Mobility
Networks
Logistics

Deutsche Bahn

Interim Report
January – June 2010

At a glance

Selected key figures	H 1		Change	
	2010	2009	ABSOLUTE	%
KEY FINANCIAL FIGURES (€ MILLION)				
Revenues	16,102	14,272	+1,830	+12.8
Revenues comparable	15,992	14,272	+1,720	+12.1
Profit before taxes on income	369	764	-395	-51.7
Net profit	392	547	-155	-28.3
EBITDA adjusted	2,197	1,994	+203	+10.2
EBIT adjusted	846	671	+175	+26.1
Non-current assets as of Jun 30, 2010/Dec 31, 2009	41,209	41,308	-99	-0.2
Current assets as of Jun 30, 2010/Dec 31, 2009	8,124	5,995	+2,129	+35.5
Equity as of Jun 30, 2010/Dec 31, 2009	13,670	13,066	+604	+4.6
Net financial debt as of Jun 30, 2010/Dec 31, 2009	14,860	15,011	-151	-1.0
Total assets as of Jun 30, 2010/Dec 31, 2009	49,333	47,303	+2,030	+4.3
Capital employed as of Jun 30	28,738	28,223	+515	+1.8
ROCE	5.9%	4.8%	–	–
Gross capital expenditures	2,502	2,376	+126	+5.3
Net capital expenditures	865	923	-58	-6.3
Cash flow from operating activities	1,286	1,549	-263	-17.0
KEY PERFORMANCE FIGURES				
RAIL PASSENGER TRANSPORT				
Passengers (million)	954.1	958.0	-3.9	-0.4
Volume sold (million pkm)	38,098	37,342	+756	+2.0
Volume produced (million train-path km)	334.0	335.6	-1.6	-0.5
RAIL FREIGHT TRANSPORT				
Freight carried (million t)	203.2	145.0	+58.2	+40.1
Volume sold (million tkm)	52,588	44,255	+8,333	+18.8
Capacity utilization (t per train)	499.6	476.2	+23.4	+4.9
RAIL INFRASTRUCTURE				
Train kilometers (million train-path km)	508.5	494.2	+14.3	+2.9
thereof non-Group customers	(94.4)	(82.4)	(+12.0)	(+14.6)
Station stops (million)	71.2	71.5	-0.3	-0.4
thereof non-Group customers	(10.9)	(9.7)	(+1.2)	(+12.4)
BUS TRANSPORT				
Passengers (million)	408.7	391.5	+17.2	+4.4
Volume sold (million pkm)	4,776	4,640	+136	+2.9
FREIGHT FORWARDING AND LOGISTICS				
Shipments in European land transport (thousand) [1]	39,372	34,364	+5,008	+14.6
Air freight volume (export) (thousand t) [1]	586.8	456.3	+130.5	+28.6
Ocean freight volume (export) (thousand TEU) [1]	800.1	650.1	+150.0	+23.1
OTHER FIGURES				
Employees as of Jun 30	239,683	236,773	+2,910	+1.2
Rating Moody's/Standard&Poor's/Fitch	Aa1/AA/AA	Aa1/AA/AA	–	–

[1] Preliminary figures

Chairman's letter

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

Dear ladies and gentlemen,

We can finally look back on a good, but at the same time eventful first half of 2010. At the beginning of the year we were confronted with the worst weather conditions seen in the past ten years – and now in the summer we are facing the hottest recorded temperatures in 100 years. These extreme weather conditions posed great challenges to the availability of our long-distance trains – especially our ICE trains – and resulted in heavy criticism from our customers and the general public. We have taken all necessary measures to ensure stable operations and to keep our service promise to our customers. Financially, the recovering global economy enabled the previously heavily affected freight transport and logistics businesses to record a significant upswing in performance. This not only benefited DB Schenker Rail and DB Schenker Logistics, it also supported the business units in the infrastructure area. Passenger transport showed a stable development.

These favorable trends are reflected in both our revenue and profit figures: as of June 2010 DB Group revenues rose by more than € 1.8 billion to about € 16.1 billion, or 12.8 percent more than the same year-ago figure.

We were even able to improve our operating profit (adjusted EBIT) by 26 percent to € 846 million. This gain was not only generated by additional volumes sold. The improvement was also due to measures we launched in 2009 to improve our cost structures as part of the Group's reACT program, which we are continuing to implement successfully.

Despite all of the uncertainties associated with the outlook for future economic development, we can say for sure that we are cautiously optimistic because we are back on track for growth – not only in terms of profits, but also in the development of our business. The acquisition of Arriva ensures that we will be able to successfully assert our position during the consolidation process in the European transport markets. Together with Arriva we will be present in a total of 12 important European markets. Arriva's shareholders approved our offer on June 17, 2010. We anticipate that, pending approval by European cartel authorities, the transaction will be concluded at the end of August 2010.

Our business success means that we can make further advances in the area of capital expenditures, for example to improve customer service and quality. Mid-term planning forsees total capital expenditures of € 41 billion to be made just in Germany alone. Approximately € 31 billion of this amount are earmarked for infrastructure projects, while most of the remaining € 10 billion will be used to procure new vehicles. Furthermore, our new organizational structure in the area of technology has prepared the foundation for higher quality and even more reliable operations.

During the past six months we have launched groundbreaking processes to bring about change and further develop the areas of customer care, quality, technology, capital expenditures, and also the market. The bottom line is that we are making good progress for our customers, our employees and in keeping with the responsibilities associated with 175 years of railway history in Germany.

Sincerely yours,

CONTENTS

Major events

AGREEMENT REACHED TO REPLACE ALL WHEEL SETS IN ICE T FLEET

At the end of February 2010 we reached an agreement with Alstom and their consortium partners to replace the ICE T wheel sets, whereby they agreed to design, manufacture and deliver totally new wheel sets. The new wheel sets must be licensed for use by the Federal Railways Agency (Eisenbahn-Bundesamt).

DB STADTVERKEHR INVESTS MORE THAN € 150 MILLION IN NEW BUSES

At the beginning of March 2010 DB Stadtverkehr (urban transport) and MAN Nutzfahrzeuge signed a master agreement for 600 buses valued at over € 150 million. According to the terms of the agreement we ordered 250 city buses, intercity buses and long-distance coaches in 2010. We hold an option to purchase an additional 350 vehicles in the years 2011 and 2012.

ANNIVERSARY YEAR CELEBRATIONS BEGIN TO MARK "175 YEARS OF RAILWAYS IN GERMANY"

In early March 2010 we launched the celebrations to mark "175 Years of Railways in Germany" with a ceremony in the historical Emperor's Station (Kaiserbahnhof) in Potsdam. Additional celebrations during 2010 will include special ticket offers, numerous local events, as well as activities arranged by cities such as Nuremberg and Fürth. Additional information is available at www.deutschebahn.com/175.

COMMITMENT TO UNITED ARAB EMIRATES STRENGTHENED

At the end of March 2010 we entered into a strategic partnership for the planning, construction and operation of rail systems in the United Arab Emirates (UAE) when we signed a corresponding Memorandum of Understanding in Abu Dhabi together with the Al-Masood-Group.

QUALITY OF RAIL NETWORK AND STATIONS IMPROVED

The completion of the 2009 Infrastructure Status and Development Report at the end of April 2010 documented that we had achieved the quality standards agreed with the Federal Ministry of Transport for the rail network, stations and provision of energy according to the terms of the Servicing and Financing Agreement (Leistungs- und Finanzierungsvereinbarung; LuFV).

SUCCESSFUL BID IN SWEDEN

At the end of April 2010 DB Regio Sverige, together with the Swedish national railway SJ, won the tender to operate regional transport routes in northern Sweden. Plans call for transport services on the Norrtåg network, which is still partially under construction, to begin gradually as of August 2010. Starting in 2013 annual operations will cover 4.7 million train kilometers, which can be expanded by an additional 2.2 million train kilometers. The contract has a term of six years with an extension option for an additional five years.

ACQUISITION OF BRITISH PASSENGER TRANSPORT COMPANY ARRIVA

In mid-June 2010 shareholders of Arriva plc approved our offer to buy the company. In addition to the United Kingdom, Arriva operates train and bus routes in 11 other European countries, including Germany. The conclusion of the transaction is planned to take place at the end of August 2010, pending approval by the responsible cartel authorities.

Interim Group management report *(unaudited)*

OVERVIEW

- **BUSINESS SIGNIFICANTLY FAVORABLE**
- **GROUP reACT PROGRAM CONTINUED SUCCESSFULLY**
- **NET FINANCIAL DEBT CONTINUES TO DECLINE**

DB GROUP BENEFITS FROM RECOVERY OF GLOBAL ECONOMY

Selected key figures € MILLION	H 1		Change	
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Deutsche Bahn Group (DB Group) recorded overall favorable business development for the first half of 2010. Following declines noted in the previous year, significant gains were posted for volumes sold, revenues, operating results and return on capital employed (ROCE). Net financial debt fell slightly. Gross capital expenditures were influenced by the continued implementation of the economic stimulus programs. Based on our performance during the period under review, and despite the still existing effects of the global economic and financial crisis, we view DB Group's overall business situation as favorable.

Our development during the first half of 2010 was marked by the further recovery of the global economy following the deep recession seen in the previous year. The recovery led to a substantial increase in demand for our services in the transport and logistics markets that are relevant for our business. In addition, our development in the first half of 2010 was also influenced by external factors. These include the restrictions imposed on European air travel due to the eruption of the Eyjafjallajökull volcano in Iceland, a pilots' strike in February 2010, as well as severe winter weather experienced at the beginning of the year that led to temporary increases in our volumes sold. On the other hand, rough winter conditions forced us to curtail some services which in turn led to lost revenues and profits, especially for our infrastructure area of business. However, business units in the infrastructure area did benefit from revived demand for rail freight transport and the continuation of government stimulus programs. We continued the Group's reACT program as planned, which had correspondingly favorable effects on the development of our profits.

As part of our efforts to achieve our strategic goal of becoming a leading international provider of transport and mobility services we decided to acquire the transport company Arriva plc, Sunderland/Great Britain, and thereby significantly expanding our position in the European passenger transport market. Arriva has not yet been included in the scope of consolidation for the first half of 2010.

In contrast to the same year-ago period DB Group's results in the first half of 2010 were only marginally influenced by special items. However, in this context it should be noted that € 35 million in income was recorded from the partial release of provisions made for technology-related risks because of the agreement reached about the replacement of the ICE T axles. In contrast, the special item amounting to € 639 million in conjunction with the Stuttgart 21 Project substantially influenced our profits during the first half of 2009. As a result of the decreasing special items other operating income dropped and led to a lower net profit.

Changes to the scope of consolidation had only a very minor effect on revenues during the first half of 2010, and resulted from the inclusion of DB Schenker Rail Polska in the Group's consolidated financial statements as of August 1, 2009.

BUSINESS AND OVERALL CONDITIONS

- **UTZ-HELLMUTH FELCHT NEW CHAIRMAN OF THE SUPERVISORY BOARD**
- **ARRIVA SHAREHOLDERS AGREE TO OUR ACQUISITION OFFER**
- **ECONOMIC RECOVERY HAS POSITIVE EFFECT ON OUR MARKETS**

CHANGES IN DB GROUP

Changes in DB AG's Supervisory Board and Management Board

Dr. Walther Otremba resigned his mandate as a member of the Deutsche Bahn AG (DB AG) Supervisory Board effective March 8, 2010. He was succeeded by Dr. Hans Bernhard Beus, who was seconded as a representative of the Federal Government.

The term of office of the following Supervisory Board members ended at the close of the Annual General Meeting on March 24, 2010: Georg Brunnhuber, Niels Lund Chrestensen, Christoph Dänzer-Vanotti, Dr. Jürgen Großmann, Dr. Jürgen Krumnow, Dr. Heinrich Weiss, Dr. Werner Müller, Dr. Hans Bernhard Beus, Dr. Bernhard Heitzer and Prof. Klaus-Dieter Scheurle. The following persons were elected as members of the DB AG Supervisory Board effective March 24, 2010: Christoph Dänzer-Vanotti, Patrick Döring, Prof. Dr. Dr. Utz-Hellmuth Felcht, Dr. Jürgen Großmann, Dr. Jürgen Krumnow, Dr. Knut Löschke, and Dr. Heinrich Weiss. Effective March 24, 2010 Dr. Hans Bernhard Beus, Dr. Bernhard Heitzer and Prof. Klaus-Dieter Scheurle were seconded to the Supervisory Board as representatives of the Federal Government. Prof. Dr. Dr. Utz-Hellmuth Felcht was elected Chairman of the Supervisory Board and Alexander Kirchner was elected as his deputy. The employees' representatives Heike Moll and Horst Hartkorn also stepped down as members of the Supervisory Board effective March 24, 2010. They were succeeded by Mario Reiß and Wolfgang Joosten, who were elected to the Supervisory Board by the Delegates Assembly on March 11, 2010.

Stefan Garber resigned his mandate as member of the DB AG Management Board responsible for the Infrastructure Division effective March 31, 2010. He was succeeded on April 1, 2010 by Dr. Volker Kefer, who will serve for the remainder of his existing term. Dr. Volker Kefer had already served as the provisional head of the Infrastructure Division since December 9, 2009. In addition, Dr. Volker Kefer will remain the head of the Rail Technology and Services division, a position he also holds as member of the Management Board of DB Mobility Logistics AG (DB ML AG).

Diethelm Sack resigned his mandate as member of the Management Board responsible for Finance/Controlling effective March 31, 2010. He was succeeded by Dr. Richard Lutz, who was appointed a member of the Management Board of DB AG for a term of three years as of April 1, 2010. Dr. Richard Lutz was also appointed a member of the DB ML AG Management Board responsible for Finance/Controlling.

Acquisition of Arriva, a British passenger transport company

On May 18, 2010 we submitted a binding offer to the shareholders of Arriva plc, a British passenger transport company based in Sunderland/Great Britain, to purchase all of the shares of Arriva, thereby fully acquiring the company. On June 17, 2010, 85.1% of the Arriva shareholders, representing 90.4% of the shares, voted in favor of accepting our offer. As the shareholder acceptance rate exceeded 75%, all of Arriva's shareholders are bound to abide by the offer according to British Takeover and Merger Law terms.

Pending approval by the responsible cartel authorities the transaction is expected to close at the end of August 2010. If the authorities sanction the acquisition, Arriva shares will be delisted from trading and Arriva will become a wholly owned subsidiary of DB UK Holding Limited, London/Great Britain.

In addition to Great Britain, Arriva operates train and bus routes in eleven other European countries, including Germany. The company recorded revenues of about GBP 3.15 billion in 2009 and has about 42,300 employees.

ECONOMIC ENVIRONMENT

The global economy has continued to recover. Global production figures are anticipated to have risen sharply in the first half of 2010 according to the Kiel Institute for the World Economy (Institut for Weltwirtschaft; IfW) indicator for global economic activity. The economies of the developing and emerging countries, in particular, are posting strong growth while production in the industrialized nations has also rebounded significantly. However, the economic upswing is being driven not lastly by increased restocking of inventories and the positive effects of expansive monetary and fiscal policies in place in many countries.

The economic recovery in the USA continued in the first half of 2010 and was supported by rising inventory levels, personal consumption, and capital expenditures for plant and equipment. The pace of recovery noted in the Asian region has accelerated. Overall economic production has risen sharply in Japan. In addition to already strongly expanded exports, especially in neighboring Asian countries, consumer spending also increased substantially. During the first half of 2010 the Chinese economy once again posted notable growth rates due to the government's extensive economic stimulus program and strong foreign demand for Chinese goods.

The European economy grew moderately in the first half of 2010, especially in Western Europe. The slight expansion in the Eurozone was mainly driven by firms restocking their inventories. Economic development in the new EU member countries continues to be markedly different from the rest of the EU, even though production expanded further in most countries. The economic situation in Poland remains particularly encouraging, due primarily to the favorable influence of the country's fiscal and monetary policies. The gross domestic product (GDP) figure in the Eastern Europe region remained above the EU average. The Russian economy rebounded strongly due mainly to higher oil prices.

The German economy continued to recover in the first half of 2010. Economic growth was mainly driven by foreign trade. GDP growth in Germany was also assisted by the restocking of inventories, government spending programs and a slight rise in investments for plant and equipment. In contrast, lower consumer spending and reduced construction activity due to severe winter weather hindered economic growth.

The relevant economic environment for passenger transport in Germany provided only very minor support during the first half of 2010. The situation in the labor market remained very robust as in 2009. The number of employed persons remained slightly below the previous year's level. The labor market was stabilized by short-time working hours, which also continued to dampen the increase in the number of unemployed persons. Disposable income rose slightly in real terms, while consumer spending declined. Fuel prices rose sharply due to higher oil prices.

The relevant economic environment for freight transport in Germany improved substantially. The relevant economic factors were mainly favorable with strong gains in foreign trade figures providing major support. Production in the manufacturing sector rose noticeably. Above all, however, industries that depend heavily on exports recorded high double-digit growth figures. Steel production rose significantly and was driven by higher demand in customer industries and the increasing restocking of inventories. Although construction activity was initially held back by severe winter weather, it was subsequently able to almost completely make up for the drop.

Bond markets, especially sovereign bond markets, remain nervous

After ten-year Bunds yielded 3.38% at the end of 2009, growing uncertainty surrounding the further development of debt levels of individual states in the Eurozone led to an increased aversion to take on risk. Developments seen in Greece, in particular, led to a sharp increase in risk premiums and the preparation of a rescue package assembled by the EU and the International Monetary Fund. A further rescue package of up to € 750 billion for Eurozone countries facing repayment problems did not bring lasting calm to the bond markets. Investors still viewed German government bonds as safe haven investments, which in turn caused the yield on ten-year Bunds to decline to 2.53% at the beginning of June 2010. Ten-year Bunds were yielding 2.57% at the end of the period under review. Against the background of the ongoing recovery of the global economy and continuing economic stimulus programs, the corporate bond market was able to assert itself, although this primarily applied to companies with a good credit-worthiness. We were one of the few companies in this capital market environment to issue a ten-year bond at favorable conditions.

POLITICAL ENVIRONMENT

Regulatory environment for rail transport

Federal Network Agency declares station price system invalid

With its ruling of December 10, 2009 the Federal Network Agency declared that fees paid for the usage of DB Station&Service AG's passenger stations were invalid, and that its ruling would take effect as of May 1, 2010. DB Station&Service AG filed a protest against the ruling based on the fact that the fees paid for the usage of passenger stations are the same for all train operating companies (TOCs) and therefore are not discriminatory. On March 23, 2010 the Higher Administrative Court in Münster ruled in favor of the motion filed by DB Station&Service AG to postpone the implementation of the Federal Network Agency's decision with certain conditions attached. The station pricing system can remain in effect for the time being as long as certain conditions are met. We are currently engaged in seeking a solution with the Federal Network Agency.

Federal Network Agency denies regional factor fees

In its declaration of March 5, 2010, which will take effect as of December 12, 2010, the Federal Network Agency prohibited DB Netz AG from continuing to charge users a regional factor as part of the train-path pricing system. The Federal Network Agency views the regional factor as being discriminatory as TOCs are not treated equally on lines with or without regional factors. Furthermore, the Federal Network Agency has stated that the regional factors do not meet the legal regulatory requirements for transparency. DB Netz AG filed a protest against the ruling on May 4, 2010. A decision regarding the legality of the regional factors is therefore still pending. Here again, we are engaged in discussions with the Federal Network Agency to resolve this issue.

Expert opinion to determine cost of capital in railway infrastructure sector

In May 2010 the Federal Network Agency presented for consultation an expert opinion they had commissioned entitled "Determination of the cost of capital in the railway sector," for the purpose of defining the permissible extent of access charges. We participated in the consultations and commissioned NERA Economic Consulting, an independent consulting firm, to prepare another expert opinion, which we published with a statement of opinion in June 2010. This expert opinion can be downloaded from our Web site. The purpose of the expert opinion is to define the return on capital that a railway infrastructure company may earn. Discussions with the Federal Network Agency will be continued during the course of the year.

Further development of the relevant legal framework

Liberalization of cross-border rail passenger transport

Directive 2007/58/EC obligated all EU member states to open their markets for cross-border rail passenger transport as of January 1, 2010, although the terms of the directive do, however, provide significant leeway to limit market access, which many of the EU member states have taken advantage of. The liberalization of the market in Germany was completed significantly earlier than the date when the directive took effect. The EU Commission is currently conducting a review examining the extent to which the national rail passenger transport markets in Europe are prepared to accept a complete opening of the market.

New version of the first railway package

The European Commission is planning to submit a proposal to recast European railway legislation. The lawmaking process in the EU Council and European Parliament is scheduled to begin in September 2010. Based on existing information, the EU Commission will also address tightening the regulation of service facilities, additional competencies for regulatory authorities, as well as extended guidelines for infrastructure financing and train-path usage fees. The proposed legislation does not foresee a complete liberalization of the rail passenger transport sector.

Regulation for a European rail freight transport network

Following the compromise reached in June 2010, the new EU regulation is already planned to take effect in 2010. Based on the terms of the regulation, DB Netz AG is obligated to participate in building up internationally staffed operational structures on three European freight transport corridors within the next three to five years. The primary goal of the regulation is to achieve closer cross-border coordination on capital expenditures and construction planning, as well as improved levels of capacity and transport management.

The critical issue here is that track has to be kept clear for international freight transports even without first securing a corresponding requirement to use the track. This can lead to a reduction of network capacity for other freight or passenger transports due to lost availability of track, and, in addition, lead to correspondingly higher costs in case of the non-usage of track. These rules will have substantial effects on European processes and the drawing up of passenger and freight timetables, and also represent the first step towards European control of network management. DB Netz AG will strive to limit any negative effects for regional and long-distance passengers to the greatest extent possible.

EU policy revised for developing a Trans-European Transport Network (TEN-V)
The EU Commission has fundamentally revised its TEN-V policy. In the future the policy should make a greater contribution towards the realization of the EU's transport policy goals, as well as its goals to protect the environment and the climate. TEN-V and the criteria for selecting projects should be recast. Plans call for a better integration of all modes of transport including intermodal interfaces (e.g. harbors and airports), a stronger focusing of subsidies on a so called core network, as well as a legal obligation for projects to be completed within the planned time. The Commission plans to present its proposed legal changes in early 2011.

DEVELOPMENTS IN THE RELEVANT MARKETS

To the extent that they do not represent performance figures of DB Group companies, the following market development information and data are based on our own preliminary estimates and calculations.

Passenger transport

We estimate that volume sold in the German passenger transport sector (motorized individual transport, rail, public road passenger transport, as well as domestic air transport) declined slightly in the first half of 2010 due primarily to the weak development noted for the dominant motorized individual transport segment.

In contrast to all other modes of transport volume sold in the rail passenger transport segment in Germany rose by nearly 2% while the performance of our companies increased by 1.9%. Whereas regional transport was affected by limitations noted for the S-Bahn (metro) Berlin and only posted a marginal gain of 0.3%, long-distance transport grew by a strong 3.8%. In addition to the influence of special offers, this favorable development was also driven by conditions that led to a restriction of air transport during the first half. Volume sold by non-Group railways rose at a rate comparable to ours.

Demand in the public road passenger transport sector weakened by about 0.5%. Weaker incomes and shrinking consumer spending had a notable impact on non-scheduled transport, while scheduled transport was primarily affected by the unbroken declining number of schoolchildren.

The long and severe winter, as well as the sharp year-over-year increase in fuel prices, dampened performance of the motorized individual transport sector. Following the sharp increase in new car sales in 2009 generated by the Federal Government's "cash for clunkers" stimulus program, new car registrations were likely to have been lower in the first half of 2010 than in the same year-ago period. Volume sold fell by a correspondingly marginal figure in the first half of 2010.

Demand in the German domestic air transport sector was burdened by the effects of the strikes at Lufthansa in February 2010 and the volcanic ash clouds in April 2010. As we anticipated, volume sold in this sector were lower in the first half of 2010 than in same year-ago period.

Freight transport and logistics

The economic recovery noted in the second half of 2009 accelerated in the first half of 2010 and had a correspondingly favorable influence on the international transport and logistics markets. The relevant markets for our business recorded substantially favorable development following the sharp decline seen in the first half of 2009.

German freight transport market

After taking into consideration the favorable influence generated by economic conditions on one hand, and the dampening effects the severe winter weather had on the construction industry on the other, coupled with existing preliminary data, we estimate that the volume sold figure for the entire market (rail, road, inland waterway transport, and long-distance pipelines) rose slightly in the first half of 2010. Figures for rail transport, which basically collapsed in 2009, recorded above-average growth as rail transport correspondingly improved its market position once again. The market's pace of growth has accelerated significantly. Despite the reappearance of capacity bottlenecks in certain market segments, and a trend indicating rising freight rates, the market is still characterized by intensive inter- and intra-modal competition as well as an unchanged low level of prices.

Following the sharp drop noted for volume sold in the rail freight transport sector in Germany in the first half of 2009 due to the economic crisis, a significant rebound took place in the first half of 2010, with international transports performing slightly better than domestic transports. Performance still remained notably below the pre-crisis level despite the substantial increase. Non-Group railways, which had posted a relatively moderate decline in the first half of 2009, posted a comparatively slight increase in their volume sold in the first half of 2010. Our companies were able to record notably stronger development in the same period.

The road freight transport sector was still experiencing a weak development at the start of the year as volume sold remained below the same year-ago level due to inclement weather conditions that dampened the construction industry, as well as notable declines in petroleum-based products, as well as lower figures for food and specialty food products. Due to the strong rebound seen at the end of the first half of 2010 it may be assumed that a slight increase has taken place. Foreign trade activities had a favorable impact and, above all, led to the strong growth of business for foreign-owned trucks, which dominate the cross-border routes. Despite the appearance of capacity bottlenecks in some segments of the market, competition remains extremely intense. Freight rates have not kept pace with rapidly rising cargo volumes. At the same time, cost pressures facing carriers have increased due to the sharp rebound in the price of diesel fuel since the start of 2010.

It is estimated that volume sold noted for inland waterway transport were slightly higher than the same year-ago figures. This view is based on favorable economic effects, which have led to substantial gains especially for reception transports that more than offset the negative effects from weather-related restrictions.

European rail freight transport

Based on preliminary information, all of the major European rail freight transport companies, with few exceptions (state-owned railways in France, Italy and in some other countries), were again able to post notable gains following the sharp declines seen in 2009. Total volume sold in the European rail freight transport sector are estimated to have risen by a double-digit rate.

Volume sold in the rail freight transport segment in Poland expanded initially at the beginning of 2010, whereby this growth was solely generated by the state-owned PKP. Just as in Germany, the development of the iron and steel industries had a major effect on Polish results. Results recorded by the other TOCs have so far remained lower on a year-on-year basis. DB Schenker Rail Polska has maintained its level of performance. During the remaining course of the first half of 2010 the favorable effects generated by the economic recovery were offset by the serious effects of flood waters, which also impacted on rail freight transport. Coal and automobile transports were among the affected product categories. Even after the flood waters receded, work required to repair the infrastructure is still facing restrictions.

In France, the third largest rail freight transport market in Europe after Germany and Poland, volume sold fell by nearly 20% in 2009. Preliminary information indicated that no notable recovery took place in the first half of 2010. While our subsidiary company, Euro Cargo Rail SAS, Paris/France, was able to substantially increase its volume sold even further, it is estimated that state-owned Fret SNCF posted a further decline in their volume sold. Favorable economic effects were confronted with cuts in the availability of single wagons, as well as nationwide strikes.

Development noted in the first half of 2010 in Great Britain was marked by the unchanged weak development of the traditionally very important coal transports, even though the important intermodal transport segment was able to rebound from the weak development seen in the first half of 2009. DB Schenker Rail's UK volume sold remained below the same year-ago level.

European land transport

The economic recovery in Europe also led to solid year-on-year increases in volume transported in the European land transport market in the first half of 2010. The price level, which had fallen notably in 2009, is still, however, low. At the same time, the general increase in demand led to bottlenecks on various routes, which in turn meant that at least moderate price adjustments were again possible in some areas. This is offset by the fact that customers are generally refraining from asking for bids in order to keep the low level of 2009 prices intact for as long as possible. In addition, the unbroken level of very intensive competition is limiting the scope for price increases.

Air freight

Rising demand noted in the air freight market at the end of 2009 continued in the first half of 2010 and even strengthened further in some markets. It is estimated that the market grew by more than 20% in the first half of 2010. Growth was particularly impressive in Asia, the biggest market, where it advanced at an above-average rate. Furthermore, the flights lost due to the volcanic ash clouds only slowed growth in the European market and did not stop it. Despite notable gains in all markets, airlines are being very cautious about bringing idled air freight capacity back to the market. This has resulted in demand rising faster than capacity as air freight space is only growing at a marginal rate, which in turn has already led to bottlenecks and rising rates.

Ocean freight

Measures introduced in 2009 by shipping companies to cut excess cargo space capacity led to a considerable increase in freight rates since the fall of 2009. The increase in cargo noted during the first months of 2010 has made it possible to return laid-up ships to service with further rate increases so that shipping companies are currently operating at full available capacity. Global freight volume posted double-digit increases in the first half of 2010, which was substantially higher than the previous year's level. After shipping companies around the world were forced to absorb about USD 22 billion in lost revenues in 2009, the measures that they have implemented since then, as well as the favorable development of demand, have aided the recovery of their financial situation. It is anticipated that the additional tonnage capacities returned to the market will lead to a stabilization of cargo rates at their current level.

Contract logistics

The business climate in the contract logistics sector has improved notably in comparison to 2009. The change is driven by market expansion on all continents, and especially in the Asian markets where particularly strong growth has been noted. The volume produced by our three key industries (automotive, consumer goods and electronics) are higher than same year-ago figures. The increase was particularly pronounced in the automotive and electronics industries. Risks related to the possible insolvency of individual customers, however, still remain.

BUSINESS PERFORMANCE

- **REVENUES INCREASE BY ABOUT 13 % TO € 16.1 BILLION**
- **ADJUSTED EBIT INCREASES BY € 175 MILLION TO € 846 MILLION**
- **ROCE IMPROVED AT 5.9 %**

MAJOR CHANGES IN YEAR-ON-YEAR COMPARISON

The development of income and expenses was only immaterially influenced by changes made to the scope of consolidation during the year under review. These changes resulted from the inclusion of DB Schenker Rail Polska in the consolidated financial statements since August 1, 2009. DB Schenker Rail Polska is carried under the DB Bahn Regional business unit.

DEVELOPMENT OF REVENUES

Revenues € MILLION	H 1		Change	
	2010	2009	ABSOLUTE	%
DB Group	16,102	14,272	+ 1,830	+ 12.8
– Effects from major acquisitions	110	0	+ 110	–
DB Group – comparable	15,992	14,272	+ 1,720	+ 12.1

Group revenues increased noticeably in the first half of 2010 in comparison to the same year-ago figure. This was primarily due, in particular, to the significant economic recovery that led to a substantial increase in demand for our services in the transport and logistics markets that are relevant for our business. We also had positive effects in passenger transport, as we posted higher volumes sold. Our infrastructure business units participated from the increased demand in the rail freight transport.

Revenues benefited from positive exchange rate effects totaling € 241 million, mainly accruing in our DB Schenker Logistics business unit.

Effects from major acquisitions stem exclusively from the revenues of DB Schenker Rail Polska amounting to € 110 million.

As a result of an organizational change the previous year's figures in the DB Bahn Regional and DB Bahn Urban business units were adjusted. Effective January 1, 2010, the S-Bahn (metro) Berlin and Hamburg are carried under the DB Bahn Regional business unit. They were previously carried under the DB Bahn Urban business unit as the S-Bahn unit. The previous year's figures have been adjusted accordingly.

Total revenues by business units € MILLION	H 1		Change	
	2010	2009	ABSOLUTE	%
DB Bahn Long-Distance	1,828	1,729	+99	+5.7
DB Bahn Regional	3,753	3,782	-29	-0.8
DB Bahn Urban	634	617	+17	+2.8
DB Schenker Rail	2,268	1,899	+369	+19.4
DB Schenker Logistics	6,746	5,477	+1,269	+23.2
DB Services	557	575	-18	-3.1
DB Netze Track	2,198	2,126	+72	+3.4
DB Netze Stations	524	512	+12	+2.3
DB Netze Energy	1,230	1,149	+81	+7.0
Other	352	341	+11	+3.2
Consolidation	-3,988	-3,935	-53	+1.3
DB Group	**16,102**	**14,272**	**+1,830**	**+12.8**

The development of revenues were positive in most of our business units. Increases were posted in all business units except for DB Bahn Regional and DB Services.

DB Bahn Long-Distance benefited from an increase in performance mainly as a result of the restrictions imposed on European air travel. DB Bahn Regional total revenues decreased due to reductions in services offered by the S-Bahn Berlin and weaker volume produced after having lost award decisions in the past in Germany.

The DB Schenker Rail and DB Schenker Logistics business units noted the absolute biggest gains in revenues based on the economic recovery after the significant decreases in the previous year.

In the Infrastructure division all business units recorded a favorable development. In the DB Netze Track business unit revenues increased based on higher demand and prices. The DB Netze Stations business unit benefits in particular from higher demand from non-Group railways. Revenues posted by the DB Netze Energy business unit rose as their energy services activities and traction power revenues expanded, among other reasons.

Based on a breakdown of external revenues by business units, the share of the business units in the Passenger Transport division decreased from 42 to 38%. The DB Bahn Long-Distance business unit's share decreased from 12 to 11% while DB Bahn Regional saw their share shrink from 26 to 23%. The share of DB Bahn Urban remained constantly at 4%. The DB Bahn Long-Distance business unit's share climbed from 38 to 42%, while the DB Schenker Rail business unit's share expanded from 12 to 13%. DB Schenker Logistics retained its role as primary revenue driver followed by DB Bahn Regional.

Additional information about the performance of the individual business units may be found in the chapter "Development of business units."

External revenues by region € MILLION	H 1		Change	
	2010	2009	ABSOLUTE	%
Germany	10,480	9,801	+679	+6.9
Europe (excluding Germany)	3,635	2,973	+662	+22.3
Asia/Pacific	969	678	+291	+42.9
North America	814	679	+135	+19.9
Rest of world	204	141	+63	+44.7
DB Group	**16,102**	**14,272**	**+1,830**	**+12.8**

The breakdown of revenues by region shows in particular the impact of the economic recovery as all regions posted increases in revenues. Revenues in Germany were supported by the stable developments noted in the Passenger Transport and Infrastructure divisions. However, the increase of 6.9% was less strong than in the other regions. Significant increases were posted in the Asia/Pacific region. The share of revenues generated outside of Germany increased accordingly from 31% in the first half of 2009 to 35% in the first half of 2010.

DEVELOPMENT OF INCOME

Excerpt from statement of income € MILLION	H 1		Change	
	2010	2009	ABSOLUTE	%
Revenues	16,102	14,272	+1,830	+12.8
Inventory changes and internally produced and capitalized assets	1,019	847	+172	+20.3
Other operating income	977	1,644	-667	-40.6
Total income	18,098	16,763	+1,335	+8.0
Cost of materials	-8,816	-7,199	-1,617	+22.5
Personnel expenses	-5,443	-5,438	-5	+0.1
Depreciation	-1,351	-1,323	-28	+2.1
Other operating expenses	-1,613	-1,643	+30	-1.8
Total expenses	-17,223	-15,603	-1,620	+10.4
EBIT	**875**	**1,160**	**-285**	**-24.6**
Financial result	-506	-396	-110	+27.8
Profit before taxes on income	**369**	**764**	**-395**	**-51.7**
Taxes on income	23	-217	+240	–
Net profit	**392**	**547**	**-155**	**-28.3**

Total income rose notably in the first half of 2010 and was driven by the favorable development of revenues. Positive effects from the economic development of the revenues were accompanied by negative effects from the decline in other operating income. These negative effects resulted from the omission of the special item in conjunction with the Stuttgart 21 project in the first half of 2010.

Total expenses posted a slightly larger increase of 10.4 % than total income. A disproportionately large increase was posted in cost of materials resulting from higher costs of purchased services following the significant increase in business activity and increased freight rates in the DB Schenker Logistics business unit. Personnel expenses increased slightly by 0.1 % following the first-time inclusion of DB Schenker Rail Polska. Additionally positive effects occurred from restructuring and personnel adjustment measures. Negotiated pay rises had negative impacts. Both cost of materials and personnel expenses were subject to currency effects also leading to corresponding increases. Depreciation posted for the first half of 2010 was higher than the same year-ago figure. Other operating expenses fell by 1.8 % in the period under review.

The EBIT in the first half of 2010 declined by 25 % especially as a result of the significant reduction of other operating income, that was notably influenced by special items in the first half of 2009. Development of EBIT also impacted on profit before taxes on income, which declined by about 52 % to € 369 million.

In comparison to the first half of 2009, taxes on income improved by € 240 million especially as a result of the improved latent tax result, leading to a tax income of € 23 million. Net profit for the period under review decreased by € 155 million to € 392 million.

Net profit due to minority interests totaled € 6 million (first half of 2009: € 2 million). The aforementioned development thus resulted in total in a corresponding drop in net profit, less amounts owed to minority interests, of € 386 million (first half of 2009: € 545 million). This in turn led to a decline in earnings per share from € 1.27 for the first half of 2009 to € 0.90 for the first half of 2010.

OPERATING INCOME FIGURES

Adjusted EBIT

The adjusted EBIT figure is a key measure of performance for DB Group and its business units, and serves as the basis for measuring the value management figure of ROCE.

Special items € MILLION	**H 1 2010**		H 1 2009
Release of provisions for technical risks	35	Property sales, Stuttgart 21	639
Other	– 6	Other	– 150
Total	**29**	**Total**	**489**

In the period under review the development of EBIT was barely affected by special items in the first half of 2010 after significant impacts in the first half of 2009. Special items amounting to € 29 million were significantly lower than the same year-ago figure amounting to € 489 million and mainly stem from the partial release of provisions amounting to € 35 million made for technology related risks because of the agreement for exchanging the ICE T axles. The first half of 2009 was influenced by the special item in conjunction with the Stuttgart 21 project.

Excerpt from adjusted statement of income	H 1		Change	
€ MILLION	**2010**	2009	ABSOLUTE	%
Revenues	16,102	14,272	+1,830	+12.8
Inventory changes and internally produced and capitalized assets	1,019	847	+172	+20.3
Other operating income	942	1,005	-63	-6.3
Total income	**18,063**	**16,124**	**+1,939**	**+12.0**
Cost of materials	-8,816	-7,199	-1,617	+22.5
Personnel expenses	-5,443	-5,377	-66	+1.2
Depreciation	-1,351	-1,323	-28	+2.1
Other operating expenses	-1,607	-1,554	-53	+3.4
Total expenses	**-17,217**	**-15,453**	**-1,764**	**+11.4**
EBIT adjusted	**846**	**671**	**+175**	**+26.1**
Adjusted EBIT margin	5.3%	4.7%	-	-

Development of revenues in the first half of 2010 was positive based on the aforementioned effects.

Driven by larger maintenance costs, especially in the DB Bahn Long-Distance, DB Schenker Rail, DB Netze Track and DB Netze Stations business units, as well as increased costs of purchased services in the DB Schenker Logistics business unit, based on higher demand and prices, costs of materials increased significantly in the first half of 2010. However, the increase was lower than the increase in total income. Personnel expenses increased by 1.2%. Positive effects from the reduced workforce were accompanied by the negative effects from negotiated pay rises and the first-time inclusion of DB Schenker Rail Polska. Both cost of materials and personnel expenses were subject to currency effects leading to corresponding increases.

Mainly as a result of the first-time inclusion of DB Schenker Rail Polska, depreciation and other operating expenses increased accordingly.

Due to the substantial increase in income coupled with a less than proportionate increase in costs, the adjusted EBIT and the adjusted EBIT margin increased notably during the period under review.

EBIT adjusted by business units € MILLION	H 1		Change	
	2010	2009	ABSOLUTE	%
DB Bahn Long-Distance	80	57	+23	+40.4
DB Bahn Regional	420	456	-36	-7.9
DB Bahn Urban	27	55	-28	-50.9
DB Schenker Rail	-19	-121	+102	-
DB Schenker Logistics	110	37	+73	+197
DB Services	74	57	+17	+29.8
DB Netze Track	237	243	-6	-2.5
DB Netze Stations	123	127	-4	-3.1
DB Netze Energy	40	54	-14	-25.9
Other/consolidation	-246	-294	+48	-
DB Group	**846**	**671**	**+175**	**+26.1**

At the business unit level, the development of EBIT adjusted in the first half of 2010 is heterogeneous compared to the first half of 2009. Increases were posted in the DB Schenker Rail, DB Schenker Logistics, DB Bahn Long-Distance and DB Services business units, while the development of EBIT adjusted in the remaining business units showed constant or decreasing figures.

DB Bahn Long-Distance had increased income as a result of higher volume sold, but also showed higher costs, resulting from higher maintenance costs and increases in vehicle rentals. DB Bahn Regional's EBIT adjusted decreased due to reductions in services offered by the S-Bahn Berlin and revenue decreases after the loss of traffic lines. The business unit DB Bahn Urban posted a decreased EBIT adjusted as a result of increases in cost of materials and personnel expenses as well as decreases in other operating income, despite a positive development in revenues.

The DB Schenker Rail and DB Schenker Logistics business units noted increased EBIT adjusted figures based on significant increases in revenues as a result of the economic recovery.

Higher segment revenues, in particular from maintenance services, in the DB Services business unit led to an increase in the EBIT adjusted figure.

Despite a favorable development in revenues in the DB Netze Track business unit, burdens resulting from the severe winter conditions resulted in a slight decrease of EBIT adjusted. While the development of EBIT adjusted in the DB Netze Stations business unit slightly decreased due to higher maintenance costs, EBIT adjusted in the DB Netze Energy business unit decreased notably following rising energy costs.

The item Other/consolidation improved noticeably in the first half of 2010 compared to the first half of 2009. This improvement was realized as a result of improved cost structures and higher commissions after the increases in volume sold in rail passenger transport.

Additional information about the performance of the individual business units may be found in the chapter "Development of business units."

Adjusted EBITDA

EBITDA adjusted € MILLION	H 1		Change	
	2010	2009	ABSOLUTE	%
EBIT	875	1,160	–285	–24.6
+ Depreciation	1,351	1,323	+28	+2.1
EBITDA	2,226	2,483	–257	–10.4
– Special items	29	489	–460	–94.1
EBITDA adjusted	**2,197**	**1,994**	**+203**	**+10.2**
Adjusted EBITDA margin	13.6 %	14.0 %	–	–

The adjusted earnings from operations before interest, depreciation and amortization (EBITDA) increased by €203 million to €2,197 million. The Adjusted EBITDA margin decreased slightly to 13.6 % (first half of 2009: 14.0 %).

EBITDA adjusted by business units € MILLION	H 1		Change	
	2010	2009	ABSOLUTE	%
DB Bahn Long-Distance	261	237	+24	+10.1
DB Bahn Regional	665	700	-35	-5.0
DB Bahn Urban	62	93	-31	-33.3
DB Schenker Rail	127	9	+118	–
DB Schenker Logistics	197	121	+76	+62.8
DB Services	149	144	+5	+3.5
DB Netze Track	708	692	+16	+2.3
DB Netze Stations	184	190	-6	-3.2
DB Netze Energy	82	97	-15	-15.5
Other/consolidation	-238	-289	+51	-17.6
DB Group	**2,197**	**1,994**	**+203**	**+10.2**

Adjusted EBITDA also tended to mirror development of adjusted EBIT at business unit level. The development of the adjusted EBIT in the DB Netze Track business unit was influenced by a development in depreciation that was not mirrored in the development of adjusted EBITDA. The development of the adjusted EBITDA in the DB Netze Track business unit was accordingly slightly positive, while the adjusted EBIT decreased in this business unit.

Additional information about the performance of the individual business units may be found in the chapter "Development of business units."

VALUE MANAGEMENT

ROCE € MILLION OR %	H 1		Change	
	2010	2009	ABSOLUTE	%
EBIT adjusted	846	671	+175	+26.1
÷ Capital employed	28,738	28,223	+515	+1.8
ROCE	**5.9 %**	**4.8 %**	**–**	**–**

We use ROCE targets to manage DB Group as well as the individual business units, taking the nature and risk of each operating business into consideration. We measure the economic performance of our business activities against these ROCE targets. Furthermore, we also use these targets as a basis for planning purposes and our capital expenditure programs. As a minimum, the ROCE targets are set at the level of the weighted average cost of capital (WACC).

To enable better comparability of accounting periods we use EBIT that has been adjusted for special items. Capital employed represents the interest-bearing capital that DB Group needs to sustain its operations. The ROCE figure increased during the period under review by 1.1 percentage points. This was mainly due to the increase of the adjusted EBIT figure. The capital employed increased in the period under review by 1.8 %, especially as a result of the increased business volume in the DB Schenker Logistics business unit and the corresponding increase in working capital.

DEVELOPMENT OF BUSINESS UNITS

- **THE TRANSPORT AND LOGISTIC MARKETS HAVE RECOVERED APPRECIABLY**
- **CONTINUATION OF STABLE DEVELOPMENT IN THE INFRASTRUCTURE BUSINESS UNITS**

DB BAHN LONG-DISTANCE BUSINESS UNIT

Selected key figures € MILLION	H 1		Change	
	2010	2009	ABSOLUTE	%
Passengers rail (million)	60.2	59.1	+1.1	+1.9
Volume sold rail (million pkm)	17,289	16,662	+627	+3.8
Load factor (%)	46.9	43.8	–	–
Total revenues	1,828	1,729	+99	+5.7
thereof external revenues	(1,765)	(1,662)	(+103)	(+6.2)
EBIT adjusted	80	57	+23	+40.4
EBITDA adjusted	261	237	+24	+10.1
Gross capital expenditures	13	21	-8	-38.1
Employees (FTE as of June 30)	15,312	15,094	+218	+1.4

The development in the DB Bahn Long-Distance business unit was positively affected by stronger demand resulting from various factors, including the restrictions imposed on European air travel and the severe winter weather. While travel distances grew, we have seen an increase in the load factor (from 43.8 to 46.9%), the number of passengers (from 59.1 to 60.2 million) and the volume sold (from 16,662 to 17,289 million pkm).

The positive effects attributable to the performance development, combined with price effects, have resulted in noticeably stronger revenues. Total revenues as well as external revenues have accordingly increased in the period under review.

On the expenses side, we have reported considerable increases in cost of materials. Additional expenses have been incurred as a result of the severe winter and measures taken to increase the availability of rolling stock. Personnel expenses (an expanded workforce and negotiated pay rises) and other operating expenses (due to various factors, including enhanced passenger rights) have also increased. Depreciation was also higher than the corresponding previous year figure, mainly as a result of the capitalization of the new European Train Control System (ETCS) which is uniform throughout Europe for ICE trains deployed outside Germany.

In terms of profit, the increased performance has resulted in adjusted EBIT improving by €23 million to €80 million, and has also seen adjusted EBITDA increase by €24 million to €261 million.

The number of employees has increased by 1.4% compared with June 30, 2009. This was due to various factors, including the hiring of additional staff for onboard service and rolling stock maintenance.

DB BAHN REGIONAL BUSINESS UNIT

Selected key figures € MILLION	H 1		Change	
	2010	2009	ABSOLUTE	%
Passengers rail (million)	891.6	897.5	-5.9	-0.7
Volume sold rail (million pkm)	20,745	20,644	+101	+0.5
Volume produced rail (million train-path km)	259.3	261.5	-2.2	-0.8
Total revenues	3,753	3,782	-29	-0.8
thereof external revenues	(3,716)	(3,742)	(-26)	(-0.7)
thereof concession fees	(2,155)	(2,220)	(-65)	(-2.9)
EBIT adjusted	420	456	-36	-7.9
EBITDA adjusted	665	700	-35	-5.0
Gross capital expenditures	115	280	-165	-58.9
Employees (FTE as of June 30)	29,100	28,794	+306	+1.1

S-Bahn Berlin and S-Bahn Hamburg were internally reclassified from the DB Bahn Urban business unit to the DB Bahn Regional business unit with effect from January 1, 2010. The previous year figures have been adjusted accordingly in order to ensure that the figures are comparable.

In the period under review, the performance development in the DB Bahn Regional business unit reflected declines resulting from lost tenders in previous years as well as the service restrictions which affected S-Bahn Berlin. Overall volumes benefited from the start of operations of the Tyne and Wear Metro in Newcastle by DB Regio Tyne and Wear Limited, London/Great Britain as well as the increase in volume sold by S-Bahn Hamburg. Overall, the number of passengers declined by 0.7%, and the volume produced fell by 0.8%, whereas the volume sold increased slightly by 0.5%.

The development in the number of passengers and volume produced was reflected by a decline in total revenues as well as external revenues. The service restrictions at S-Bahn Berlin and the consequent penalties which had to be paid had a negative impact in this respect.

On the expenses side, cost of materials has increased slightly. Lower energy and train path costs resulting from price and demand were opposed by higher purchased transport services, for replacement services among other things and higher maintenance costs. Personnel expenses increased slightly mainly as a result of negotiated pay rises and the start of operations of Tyne and Wear Metro. Depreciation was higher than the corresponding previous year figure as a result of new trains being put into service at DB Regio NRW.

As a result of the downturn in revenues and additional cost burdens, adjusted EBIT declined slightly by € 36 million to € 420 million and adjusted EBITDA also declined slightly by € 35 million to € 665 million.

Gross capital expenditures were appreciably down compared with the corresponding previous year figure, due to a reduced volume of additions to the existing fleet in conjunction with tenders and service agreements.

The number of employees increased by 1.1%, mainly as a result of the start of operations of Tyne and Wear Metro (+490 employees).

By mid-July 2010, the ordering organizations in Germany had completed nine tender procedures, and had placed orders for a total of about 31 million train kilometers. Our quotation was successful in five of these tender procedures, accounting for 74% of the train kilometers for which orders were awarded.

DB BAHN URBAN BUSINESS UNIT

Selected key figures € MILLION	H 1		Change	
	2010	2009	ABSOLUTE	%
Passengers bus (million)	379.9	367.2	+12.7	+3.5
Volume sold bus (million pkm)	4,336	4,214	+122	+2.9
Volume produced bus (million bus km)	307.4	293.8	+13.6	+4.6
Total revenues	634	617	+17	+2.8
thereof external revenues	(618)	(608)	(+10)	(+1.6)
EBIT adjusted	27	55	-28	-50.9
EBITDA adjusted	62	93	-31	-33.3
Gross capital expenditures	22	22	–	–
Employees (FTE as of June 30)	8,992	8,920	+72	+0.8

S-Bahn Berlin and S-Bahn Hamburg, which together constituted the S-Bahn (metro) unit, were internally reclassified in the DB Bahn Regional business unit with effect from January 1, 2010. The previous year figures have been adjusted accordingly in order to ensure that the figures are comparable. The DB Bahn Urban business unit accordingly now consists only of bus services.

The performance development of our bus services has developed positively in the period under review. Compared with the previous year period, the number of passengers increased by 3.5 %, the volume sold increased by 2.9 % and the volumes produced increased by 4.6 %. Positive factors in this respect included success in tender procedures, particularly in Denmark (effective after mid-2009) as well as the introduction of the Nuremberg to Prague service in August 2009 and more extensive rail replacement bus services. The increase in performance has been reflected in an increase of 2.8 % in total revenues and a 1.6 % increase in external revenues.

Overall, results of operations declined despite the higher revenues. This is due to a downturn in other operating income. On the expenses side, maintenance costs (also as a result of the severe winter) and subcontractor costs increased (as a result of additional services and price increases). The expanded workforce was a driver for the increase in personnel expenses. Adjusted EBIT therefore declined by € 28 million to € 27 million, and adjusted EBITDA fell by € 31 million to € 62 million.

Gross capital expenditures of € 22 million in the period under review were roughly in line with the previous year figure. Following comparatively high capital expenditures due to the start of services for the British military forces in Germany in the first half of 2009, we incurred considerable capital expenditures for modernizing our bus fleet in the period under review.

The number of employees has increased compared with June 30, 2009 because the new services which we had taken on have been associated with an increase in the workforce.

DB SCHENKER RAIL BUSINESS UNIT

Selected key figures € MILLION	H 1		Change	
	2010	2009	ABSOLUTE	%
Freight carried (million t)	203.2	145.0	+58.2	+40.1
Volume sold (million tkm)	52,588	44,255	+8,333	+18.8
Capacity utilization (t per train)	499.6	476.2	+23.4	+4.9
Total revenues	2,268	1,899	+369	+19.4
thereof external revenues	(2,138)	(1,782)	(+356)	(+20.0)
EBIT adjusted	–19	–121	+102	–
EBITDA adjusted	127	9	+118	–
Gross capital expenditures	147	172	–25	–14.5
Employees (FTE as of June 30)	33,492	28,855	+4,637	+16.1

In line with the performance seen on the freight transport markets, the economic climate also considerably boosted the business volumes in the DB Schenker Rail business unit. Particularly positive aspects in this respect have been growth in transport services in Germany in the coal and steel, intermodal, chemicals and automotive industries, as well as the first-time inclusion of DB Schenker Rail Polska, with an effect of 1.7 billion tkm. The positive development has been reflected by an 18.8% increase in volume sold and a 4.9% increase in capacity utilization. Adjusted by the effects of the initial integration of DB Schenker Rail Polska, volume sold increased by 14.9%.

In line with the performance development, total revenues and external revenues also increased strongly (19.4% and 20.0% respectively). The first-time inclusion of DB Schenker Rail Polska had an impact of €110 million on external revenues. All regions (West, Central and East) reported positive growth; disregarding the effects attributable to the first-time inclusion of DB Schenker Rail Polska, the Central region reported the strongest growth in overall revenues (+13.6%). This was attributable to the improvement in the economic climate in the sectors which are relevant for rail freight services and also to specific sales measures which enabled market share to be gained.

The first-time inclusion of DB Schenker Rail Polska was reflected in a considerable increase in cost of materials, personnel expenses and other operating expenses. Adjusted by the development attributable to the integration of DB Schenker Rail Polska, cost of materials in particular rose as a result of higher maintenance costs following the decision to return freight wagons into operations which had previously been sidelined during the crisis due to missing demand. The reduced workforce in the Central region had a positive impact on personnel expenses. This was opposed by negotiated pay rises, so personnel expenses, disregarding the effects attributable to the first-time inclusion of DB Schenker Rail Polska, were accordingly slightly lower than the corresponding previous year figure.

Considerable improvement was achieved in terms of profits, with adjusted EBIT increasing by €102 million, and adjusted EBITDA increasing by €118 million. Nevertheless, adjusted EBIT was still negative at € –19 million. One of the factors in this respect is that the overall level of volumes is still considerably lower than the level seen before the crisis. In addition, the development in results at DB Schenker Rail UK, Euro Cargo Rail (France) and DB Schenker Rail Polska is still unsatisfactory.

Gross capital expenditures were down compared with the corresponding previous year figure.

The number of employees increased considerably as of June 30, 2010 as a result of the addition of DB Schenker Rail Polska (5,738 employees).

DB SCHENKER LOGISTICS BUSINESS UNIT

Selected key figures € MILLION	H 1		Change	
	2010	2009	ABSOLUTE	%
Shipments in European land transport (thousand) [1]	39,372	34,364	+5,008	+14.6
Air freight volume (export, thousand t) [1]	586.8	456.3	+130.5	+28.6
Ocean freight volume (export, thousand TEU) [1]	800.1	650.1	+150.0	+23.1
Total revenues	6,746	5,477	+1,269	+23.2
thereof external revenues	(6,724)	(5,460)	(+1,264)	(+23.2)
EBIT adjusted	110	37	+73	+197
EBITDA adjusted	197	121	+76	+62.8
Gross capital expenditures	61	85	−24	−28.2
Employees (FTE as of June 30)	57,379	58,355	−976	−1.7

[1] Preliminary figures

As a result of economic recovery and the associated improvement on the transport and logistics markets, shipping volumes have risen strongly in the European land transport segment (+14.6%); there has also been an improvement in air freight volumes (+28.6%) and ocean freight volumes (+23.1%). Our contract logistics/SCM operations have also benefited from the worldwide economic development.

In the period under review, total revenues in the DB Schenker Logistics business unit amounted to €6,746 million, up by 23.2% compared with the respective previous year figure. As a result of the positive development in performance, all segments and regions have reported growth in revenues compared with the first half of 2009. European land transport has seen revenues increase by 13% compared with the first half of 2009, and the corresponding growth for air/ocean freight and contract logistics/SCM have been 37% and 8% respectively. External revenues reflect positive exchange rate effects of €233 million. However, these effects have also increased cost of materials and personnel expenses in particular.

Gross profit overall has increased, whereas the gross profit margin in the period under review has fallen from 33.7% in the first half of 2009 to 29.5%. Cost of materials has increased appreciably due to the expansion of business activities and higher freight rates. Growth in personnel expenses and other operating expenses has been lower than growth in gross profit.

On the back of the strong increase in revenues, adjusted EBIT has improved by €73 million to €110 million, and adjusted EBITDA has improved by €76 million to €197 million. The adjusted EBIT and EBITDA margins have also improved appreciably.

National and international land transport activities have also reported improvements in terms of adjusted EBIT compared with the first half of 2009. However, sharply lower freight rates being charged to customers have had a negative impact on the margins. The strongest growth has been reported for air freight, where adjusted EBIT in all regions is higher than the corresponding previous year figures. The development in ocean freight results has been affected by sharply lower margins. The corresponding previous year figure for contract logistics/SCM has been considerably exceeded. The Asia/Pacific region as well as the Central region in particular reported a considerable improvement in operating performance.

Gross capital expenditures are considerably lower than the corresponding previous year figure. Capital expenditures in land transport were our focus once again. The increased level of operations has resulted in an expansion of working capital and a higher level of capital tied up.

The number of employees has declined in the period under review as a result of further restructuring and personnel adjustment measures.

DB SERVICES BUSINESS UNIT

Selected key figures € MILLION	H 1		Change	
	2010	2009	ABSOLUTE	%
Segment revenues	1,433	1,353	+80	+5.9
thereof total revenues	(557)	(575)	(-18)	(-3.1)
thereof external revenues	(49)	(47)	(+2)	(+4.3)
EBIT adjusted	74	57	+17	+29.8
EBITDA adjusted	149	144	+5	+3.5
Gross capital expenditures	51	55	-4	-7.3
Employees (FTE as of June 30)	24,521	24,858	-337	-1.4

The development of the DB Services business unit mainly reflects the support provided by the business unit for customers within DB Group. Internal segment revenues of €1,265 million, which increased by 5.5% in the period under review, thus still account for most of the segment revenues. This increase has been due mainly to the higher services for maintaining rolling stock at DB Fahrzeuginstandhaltung. This was opposed by lower internal revenues for information technology and telecommunication services.

On the expenses side, there has been an increase particularly in cost of materials. This has reflected in particular higher inputs for rolling stock maintenance. Personnel expenses are roughly unchanged compared with the previous year.

Mainly as a result of the high vehicle maintenance load, adjusted EBIT in the first half of 2010 increased by €17 million to €74 million, and adjusted EBITDA improved by €5 million to €149 million.

Gross capital expenditures were lower than the corresponding previous year figure as a result of the continued reduction of vehicle procurement at DB FuhrparkService.

As of June 30, 2010, the number of employees had declined by 1.4% compared with June 30, 2009.

DB NETZE TRACK BUSINESS UNIT

Selected key figures € MILLION	H 1		Change	
	2010	2009	ABSOLUTE	%
Train kilometers on track infrastructure (million train-path km)	507.8	493.6	+14.2	+2.9
thereof non-Group railways	(94.4)	(82.4)	(+12.0)	(+14.6)
Total revenues	2,198	2,126	+72	+3.4
thereof external revenues	(395)	(349)	(+46)	(+13.2)
EBIT adjusted	237	243	-6	-2.5
EBITDA adjusted	708	692	+16	+2.3
Gross capital expenditures	1,921	1,594	+327	+20.5
Employees (FTE as of June 30)	40,225	40,872	-647	-1.6

Train path demand is very much dependent on the operational programs of internal and external customers. The structure of train path demand is dominated by DB Group companies (81%), who increased their demand slightly as a result of the recovery in the rail freight transport market. The share of external railways in total train-path demand has now increased to 19% as a result of further strong growth in demand (in the first half of 2009: 17%). Overall, train path demand in the period under review increased by 2.9% compared with the corresponding previous year period.

Revenues have increased mainly as a result of volume factors attributable to the stronger demand for train path usage. Price adjustments have also had a positive impact in this respect. The development of external revenues mainly reflects the strong increase in demand emanating from external railways.

The severe winter has meant that winter service costs in the first half of 2010 increased considerably. This has resulted in a significant increase in cost of materials compared with the first half of 2009. Despite a smaller workforce, the negotiated pay rises meant that personnel expenses increased.

Overall, the effect of increased revenues was mitigated by higher costs incurred. Adjusted EBIT decreased by € 6 million to € 237 million.

Gross capital expenditures in the period under review were considerably higher than the corresponding previous year figure. The increase was mainly due to the continued and more intense measures carried out in conjunction with the economic stimulus packages.

The number of employees declined slightly as of June 30, 2010, mainly as a result of continued rationalization measures.

DB NETZE STATIONS BUSINESS UNIT

Selected key figures € MILLION	H 1		Change	
	2010	2009	ABSOLUTE	%
Station stops (million)	69.7	70.1	-0.4	-0.6
thereof non-Group railways	(10.9)	(9.7)	(+1.2)	(+12.4)
Total revenues	524	512	+12	+2.3
thereof external revenues	(200)	(192)	(+8)	(+4.2)
EBIT adjusted	123	127	-4	-3.1
EBITDA adjusted	184	190	-6	-3.2
Gross capital expenditures	136	104	+32	+30.8
Employees (FTE as of June 30)	4,654	4,634	+20	+0.4

The number of station stops declined slightly by 0.6% in the period under review. It was not possible to fully compensate for the decline attributable to reduced operations at S-Bahn Berlin.

The increase in total revenues is mainly attributable to rising revenues received for station stops. Therefore, the trend of increased usage of non-Group railway customers continues, this being the cause for the increase in external revenues. Rental and leasing revenues increased slightly compared to the corresponding year-ago figure.

In terms of expenses, personnel expenses increased mainly as a result of negotiated pay rises, and cost of materials increased as a result of higher maintenance costs.

Overall, costs increased to a greater extent than revenues. Accordingly, adjusted EBITDA declined by €6 million to €184 million. Depreciation declined as a result of lower net capital expenditures in previous years, and adjusted EBIT of €123 million was accordingly €4 million lower than the corresponding previous year figure.

Gross capital expenditures in the period under review were considerably higher than the corresponding previous year figure. The increase is mainly attributable to the continued and more intense measures carried out in conjunction with the economic stimulus packages.

The number of employees as of June 30, 2010 was slightly higher than the figure reported for the corresponding previous year period.

DB NETZE ENERGY BUSINESS UNIT

Selected key figures € MILLION	H 1		Change	
	2010	2009	ABSOLUTE	%
Total revenues	1,230	1,149	+81	+7.0
thereof external revenues	(385)	(309)	(+76)	(+24.6)
EBIT adjusted	40	54	–14	–25.9
EBITDA adjusted	82	97	–15	–15.5
Gross capital expenditures	32	36	–4	–11.1
Employees (FTE as of June 30)	1,552	1,569	–17	–1.1

In the first half of 2010, revenues in the DB Netze Energy business unit were 7.0 % higher than the corresponding previous year figure. The main drivers behind this positive development were the sale of traction energy as well as the further expansion of business with energy services. The development in traction energy revenues reflects the recovery in the economy with increasing transport services in freight transport and price increases on the energy procurement markets for power and diesel. The energy services business has reported considerable growth in revenues in power business and also in the expanding business of structured gas sourcing.

At the same time, higher sales volumes and energy sourcing prices have been reflected in higher cost of materials. A further negative factor has been higher operating costs for the joint venture power generating plant Neckar (GKN) and also for the hydroelectric power stations Rhein-Main-Donau.

Adjusted EBIT declined by € 14 million to € 40 million and adjusted EBITDA declined by € 15 million to € 82 million as a result of a positive one-off effect in the first half of 2009. Depreciation declined slightly as a result of lower capital expenditures in the previous year.

In the first half of 2010, gross capital expenditures were slightly down compared with the corresponding previous year figure.

The number of employees declined slightly as of June 30, 2010.

FINANCIAL SITUATION

- RATINGS CONFIRMED ONCE AGAIN
- FURTHER DECLINE IN NET FINANCIAL DEBT
- INCREASE IN CASH TO ACQUIRE ARRIVA

FINANCIAL MANAGEMENT

We obtain long-term capital generally through the Group's financing company, Deutsche Bahn Finance B.V. (DB Finance), Amsterdam/the Netherlands. Our long-term debt issuance program amounting to €15 billion was updated in May 2010. As of June 30, 2010, we tapped this program for a total of €9.8 billion. At the beginning of June 2010 DB Group placed a corporate bond with a nominal amount of €500 million and a ten-year term via its financing company DB Finance. The bond was three times oversubscribed and found interest among French and German investors in particular. The proceeds of the new issue were used to refinance bond debt of €1 billion maturing in June 2010.

With respect to short-term financing, as in the previous year, a multi-currency multi-issuer commercial paper amounting to €2 billion was available at June 30, 2010. The program was utilized by €1.5 billion as of June 30, 2010(as of December 31, 2009: no utilization). Furthermore, as of June 30, 2010 we had guaranteed unused credit facilities of €2 billion. These credit facilities serve as additional backup to secure the commercial paper program. In addition, credit facilities of €1.2 billion were also available for our operational business as of June 30, 2010. These credit facilities, which are available to our subsidiaries around the world, include provisions for financing working capital, as well as sureties for payment.

No financial leasing transactions were concluded during the year under review.

DB Group's creditworthiness is regularly examined by the rating agencies Standard & Poor's (S & P), Moody's and Fitch. During the first half of 2010, S & P, Moody's and Fitch have reconfirmed DB AG's very good credit ratings (Aa1/AA/AA) and stable outlooks, based on the assumed acquisition of Arriva. These ratings have remained unchanged since they were first issued in 2000 (S & P and Moody's) and 2009 (Fitch).

CASH FLOW STATEMENT

Summary € MILLION	H 1		Change	
	2010	2009	ABSOLUTE	%
Cash flow from operating activities	1,286	1,549	-263	-17.0
Cash flow from investing activities	-810	-893	+83	-9.3
Cash flow from financing activities	746	698	+48	+6.9
Net change in cash and cash equivalents	1,277	1,332	-55	-4.1
Cash and cash equivalents (as of June 30)	2,747	2,211	+536	+24.2

Mainly as a result of the increase in trade receivables in the DB Schenker Logistics business unit due to the improved business development, cash inflow from operating activities decreased by approximately 17% or €263 million to €1,286 million. Positive effects stem from the improved earnings situation after adjusting the effects from disposals of property, plant and equipment and intangible assets, that mainly resulted from the special item in conjunction with the Stuttgart 21 project in the first half of 2009.

The cash outflow for capital expenditures was also lower during the first half of 2010, decreasing by € 83 million to € 810 million. Increased gross capital expenditures were more than offset by increasing investment grants (€ + 184 million), that, in particular, resulted from the economic stimulus programs.

The cash flow from financing activities increased slightly by € 48 million to € 746 million. The reason for this is the increased utilization of our commercial paper program (€ + 1.5 billion) and the net redemption of bond debt (€ – 0.5 billion) after having issued a corporate bond (€ 1.0 billion) in the first half of 2009. Additionally, the payments for redemption of Federal loans increased slightly.

As of June 30, 2010, DB Group had a higher amount of cash and cash equivalents available than it did on December 31, 2009 as this figure increased by € 536 million to € 2,747 million. This increase stems from anticipated financial obligations resulting from the acquisition of Arriva.

NET FINANCIAL DEBT

€ MILLION	**Jun 30, 2010**	Dec 31, 2009	Change	
			ABSOLUTE	%
Non-current financial debt	14,166	14,730	– 564	– 3.8
thereof Federal loans	(2,411)	(2,785)	(– 374)	(– 13.4)
Current financial debt	3,482	1,780	+ 1,702	+ 95.6
thereof Federal loans	(441)	(491)	(– 50)	(– 10.2)
Financial debt	**17,648**	**16,510**	**+ 1,138**	**+ 6.9**
– Cash and cash equivalents and receivables from financing	2,788	1,499	+ 1,289	+ 86.0
Net financial debt	**14,860**	**15,011**	**– 151**	**– 1.0**

Financial debt is understood to include all interest-bearing liabilities, including Federal loans to finance infrastructure projects.

Financial debt increased during the period under review by € 1,138 million to € 17,648 million. This increase mainly stems from the utilization of our commercial paper program amounting to € 1,480 million (as of December 31, 2009: no utilization). Federal loans decreased by € 424 million. In the period under review we received € 200 million as a loan from EUROFIMA.

Financial debt excluding Federal loans increased by € 1,562 million to € 14,796 million (as of December 31, 2009: € 13,234 million).

The amount of cash and cash equivalents increased by € 1,277 million as a result of the positive business development and as a result of the issuance of short term debt in anticipation of the acquisition of Arriva. As the increase in cash and cash equivalents was higher than the increase in financial debt, net financial debt decreased by € 151 million to € 14,860 million.

As of June 30, 2010 there was a slight shift in the structure of maturities to short-term financial debt as its share of total financial debt increased from 11 to 20 %. The composition of financial debt has changed as a result of the significant utilization of the commercial paper program (as of June 30, 2010: 8 %, as of December 31, 2009: 0 %). The financial debt continues to consist primarily of bonds (56 %) and Federal loans (16 %).

CAPITAL EXPENDITURES

Gross capital expenditures by business unit	H 1		Change	
€ MILLION	**2010**	2009	ABSOLUTE	%
DB Bahn Long-Distance	13	21	-8	-38.1
DB Bahn Regional	115	280	-165	-58.9
DB Bahn Urban	22	22	–	–
DB Schenker Rail	147	172	-25	-14.5
DB Schenker Logistics	61	85	-24	-28.2
DB Services	51	55	-4	-7.3
DB Netze Track	1,921	1,594	+327	+20.5
DB Netze Stations	136	104	+32	+30.8
DB Netze Energy	32	36	-4	-11.1
Other/consolidation	4	7	-3	-42.9
DB Group	**2,502**	**2,376**	**+126**	**+5.3**
– Investment grants	1,637	1,453	+184	+12.7
Net capital expenditures	**865**	**923**	**-58**	**-6.3**

Gross capital expenditures amounted to € 2,502 million and were 5.3 % above the figure of the first half of 2009 mainly as a result of the continued implementation of measures in conjunction with the economic stimulus programs in the infrastructure business units. Accordingly, the investment grants increased together with the increase in gross capital expenditures. Capital expenditures in the DB Bahn Regional business unit were noticeably lower than the same year-ago figure as a result of lower rolling stock additions leading to a decrease in net capital expenditures. For the second half of 2010 rolling stock additions are expected as further operations will pick up after the change in the timetable.

The main focus of our capital expenditures were measures to improve the performance and efficiency in the infrastructure as well as the modernization of our rolling stock fleet.

Capital expenditures made were once again dominated by business units in the infrastructure division, and specifically by the DB Netze Track business unit, as before. The division accounted for 83 % (first half of 2009: 73 %) of gross capital expenditures, while the DB Netze Track business unit alone absorbed 77 % (first half of 2009: 67 %). Business units in the Passenger Transport division held a 6 % share (first half of 2009: 14 %). Business units in the Transport and Logistics accounted for 8 % (first half of 2009: 11 %).

Additional information about the performance of the individual business units may be found in the chapter "Development of business units."

Research and development

As a service provider, DB Group does not conduct its own research and development in the narrow sense of the term. Due to our technological competence and broad operational experience, we do, however, initiate user-oriented developments and support industrial firms with services including extensive testing capabilities.

BALANCE SHEET

Balance sheet structure € MILLION OR %	Jun 30, 2010	Dec 31, 2009	Change	
			ABSOLUTE	%
Total assets	49,333	47,303	+2,030	+4.3
ASSET SIDE				
Non-current assets	41,209	41,308	–99	–0.2
Current assets	8,124	5,995	+2,129	+35.5
EQUITY AND LIABILITIES				
Equity	13,670	13,066	+604	+4.6
Non-current liabilities	22,533	23,359	–826	–3.5
Current liabilities	13,130	10,878	+2,252	+20.7
ASSET SIDE STRUCTURE				
Non-current assets	83.5 %	87.3 %	–	–
Current assets	16.5 %	12.7 %	–	–
EQUITY AND LIABILITIES STRUCTURE				
Equity	27.7 %	27.6 %	–	–
Non-current liabilities	45.7 %	49.4 %	–	–
Current liabilities	26.6 %	23.0 %	–	–

DB Group's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable in the EU. There were no relevant changes to the IFRS regulations, and no changes to the Group's consolidation and accounting principles. Thus there were no changes affecting the Group's consolidated financial statements during the period under review.

As of June 30, 2010 total assets increased by € 2,030 million, or 4.3 %, to € 49,333 million (as of December 31, 2009: € 47,303 million).

Non-current assets were valued at € 41,209 million, or 0.2 % (€ – 99 million) lower than the same figure at the end of the previous year (as of December 31, 2009: € 41,308 million). This was largely driven by the decrease in property, plant and equipment by € 436 million as a result of prioritizing capital expenditures. Intangible assets increased by € 99 million to € 2,169 million.

Current assets increased as of June 30, 2010 by 35.5 %, or € 2,129 million to € 8,124 million (as of December 31, 2009: € 5,995 million). This change was driven by the increase in cash and cash equivalents (€ +1,277 million). Trade receivables increased significantly by € 673 million, in particular, as a result of the expansion of business activities in the DB Schenker Logistics business unit.

Structurally, as cash and cash equivalents increased, this resulted in a shift toward current assets.

Major changes noted on the equity and liabilities side of the balance sheet during the period under review affected equity and financial debt. Mainly driven by retained earnings, equity rose by 4.6 %, or € 604 million. Non-current financial debt decreased by € 564 million due to the shift from non-current to current financial instruments.

Current liabilities, as part of current financial debt, increased by € 2,252 million as a result of the increased utilization of our commercial paper program.

Within the structure of our liabilities – including the Federal loans for infrastructure financing – the share of total assets represented by non-current liabilities decreased correspondingly as of June 30, 2010. In contrast, the share of current liabilities increased as of June 30, 2010.

EMPLOYEES

- **ADDITIONS AS A RESULT OF ACQUISITIONS AND TRANSPORT GAINS OUTSIDE OF GERMANY**
- **DECREASE ON A COMPARABLE BASIS**

Employees by business unit FTE	**Jun 30, 2010**	Jun 30, 2009	Change	
			ABSOLUTE	%
DB Bahn Long-Distance	15,312	15,094	+218	+1.4
DB Bahn Regional	29,100	28,794	+306	+1.1
DB Bahn Urban	8,992	8,920	+72	+0.8
DB Schenker Rail	33,492	28,855	+4,637	+16.1
DB Schenker Logistics	57,379	58,355	-976	-1.7
DB Services	24,521	24,858	-337	-1.4
DB Netze Track	40,225	40,872	-647	-1.6
DB Netze Stations	4,654	4,634	+20	+0.4
DB Netze Energy	1,552	1,569	-17	-1.1
Other	24,456	24,822	-366	-1.5
DB Group	**239,683**	**236,773**	**+2,910**	**+1.2**
– Effects from major acquisitions	5,738	0	+5,738	–
DB Group – comparable	**233,945**	**236,773**	**-2,828**	**-1.2**

The number of employees is calculated on the basis of full-time employee (FTE) positions to permit better comparability within DB Group and over time. Figures for part-time employees are converted into figures for equivalent full-time employees in accordance with their share of the regular annual working time.

As of June 30, 2010, the number of employees increased compared to June 30, 2009 as a result of the acquisition of DB Schenker Rail Polska with an effect of 5,738 employees. On a comparable basis the number of employees as of June 30, 2010 decreased due to restructuring measures in the DB Schenker Rail and DB Schenker Logistics business units.

We were forced to introduce short-time work during the year 2009 because of economic developments and the resulting substantial drop in volumes registered for the rail freight transport and the freight forwarding and logistics businesses. Currently short-time work is essentially necessary in the DB Schenker Rail business. In the first half of 2010 a total of 7,100 employees were working under various short-time work conditions, 6,300 of them in the DB Schenker Rail business unit. The use of short-time work in DB Group decreased during the period under review. As of June 30, 2010, only 1,200 employees were working under various short-time work conditions.

Additional information about the performance of the individual business units may be found in the chapter “Development of business units.”

ADDITIONAL INFORMATION

- **AGREEMENT REACHED ON REPLACING ICE T AXLES**
- **INCREASED EFFORTS MADE TO MAINTAINING FREIGHT CAR WHEEL SET AXLES**
- **INVESTIGATIONS AT DB INTERNATIONAL**

TRANSPORT CONTRACT WITH VRR

At the end of last year the Rhine-Ruhr transport Association (Verkehrsverbund Rhein-Ruhr; VRR) and DB Group settled several issues that had been in dispute and subsequently agreed to a modification of the existing transport agreement. More information is available in the 2009 DB Group Annual Report on page 122.

On January 6 and 7, 2010, Abellio Rail NRW GmbH and Wersus Public Passenger Transport Ltd. respectively submitted applications to initiate revision proceedings to the contracting authority (Vergabekammer) in Münster to partially or fully void the modified agreement reached between VRR and DB Group. The application by Wersus Public Passenger Transport Ltd. was rejected as inadmissible by the contracting authority in Münster, whereas Abellio Rail's was granted to a large extent. VRR and DB Regio NRW GmbH immediately appealed the decision at the Higher Regional Court in Düsseldorf. In the appeal hearing at the Higher Regional Court in Düsseldorf the Court held that it was inclined to submit the case initiated by Abellio Rail NRW GmbH to the Federal Court of Justice because it wanted to differ from the existing jurisdiction of the Higher Regional Court in Brandenburg from 2003, which postulated that local rail passenger transport contracts are not required to be awarded through a tendering process. The Higher Regional Court in Düsseldorf announced a ruling for July 21, 2010. A decision by the Federal Court of Justice and a completion of the review proceedings before the public procurement review board is expected for the spring of 2011.

Mofair e.V. has claimed in several letters directed to the EU Commission that transport contracts between VVR and DB Group companies contained impermissible subsidies. The EU Commission has submitted a request to the Federal Republic of Germany for information in this matter. In the view of DB Group the agreement contains no such impermissible subsidies.

COMPANIES IN THE FREIGHT FORWARDING INDUSTRY UNDER INVESTIGATION

Anti-trust authorities around the world, including the European Commission and US Department of Justice, have been investigating companies in the freight forwarding industry since the fall of 2007. More information is available in the 2009 DB Group Annual Report on page 123. On February 9, 2010 the EU Commission served DB AG, as well as four of its subsidiaries, with a formal notice of their objections. In the notice the EU Commission stated their preliminary assessment of a possible violation of EU cartel law. DB AG and its affected subsidiaries submitted timely statements regarding the objections on April 23, 2010. Hearings for the involved forwarders carriers were held between July 6 and 9, 2010 before the EU Commission. Upon request by the Federal Competition Authority in Austria DB AG gave its position to an anti-trust violation before the Higher Regional Court in Vienna on May 10, 2010. A decision by the Spanish anti-trust authority against the DB Group subsidiary Spain-Tir Transportes Internacionales S.A., Barcelona/Spain, and other freight forwarding companies is expected to be handed down in late summer of 2010. The investigations by the cartel authorities are not expected to be concluded before the end of 2011.

RESTRICTED AVAILABILITY OF ICE FLEET

In October 2008, a routine ultrasound inspection of a series 411/415 ICE T equipped with tilt technology found crack-relevant signs on two wheel sets. More information is available in the 2009 DB Group Annual Report on page 125. As a result, we made a commitment to the Federal Railways Agency to stop operating series 411/415 ICE T vehicles with activated tilt technology and to conduct ultrasound inspections of the wheel sets at substantially shortened intervals of 20,000 km on the so-called line 87 (Stuttgart–Zurich) and 30,000 km on the remaining network. An immediately enforceable decision by the Federal Railways Agency dated March 16, 2010 requested further reductions of the intervals to 14,000 km for line 87 and 21,000 km for the remaining network. An appeals proceeding against this decision is pending. The demands were, however, carried out as the authorities had ordered immediate implementation.

The resulting limitations of the availability of the ICE fleet are leading to a shortage of sufficient reserve vehicles available for operation in the event of additional burdens. The number of reserve vehicles is principally conceived to ensure dependable service for the customer over the long term.

The winter of 2009/2010 was marked by a long-lasting cold period that affected the entire nation with heavy levels of snowfall. Operations were burdened by increased damages, prolonged maintenance cycles, as well as operational delays. Due to the permanent pressures and restrictions facing the maintenance shops because of the additional ultrasound inspections of the wheel sets, severe weather conditions in early 2010 led to a substantial reduction in the availability of transport services.

AGREEMENT REACHED WITH MANUFACTURERS ON REPLACEMENTS OF ICE T AXLES

In October 2009 we reached a joint solution with Siemens and Bombardier for the replacement of ICE 3 drive axles. By the end of February 2010 we also reached an agreement with Alstom for a joint solution to exchanging all wheel sets of the ICE T trains. The first step will be that the manufacturers will be responsible for developing and testing new drive axles for the ICE 3 as well as wheel sets and drive axles for the ICE T. The wheel set axles will then have to be approved by the Federal Railways Agency. Following approval, we will jointly agree with the manufacturers on implementing the exchange of axles and on the corresponding time plan. A total of about 1,200 drive axles of the ICE 3 are affected, and about 2,100 of the ICE T.

TIGHTENED REQUIREMENTS FOR FREIGHT CAR WHEEL SET AXLES

Following an accident that took place in Viareggio/Italy in June 2009, when a train of Trenitalia Cargo carrying hazardous materials derailed, most likely because of a broken wheel set, the maintenance of freight car wheel set axles has come into sharper focus of railways and authorities. The European Railway Agency (ERA) has appointed a task force to determine mandatory rules regarding the maintenance of freight car wheel sets for the entire European sector of the rail freight system. The Federal Railways Agency has issued a general order mandating the ability to backtrack wheel sets for installation date, modification and last maintenance. Other national regulatory authorities, e.g. the Italian ANSF, have issued ordinances that influence the production process. Within the framework of its activities the task force has defined measures across Europe to the effect that the wheel set load of UIC wheel sets type A must be reduced from 21 to 20 tons, and the coarseness of the wheel set surfaces must be improved. At this time it cannot be ruled out that more far-reaching measures may become necessary because the ERA task force, in particular, is continuing its investigations via the joint support group.

INVESTIGATIONS AT DB INTERNATIONAL

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

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

The European Commission decided on June 24, 2010 to sue Germany and twelve other EU member states before the European Court of Justice. The affected countries are accused of insufficiently implementing the first European railway package, especially the unbundling requirements. Parties to this infringement proceeding are the European Commission and the Federal Republic of Germany. The Federal Government has fully rejected the allegations of the Commission thus far. DB Group is also of the opinion that the arguments of the Commission are invalid. DB Netz AG is independent from other enterprises within DB Group in its decisions regarding train path access and track charges. European railway law explicitly allows the holding structure chosen by Germany.

DB GROUP WINS SUIT CONCERNING LONG-DISTANCE BUS SERVICES

In June 2010 the Federal Administrative Court voided the permit given to a competitor operating bus services from Frankfurt am Main to Dortmund. The Court objected to the fact that the Regional Council of Darmstadt had neglected to involve DB Group sufficiently in the licensing process. However, the decision also postulates that long-distance, scheduled bus services can be seen as a generally improved offer if it is significantly less expensive than traveling by rail.

BERLIN S-BAHN CONCLUDES RENEGOTIATIONS

In late June 2010 we negotiated with the Berlin Senate an adjustment of the existing transport agreement for the Berlin S-Bahn (metro), which had become necessary due to ongoing service limitations that had taken place since July 2009. The focus of the agreement is on defined quality features for punctuality, cleanliness and customer satisfaction as well as a clearly defined number of quarter trains in service. Non-compliance with the requirements for punctuality, cleanliness and customer satisfaction might reduce concession fees in accordance with the regulations. The limit of contractual penalties per year was raised.

RISK AND OPPORTUNITIES REPORT

- **TRANSPARENCY ASSURED BY INTEGRATED RISK MANAGEMENT**
- **FURTHER OPPORTUNITIES DUE TO PLANNED ARRIVA ACQUISITION**
- **RISK PORTFOLIO FREE OF EXISTENCE-THREATENING RISKS**

The risk management system of DB Group has been described on pages 126 to 132 in the 2009 Annual Report. There have been no major changes in this respect in the first half of 2010.

OPPORTUNITIES REPORT

The economic opportunities of DB Group are set out on pages 142 to 143 in the 2009 Annual Report. There will be further opportunities for DB Group provided by the planned acquisition of the British passenger transport company Arriva. After the acquisition has been completed, we will be able to strengthen our market position in Europe and considerably expand our growth platform in the European regional transportation services market.

RISK PORTFOLIO FREE OF EXISTENCE-THREATENING RISKS

In the period under review, the financial and economic crisis and increasingly fierce competition meant that the main risks facing the company were the macro-economic and market-specific risks. Extensive analyses are carried out on a regular basis for this purpose. Compared with the end of 2009, the assessment of the quantitative impact of these risks has declined appreciably in view of the economic recovery and the further improvement in the economic climate.

The operational countermeasures include extensive enterprise-wide efficiency and rationalization programs applicable to specific business units. These include in particular our Group program reACT, which we continued as scheduled in the first half of 2010. We also continued to develop our service offerings in the various business units in a systematically market-oriented manner.

In order to cover unavoidable risks, we also take out insurance in order to mitigate the financial consequences of possible claims and liability risks for DB Group.

Our analysis of risks, countermeasures, cover and provisions has established that, on the basis of our current risk assessment, there are no risks at present which pose a threat to the continued existence of DB Group as a going concern.

EVENTS AFTER THE BALANCE SHEET DATE

- **SUCCESSFUL ISSUE OF A FURTHER BOND OF € 500 MILLION**
- **START OF WAGE-BARGAINING NEGOTIATIONS 2010**

SECOND EURO BENCHMARK BOND ISSUED IN 2010

At the beginning of July 2010, following the successful issue of a ten-year bond in June 2010, we issued a further euro benchmark bond with a term of 15 years and an overall volume of € 500 million via DB Finance. Demand again considerably exceeded the issue volume.

START OF WAGE-BARGAINING NEGOTIATIONS 2010

The wage-bargaining negotiations for 2010 started at the beginning of July 2010. Talks with the wage-bargaining association comprising Transnet and the GDBA trade union commenced on July 12, 2010, and talks with the German train drivers trade union GdL commenced on July 16, 2010. The contents of the wage-bargaining negotiations 2010 comprise wage negotiations, the future of job security and the possible conclusion of a sector wage agreement.

SBB AND DB GROUP EXPAND THEIR PARTNERSHIP

At the beginning of July 2010, we agreed a memorandum of understanding with the Swiss Federal Railways (Schweizerische Bundesbahnen; SBB) with the aim of strengthening the existing cooperation in cross-border long-distance services to further expand our share of the rail market between Germany and Switzerland. The plans include infrastructure measures, the procurement of new vehicles, reduction of traveling times and improving passenger comfort. A new joint subsidiary is to be established for this purpose. Together with SBB, we already offer around 35 direct long-distance services every day between the two countries; in 2009, these services were used by more than 4.5 million passengers.

OUTLOOK

- **ECONOMIC RECOVERY WILL PROBABLY CONTINUE AT A LOW LEVEL**
- **EFFECTS OF THE CRISIS STILL BEING FELT IN 2010**
- **POSITIVE DEVELOPMENT EXPECTED IN 2010**

Based on the estimates applicable at the time that this report was prepared, economic conditions in 2010 will be somewhat better as a result of the recovery of the global economy. Growth predictions for the industrialized countries are indicating a continuation of economic recovery. We therefore anticipate that there will again be slightly positive effects in 2010 as a result of the economic development in Germany and in the Eurozone and also as a result of the further recovery of the global economy and an improvement in global trade.

ECONOMIC OUTLOOK

According to the current predictions of economic research institutions, economic expansion will slow down as 2010 progresses. On the one hand, the retirement of programs designed to boost the economy will mean that the economic impact of government measures will become less significant. On the other hand, the effects of restocking in the industrialized countries which have been seen in previous quarters will also decline. In the Eurozone, the economy will also be affected by the government debt crisis on the financial markets, which is forcing Greece, Portugal, Ireland and Spain in particular to implement public-sector savings, some of which are draconian. In the emerging countries, economic growth which is very strong at present will probably decline as the year progresses as a result of an expected tightening of monetary policy and also as a result of the weaker expansion of demand in the industrialized countries.

For Germany, the forecasts for 2010 are indicating moderate expansion of gross domestic product (GDP) with annual average growth of approximately 1.5%. External trade will support the economy, and exports and imports will expand strongly. Investments will increase, albeit moderately. Construction spending in particular will benefit from government consumption. On the other hand, private consumption as well as disposable incomes will probably decline slightly compared with the corresponding previous year levels. Employment figures will probably remain unchanged.

ANTICIPATED DEVELOPMENT OF THE RELEVANT MARKETS

In view of the forecast of virtually unchanged employment figures for the whole of 2010 and also in view of zero growth in real incomes and consumption which is expected to be unchanged compared with the previous year, we again expect to see unchanged demand for passenger transport services in 2010.

For the German freight transport market, the economic effects will weaken in the second half of the year, but they will overall remain positive. Dynamic external trade as well as an increase in production across all sectors will probably support demand. Following the decline of more than 11% seen in the previous year on the overall market, we are now assuming a considerable improvement in performance. There are indications that rail freight services will report an above-average performance. Despite the anticipated strong increase in demand, it will probably be several years before the situation returns to the level seen before the crisis.

The worldwide transport and logistics markets recovered strongly from the effects of the global economic crisis in the first half of 2010, but there is uncertainty concerning the prospects for developments in the remainder of the year. The crisis of confidence in the Eurozone, the retirement of economic programs in many countries and the tightening of monetary and fiscal policy in some emerging countries in order to avoid speculative bubbles may have a retarding impact on growth in the transport and logistics market. This will also be reflected in higher volatility for freight rates.

ANTICIPATED DEVELOPMENT OF THE CAPITAL MARKETS

Contrary to our forecast in the 2009 Annual Report, we expect that the issuing volume of corporate bonds in 2010 will be roughly in line with the average seen in previous years. This is due to the robust issuing activity in 2009 and the improved economic situation of companies, which will probably result in a lower refinancing requirement than originally anticipated. As a result of the uncertainty surrounding the ability to finance government spending, we do not anticipate any major widening of spreads compared with government bonds. The strong demand for corporate bonds will probably continue as long as the European Central Bank (ECB) continues to support the market by way of special measures. We are also no longer assuming that the ECB will initiate its exit measures and reverse its policy of quantitative easing, and we also do not anticipate that it will raise key interest rates.

ANTICIPATED DEVELOPMENT OF KEY BUSINESS CONDITIONS

We do not expect that business conditions will have a major impact on our business in 2010.

ANTICIPATED INCOME SITUATION

The uncertainty resulting from the financial and economic crisis still has not been remedied. Accordingly, our comments in the following cannot be viewed as definitive, particularly as far as the future macro-economic development is concerned.

DB GROUP

Anticipated development in the 2010 financial year € MILLION	2009	**2010**
Revenues – comparable	29,335	↗
EBIT adjusted	1,685	↗
ROCE	5.9 %	↗
Net financial debt (as of December 31)	15,011	↗
Gross capital expenditures	6,462	↗

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

Contrary to our previous forecast, we expect to see higher net financial debt as of December 31, 2010 as a result of the planned Arriva acquisition. Adjusted by the planned Arriva acquisition, we continue to expect to see a further decline in net financial debt. We confirm the other forecasts which we communicated on page 139 in the 2009 Annual Report.

BUSINESS UNITS

Anticipated development in the 2010 financial year	Revenues		EBIT adjusted	
€ MILLION	2009	**2010**	2009	**2010**
DB Bahn Long-Distance	3,565	↗	141	→
DB Bahn Regional	7,587	→	899	↘
DB Bahn Urban	1,252	→	71	→
DB Schenker Rail	4,055	↗	-189	↗
DB Schenker Logistics	11,292	↗	199	↗
DB Services	1,237	↗	125	→
DB Netze Track	4,369	↗	558	↗
DB Netze Stations	1,025	↗	217	→
DB Netze Energy	2,308	↗	103	↘

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

Contrary to our previous predictions, we also expect to see revenue growth in the DB Services and DB Netze Stations business units particularly as a result of the economic situation which continues to recover. Despite the positive development in revenues, we expect to see a virtually constant adjusted EBIT in these two business units as a result of additional charges in terms of costs.

ANTICIPATED FINANCIAL SITUATION

In 2010, our capital expenditure program will continue to focus on the DB Netze Track business unit. The economic stimulus programs of the Federal Government have provided additional funds for this purpose. We are expecting that it will be possible for the funds for capital expenditures programs to be provided completely from internal financing sources in 2010 – including infrastructure financing by third parties.

We will continue our M&A activities in a focused manner in 2010. Despite the fact that we expect to see continuously positive operating cash flows in the course of the year, the existing funds will not be sufficient to cover the net capital expenditures, financial liabilities which fall due as well as the Arriva purchase price. We will therefore probably again tap the bond markets for financing purposes in the second half of 2010.

In 2010, we still have adequate financing scope on the basis of existing liquidity, the debt issuance program, the commercial paper program and existing credit facilities which have so far not been utilized.

Our assessments, as always, are subject to the following provisos.

Forward-looking statements

This management report contains statements and forecasts which relate to the future development of DB Group, its business units and individual companies. These forecasts are estimates which we have made on the basis of all information at our disposal at present. If the assumptions underlying the forecasts fail to materialize or if risks (such as those which are mentioned in the Risk Report) materialize, the actual developments and results may differ from the current expectations. DB Group assumes no obligation to update the statements contained in this report.

Consolidated interim financial statements *(unaudited)*

CONSOLIDATED STATEMENT OF INCOME

January 1 through June 30 € MILLION	**2010**	2009
Revenues	16,102	14,272
Inventory changes and internally produced and capitalized assets	1,019	847
Overall performance	17,121	15,119
Other operating income	977	1,644
Cost of materials	-8,816	-7,199
Personnel expenses	-5,443	-5,438
Depreciation	-1,351	-1,323
Other operating expenses	-1,613	-1,643
Operating profit (EBIT)	**875**	**1,160**
Result from investments accounted for using the equity method	6	2
Net interest income	-487	-430
Other financial result	-25	32
Financial result	**-506**	**-396**
Profit before taxes on income	**369**	**764**
Taxes on income	23	-217
Net profit	**392**	**547**
Net profit attributable to:		
Shareholders of Deutsche Bahn AG	386	545
Minority interests	6	2
Earnings per share (€ per share)		
undiluted	0.90	1.27
diluted	0.90	1.27

RECONCILIATION OF CONSOLIDATED COMPREHENSIVE INCOME

January 1 through June 30 € MILLION	**2010**	2009
Result	392	547
CHANGE IN ITEMS COVERED DIRECTLY IN EQUITY		
Changes from currency translation	167	18
Shareholders of Deutsche Bahn AG	159	18
Minority interests	8	0
Changes resulting from market valuation of securities	5	2
Changes resulting from market valuation of cash flow hedges	66	1
Result transfered into consolidated statement of income	-211	88
Result from market valuation of cash flow hedges	277	-87
Share of result items with no impact on the income statement from investments accounted for using the equity method	2	0
Balance of result items covered directly in equity (before taxes)	240	21
Change in deferred taxes on result items covered directly in equity	-20	0
Deferred taxes from changes of market valuation of securities	-1	0
Deferred taxes from changes of market valuation of cash flow hedges	-19	0
Balance of result items covered directly in equity (after taxes)	**220**	**21**
Comprehensive income	**612**	**568**
Total result attributable to:		
Shareholders of Deutsche Bahn AG	598	566
Minority interests	14	2

CONSOLIDATED BALANCE SHEET

ASSETS

€ MILLION	**Jun 30, 2010**	Dec 31, 2009	Jun 30, 2009
NON-CURRENT ASSETS			
Property, plant and equipment	37,003	37,439	37,791
Intangible assets	2,169	2,070	1,905
Investments accounted for using the equity method	401	369	360
Available-for-sale financial assets	41	37	62
Receivables and other assets	189	184	184
Derivative financial instruments	161	36	37
Deferred tax assets	1,245	1,173	1,513
	41,209	**41,308**	**41,852**
CURRENT ASSETS			
Inventories	878	814	860
Available-for-sale financial assets	1	1	1
Trade receivables	3,703	3,030	3,103
Receivables and other assets	590	504	574
Income tax receivables	157	150	142
Derivative financial instruments	48	26	82
Cash and cash equivalents	2,747	1,470	2,211
	8,124	**5,995**	**6,973**
Total assets	**49,333**	**47,303**	**48,825**

EQUITY AND LIABILITIES

€ MILLION	Jun 30, 2010	Dec 31, 2009	Jun 30, 2009
EQUITY			
Subscribed capital	2,150	2,150	2,150
Reserves	5,383	5,174	5,107
Retained earnings	5,980	5,596	5,332
Equity attributable to shareholders of Deutsche Bahn AG	**13,513**	**12,920**	**12,589**
Minority interests	157	146	139
	13,670	**13,066**	**12,728**
NON-CURRENT LIABILITIES			
Financial debt	14,166	14,730	13,589
Other liabilities	314	451	348
Derivative financial instruments	66	180	216
Retirement benefit obligations	1,800	1,736	1,698
Other provisions	3,945	3,990	4,287
Deferred income	2,055	2,096	2,287
Deferred tax liabilities	187	176	162
	22,533	**23,359**	**22,587**
CURRENT LIABILITIES			
Financial debt	3,482	1,780	3,979
Trade liabilities	3,621	3,267	3,267
Other liabilities	2,856	2,732	3,273
Income tax liabilities	74	60	39
Derivative financial instruments	52	68	152
Other provisions	2,500	2,429	2,292
Deferred income	545	542	508
	13,130	**10,878**	**13,510**
Total assets	**49,333**	**47,303**	**48,825**

CONSOLIDATED STATEMENT OF CASH FLOWS

January 1 through June 30 € MILLION	**2010**	2009
Profit before taxes on income	369	764
Depreciation on property, plant and equipment and intangible assets	1,351	1,323
Result on disposal of property, plant and equipment and intangible assets	8	-410
Interest and dividend income	-141	-148
Interest expense	627	577
Foreign currency result	25	-31
Result from investments accounted for using the equity method	-6	-2
Other non-cash expenses and income	53	-80
Changes in inventories, receivables and other assets	-987	243
Changes in liabilities and deferred income	363	-238
Cash generated from operating activities	1,662	1,998
Interest received	20	15
Dividends and capital distribution received	0	2
Interest paid	-345	-265
Taxes on income paid	-51	-201
Cash flow from operating activities	**1,286**	**1,549**
Proceeds from the disposal of property, plant and equipment and intangible assets	101	82
Payments for purchases of property, plant and equipment and intangible assets	-2,500	-2,402
Proceeds from investment grants	1,637	1,453
Payments for repaid investment grants	-46	-8
Payments for acquisition of shares in consolidated companies less net cash and cash equivalents acquired	-2	-11
Payments for additions to investments accounted for using the equity method	0	-7
Cash flow from investing activities	**-810**	**-893**
Distribution of profits to minority interests	-1	-1
Repayment of capital amounts under finance leases	-47	-59
Proceeds from issue of bonds	497	993
Payments for redemption of bonds	-1,000	0
Proceeds from Federal loans	7	10
Payments for redemption of Federal loans	-480	-430
Proceeds from borrowings and commercial paper	1,777	314
Repayment of borrowings and commercial paper	-7	-129
Cash flow from financing activities	**746**	**698**
Net changes in cash and cash equivalents	**1,222**	**1,354**
Cash and cash equivalents at the beginning of the period	1,470	879
Changes in cash and cash equivalents due to changes in the scope of consolidation	0	2
Changes in funds due to changes in exchange rates	55	-24
Cash and cash equivalents at the end of the period	**2,747**	**2,211**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ MILLION	Subscribed capital	Reserves						Retained earnings	Equity attributable to shareholders of DB AG	Minority interests	Total equity
		Capital reserves	Currency translation	Fair value valuation for securities [1]	Fair value valuation cash flow hedges [1]	Other movements	Total reserves				
As of January 1, 2010	2,150	5,310	-91	6	-55	4	**5,174**	5,596	**12,920**	146	**13,066**
+ Capital introduced	0	0	0	0	0	0	**0**	0	**0**	0	**0**
- Capital decrease	0	0	0	0	0	0	**0**	0	**0**	0	**0**
- Reduction of capital reserves	0	0	0	0	0	0	**0**	0	**0**	0	**0**
- Dividend payments	0	0	0	0	0	0	**0**	0	**0**	-1	**-1**
+/- Other changes	0	0	0	0	0	-3	**-3**	-2	**-5**	-2	**-7**
+/- Total result	**0**	**0**	**159**	**6**	**47**	**0**	**212**	**386**	**598**	**14**	**612**
Net profit	0	0	0	0	0	0	**0**	386	**386**	6	**392**
Currency translation	0	0	159	0	0	0	**159**	0	**159**	8	**167**
Deferred taxes	0	0	0	-1	-19	0	**-20**	0	**-20**	0	**-20**
Market valuation	0	0	0	5	66	0	**71**	0	**71**	0	**71**
Share of items with no impact on the income statement from investments accounted for using the equity method	0	0	0	2	0	0	**2**	0	**2**	0	**2**
As of June 30, 2010	**2,150**	**5,310**	**68**	**12**	**-8**	**1**	**5,383**	**5,980**	**13,513**	**157**	**13,670**

€ MILLION	Subscribed capital	Reserves						Retained earnings	Equity attributable to shareholders of DB AG	Minority interests	Total equity
		Capital reserves	Currency translation	Fair value valuation for securities [1]	Fair value valuation cash flow hedges [1]	Other movements	Total reserves				
As of January 1, 2009	2,150	5,310	-119	-5	-104	4	**5,086**	4,782	**12,018**	137	**12,155**
+ Capital introduced	0	0	0	0	0	0	**0**	0	**0**	0	**0**
- Capital decrease	0	0	0	0	0	0	**0**	0	**0**	0	**0**
- Reduction of capital reserves	0	0	0	0	0	0	**0**	0	**0**	0	**0**
- Dividend payments	0	0	0	0	0	0	**0**	0	**0**	-1	**-1**
+/- Other changes	0	0	0	0	0	0	**0**	5	**5**	1	**6**
+/- Total result	**0**	**0**	**18**	**2**	**1**	**0**	**21**	**545**	**566**	**2**	**568**
Net profit	0	0	0	0	0	0	**0**	545	**545**	2	**547**
Currency translation	0	0	18	0	0	0	**18**	0	**18**	0	**18**
Deferred taxes	0	0	0	0	0	0	**0**	0	**0**	0	**0**
Market valuation	0	0	0	2	1	0	**3**	0	**3**	0	**3**
Share of items with no impact on the income statement from investments accounted for using the equity method	0	0	0	0	0	0	**0**	0	**0**	0	**0**
As of June 30, 2009	**2,150**	**5,310**	**-101**	**-3**	**-103**	**4**	**5,107**	**5,332**	**12,589**	**139**	**12,728**

[1] Equity capital includes deferred taxes.

SEGMENT REPORTING BY BUSINESS SEGMENTS

January 1 through June 30 € MILLION	DB Bahn Long-Distance		DB Bahn Regional[6]		DB Bahn Urban[6]		DB Schenker Rail		DB Schenker Logistics	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
Segment revenues										
External revenues	1,765	1,662	3,716	3,742	618	608	2,138	1,782	6,724	5,460
Internal revenues	63	67	37	40	16	9	130	117	22	17
Total revenues	1,828	1,729	3,753	3,782	634	617	2,268	1,899	6,746	5,477
Other external segment revenues	96	66	74	112	17	21	116	124	53	56
Other internal segment revenues	22	23	53	53	1	19	21	18	0	1
Total segment revenues	1,946	1,818	3,880	3,947	652	657	2,405	2,041	6,799	5,534
EBIT	115	53	420	468	27	55	-19	-127	104	37
Adjustments[1]	-35	4	0	-12	0	0	0	6	6	0
EBIT adjusted[1]	80	57	420	456	27	55	-19	-121	110	37
EBITDA	296	233	665	712	62	93	127	3	191	121
EBITDA adjusted[1]	261	237	665	700	62	93	127	9	197	121
Net interest income										
Results from investments accounted for using the equity method	0	0	0	0	0	0	2	1	1	0
Other financial result										
Profit before taxes on income										
Taxes on income										
Net profit										
Segment assets[2),3]	2,474	2,770	5,610	5,977	510	545	4,587	4,087	5,469	4,856
Investments accounted for using the equity method[2]	0	0	16	15	2	2	100	107	11	10
Total assets[2]	2,474	2,770	5,626	5,992	512	547	4,687	4,194	5,480	4,866
thereof goodwill	(0)	(0)	(18)	(18)	(5)	(5)	(461)	(334)	(1,092)	(974)
Segment liabilities[2),3]	982	918	2,392	2,067	216	219	1,512	1,289	2,511	2,275
Segment capital expenditures	13	21	115	280	22	22	152	180	61	94
Additions to assets from acquisition of companies	0	0	0	0	0	0	5	8	0	9
Additions to assets from capital expenditures	13	21	115	280	22	22	147	172	61	85
Investment grants received	0	0	-10	-17	-4	-1	0	0	0	0
Net capital expenditures	13	21	105	263	18	21	147	172	61	85
Scheduled depreciation[4]	181	180	243	242	35	38	143	130	87	84
Impairment losses recognized/reversed[4]	0	0	2	2	0	0	3	0	0	0
Employees[5]	15,312	15,094	29,100	28,794	8,992	8,920	33,492	28,855	57,379	58,355

1) Adjusted for income or expenses from the disposal of financial assets and special items.
2) Segment assets, investments in associated companies and segment liabilities are stated as of June 30; the remaining items relate to the reporting period.
3) Profit transfer agreements were not assigned to segment assets or liabilities.

Segment reporting by regions January 1 through June 30 € MILLION
External revenues
Segment assets[1]
thereof non-current assets[1]

1) Stated as of June 30

	DB Netze Track		DB Netze Stations		DB Services		Subsidiaries/Other		**Sum of segments**		Consolidation [6]		**Total**	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	**2009**	**2010**	2009	**2010**	**2009**
	395	349	200	192	49	47	497	430	**16,102**	**14,272**	0	0	**16,102**	**14,272**
	1,803	1,777	324	320	508	528	1,085	1,060	**3,988**	**3,935**	-3,988	-3,935	**0**	**0**
	2,198	2,126	524	512	557	575	1,582	1,490	**20,090**	**18,207**	-3,988	-3,935	**16,102**	**14,272**
	259	913	50	47	119	107	193	198	**977**	**1,644**	0	0	**977**	**1,644**
	93	82	9	8	757	671	799	831	**1,755**	**1,706**	-1,755	-1,706	**0**	**0**
	2,550	3,121	583	567	1,433	1,353	2,574	2,519	**22,822**	**21,557**	-5,743	-5,641	**17,079**	**15,916**
	237	847	123	125	74	39	-185	-220	**896**	**1,277**	-21	-117	**875**	**1,160**
	0	-604	0	2	0	18	0	22	**-29**	**-564**	0	75	**-29**	**-489**
	237	243	123	127	74	57	-185	-198	**867**	**713**	-21	-42	**846**	**671**
	708	1,296	184	188	149	126	-119	-156	**2,263**	**2,616**	-37	-133	**2,226**	**2,483**
	708	692	184	190	149	144	-119	-134	**2,234**	**2,052**	-37	-58	**2,197**	**1,994**
													-487	**-430**
	0	0	0	0	0	0	3	1	**6**	**2**	0	0	**6**	**2**
													-25	**32**
													369	**764**
													23	**-217**
													392	**547**
	21,625	21,893	3,216	3,219	1,220	1,250	4,887	4,116	**49,598**	**48,713**	-666	-248	**48,932**	**48,465**
	1	1	0	0	0	0	271	225	**401**	**360**	0	0	**401**	**360**
	21,626	21,894	3,216	3,219	1,220	1,250	5,158	4,341	**49,999**	**49,073**	-666	-248	**49,333**	**48,825**
	(0)	(0)	(0)	(0)	(0)	(0)	(12)	(13)	**(1,588)**	**(1,344)**	(0)	(0)	**(1,588)**	**(1,344)**
	2,549	2,645	409	360	634	653	5,907	6,604	**17,112**	**17,030**	18,551	19,067	**35,663**	**36,097**
	1,921	1,594	136	104	51	55	52	63	**2,523**	**2,413**	-16	-20	**2,507**	**2,393**
	0	0	0	0	0	0	0	0	**5**	**17**	0	0	**5**	**17**
	1,921	1,594	136	104	51	55	52	63	**2,518**	**2,396**	-16	-20	**2,502**	**2,376**
	-1,521	-1,349	-89	-65	0	0	-13	-21	**-1,637**	**-1,453**	0	0	**-1,637**	**-1,453**
	400	245	47	39	51	55	39	42	**881**	**943**	-16	-20	**865**	**923**
	472	484	61	63	75	86	66	64	**1,363**	**1,371**	-16	-16	**1,347**	**1,355**
	-1	-35	0	0	0	1	0	0	**4**	**-32**	0	0	**4**	**-32**
	40,225	40,872	4,654	4,634	24,521	24,858	26,008	26,391	**239,683**	**236,773**	0	0	**239,683**	**236,773**

[4] The non-cash items are included in the segment result shown.

[5] The number of employees represents the average number of employees without trainees as at year-end (part-time workforce converted into equivalent full-time workforce).

[6] Previous period's figures adjusted.

	Germany		Rest of Europe		North America		Asia/Pacific		Rest of World		Reconciliation		**Total**	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	**2009**
	10,480	9,801	3,635	2,973	814	679	969	678	204	141	0	0	**16,102**	**14,272**
	41,575	41,882	4,650	3,982	556	430	1,362	1,093	159	125	630	953	**48,932**	**48,465**
	(36,304)	(37,318)	(2,683)	(2,269)	(216)	(193)	(675)	(580)	(34)	(29)	(-625)	(-580)	**(39,287)**	**(39,809)**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

BASIC PRINCIPLES AND METHODS

The unaudited abbreviated interim financial statements for the period ending June 30, 2010 have been prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable in the EU and as interpreted by the International Financial Reporting Interpretations Committee (IFRIC). Due consideration has been given to IAS 34 (Interim Financial Reporting). The accounting principles used as the basis for the consolidated financial statements for 2009 have been consistently applied for these interim financial statements.

The following comments are applicable with regard to the following new standards, interpretations and modifications of the IAS/IFRS standards which are the subject of mandatory adoption within the reporting period. We refer to the comments in the section “Principles of preparing financial statements” made in our 2009 Annual Report.

- *IAS 27: Consolidated and Separate Financial Statements (revised January 2008; applicable for reporting periods starting July 1, 2009)*
- *IAS 39: Changes to IAS 39 Financial Instruments: Recognition and Measurement: Eligible Underlyings (revised July 2008; applicable for reporting periods starting July 1, 2009)*
- *IFRS 1: First-time Adoption of the International Financial Reporting Standards (revised November 2008; applicable for reporting periods starting July 1, 2009)*
- *IFRS 1: Changes to IFRS 1 First-time Adoption of the International Financial Reporting Standards: Additional Exemptions for First-time Adopters (revised July 2009; applicable for reporting periods starting January 1, 2010)*
- *IFRS 2: Group Cash-settled Share-based Payment Transactions Amendments to IFRS 2 Share-based payment (revised June 2009; applicable for reporting periods starting January 1, 2010)*
- *IFRS 3: Business Combinations (revised January 2008; applicable for business combinations for which the time of acquisition is after July 1, 2009)*
- *Improvements to IFRS 2009: Improvements to IFRS (published April 2009; applicable for reporting periods starting January 1, 2010)*
- *IFRIC 12: Service Concession Arrangements (published November 2006; applicable for reporting periods starting March 29, 2009)*
- *IFRIC 15: Agreements for the Construction of Real Estate (published July 2008: applicable for reporting periods starting January 1, 2010)*
- *IFRIC 16: Hedges of a Net Investment in a Foreign Operation (published July 2008; applicable for reporting periods starting June 30, 2009)*
- *IFRIC 17: Distributions of Non-Cash Assets to Owners (published November 2008; applicable for reporting periods starting November 1, 2009)*
- *IFRIC 18: Transfer of Assets from Customers (published January 2009; applicable for reporting periods starting November 1, 2009)*

CHANGES IN SEGMENT ALLOCATION

With effect from January 1, 2010, S-Bahn Berlin GmbH and S-Bahn Hamburg GmbH, which had previously been allocated to the DB Bahn Urban segment, have been allocated to the DB Bahn Regional segment. The previous year figures have been adjusted accordingly. Other changes which have been made in segment allocation were only of a minor nature.

CHANGES IN THE GROUP

Movements in the scope of consolidation of DB Group are detailed in the following:

NUMBER	German 2010	Foreign 2010	**Total 2010**
FULLY CONSOLIDATED SUBSIDIARIES			
As of January 1	184	395	**579**
Additions	0	3	**3**
Additions due to change in type of inclusion	0	2	**2**
Disposals	1	13	**14**
Disposals due to change in type of inclusion	1	0	**1**
As of June 30	**182**	**387**	**569**

The additions to the scope of consolidation consist of two new companies which were established in the period under review as well as one acquisition.

The additions attributable to the change in type of recognition relate to the acquisition of further shares in NordCargo S.r.l, Milan/Italy, which had previously been accounted for using the equity method, as well as one company which had previously been recognized at amortized cost of purchase.

The main transaction is detailed in the following:

- On January 11, 2010, DB Schenker Rail increased its shares in the Italian rail freight company NordCargo S.r.l by a further 11%, and now holds 60% of shares. NordCargo runs around 7,000 trains every year covering approximately 1.4 million train kilometers. The company is responsible for traction in international connections along the Adriatic and Tyrrhenian coasts between Milan and Naples. Since January 2010, this company is shown in the DB Schenker Rail segment.

The costs of purchase and the fair value of acquired net assets are shown in the following. The purchase price allocations are consistent with IFRS 3. The goodwill is calculated as follows:

€ MILLION	**NordCargo**
PURCHASE PRICE	
Payments	5
+ Outstanding payments	0
+ Directly attributable costs	0
Total purchase price	**5**
– Fair value of net assets acquired	1
Goodwill	**4**

Of the overall purchase price, €1.6 million is attributable to the period under review.

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 and the future revenue potential.

Purchase price allocation NordCargo S.r.l

The acquired net assets including the adjustments of assets and liabilities in accordance with IFRS 3 are shown as follows:

€ MILLION	Carrying amount	Adjustment	Fair value
Property, plant and equipment	0	0	0
Intangible assets	0	0	0
Receivables and other assets	13	0	13
Cash and cash equivalents	0	0	0
Deferred tax assets	1	0	1
Assets	**14**	**0**	**14**
Financial debt	0	0	0
Other liabilities	11	0	11
Retirement benefit obligations	1	0	1
Other provisions	0	0	0
Deferred income	0	0	0
Deferred tax liabilities	0	0	0
Liabilities	**12**	**0**	**12**
thereof recognized contingent liabilities in accordance with IFRS 3	(0)	(0)	(0)
Share of third parties	1	0	1
Net assets	**1**	**0**	**1**
Share of DB Group in net assets before acquisition	0	0	0
Net assets acquired	**1**	**0**	**1**
Purchase price paid in cash and cash equivalents	5	0	5
– Cash and cash equivalents acquired with acquisition	0	0	0
Outflow of cash and cash equivalents through transaction	**5**	**0**	**5**

There have been no major adjustments in relation to the assets and liabilities.

The disposals from the scope of consolidation comprise eight mergers as well as six liquidations.

The disposal arising from the change in the type of recognition relate to one company which has been recognized as a joint venture since January 1, 2010.

The following overview shows a summary of the main effects on the consolidated income statement arising from the changes in the scope of consolidation compared with the previous year period:

€ MILLION	DB Group Jan 1 through Jun 30, 2010	Thereof due to additions in the scope of consolidation	Amounts due to disposals from the scope of consolidation
Revenues	16,102	(141)	-1
Inventory changes and internally produced and capitalized assets	1,019	(3)	0
Overall performance	17,121	(144)	-1
Other operating income	977	(7)	0
Cost of materials	-8,816	(-83)	1
Personnel expenses	-5,443	(-52)	0
Depreciation	-1,351	(-15)	0
Other operating expenses	-1,613	(-15)	0
Operating profit (EBIT)	**875**	**(-14)**	**0**
Result from investments accounted for using the equity method	6	(0)	0
Net interest income	-487	(-4)	0
Other financial result	-25	(0)	0
Financial result	**-506**	**(-4)**	**0**
Profit before taxes on income	**369**	**(-18)**	**0**
Taxes on income	23	(1)	0
Net profit	**392**	**(-17)**	**0**

The revenues of € 141 million resulting from additions to the scope of consolidation mainly relate to previous year's acquisition of DB Schenker Rail Polska amounting to € 110 million.

CONTINGENT RECEIVABLES, CONTINGENT LIABILITIES AND WARRANTY OBLIGATIONS

Contingent receivables were stated as € 52 million as of June 30, 2010 (as of December 31, 2009: € 62 million; as of June 30, 2009: € 59 million), and mainly comprise a claim for a refund of construction grants which had been paid; however, as of the closing date, the extent and due date of the claim was not sufficiently certain.

The contingent liabilities are broken down as follows:

€ MILLION	Jun 30, 2010	Dec 31, 2009	Jun 30, 2009
Contingent liabilities from			
Issuance and transfer of bills	2	2	0
Provision of collateral for third-party liabilities	0	1	0
Provision of warranties	2	2	0
Other contingent liabilities	118	113	102
Total	**122**	**118**	**102**

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%.

In addition, there were also contingencies of € 144 million arising from guarantees as of June 30, 2010 (as of December 31, 2009: € 128 million; as of June 30, 2009: € 136 million); these mainly relate to customs guarantees of international Schenker companies which had been provided. In addition, property, plant and equipment with carrying amounts of € 108 million (as of December 31, 2009: € 131 million; as of June 30, 2009: € 172 million) were used as collateral for loans of EUROFIMA (European Company for the Financing of Railroad Rolling Stock), Basel/Switzerland, extended to DB AG; this relates mainly to rolling stock used at the operating companies in the segments DB Bahn Long-Distance, DB Bahn Regional and DB Schenker Rail.

The investigation proceedings initiated against the freight forwarding sector by the European Commission, the US Ministry of Justice and further national cartel authorities on the grounds of the suspicion of anti-competitive collusion in the field of land, ocean and air freight are still ongoing. On February 9, 2010, the EU Commission notified the grievances to DB AG as well as four subsidiaries. DB AG commented on this aspect on April 23, 2010. All the investigations are not expected to be completed before the year 2011. A class action for damages in the USA was settled – subject to the court approval which is still outstanding. At present, we are not able to assess the potential extent of possible fines. It is possible that claims for damages might be enforced outside the USA.

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.

OTHER FINANCIAL OBLIGATIONS

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	**Jun 30, 2010**	Dec 31, 2009	Jun 30, 2009
Committed capital expenditures			
Property, plant and equipment	6,928	6,280	6,711
Intangible assets	2	2	2
Outstanding capital contributions	354	317	308
Total	**7,284**	**6,599**	**7,021**

The increase in the order commitment for property, plant and equipment is mainly attributable to the procurement of new rolling stock as well as an increase in anticipated capital expenditures volume particularly for construction projects at DB Netz AG.

Of the figure shown for outstanding capital contributions, € 354 million (as of December 31, 2009: € 317 million, as of June 30, 2009: € 308 million) relates to outstanding contributions in EUROFIMA which have not been called in. Of this figure, EUROFIMA has drawn € 82 million on condition that a legal report which has been ordered confirms that the arrangement is consistent with EU competition law and aid law. The change in relation to the figure stated for the previous year is attributable to exchange rate effects.

RELATED-PARTY DISCLOSURES

Significant economic relations between DB Group and the Federal Republic of Germany exist in the form of liabilities due to the Federal Republic of Germany resulting from loans (present value € 2,852 million; as of December 31, 2009: € 3,276 million, as of June 30, 2009: € 3,168 million). In addition, there are also economic relations arising from the payments to the Federal Government within the framework of the pro forma invoicing for the allocated civil servants as well as cost refunds for personnel secondment for the provision of services as well as investment grants which have been received. 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. In the first half of 2010, DB AG raised a further loan for € 200 million from EUROFIMA.

OTHER EXPLANATIONS

In the first half of 2010, a bond of Deutsche Bahn Finance B.V., Amsterdam/the Netherlands, for € 1.0 billion which had been due was repaid, and a further bond for € 500 million was issued, with a term of ten years and a coupon of 3.50 %.

DB Group intends to acquire the British transport company Arriva plc for a price of 775 British pence per share. Providing that the transaction is approved by the relevant cartel authorities, it is planned that the transaction will be completed by the end of August 2010. Arriva plc operates train and bus services in Great Britain and in 11 other European countries, including Germany. The company generated revenues of around GBP 3.15 billion and employed 42,300 employees in 2009.

MAJOR EVENTS AFTER THE BALANCE SHEET DATE

In July 2010, Deutsche Bahn Finance B.V., Amsterdam/the Netherlands, issued a further bond of € 500 million, with a term of 15 years and a coupon of 3.75 %.

Berlin, July 20, 2010

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This Interim Report of Deutsche Bahn Group was published July 28, 2010 and is available on the Internet at www.deutschebahn.com/zb-e as well as other information.

The Interim and Annual Reports of Deutsche Bahn Group and DB Mobility Logistics Group as well as the Financial Statements of Deutsche Bahn AG are published in German and English. In case of discrepancy, the German version shall prevail. The Annual Reports of DB Fernverkehr AG, DB Regio AG, DB Schenker Rail Deutschland AG, DB Netz AG and DB Station&Service AG are published in German.

CORPORATE COMMUNICATIONS

Corporate publications, the Report of the Competition Officer and the Sustainability Report can be requested from Corporate Communications:

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DB SERVICE NUMBER

Our service number +49-18 05-99 66 33 gives you direct access to all of our telephone services. The access includes information regarding general information, booking of train tickets, finding train times, our customer dialogue and our frequent traveler system (BahnCard).

Calls will be charged as follows: calls from the German fixed-line network cost 14 ct/min. Charges from the German cell phone network cost 42 ct/min at most.

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