMANY [KM]



2014

Point of contact up to 25 m away from the centerline of the track. There may be overlaps between conservation areas.

POINTS OF CONTACT BETWEEN DB PROPERTIES AND CONSERVATION AREAS IN GERMANY [M²]



2014

There may be overlaps between conservation areas.

MITIGATION AND COMPENSATION MEASURES

GRI EN13 EN14 EN15

We take the issue of nature conservation into account early on in the planning process for the construction or expansion of railway facilities. Our aim is to avoid interfering with nature and the landscape as much as possible. If adverse effects nevertheless occur, we try to compensate for the loss or replace it. In the future, all relevant data for these compensation obligations will be kept in the Web-based technical information system for nature conservation and compensation (Fachinformationssystem Naturschutz und Kompensation; FINK). This enables us to meet the reporting requirements set forth by the Federal Railway Authority (Eisenbahn-Bundesamt; EBA) in accordance with the Federal Nature Conservation Act (Bundesnaturschutzgesetz). FINK supports the entire process chain, from planning to implementation to maintaining the measures. It enables all participants to gain a current overview of the status of compensation at any time.

In the course of the "Electronic Interlocking East Rhine Railway" project, for example, several level crossings were adjusted, which meant slight encroachment on the immediate surroundings. Instead of devising a separate measure for each of the seven level crossings, we consolidated compensation into one measure and renovated an old brick wall in a vineyard. This now provides a home for strictly protected common wall lizards. A three-year monitoring program will document the success of this measure.

RENATURALIZATION MEASURES IN THE KARLSRUHE – BASEL PROJECT

GRI EN13 EN15

GRI DB Group implemented various renaturalization measures in the course of the major construction project new and expansion Karlsruhe–Basel line. In Ötigheim, Niederbühl and bei Auggen, we created new quarters for protected species such as reptiles, amphibians and bats. The "revitalization of the river ecosystem of Taubergiessen" project has been running since 2005. A fish ladder was also built at the Alte Elz river. The Dreisam river east of Freiburg is also being renaturalized, creating among other things a new habitat for salmon. The riverbed is also being widened to protect against flooding.

VEGETATION CONTROL AS A MEANS OF ENSURING SAFETY OF RAILWAY OPERATIONS

Safe railway transport has the highest priority. We have to regularly maintain tracks and train paths to make this happen. We also remove plants so that they do not encroach upon the track bed, block the view of signals, or cause hindrances.

As a general rule, we only use chemical pesticides in close coordination with the proper authorities in places where there is no non-chemical means of preventing overgrowth. This procedure is described in our internal guidelines on integrated plant protection. The volume of the substances used on more than 57,500 km of track in the year under review amounted to 80.9 t, which is equivalent to 1.41 kg/km and approximately 0.4% of total herbicide applications in Germany. This means that about 94% of the tracks were treated with herbicides. We used substances that are approved by the Federal Office of Consumer Protection and Food Safety especially for use in the vicinity of the tracks, and only in direct applications: flazasulfuron; flumioxazin; and glyphosate. We thereby ensure that no chemicals are applied to adjacent surfaces. For track systems, stations, pathways and public areas, we utilize mechanical methods.

PROTECTION OF BIRDS IN OVERHEAD LINE SYSTEMS

GRI EN13 EN15

GRI New overhead line systems are designed to be safe for birds. The aim of our avian protection measures is to protect birds against electrocution.

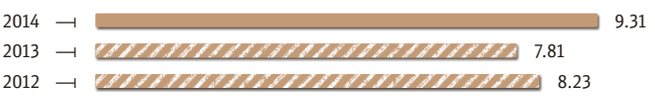
Birds and other small animals cause up to 5,000 short circuits each year in the overhead lines of existing systems. DB Netz AG has improved its protections for birds and other small animals, for example by building "animal guards" that prevent animals from traversing isolators or sitting on them. The improvement of avian protection is done primarily through voluntary, supplementary protective systems in the overhead lines. The target of reducing the number of short circuits can also notably reduce the maintenance and damage costs that result.

INCREASED WATER CONSUMPTION

GRI EN8 EN21

GRI Heightened consumption of water was recorded in the year under review. The exact causes are not yet known. The figures are determined from public supply.

WATER CONSUMED [MILLION M³]



DB Schenker Rail only in Germany without DB Bahn Regional, public supply.

GRI Our trains in Germany are washed in 54 cleaning facilities throughout the country, 28 of which have already been replaced by enclosed new buildings. These prevent the remainder of cleaning materials from being carried by the wind into the environment. Up to 40% of the water used is recycled water. GRI EN10

Resource-efficient vehicle cleaning

GRI About half of all cleaning facilities for rail rolling stock already have a circulation system for washing water. Several buses can also be cleaned in a resource-efficient manner. In Herford, for example, a cleaning facility is currently being built that will be fed with rainwater. GRI EN8

FINES AND PENALTIES FOR NON-COMPLIANCE WITH ENVIRONMENTAL REQUIREMENTS

GRI In the year under review, no fines or penalties for non-compliance with environmental requirements were paid that exceeded a monetary value of € 500,000. GRI EN28

MAJOR DISPOSALS

GRI Disposals can occur due to accidents in transporting hazardous materials. There are reporting requirements when prescribed volume thresholds or degrees of severity are exceeded. There were three events in the year under review at DB Schenker Rail in Germany in the context of reporting criteria. Specifically, there was an event on August 3, 2014, at the Frankfurt/Oder bridge with a discharge of 10,000 kg of a UN 1033 chemical substance; an event on August 12, 2014, in Mühldorf (Upper Bavaria) with a discharge of 55,000 l of a UN 1993 chemical substance; and an event on September 7, 2014, in the Mannheim shunting station with a discharge of 620 kg of a UN 2014 chemical substance. DB Schenker Rail held environmental damages to the lowest possible level. There were no events requiring reporting in 2012 and 2013. DB Schenker Logistics land transport did not experience any events in Europe requiring reporting in the year under review either, as in 2013 or 2012. GRI EN23

ENVIRONMENTAL MANAGEMENT SYSTEM

GRI The DB Group-wide environmental management system provides operative support for our environmental targets. Our approach adheres to the ISO 14001 norm. A total of 55% of active companies within DB Group had access to this environmental management system in the year under review. 34% of companies are already certified under ISO 14001. GRI 4.8

There was an increase of 4 percentage points in the number of DB Group companies with environmental management systems certified under ISO 14001. This resulted primarily from the high international certification rate by DB Schenker Logistics. The share in Germany remained stable, and the slight decrease was due to restructuring within DB Group, for example in the merging of companies.

GRI 4.8

SHARE OF DB GROUP COMPANIES WITH ENVIRONMENTAL MANAGEMENT SYSTEMS CERTIFIED UNDER ISO 14001, AS OF DEC 31 [%]	2014 [1]	2013	2012
In Germany	39	43	31
In Europe (excluding Germany)	26	22	21
Worldwide (excluding Europe and Germany)	61	49	50
DB Group	**34**	**30**	**27**

[1] *As of November 30.*

DESTINATION NATURE EXPANDED

GRI 2.10 EN26

GRI Together with the environmental organizations BUND, NABU and VCD, we are partners in the joint venture DESTINATION NATURE. Destination Nature program partners include 22 national parks, conservation areas and biosphere reserves in Germany, Austria and Switzerland. The most important aim of the partnership is to shift tourist traffic to environmentally friendly means of transport. The partnership focuses in particular on the development of sustainable onsite mobility services. This is therefore the most important foundation for evaluating the partnership's success. While up to the end of 2012 more than one-third of Destination Nature areas offered a free or reduced-price fare for the use of public regional passenger transport, half of the areas already had such products and services in the year under review. This creates an important stimulus for holiday guests to travel to their destination by railway and to be underway in an environmentally friendly way at their vacation destination. Destination Nature was awarded the mobility prize in the year under review from the Austrian Transport Club as an "international best practice."

ADDITIONAL INFORMATION

BINDING PRINCIPLES FOR SUPPLIER RELATIONSHIPS

GRI 4.8 EC6

Increasing requirements for compliance with environmental and social standards require DB Group to establish these standards among their global supplier relationships as well. This is done with IT-supported supplier management. In the year under review, the focus was on the further development of processes for supplier development, and the improvement of the performance, quality and innovation of strategically important suppliers.

GRI HR1 HR5 HR6 HR7

GRI Supplier management puts DB Group in the position to introduce sustainability criteria as binding standards for its suppliers. This also includes DB Code of Conduct for business partners, which contains binding and mandatory principles for dealing with employees and the community. There are also, for example, guidelines on human rights, prohibitions against child labor and forced labor, on the freedoms of assembly and association, as well as environmental topics and corruption prevention. Before entering into a business relationship with DB Group, all suppliers must accept the DB Code of Conduct for business partners or a comparable industry-specific or company-specific code of conduct. In addition, the core work standards for the International Labor Organization (ILO) must be met and documented in the relevant areas of the environmental management systems.

GRI HR2 HR5 HR6 HR7

GRI In the year under review and in previous years, DB Group's quality assurance team, upon the commission of Central Procurement, conducted on-site audits of suppliers. Systems, processes and products were assessed for suppliers of quality-controlled products or of products with a manufacturer-related product qualification. Anomalies from these audits are reported to Central Procurement. In the year under review, these audits did not result in any findings with regard to violations of human rights, the freedom of collective bargaining, child labor or forced labor. Furthermore, Central Procurement developed commodity group strategies for every important product and service group. All relevant parameters, such as market, milieu and customers, are analyzed, and recommendations for action are derived for the business units. This supports the attainment of economic, environmental and social targets for the specific commodity group.

GRI HR5 HR6 HR7

GRI DB Group, with the help of a recognized procedure from the external CSR rating agency EcoVadis, has expanded its risk management in terms of environmental and social standards in the supply chain. Suppliers conduct a self-assessment in the thematic areas of human rights, working conditions (including prohibitions against child labor and forced labor, freedom of association and the right to collective wage agreements), the environment, fair competition, consumer questions, and participation in the community and development. Based on this self-assessment, they are scored by EcoVadis and their achievements are then regularly assessed. Of the approximately 300 suppliers we have contacted, about 140 of them have allowed themselves to be scored thus far. At the same time, we are also committed to establishing uniform CSR industry standards in the European railway industry.

Finally, in the context of delegated procurement, business partner due diligences are carried out, meaning risk assessments of integrity at selected business partners. Since 2013, DB International uses a software program for its IT-based work process that was further developed for use in the year under review on supplier groups and was designed to be more user-friendly overall. In addition, manual integrity audit processes were applied at DB Schenker Rail and DB Schenker Logistics. DB Schenker Rail expanded the audit process to apply to other countries in Europe in 2014. In addition, a manual integrity audit process was developed in the year under review for the DB Services business unit that focuses on vehicle maintenance business partners.

LIFE CYCLE COSTS IN SHARPER FOCUS

Sustainable success in procurement is only possible in the medium and long term through a comprehensive optimization approach for life cycle costs (LCC). This applies in particular to DB Group's capital-intensive business with its long-term assets in the area of infrastructure and rolling stock.

The LCC approach does not just support economic targets alone; it is also important for reaching environmental targets. Today's large capital expenditures plans for rolling stock and rolling stock replacement parts incorporate a life cycle cost analysis as the foundation of making decisions. The fact that economic and environmental targets are compatible is clear in the example of retrofitting shunting locomotives for DB Schenker Rail with an automatic start-stop system. Retrofitting expenditures pay off in the long term due to energy consumption savings. This relieves the environment by consuming less diesel fuel and thereby reducing CO_2 emissions, and also offers future economic advantages thanks to lower operating costs. The next step is to apply this approach to other procurement areas. DB Group believes that a deeper consideration of the LCC system represents an essential method to bring the conflicting targets of economic and environmental criteria into harmony in the context of the DB2020 strategy.

INDEPENDENT ASSURANCE REPORT [1)]

To Deutsche Bahn AG, Berlin

We have been engaged to perform a limited assurance engagement on information in the section "Additional information on sustainability" of the "Integrated Report 2014" of Deutsche Bahn AG, Berlin (the "Company") for the business year 2014. [2)]

MANAGEMENT'S RESPONSIBILITY

Company's Board of Managing Directors is responsible for the proper preparation of the information in the section "Additional information on sustainability" of the "Integrated Report 2014" of the Company in accordance with the criteria stated in the Sustainability Reporting Guidelines Vol. 3 (pp. 7 to 17) of the Global Reporting Initiative (GRI):

- Materiality,
- Stakeholder Inclusiveness,
- Sustainability Context,
- Completeness,
- Balance,
- Clarity,
- Accuracy,
- Timeliness,
- Comparability and
- Reliability.

This responsibility includes the selection and application of appropriate methods to prepare the section "Additional information on sustainability" of the "Integrated Report 2014" and the use of assumptions and estimates for individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the section "Additional information on sustainability" of the "Integrated Report 2014."

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

PRACTITIONER'S RESPONSIBILITY

Our responsibility is to express a conclusion based on our work performed as to whether anything has come to our attention that causes us to believe that the information in the section "Additional information on sustainability" of the "Integrated Report 2014" of the Company for the business year 2014 has not been prepared, in all material respects, in accordance with the criteria stated in the Sustainability Reporting Guidelines Vol. 3 (pp. 7 to 17) of the GRI.

Within the scope of our independent assurance engagement we did not perform an audit of product- and service-related data (e.g. emission free services) set out in the section "Additional information on sustainability" of the "Integrated Report 2014" as well as of information referred to external sources of documentation, prospective statements and statements from external experts.

We also have been engaged to make recommendations for the further development of sustainability management and sustainability reporting based on the results of our assurance engagement.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000. This Standard requires that we comply with ethical requirements and plan and perform the assurance engagement, under consideration of materiality, to provide our conclusion with limited assurance.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

The procedures selected depend on the practitioner's judgement.

Within the scope of our work we performed amongst others the following procedures:

- Inquiries of personnel responsible for the preparation of the section "Additional information on sustainability" of the "Integrated Report 2014" regarding the process to prepare the reporting of sustainability information and the underlying internal control system;
- Understanding the sustainability management structure, the stakeholder dialogue and the development process of Company's sustainability program;
- Inquiries of personnel in the corporate functions that are responsible for the individual chapters (sub-projects) of the section "Additional information on sustainability" of the "Integrated Report 2014";
- Recording of the systems and processes for collection, analysis, validation and aggregation of sustainability data and its documentation on a sample basis;

1) Our engagement applied to the German version of the section "Additional information on sustainability" of the "Integrated Report 2014" of Deutsche Bahn AG. This text is a translation of the Independent Assurance Report issued in German language – the German text is authoritative.

2) Our engagement refers to the German version of the section "Additional information on sustainability" of the "Integrated Report 2014."

- Performance of site visits as part of the inspection of processes for collecting, analyzing and aggregating selected data at:
  - DB Schenker AG – business unit: DB Schenker Logistics (Essen, Germany)
  - Schenker Deutschland AG (Dortmund, Germany)
  - DB Netz AG (Saarbrücken, Germany)
  - DB Netz AG (Frankfurt, Germany)
  - DB Energie GmbH (Frankfurt, Germany)
  - DB ProjektBau GmbH (Berlin, Germany)
  - DB Zeitarbeit GmbH (Berlin, Germany)
- Analytical procedures on information of the section "Additional information on sustainability" of the "Integrated Report 2014";
- Comparison of selected data with corresponding data in the "Group Management Report" of the "Integrated Report 2014";
- Gaining further evidence for selected data of the section "Additional information on sustainability" of the "Integrated Report 2014" due to inspection of internal documents, contracts and invoices/reports from external service providers.

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the information of the section "Additional information on sustainability" of the "Integrated Report 2014" of the Company for the business year 2014 has not been prepared, in all material respects, in accordance with the criteria stated in the Sustainability Reporting Guidelines Vol. 3 (pp. 7 to 17) of the GRI.

EMPHASIS OF MATTER – RECOMMENDATIONS

Without qualifying our conclusion presented above, we make the following recommendations for the further development of the Company's sustainability management and sustainability reporting:

- Further formalization of the internal controls system for sustainability information;
- Enhancement of IT systems implemented in the context of the sustainability management and transforming into a standard process;
- Extension and further harmonization of sustainability reporting processes, in particular including foreign companies to provide all material sustainability data worldwide;
- Preparation of G4 reporting.

Berlin, February 27, 2015
PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Michael Werner ppa. Dr. Angelika Sawczyn

GRI INDEX

The full GRI INDEX and its core and additional indicators can be found online.





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EN8–EN10	Water *DB Group is globally active in over 130 countries at over 2,000 locations. The associated consumption of water is done almost exclusively with public or private water suppliers and generally includes drinking water supply as well as water provisions for sanitary purposes and cleaning processes. DB Group is not aware of any circumstances that suggest a significant impact to the water sources used.* *Insofar as, beyond the supply of actual operating locations, temporary water extractions in the course of construction projects on transport infrastructure operated by DB Group results in a significant effect on the respective water source, these activities are subject to the usual permit and supervisory legal regulations. There is no central register of the groundwater volumes that are moved and then redirected or drained.*	280, 281
EN11–15	Biodiversity	121, 280, 281
EN16–24	Emissions, effluents and waste *No materials that harm the ozone layer are released in DB Group's production processes.* *All relevant combustion-related emissions that arise during the provisioning of transport and mobility services are reported. POPs are not released at all in regular processes, and VOCs are not released in relevant volumes. VOCs arise in cleaning and coloring processes, are within statutory limits, and occur both directly and in diffusion.* *Total water extraction and total water discharge are reported together in the form of consumed water because, due to DB Group production processes, there is no essential difference between extraction and discharge.* *The water discharge of DB Group is handled in accordance with applicable statutes and compliance with the limit values for the discharge of wastewater are regularly analyzed by accredited laboratories. The treated wastewater is discharged primarily into public sewer systems. We are not aware of direct discharge of wastewater (aside from rain runoff water).*	118, 121, 274, 275, 277–281

GRI INDICATOR	TOPIC	PAGE
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ADDITIONAL INFORMATION

E

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- 288 Sustainability-related terms
- 289 Financial terms
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291 LIST OF ABBREVIATIONS

292 CONTACT INFORMATION

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GLOSSARY

SUSTAINABILITY-RELATED TERMS

Air pollutants
An air pollutant is a form of air contamination that can have a damaging effect on the environment. The source of an air pollutant can be either natural or man-made, for example NOx or CO.

Climate
Not merely weather conditions, rather a "snapshot" of the so-called climatic factors (altitude, relief, vegetation, etc.) and climatic elements (rain, solar radiation, etc.) prevailing at a particular location.

Customer and quality initiative
A DB Group-wide portfolio of projects managed across all business units and with the target of improving quality and customer satisfaction.

Eco Plus
Product for freight transport customers that ensures their goods are transported CO_2-free by rail on all routes within Germany.

Eco Rail Innovation
Joint project of the DB Group and other partners for the development of low-emission and energy-efficient drive systems for railway vehicles.

Eco Solutions
Innovative and environmentally friendly transport and logistics solutions offered by DB Schenker.

Energy mix
Breakdown of electricity according to the manner of its generation (for example on the basis of black coal or wind energy).

Environment Plus
Special products enabling customers to travel CO_2-free on passenger transport services.

Health rate
Share of work days excluding the number of sick days (with continued remuneration).

K brake shoe
Quiet brake technology made using composite materials (K), which cuts the rolling noise made by freight cars by half.

LL brake shoe
Quiet brake technology made using composite materials (LL).

Methane (CH_4)
A greenhouse gas, a colorless and odorless hydrocarbon, main constituent of natural gas.

Migration background
Citizenship held abroad or country of birth different from country of employment.

Nitrogen oxide (NOx)
Air pollutants (acid rain) and greenhouse gases (N_2O). Compounds of nitrogen and oxygen atoms, for example nitrous oxide (N_2O), some of which are harmful to health/poisonous.

Noise
Sounds that are disruptive or harmful for human beings and the environment.

Noise abatement program
Voluntary program introduced by the Federal Government for the reduction of noise on existing rail lines and implemented by DB Group.

Noise barrier
Means of active protection against noise generated on rail lines, mainly constructed out of materials such as aluminum, wood and concrete. Novel are noise barriers constructed out of wire cages filled with rocks (gabions).

Noise prevention
Noise protection measures on newly built and expansion lines.

Noise reduction
Reduction of noise by means of active (for example noise barriers) and passive (for example noise-reducing windows) noise protection measures.

Particles
Particulate material, for example dust.

Primary energy
Energy from its source in its natural form, i.e. including the processes of generation, transport and conversion.

Purchasing mix
Breakdown of the sources of the energy purchased by DB Netze Energy.

Recycling
Reuse of materials, for example waste.

Remained in parental leave
Employees who neither returned nor resigned and were on maternity leave/parental leave on December 31 of the previous year.

Renewable Energy Sources Act
Federal legislation promoting the supply of energy from renewable sources.

Renewable energy
Sources of energy that are renewable and, in principle, infinite, for example wind or sunlight.

Resignations
Employees who leave the Group during or immediately after maternity leave/parental leave.

Resource
Aid, funds, reserves, raw material.

Returnees
Employees who return from maternity leave/parental leave.

Satisfaction index
Index based on (customer) satisfaction indicated on a scale of 1 (very satisfied) to 6 (very dissatisfied). These ratings are converted to a scale of 0 to 100 (0 points = rating 6; 20 points = rating 5; 40 points = rating 4; 60 points = rating 3; 80 points = rating 2; 100 points = rating 1).

Scope 1–3 (according to Greenhouse Gas Protocol)
In carbon accounting, emissions are categorized in three "scopes." The following applies at DB Group: Scope 1 = CO_2 emissions from our own vehicles; Scope 2 = traction current provisioning; Scope 3 = transport services from our subcontractors. Because of our business model, Scope 3 only includes transport-related emissions according to the Greenhouse Gas Protocol. Emissions from processes not related to transport are not considered in the climate protection target.

Soot particles
Emissions generated by the combustion of diesel fuel, for example NOx, HC, SO_2, CO and NMHCs. Diesel emissions also include particulate matter.

Specific
Relative, for example: calculated relative to volume sold.

Stakeholders
Groups of holders of interests/claims and representatives thereof.

Sustainability
Mission statement for the reconciliation of environmental, social and economic targets with a view to achieving viable development that accounts for the needs of all generations.

Traction current mix
The traction current mix is the composition of the electricity that DB Netze Energy procures for train operating companies in Germany.

Vegetation management
Checking and cutting back/removal of vegetation on and around rail tracks by mechanical and chemical (in the immediate vicinity of the tracks only) means.

Waste
Waste denotes solid-state residual material that is no longer required, including liquid waste and gases kept in containers. Chemical residues are also considered to be waste material.

Whisper brakes
See K brake shoes.

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.

Costs 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 where 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: share 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 expenditures for property, plant and equipment and assets, regardless of financing method.

Gross profit
Amount of revenues remaining after the subtraction of the variable (= revenues-based) costs or direct (= order-based) costs.

Interest-free loans
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 standards. 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 expenditure projects without future repayment requirements.

Net capital expenditures
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.

Operate leases
Off-balance-sheet financial instruments: leased or rented assets.

Operating income after interest
Profits 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.

Ratings
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. Corresponds to the return on operational capital employed. 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 kilometers (bus km)
One bus kilometer is equivalent to the route traveled by a bus over a distance of one kilometer.

Capacity utilization
Actual share of utilization of potential capacity.

Combined transport
The interlinked transport 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.

Facilities quality
Assessment of the condition of the active facilities of the DB Netze Stations business unit.

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 few delays as possible.

Intramodal competition
Competition within a mode of transport; for example, within the rail sector.

Long-distance transport
Rail transport covering distances of > 50 km or with a journey time of > 1 hour.

Mode of transport
Type of route used by means of transport, for example road or rail.

Network access
Rail infrastructure companies provide their rail networks for a fee to train operating companies for train runs.

Ordering organizations
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: product of the number of passengers and the mean travel distance.

Punctuality
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 for rail passenger transport and less than 16 minutes for rail freight transport.

Regional transport
Journeys covering distances of < 50 km or with a journey time of < 1 hour. Here: transport using RB, RE and similar products.

Requirement plan
New line construction and line expansion projects 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.

Stationary systems
Buildings and facilities such as plants and 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 (value 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.

Supply reliability
Measurement of the reliability of the power supply for the railway operations in Germany.

Ton kilometers (tkm)
Unit of measurement for volume sold in passenger transport services: product of the freight carried (tons) and the distance traveled (kilometers).

Total punctuality
The total punctuality for DB Netze Track comprises all travel using the infrastructure of DB Netz AG.

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 kilometers (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. Units of measurement: passenger kilometers (pkm), ton kilometers (tkm).

LIST OF ABBREVIATIONS

A
- AgvMoVe – Mobility and Transport Services Association

B
- bbl – Barrel
- BEV – Federal Railroad Fund
- BGH – Federal Court of Justice
- BilMoG – Accounting Law Modernization Act
- BMVI – Federal Ministry of Transport and Digital Infrastructure
- BNetzA – Federal Networks Agency for Electricity, Gas, Telecommunications, Post and Railways
- BPS – Traction current pricing system
- BSWAG – Law Governing the Extension of the German Rail Network
- Bus km – Bus kilometers
- B2B – Business-to-Business
- B2C – Business-to-Consumer

C
- CGU – Cash-generating units
- CHF – Swiss franc
- COSO – Committee of Sponsoring Organizations of the Treadway Commission
- CO_2 – Carbon dioxide
- CRI – Corporate Reputation Index
- CSA – Credit support agreements
- CSO – Chief Sustainability Officers

D
- DB AG – Deutsche Bahn AG
- DB Finance – Deutsche Bahn Finance B. V.
- DBGrG – Deutsche Bahn Establishment Act
- DB Group – Deutsche Bahn Group
- DB ML AG – DB Mobility Logistics AG
- DB ML Group – DB Mobility Logistics Group
- DfT – Department for Transport
- DMU – Diesel multiple unit
- DSA – Dynamic visual display units

E
- EAV – Profit and loss transfer agreement
- EBA – Federal Railway Authority
- EC – EuroCity
- ECB – European Central Bank
- EE – Renewable energy
- EEG – Renewable Energy Sources Act
- EEV – Enhanced environmentally friendly vehicle
- EIU – Rail infrastructure
- EMU – Electric multiple unit
- ERA – European Railway Agency
- ERTMS – European Rail Traffic Management System
- ESTW – Electronic interlocking
- ETCS – European Train and Control System
- EU – European Union
- EUROFIMA – European Company for the Financing of Railroad Rolling Stock
- EVG – Railway and Transport Workers Union
- EWC – European Works Council

F
- Federal Government – Federal Republic of Germany
- FRN – Floating rate note
- FS – Ferrovie dello Stato (Italian state railway)
- FTE – Full-time employees

G
- GBP – Pound sterling
- GDL – German Train Drivers' Union
- GDP – Gross domestic product
- GIS – Geographic information system
- GRI – Global Reporting Initiative
- GWh – Gigawatt-hour

H
- HFM – Hyperion Financial Management
- HGB – German Commercial Code
- HKD – Hong Kong dollar
- HR – Human Resources

I
- IATA – International Air Transport Association
- IBP – Infrastructure improvement acceleration program
- IC – InterCity
- ICE – Intercity Express
- IFRIC – IFRS Interpretations Committee
- IFRS – International Financial Reporting Standards
- ICS – Internal control system
- IZP – Infrastructure State and Development Report

J
- JPY – Japanese yen

K
- KBR – Group Works Council
- KonTraG – Corporate Sector Supervision and Transparency Act

L
- LaTPS – Noise-based train-path pricing system
- LCC – Life cycle costs
- LuFV – Performance and Financing Agreement

M
- M&A – Mergers and acquisitions
- MaRisk – Minimum requirements for risk management
- MIV – Motorized individual transport
- MJ – Megajoule
- MWh – Megawatt-hour
- MWp – Megawatt peak

N
- NGO – Non-governmental organization
- Nkm – Commercial vehicle kilometers
- NOK – Norwegian krone
- NP – Natural persons
- NS – Nederlandse Spoorwegen N.V. (Dutch state railway)

O
- ÖPNV – Local public transport
- ÖSPV – Public road transport

P
- P – Passengers
- PBefG – German Passenger Transport Act
- PCA – Audit and Compliance Committee
- PCGK – German Federal Public Corporate Governance Code
- Pkm – Passenger kilometers
- PKP – Polskie Koleje Państwowe (Polish state railway)
- PPA – Purchase price allocation
- PwC – PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft

R
- Renfe – Red Nacional de los Ferrocarriles Españoles (Spanish state railway)
- RIC – Rail infrastructure company
- RMS – Risk management system
- ROCE – Return on capital employed

S
- S&P – Standard&Poor's
- SBB – Schweizerische Bundesbahnen (Swiss state railway)
- SCM – Supply chain management
- SI – Satisfaction index
- SJ – Swedish state railway
- SMP – Strategic management process
- SNCF – Société Nationale des Chemins de fer Français (French state railway)
- SPNV – Regional rail passenger transport
- SPS – Station pricing system
- SWP – Strategic workforce planning

T
- t – Tons
- TEU – Twenty-foot equivalent unit
- TJ – Terajoule
- 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
- USD – US dollar

V
- V brake shoe – Composite brake shoe
- VDE – German Unity Transport Projects
- VLV – Volume sold factor

W
- WACC – Weighted average costs of capital

GRI 3.4

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This Integrated Report, the Annual Report of DB Mobility Logistics Group and the Financial Statements of Deutsche Bahn AG and up-to-date information are available on the Internet.

This Integrated Report, the Annual Report of DB Mobility Logistics Group and the Annual Financial Statements of Deutsche Bahn AG are published in German and English. In case of any discrepancy, the German version shall prevail.

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Corporate Communications

Corporate publications and the Competition Report are available on the Internet or can be requested from Corporate Communications:

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DB service number

Our service number +49-180-699-6633 gives you direct access to all of our telephone services. These services include information regarding general information, booking of train tickets, finding train times, our customer dialog and our frequent traveler system (BahnCard).

Calls from the German fixed-line network cost 20 ct/min. Charges from the German cell phone network cost 60 ct/min at most.

FINANCIAL CALENDAR

July 29, 2015

Interim Results Press Conference,
Publication of the Interim Report January–June 2015

March 16, 2016

Annual Results Press Conference,
Publication of the 2015 Integrated Report

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10-YEAR SUMMARY

[€ MILLION]	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
STATEMENT OF INCOME										
Revenues	39,728	39,107	39,296	37,979	34,410	29,335	33,452	31,309	30,053	25,055
Overall performance	42,422	41,756	41,910	40,436	36,617	31,271	35,324	33,254	31,943	26,728
Other operating income	2,824	2,853	3,443	3,062	3,120	3,864	3,046	3,219	2,859	2,366
Cost of materials	-20,250	-20,414	-20,960	-20,906	-19,314	-15,627	-18,544	-17,166	-16,449	-12,650
Personnel expenses	-14,919	-14,383	-13,817	-13,076	-11,602	-11,115	-10,583	-9,913	-9,782	-9,211
Depreciation	-3,190	-3,228	-3,328	-2,964	-2,912	-2,825	-2,723	-2,795	-2,950	-2,801
Other operating expenses	-5,057	-4,817	-4,719	-4,375	-4,092	-3,360	-3,927	-3,704	-3,144	-3,080
Operating profit (EBIT)	1,830	1,767	2,529	2,177	1,817	2,208	2,593	2,895	2,477	1,352
Result from investments accounted for using the equity method	8	3	14	19	17	9	21	32	18	76
Other financial result	-3	-15	-13	3	-23	-4	-47	-3	1	7
Net interest income	-898	-879	-1,005	-840	-911	-826	-760	-908	-941	-945
Profit before taxes on income	937	876	1,525	1,359	900	1,387	1,807	2,016	1,555	490
Net profit for the year	988	649	1,459	1,332	1,058	830	1,321	1,716	1,680	611
OPERATING PROFIT										
EBITDA adjusted	5,110	5,139	5,601	5,141	4,651	4,402	5,206	5,113	-	-
EBIT adjusted	2,109	2,236	2,708	2,309	1,866	1,685	2,483	2,370	2,143	1,350
VALUE MANAGEMENT										
Capital employed as of Dec 31	33,683	33,086	32,642	31,732	31,312	28,596	27,961	27,393	28,693	27,013
Return on capital employed (ROCE) (%)	6.3	6.8	8.3	7.3	6.0	5.9	8.9	8.7	7.5	5.0
Redemption coverage (%)	20.9	20.5	22.1	20.5	18.1	19.4	22.5	21.1	18.6	14.7
Gearing (%)	112	110	109	110	118	115	131	151	213	256
Net financial debt/EBITDA	3.2	3.2	2.9	3.2	3.6	3.4	3.1	3.2	3.9	-
CASH FLOW/CAPITAL EXPENDITURES										
Cash flow from operating activities	3,896	3,730	4,094	3,390	3,409	3,133	3,539	3,364	3,678	2,652
Gross capital expenditures	9,129	8,224	8,053	7,501	6,891	6,462	6,765	6,320	6,584	6,381
Net capital expenditures	4,442	3,412	3,487	2,569	2,072	1,813	2,599	2,060	2,836	2,362
BALANCE SHEET AS OF DEC 31										
Non-current assets	45,530	43,949	44,241	44,059	44,530	41,308	42,353	42,046	43,360	42,907
thereof property, plant and equipment and intangible assets	43,217	41,811	41,816	41,541	42,027	39,509	39,976	39,855	41,081	40,430
thereof deferred taxes	1,604	1,404	1,548	1,461	1,471	1,173	1,692	1,644	1,800	1,556
Current assets	10,353	8,945	8,284	7,732	7,473	5,995	5,840	6,483	5,080	4,194
thereof cash and cash equivalents	4,031	2,861	2,175	1,703	1,475	1,470	879	1,549	295	305
Equity	14,525	14,912	14,978	15,126	14,316	13,066	12,155	10,953	9,214	7,675
Equity ratio (%)	26.0	28.2	28.5	29.2	27.5	27.6	25.2	22.6	19.0	16.3
Non-current liabilities	28,527	26,284	25,599	24,238	24,762	23,359	23,161	25,612	26,319	27,963
thereof financial debt	19,173	18,066	17,110	16,367	16,394	14,730	14,083	16,228	17,165	18,310
thereof retirement benefit obligations	4,357	3,164	3,074	1,981	1,938	1,736	1,649	1,594	1,514	1,414
Current liabilities	12,831	11,698	11,948	12,427	12,925	10,878	12,877	11,964	12,907	11,463
thereof financial debt	1,161	1,247	1,503	1,984	2,159	1,780	2,770	1,834	2,716	1,664
Net financial debt	16,212	16,362	16,366	16,592	16,939	15,011	15,943	16,513	19,586	19,669
Total assets	55,883	52,894	52,525	51,791	52,003	47,303	48,193	48,529	48,440	47,101
RAIL PERFORMANCE FIGURES										
PASSENGER TRANSPORT										
Passengers (million)	2,254	2,235	2,152	1,981	1,950	1,908	1,920	1,835	1,854	1,785
Long-distance transport	129	131	131	125	126	123	123	119	120	119
Regional and urban transport	2,125	2,104	2,021	1,856	1,824	1,785	1,797	1,717	1,735	1,667
Volume sold (million pkm)	88,407	88,746	88,433	79,228	78,582	76,772	77,812	74,792	74,788	72,554
Long-distance transport	36,102	36,777	37,357	35,565	36,026	34,708	35,457	34,137	34,458	33,641
Regional and urban transport	52,305	51,969	51,076	43,663	42,556	42,064	42,355	40,654	40,331	38,913
FREIGHT TRANSPORT										
Freight carried (million t)	329.1	390.1	398.7	411.6	415.4	341.0	378.7	312.8	307.6	274.6
Volume sold (million tkm)	102,871	104,259	105,894	111,980	105,794	93,948	113,634	98,794	96,388	88,022
INFRASTRUCTURE										
Train kilometers on track infrastructure (million train-path km)	1,044	1,035	1,039	1,051	1,034	1,003	1,043	1,050	1,016	998
thereof non-Group customers	261	247	231	220	195	170	162	147	128	110
EMPLOYEES (FTE)										
Average	296,094	293,765	286,237	282,260	251,810	239,888	240,008	231,356	228,990	220,343
As of Dec 31	295,763	295,653	287,508	284,319	276,310	239,382	240,242	237,078	229,200	216,389

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