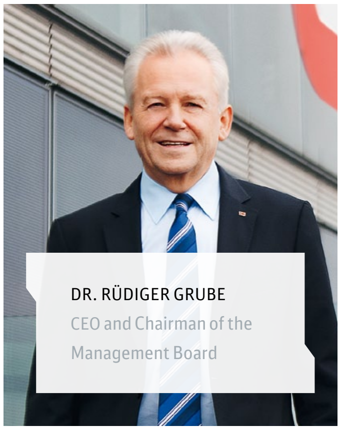
Deutsche Bahn
Interim Report January – June 2012

At a glance

Selected key figures	H1 2012	H1 2011	Change absolute	Change %
KEY FINANCIAL FIGURES – € MILLION				
Revenues	19,492	18,876	+ 616	+ 3.3
Revenues comparable	19,220	18,876	+ 344	+ 1.8
Profit before taxes on income	853	665	+ 188	+ 28.3
Net profit	794	648	+ 146	+ 22.5
EBITDA adjusted	2,758	2,559	+ 199	+ 7.8
EBIT adjusted	1,321	1,133	+ 188	+ 16.6
Non-current assets as of Jun 30, 2012 / Dec 31, 2011	44,145	44,059	+ 86	+ 0.2
Current assets as of Jun 30, 2012 / Dec 31, 2011	9,337	7,732	+ 1,605	+ 20.8
Equity as of Jun 30, 2012 / Dec 31, 2011	15,340	15,126	+ 214	+ 1.4
Net financial debt as of Jun 30, 2012 / Dec 31, 2011	16,954	16,592	+ 362	+ 2.2
Total assets as of Jun 30, 2012 / Dec 31, 2011	53,482	51,791	+ 1,691	+ 3.3
Capital employed as of Jun 30, 2012 / Dec 31, 2011	32,479	31,672	+ 807	+ 2.5
ROCE (%)	8.1	7.2	–	–
Redemption coverage (%)	21.3	19.8	–	–
Gearing (%)	111	120	–	–
Net financial debt / EBITDA	3.1	3.4	–	–
Gross capital expenditures	3,038	2,689	+ 349	+ 13.0
Net capital expenditures	1,408	1,049	+ 359	+ 34.2
Cash flow from operating activities	1,540	1,075	+ 465	+ 43.3
KEY PERFORMANCE FIGURES				
Passengers (million)	2,075	1,381 [1]	+ 694	+ 50.3
Passengers [1] (million)	1,395	1,381	+ 14	+ 1.0
RAIL PASSENGER TRANSPORT				
Passengers [1] (million)	1,012	973	+ 39	+ 4.0
Volume sold [1] (million pkm)	39,733	38,045	+ 1,688	+ 4.4
Volume produced (million train-path km)	378.9	375.8	+ 3.1	+ 0.8
RAIL FREIGHT TRANSPORT				
Freight carried (million t)	202.3	207.8	– 5.5	– 2.6
Volume sold (million tkm)	54,003	56,784	– 2,781	– 4.9
Capacity utilization (t per train)	522.4	516.3	+ 6.1	+ 1.2
RAIL INFRASTRUCTURE				
Train kilometers on track infrastructure (million train-path km)	518.5	521.4	– 2.9	– 0.6
thereof non-Group railways	112.7	108.3	+ 4.4	+ 4.1
Share of non-DB Group railways (%)	21.7	20.8	–	–
Station stops (million)	73.0	71.7	+ 1.3	+ 1.8
thereof non-Group railways	13.0	12.0	+ 1.0	+ 8.3
BUS TRANSPORT				
Passengers [1] (million)	383.4	408.5	– 25.1	– 6.1
Volume sold [1] (million pkm)	4,391	4,720	– 329	– 7.0
Volume produced (million bus km)	720.2	743.3	– 23.1	– 3.1
FREIGHT FORWARDING AND LOGISTICS				
Shipments in European land transport (thousand)	47,759	47,515	+ 244	+ 0.5
Air freight volume (export) (thousand t)	537.1	583.2	– 46.1	– 7.9
Ocean freight volume (export) (thousand TEU)	926.1	837.3	+ 88.8	+ 10.6
OTHER FIGURES				
Order book passenger transport (€ billion) as of Jun 30, 2012 / Dec 31, 2011	88.3	78.4	+ 9.9	+ 12.6
Employees (FTE) as of Jun 30, 2012 / Dec 31, 2011	286,215	284,319	+ 1,896	+ 0.7
Rating Moody's / Standard & Poor's / Fitch	Aa1 / AA / AA	Aa1 / AA / AA	–	–

[1] Excluding Arriva.

Chairman’s letter



DR. RÜDIGER GRUBE
CEO and Chairman of the Management Board

Ladies and Gentlemen,

Our performance in the first half of 2012 shows that our sustainable commitment for more customer service and better quality is bearing fruit. Our trains are now more punctual than was the case as recently as one year ago. We have convinced more passengers than ever before to use our services. And at the same time, we have not only reported the highest six-month revenues in the history of Deutsche Bahn, namely € 19.5 billion; we have also been able to improve earnings before interest and taxes by 16.6 percent compared with the first half of 2011, to € 1.3 billion. With ROCE of 8.1 percent, we have made further progress towards meeting our target of return on capital of 10 percent.

The overall very positive performance of rail passenger transport services, with approximately 40 million more passengers in our trains, is opposed by a downturn of 4.9 percent in the transport performance of rail freight. This is due to the state of the economy in Europe, which has been losing momentum since 2011. Air freight is also affected by the weaker state of global trade, and has declined by 7.9 percent in terms of tonnage compared with the first half of 2011. Ocean freight and contract logistics on the other hand have reported double-digit growth, and land transport has reported a stable performance.

More customer service and better quality continue to be right at the very top of our agenda. Improvements in terms of our customer information in the event of delays or optimization of cell-phone tickets and the popular DB Navigator are examples of improvements which have benefited our customers immediately.

With regard to our vehicles, parallel to the redesigning of our ICE 2 trains we have also started the modernization of our IC fleet. And 46 of the new Talent 2 trains are now already deployed in regional transport services. The start of construction for the new Wendlingen – Ulm line was an important milestone in the process of expanding our infrastructure.

Our growth targets until the year 2020 will benefit not only from the sound hit rate of DB Bahn Regional but also from two major transport contracts in the Netherlands which have been awarded to DB Arriva. We have expanded our international long-distance and rail freight services, and have further strengthened our presence in logistics in Asia.

In the first half, we have recruited more than 5,500 new employees for Deutsche Bahn. Following many years of job cuts, our aim is now to create more staff. For this purpose, we have concluded a new cooperation agreement with the Bundesanstalt für Arbeit, and are cooperating with employers who are having to release skilled employees.

DB Arriva has ordered 98 hybrid and biogas-fueled buses worth € 32 million. In this way, we are underlying our claim to be an eco pioneer. The success of our green trial BahnCard25 has strengthened us in our commitment to develop further services with which our customers are able to improve their individual carbon footprint. With the expansion of our transshipment terminals in Hamburg and Munich, we have pressed on ahead with improving the link between road and rail in freight transport.

These very good six-month figures are based on the commitment of 297,000 Deutsche Bahn employees and the confidence of our customers. The entire Management Board wishes to express thanks to all of them.

Sincerely yours,

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

CONTENTS

Major events

Presentation of new strategy DB2020

At the end of March 2012, we presented our new strategy DB2020 which focuses on sustainability. With DB2020, we have created a framework approach which combines the sustainability parameters comprising economic, social and ecological factors in order to ensure the sustainable success of our company and social acceptance.

Opening of direct route to the South of France

At the end of March, and together with SNCF, we started the direct link between Frankfurt am Main and Marseilles. The new Rhein – Rhône high-speed line reduces traveling times by up to 90 minutes.

Success in being awarded orders in the Netherlands

In the first half of 2012, DB Arriva was successful in being awarded two major orders in the Netherlands: for operating bus services in the north and southwest of the province of Friesland and also for operating bus services in the north of the province of South Holland. Both services are due to commence in December 2012, for an initial period of eight years with an option for a two-year extension.

For the first time: private travel now also possible with eco-power

With our trial BahnCard 25 with 100 % eco-power, we are now offering private customers the possibility of traveling carbon-free and improving their personal carbon footprint. The action was initially due to end in June 2012; however, as a result of strong demand, it has been extended until the end of July.

Ground-breaking ceremony for the new Wendlingen – Ulm line

Work on constructing the new Wendlingen – Ulm line was commenced with an official groundbreaking ceremony at the beginning of May. Together with Stuttgart 21, the new line, approximately 60 km long, will permit the rearrangement of the main rail hub in Baden-Württemberg and will thus lay the foundation for a sustainable transport infrastructure in the Southwest.

Networks expanded further by DB Schenker

In the first half of 2012, DB Schenker enhanced its worldwide presence with various projects, including a new joint venture in Oman, a new company operating at country level in Namibia, a new branch in the north of China and new services such as regular rail links between Portugal and Germany or combined transport links between Italy and Poland.

Interim Group management report (unaudited)

OVERVIEW

::: SIGNIFICANT DECLINE IN ECONOMIC CONDITIONS

::: STRONG DEVELOPMENT IN PASSENGER TRANSPORT DRIVES IMPROVEMENTS IN REVENUES AND PROFITS

::: OUTLOOK FOR THE 2012 FINANCIAL YEAR REMAINS POSITIVE

	H1		CHANGE	
Key figures — € million	2012	2011	absolute	%
Passengers million	2,075	1.381[1]	+694	+50.3
Passengers million[1]	1,395	1,381	+14	+1.0
Volume sold rail passenger transport (million pkm)[1]	39,733	38,045	+1,688	+4.4
Volume sold bus passenger transport (million pkm)[1]	4,391	4,720	-329	-7.0
Volume sold rail freight transport (million tkm)	54,003	56,784	-2,781	-4.9
Train kilometers on track infrastructure (million train-path km)	518.5	521.4	-2.9	-0.6
Shipments in European land transport (thousand)	47,759	47,515	+244	+0.5
Air freight volume (export) (thousand t)	537.1	583.2	-46.1	-7.9
Ocean freight volume (export) (thousand TEU)	926.1	837.3	+88.8	+10.6
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Revenues comparable	19,220	18,876	+344	+1.8
EBITDA adjusted	2,758	2,559	+199	+7.8
EBIT adjusted	1,321	1,133	+188	+16.6
Net profit	794	648	+146	+22.5
ROCE (%)	8.1	7.2	–	–
Net financial debt as of Jun 30, 2012/Dec 31, 2011	16,954	16,592	+362	+2.2
Gross capital expenditures	3,038	2,689	+349	+13.0
Net capital expenditures	1,408	1,049	+359	+34.2

1) Excluding Arriva.

The development of Deutsche Bahn Group (DB Group) continued to be encouraging on the whole in the first half of 2012. While the pace of growth tapered off as expected due to *weaker economic growth* [1], the picture in general has remained positive. Our passenger transport and infrastructure activities have developed particularly well.

An examination of our *relevant markets* [2] reveals that the development of the Transport and Logistics division has lost pace due to the state of the economy. This is also reflected in the development of our performance.

While noticeable growth was reported in the DB Bahn Long-Distance and DB Bahn Regional rail transport business units, volume in air freight and rail freight transport declined significantly. Developments in ocean freight were more encouraging, where significant growth was recorded. Volume in European land transport grew only slightly. In the Infrastructure division, the train-path demand declined slightly as a result of the development in rail freight transport. The number of station stops increased slightly.

The reduced growth in volume in the business units DB Schenker Rail and DB Schenker Logistics is also reflected in the *development of revenues* [3] on a comparable basis, which has lost momentum. Nonetheless, almost all of the business units were able to grow their revenues. The strongest growth was recorded in the DB Bahn Long-Distance, DB Arriva and DB Schenker Logistics business units.

There were no important effects on the *business performance* [4] in the reporting period resulting from changes to the scope of consolidation. The development of revenues, however, was significantly positively influenced by changes in currency exchange rates.

The development of *operating profit* [5] remained positive in the first half of 2012. Growth in the DB Bahn Long-Distance and DB Netze Track business units was particularly encouraging.

Due to the mainly positive *development of the business units* [6], the profit after taxes significantly improved.

Our *value management figures* [7] improved in the direction of their respective target figures in the first half of 2012.

We intensified our *capital expenditure activities* [8] in the first half of 2012. The greatest effects here were from capital expenditure in new vehicles and the mild winter, which caused only limited disruption of construction activities on the infrastructure.

Net financial debt [9] has risen against December 31, 2011. This is the result of the considerably higher capital expenditures combined with the dividend payout of € 525 million.

DB Group once again had very good *access to capital markets* [10] in the first half of 2012 and was able to obtain debt capital at attractive conditions. We also issued a bond denominated in pounds sterling for the first time in the reporting period.

1 Page 8 ff., 2 Page 12 ff., 3 Page 16 f., 4 Page 16 ff., 5 Page 20, 6 Page 21 ff., 7 Page 6, 8 Page 35 f., 9 Page 34, 10 Page 33

ASSESSMENT OF THE ECONOMIC SITUATION BY THE MANAGEMENT BOARD

Based on the developments in the first half of 2012, the Management Board of Deutsche Bahn AG (DB AG) continues to consider the economic situation of DB Group as positive.

In spite of difficult economic conditions, DB Group once again reported growth in revenues and its operating profit in the reporting period.

In light of the developments in the first half of 2012 and the economic developments expected to occur in the second half of 2012, we anticipate that revenues will grow with somewhat more restraint in the 2012 financial year, such that the total revenues for the 2012 financial year are likely to be around € 39 billion. The previous forecast was around € 40 billion.

In the Transport and Logistics division, we introduced countermeasures in order to react to the weaker market development. As regards adjusted EBIT, ROCE, gross capital expenditure and net financial debt, we can confirm the forecasts issued in the 2011 Annual Report.

CORPORATE STRATEGY

::: NEW DB2020 STRATEGY PRESENTED, BASED ON SUSTAINABILITY
::: SUSTAINABILITY AS A BASIS FOR LONG-TERM SUCCESS
::: IMPLEMENTATION OF DB2020 INTRODUCED INCLUDING NUMEROUS MEASURES

New DB2020 strategy

At the end of March 2012 we presented our new DB2020 strategy, which focuses on sustainability. With DB2020 we have created a framework within which the sustainability dimensions of the economy, social concerns and the environment are to be brought into alignment in order to ensure long-term corporate success and social acceptance.

Therefore, in order to make our ongoing vision of becoming the world's leading mobility and logistics company a reality, we have set ourselves ambitious goals for all three sustainability dimensions: we wish to become a profitable market leader with a focus on customers and quality (economic), a top employer (social) and an eco pioneer (environment).

STRATEGY IMPLEMENTATION INTRODUCED INCLUDING NUMEROUS MEASURES

For the implementation of our DB2020 strategy we have integrated and continued existing measures within the framework of DB2020 and introduced new measures.

Organizationally, we have also adopted the concept of sustainability into the Group itself. We have created the position of Chief Sustainability Officer (CSO), which assumes full responsibility for the topic of sustainability and will be held by Dr. Karl-Friedrich Rausch (Board Member for Transport and Logistics at DB Mobility Logistics AG). To provide extra support we have set up a sustainability competence center.

By implementing an integrated system of targets applicable to all business units, we aim to define the specifics of DB2020, increase accountability internally and externally, and establish consistency in all of our decisions affecting the three sustainability dimensions.

Using broad-based communications measures, we have also begun to establish the required transparency and integration of all of the internal and external stakeholders that are of relevance to us.

DB2020 AS A FRAMEWORK FOR OUR ACTIVITIES

With our three goals (to become a profitable market leader, a top employer and an eco pioneer) and the four associated strategic directions (customer and quality, profitable growth, change in culture/employee satisfaction and conservation of resources/reducing emissions and noise), the DB2020 strategy provides the framework for the systematic integration of all activities, both those already started and future activities. All activities that we have engaged in over the course of the first half of 2012 were in the pursuit of the four strategic directions and were therefore also in pursuit of the goals of our DB2020 strategy.

Profitable market leader

As a profitable market leader, we offer our customers first-class mobility and logistics solutions. Two strategic directions are of critical significance: a continued focus on customers and quality, and a continuation along the route of profitable growth.

Customers and quality

We have begun and continued to use a variety of technical, service and infrastructural measures to increase customer satisfaction and quality. Among these are capital expenditures in the modernization of our vehicle fleet (the ICE 2 and IC fleet, for example), the expansion of customer information and support services (the expansion of e-mail notifications in the event of delays, for example) and the development of infrastructure (the modernization of 170 railway stations as part of the infrastructure development acceleration project, for example).

Profitable growth

We have set ourselves clear targets for revenue as well as for our value management key figures ROCE and redemption coverage, and we aim to achieve these targets by 2020 at the latest. Our focus is on the targeted development of our transport networks, the seizing of opportunities arising from the liberalization in the European passenger transport market, and the ongoing improvement of utilization and productivity.

By winning tenders, establishing new long-distance transport routes and acquiring new logistics customers, we will continue on our path of profitable growth. By way of example, DB Arriva recently won tenders in the Netherlands. In long-distance rail passenger transport, we have introduced new direct connections between Frankfurt am Main and Marseilles (France), and between Berlin and Gdańsk (Poland). In rail freight transport, we have been commissioned by Gefco (PSA Peugeot Citroën) to transport vehicles (over 50 trains a week).

Top employer

As a top employer, we are able to acquire and keep qualified employees who work with enthusiasm for DB Group and its customers. In this regard we will press ahead with the culture change already underway and significantly improve our employees' satisfaction.

Culture change/employee satisfaction

We have initiated various activities with the aim of increasing employee satisfaction and expanding the acquisition of new personnel. For example, we have pressed on with the change in our corporate culture that we started by holding a total of 20 meeting events with around 8,500 executive managers and employees. We have also further expanded our measures to acquire new personnel, partly through partnerships with the German Federal Employment Agency, the RAG coal mining corporation and the German Federal Armed Forces. We have also improved working conditions by means of initiatives to encourage diversity in management (by initiating the mentoring scheme “Career and Kids,” for example).

Eco pioneer

In our role as an eco pioneer, we have set the benchmark with our products for the efficient use of the available resources. By improving our efficiency in our use of materials and resources, and by reducing CO_2 and noise output, we aim to build on our leading environmental position.

Conservation of resources/reducing emissions and noise

With new green products and capital expenditures in environmentally friendly technologies, we have contributed to conserving resources and to reducing emissions and noise. DB Arriva, for example, has ordered 98 hybrid and biogas buses for Great Britain, while four new hybrid switching engines have been commissioned for DB Schenker Rail, our green BahnCard has been successfully introduced, and new technologies for reducing the effect of noise on the infrastructure have been successfully tested.

VALUE MANAGEMENT

::: VALUE MANAGEMENT SYSTEM IN PLACE SINCE 1999
::: ROCE INCREASED FURTHER
::: KEY DEBT FIGURES IMPROVE

Value-based corporate management

There were no changes to our *value management system* [1] in the first half of 2012.

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

ROCE INCREASED FURTHER

	H1		CHANGE	
— € million respectively %	2012	2011	absolute	%
EBIT adjusted	1,321	1,133	+188	+16.6
÷ Capital employed as of Jun 30	32,479	31,672	+807	+2.5
ROCE [1)]	**8.1**	**7.2**	-	-

1) To calculate the ROCE for a full year the adjusted EBIT has been extrapolated to a full year by means of linear projection.

As a result of the increase in *adjusted EBIT* [2], ROCE rose by about one percentage point in the first half of 2012.

IMPROVED KEY DEBT FIGURES

Redemption coverage

	H1		CHANGE	
— € million respectively %	2012	2011	absolute	%
EBITDA adjusted	2,758	2,559	+199	+7.8
+ Net operating interest income [1), 2)]	-431	-361	-70	+19.4
Operating cash flow	**2,327**	**2,198**	**+129**	**+5.9**
Net financial debt	16,954	17,290	-336	-1.9
+ Present value operate leases	4,851	4,947	-96	-1.9
÷ Adjusted net financial debt	**21,805**	**22,237**	**-432**	**-1.9**
Redemption coverage [3)]	**21.3**	**19.8**	-	-

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

2) Adjusted for special items.

3) To calculate a redemption coverage for a full year the adjusted EBITDA and the operating net interest have been extrapolated to a full year by means of linear projection.

As of June 30, 2012, redemption coverage was higher than the value as of June 30, 2011. This is attributable to a significant improvement in the operating cash flow in conjunction with a slight decline in adjusted net financial debt. In line with the development of the adjusted EBIT, an improvement in the *adjusted EBITDA* [3] brought about a rise in the operating cash flow.

Gearing

— € million respectively %	Jun 30, 2012	Dec 31, 2011	CHANGE absolute	%
Financial debt	19,639	18,351	+1,288	+7.0
- Cash and cash equivalents and receivables from financing	2,685	1,759	+926	+52.6
Net financial debt	**16,954**	**16,592**	**+362**	**+2.2**
÷ Equity	15,340	15,126	+214	+1.4
Gearing	**111**	**110**	-	-

As of June 30, 2012, gearing was at the same level as at year-end 2011. The mild rise in *net financial debt* [4] was for the most part compensated by the increase in *equity* [5]. As of June 30, 2011, the gearing was 120%.

Net financial debt/EBITDA

	H1		CHANGE	
— € million	2012	2011	absolute	%
Net financial debt	16,954	17,290	-336	-1.9
÷ EBITDA adjusted	2,758	2,559	+199	+7.8
Net financial debt/EBITDA [1)] (multiple)	**3.1**	**3.4**	-	-

1) To calculate the ratio for a full year the adjusted EBITDA has been extrapolated to a full year by means of linear projection.

Due to the reduction in net financial debt in comparison with the corresponding period of the previous year and due to the increase in *adjusted EBITDA* [3], the net financial debt/EBITDA key figure has improved.

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BUSINESS AND OVERALL CONDITIONS

::: BUSINESS ENVIRONMENT WEAKENS
::: STRONG GROWTH IN RAIL PASSENGER TRANSPORT
::: WEAK DEVELOPMENT IN RAIL FREIGHT TRANSPORT AND AIR FREIGHT

Changes in DB Group

CHANGES IN THE EXECUTIVE BODIES OF DB AG

There were no changes to the DB AG Management Board during the reporting period.

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

There were two changes to the DB AG Supervisory Board during the reporting period. Messrs. Günter Kirchheim and Helmut Kleindienst resigned from the DB AG Supervisory Board effective June 21, 2012 and June 30, 2012 respectively. The appointment of successors by a court of law is still pending.

MINOR CHANGES MADE TO THE PORTFOLIO

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

Suomen Kiitoautot Oy and Schenker Cargo Oy, based in Turku/Finland, a subsidiary of Oy Schenker East AB, make up two-thirds of the Kiitolinja chain, which has specialized in domestic purchasing and distribution in Finland.

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

::: In May 2012, DB Schenker Logistics opened a company in Namibia to operate at country level. After a partnership of many years with Desert Logistics, it has now been agreed that DB Schenker will acquire Desert Logistics in full. The purchase price was € 1 million. The acquisition was approved by the Namibian Competition Authority. As a result, Schenker Namibia (Pty) Ltd., based in Windhoek/Namibia, now represents DB Schenker's global network, with its 2,000 sites in more than 130 countries, in Namibia. Effective May 1, 2012, Schenker Namibia is included in the consolidated financial statements and has been integrated into the DB Schenker Logistics business unit.

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

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

::: In June 2012, DB Arriva acquired the British company Ambuline Limited, based in Birmingham/Great Britain. The purchase price was € 1 million. DB Arriva is striving to expand its ambulance business and social care transport services in Great Britain with this acquisition. DB Arriva and Ambuline have already successfully cooperated in this area.

Ambuline makes up to 2,500 trips a day in various parts of England, including for the National Health Service and other public-sector clients.

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

DOMESTIC DISTRIBUTION IN NORTH AMERICA RESTRUCTURED

During the first six months of 2012, DB Schenker Logistics continued the restructuring process of its domestic distribution business in the United States, Canada and Mexico.

Since the North American air freight network was wound up at the end of 2011, the domestic road transport distribution network in the USA was transferred in the first six months of 2012 to the strategic partner Estes Express Lines, a US road transport company. This has enabled us to offer our customers an attractive alternative for their road transport needs.

Business environment

ASSESSMENT OF THE BUSINESS ENVIRONMENT BY THE MANAGEMENT BOARD

The noticeably weaker development in the global economy in the first half of 2012 allowed only small growth in our key markets and therefore had only little positive impact on the development of our business. The overall economic situation even had a negative effect on rail freight transport and air freight.

The first half of 2012 was also marked by volatile commodity prices and the sovereign debt crisis, which was aggravated even further as a result of developments in Greece and Spain.

As a result of the sustained refinancing difficulties experienced by certain Eurozone states and the uncertainties surrounding the future of the euro, the exchange rate fell against the US dollar.

The vast majority of our activities in the passenger transport sector are dependent on the economic development within our domestic market, Germany. In the first half of 2012 these developments were supported by a favorable development of the labor market and rising incomes. Our rail passenger transport experienced a positive development in this environment. The European passenger transport market, which plays an important role in the activities of DB Arriva, experienced irregular development due to the cutbacks in public spending in individual countries in the Eurozone.

Our European and worldwide-oriented activities in the Transport and Logistics division are influenced by global economic development and trends in world trade. Therefore, the development in all markets was weaker in comparison to the growth rates of the first half of 2011.

ECONOMIC DEVELOPMENT INCONSISTENT

At the start of the year, the global economy was once again placed under strain as a result of the sovereign debt crisis in the Eurozone intensifying again, structural problems in the US economy and the economic slowdown in Asia. In the first quarter of 2012, the global economy grew by just under 2.5 % according to preliminary season-adjusted data. World trade exhibited growth of around 8 % in the same period.

The emerging markets continued to grow, albeit with less vigor. In China, government measures to slow the economy caused growth and inflation to ease off as intended; overall economic production continued to grow significantly, however, with 8.1 % in the first quarter and 7.6 % in the second quarter of 2012. The strong economic growth seen in many East Asian and Latin American countries tapered off.

Economic development varied greatly in the first quarter of 2012 in the industrialized countries. The United States experienced unexpectedly strong growth. While private spending grew more rapidly, the decline in government investment and consumer spending counteracted this. Exports and imports grew much more rapidly than in the previous quarter, with the net trade balance remaining practically unchanged. In Japan, gross domestic product (GDP) experienced strong growth once again. Exports recovered, private spending grew at a pace and public investment was ramped up considerably in light of the reconstruction efforts following the tsunami in early 2011. The level of overall economic production has since exceeded that before the disaster.

In Europe, economic output in the first quarter of 2012 grew moderately according to preliminary estimations. In the Eurozone, the seasonally adjusted GDP fell 0.1 % in the first quarter of 2012 against the same quarter of the previous year. Consumer spending declined once again, investment also dropped, but the net trade balance grew thanks to a significant rise in exports. The differences in economic development between the various countries were considerable. While German GDP exhibited above-average growth and moderate growth was achieved in France, economic output declined in the Southern European crisis countries, the Netherlands and Slovenia. The recession persisted in Great Britain; a very restrictive fiscal policy and a decline in real income dampened economic output. In Eastern Europe, economic growth slowed, but the overall upwards trend remained. In Russia, Poland and the Baltic countries, economic output experienced above-average growth. The level of the previous year was not reached in Hungary and the Czech Republic.

The German economy started out unexpectedly strong in 2012. In the first quarter of 2012, GDP – adjusted for price, seasonal factors and calendar-related effects – rose 0.5 % against the same quarter of the previous year after a decline in the final quarter of 2011. Compared to the previous year, economic output grew by 1.7 % (adjusted for calendar-related effects: 1.2 %). In comparison to the first quarter of 2011, growth stemmed for the most part from domestic business – in particular from consumer spending and investments in equipment. Foreign trade also resulted in positive effects. Adjusted for price, more goods and services were exported and imported than a year ago. The net trade surplus, coming in at 0.5 percentage points, contributed to the year-on-year rise in GDP.

There were positive effects for rail transport in Germany from the business environment relevant for passenger transport. The development of the labor market on the whole has remained positive in the year so far, although this positive trend is weakening. Average employment figures were almost 1.5 % higher than they were in the previous year. Disposable income also rose sharply. As a result of inflation brought about by energy prices, disposable income rose by almost 1.5 % in real terms in the first quarter of 2012. Private spending grew considerably, although expenditure on transport and communication services only experienced slightly above-average growth. So far this year the number of new cars registered has only been slightly above the previous year's level. As a result of the significant rise in crude oil prices, fuel prices rose sharply once again by just under 6 % in the first half of 2012. In June 2012, the price situation was eased somewhat as a result of the decline in energy prices, with the Consumer Price Index remaining below 2.0 % in the previous month for the second time since December 2010 and the rise in fuel prices leveling off at around 2.2 % compared against the previous year.

Development in the business environment relevant for freight transport in Germany continued to slow down in the reporting period. The effects on transport demand in rail freight transport were negative on the whole. Steel production experienced a decline as a result of weak development in client sectors. In the first half of 2012, quantities fell against the corresponding period of the previous year by 5.7 %. Construction activities also declined severely in comparison to the strong levels seen in the previous year. Production in the manufacturing industry grew moderately by just under 1.0 % as of May 2012, although considerable momentum was lost and April and May saw the first declines since 2009. Those sectors heavily dependent on exports were in particular badly affected by the reemergence of the sovereign debt crisis. Car exports and domestic passenger vehicle production declined, while production in all areas of the chemical industry so far this year has remained under the previous year's levels. A lot of the momentum in foreign trade has also dropped off. Adjusted for price, exports of goods in the reporting period experienced mild growth, while imports practically stagnated.

ENERGY MARKETS REFLECT ECONOMIC CONCERNS

The energy markets were put under strain by economic concerns in the first half of 2012. The European sovereign debt crisis in particular brought about considerable price reductions in the second quarter.

In the oil market, the Iran conflict was still the dominant topic at the beginning of the year. Although the crude oil production of the Organization of the Petroleum Exporting Countries (OPEC) reached its highest level since 2008, concerns about supply bottlenecks drove the price of Brent Crude to over USD 128/bbl. The oil market therefore had a more than adequate supply in principle, but the price included a risk premium that market participants estimated to be as high as USD 20/bbl. Oil prices began to relax at the start of the second quarter of 2012. A deterioration in economic data across the globe and the sovereign debt crisis practically caused a price crash in Brent Crude to USD 88.50/bbl. However, new bailout packages and support measures from central banks brought a swift end to this trend. Initial production cuts due to the hurricane season in the USA and a strike in the Norwegian oil sector also contributed to an increase in the price of Brent Crude back up to USD 100/bbl at the end of June.

On the German electricity market, the effects of the growth of renewable energies are making themselves felt more and more. As forecasts for the capacity usage of power plants face increasing uncertainty, some of the required capital expenditure has been withdrawn. The necessary grid development work is also facing delays. The remuneration guaranteed by the government for feeding in electricity from renewable sources is causing conventional base load power plants to be pushed aside, while the demand for operating reserve energy continues to rise. Accordingly, the price for base load power for delivery in 2013 fell from € 53.30/MWh at the start of the year to below € 48/MWh at times, although the increasingly gloomy economic forecasts did contribute to this.

Price trends for CO_2 emissions certificates were very volatile. After the volume of certificates issued initially proved to be overly generous, speculations about the organization of the set-aside mechanism caused prices to rise again. After reaching values as low as € 6.40/t CO_2, the price rose considerably once again to more than € 8/t CO_2.

The price of coal on the Rotterdam spot market declined due to the good supply in Europe and the falling confidence in the economy. After reaching USD 112/t at the beginning of the year, prices fell to as low as USD 85/t.

EURO CONTINUES TO DEPRECIATE AGAINST THE US DOLLAR

The European sovereign debt crisis continued to be the dominant topic on the capital markets in the first half of 2012. Spain, too, has now opted to make use of the European Financial Stability Facility (EFSF), the European bailout mechanism, following in the footsteps of Greece, Ireland, Portugal and Cyprus. For Spain are up to € 100 billion available.

As far as the economy is concerned, the optimism in the Eurozone at the beginning of the year could not be maintained. The budget cuts imposed by many countries in the Eurozone placed a greater strain on economic output than expected. The US economy, on the other hand, was able to make further progress, with the labor market in particular continuing its positive trend from the third quarter of 2011. These developments were apparent on the foreign exchange market, where the euro continued to lose value against the US dollar. While the euro was able to briefly regain some ground following the resolution of the finance ministers of the Eurozone in April to continue operating the EFSF, the continued intensification of the sovereign debt crisis, particularly in Spain and Greece, caused the common currency to be devalued (as of June 30, 2012: USD 1.26; as of December 31, 2011: USD 1.29; as of June 30, 2011: USD 1.45). The same applies to the pound sterling and the Japanese yen, which both gained in value against the euro, while the Swiss National Bank kept the rate of the Swiss franc stable by buying euros to support it.

YIELDS ON GERMAN BUNDS HIT ALL-TIME LOW

As the sovereign debt crisis took hold, investors concentrated on stable debtors. The resulting rise in demand caused German Bund prices to continue increasing, which resulted in the lowest yields for German government bonds to date. The interest on ten-year German Bunds was for a while less than 1.20 %. Two-year bonds had no coupons and even reached negative yield values periodically. Towards the end of the first half of 2012, yields began to rise again as a result of increased risk awareness.

Market participants observed bond auctions in the peripheral Eurozone nations with a critical eye. With each transaction, debtors have to prove that they have sufficient confidence that they are able cover their financial requirements through the capital market, which generally results in higher costs of financing and makes further consolidation of government finances more difficult.

On the whole, issue volume is up on the same period of the previous year. Backed by high demand potential, many issuers benefited from an attractive rate of interest in order to keep their refinancing costs low in the long term. In addition to this many transactions were carried out at the beginning of the year with debtors from the peripheral Eurozone nations, which made use of investors' higher willingness to take risks while the market was still open to such asset classes. In general, a trend towards advance financing was identifiable among numerous issuers in anticipation of an uncertain second six months.

Political environment

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

REGULATORY ISSUES IN GERMANY

During the reporting period, the Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railroads (Bundesnetzagentur; BNetzA) and the Federal Railway Authority (Eisenbahnbundesamt; EBA) continued to regulate access to the rail infrastructure in Germany and monitor the observance of guidelines regarding the unbundling of infrastructure and transport services within their respective areas of responsibility.

Decision on usage fees for traction current lines

The end of February 2012 saw the conclusion of the first review process for traction current grid fees under the jurisdiction of the energy industry's legal regulations. BNetzA approved the usage fees for the years 2005 through 2008 but imposed cuts. DB Energy will be retroactively included in the incentive regulation system beginning in 2009. For the first regulation period from 2009 through to 2013, a revenue path was outlined that determines a fixed annual revenues cap. The additional revenues generated from usage fees levied in the past will be deducted from the approved revenues cap as of 2009. Following the Federal agency's decision, DB Energy adapted its full energy prices retroactively with effect from January 1, 2012.

The revenue caps for the second regulation period from 2014 to 2018 are subject to an ongoing additional review.

1 www.db.de/competitionreport

Advance ruling in the train-path pricing system review proceedings

As part of its *overall review of the train-path pricing system (TPS)* [1], BNetzA demanded in a letter dated May 24, 2012 that DB Netz AG fill out a data collection form prepared by the Federal agency. Using this form, DB Netz AG is expected to provide detailed data on costs and quantities in recent years as well as information on internal accounting procedures. The Federal agency aims to use this approach to address questions relating to costs to be considered as well as how these costs are passed on to the network users.

Ongoing discussions regarding the further development of the station pricing system

BNetzA approved the new station pricing system introduced by DB Station&Service AG (DB S&S AG) with effect from January 1, 2011 under the provision that additional explanations pertaining to certain elements, in particular the pricing factor for the length of trains, be submitted at a later date and that amendments be made if necessary. BNetzA and DB S&S AG are currently in intense discussions regarding this. The application of the current train length factor for 2012 has been provisionally accepted by the Federal agency.

Proceedings on the transfer of public funds

After the German Federal Administrative Court last year confirmed the legal validity of an advance ruling of EBA from 2008, the proceedings of the supervisory agency were continued. DB Netz AG provided the evidence requested in the ruling regarding the use of public funds in DB Group. In June 2012, EBA sent a request for further information. In these proceedings, the supervisory agency is examining whether the statutory unbundling regulations have been adhered to.

REGULATORY ISSUES IN EUROPE

British government publishes statement on the development of rail transport

In early March 2012, the British government published a Government Command Paper ("Reforming our Railways: Putting the Customer First") in which the results of the McNulty review were addressed and the government presented its strategy focus points for rail transport in England and Wales through to 2019 and beyond.

We are involved in this process as part of the *Rail Delivery Group (RDG)* [2] established in May 2011 with one representative each from DB Arriva and DB Schenker Rail.

British government publishes statement on the reform of the bus market

After the Competition Commission (CC) published its concluding report in December 2011 on its investigation into regional bus transport in Great Britain on behalf of the British government, the British Department for Transport (DfT) presented reforms for the improvement of bus transport services and regulations at the end of March 2012. These were detailed in the publication "Green Light for Better Buses."

Recast of the first railway package

In the course of the lawmaking process for the purpose of recasting the first European railway package, the European Council and the European Parliament agreed on a compromise text in June 2012. The text was formally accepted by the Parliament on July 3, 2012. The final adoption by the European Council is expected sometime later in 2012. The member states will then be required to implement the directive within 30 months.

From our standpoint, we welcome the recast, as it contributes to creating a standardized European general framework for rail transport. The directive not only clarifies and tightens regulatory issues, but it also in particular expands the role of the rail regulation authorities in Europe considerably. Once the new rules have been implemented in all of the member states, the authority of the rail regulators will by and large be on a similar scale to that which BNetzA has today in Germany. It is also commendable that the compromise does not impose any further requirements on the unbundling of network and transport service operations. The openness of European law regarding separate and integrated structural models has therefore been maintained. The European regulation is to be transferred to national legislation in full. This is the only way that a level playing field can be created in Germany and Europe.

1 2011 Annual Report page 90, 2 www.raildeliverygroup.org

Developments in the relevant markets

The market developments and data described below are based primarily on preliminary data and internal estimates and calculations, with the exception of the performance data from DB Group companies.

PASSENGER TRANSPORT

German passenger transport market

Despite economic growth losing pace, demand in the German passenger transport market continued to grow in the first months of 2012. In a comparison of the individual modes of transport, rail experienced above-average growth and motorized individual transport also grew moderately. While performance in public road passenger transport practically stagnated, air transport within Germany fell slightly below the previous year's level. Not only the positive signs from the economic environment but also the special statistical effect of the leap year contributed to the growth in overall demand in the passenger transport market.

German local rail passenger transport grew in the first half of 2012 by around 4.5 % according to internal calculations. As expected, the volume sold from non-Group railways grew, which is in part attributable to the operation of new lines with the start of the 2011/2012 schedule. With a rise in performance of 4.0 %, our companies also demonstrated positive development. Both regional transport with a growth rate of 3.3 % and long-distance transport with growth of 4.9 % contributed to this. This development was supported by the very positive situation on the labor market (compared to the rest of Europe), the increase in disposable income and the continued rise in fuel prices. In addition to the strong economic stimulus, the DB Bahn Long-Distance business unit in particular benefited from the end of extensive construction work that was taking place in the previous year on high-traffic transport corridors (including Hanover – Hamburg, Hanover – Bremen) as well from strike-related hindrances in air traffic.

While public road passenger transport profited from the positive underlying conditions, the decline in apprentice and pupils numbers continue to dampen demand. According to internal calculations, volume sold stagnated against the same period in the previous year.

Following a very strong start to the previous year, which was primarily attributable to mild weather conditions, the development in motorized individual transport noticeably lost pace in the first months of 2012. In light of the positive conditions, namely higher employment figures and real income, combined with the less pronounced rise in fuel prices, we expect a rise in performance of just under 0.5 % for the first months of 2012.

Air transport within Germany continued its weak development from the second half of 2011 through the start of 2012. Part of the strain was attributable to the increase in kerosene prices, which were partly passed on to customers, as well as the need to pay air passenger duty from 2011 onwards and strikes at German airports, which resulted in flight cancellations. Volume sold on the whole in the first months of 2012 declined slightly.

European passenger transport market

Following the economic recovery in the first half of 2011, economic development in Europe began to worsen. In the Eurozone, overall economic production even shrank slightly by 0.1 % in the first quarter of 2012. A weak labor market and weak income trends along with declining consumer spending defined the conditions in the passenger transport sector. More than half of the EU countries reported a rise in unemployment. Nonetheless, according to internal estimates, in the first half of 2012 European passenger transport markets managed to maintain the volume sold on the level of the first half of 2011.

In the first half of 2012, the liberalization of the passenger transport markets moved forward, for example in Italy, where the first private high-speed rail transport provider – Nuovo Trasporto Viaggiatori (NTV) – has entered the European market. Driven by the tense situation with public budgets, it is likely that the process of liberalization will continue in Europe. In Spain and Italy, it is clear that the governments are aiming to quickly open up competition in the passenger transport markets with new legislative initiatives.

The volume sold on the European rail passenger transport market remained at the same level in the first months of 2012 as in the first half of 2011 according to internal calculations, even though there were regional differences. It is expected that demand, for example, will have declined significantly in countries strongly affected by the sovereign debt crisis such as Portugal and Italy. The Spanish rail operator Renfe, on the other hand, was able to achieve a moderate increase in its volume sold in spite of the challenging economic conditions. While the

Bulgarian state-owned railway BDZ reported heavy losses and the Polish PKP remained far under the previous year's level, demand in France was relatively stable.

In Sweden, the volume sold in rail passenger transport fell by more than 1% in the first half of 2012, while the Danish state-owned railway reported passenger growth of over 3% in the same period for both local and long-distance transport. This growth is primarily attributable to the mild winter and the lower number of construction sites in comparison to the previous year.

A strong increase in volume sold was recorded for the railways of the International Union of Railways (UIC) in Slovakia as well as in Germany and the Czech Republic in particular. In Great Britain, the volume sold for rail transport even rose by almost 6.5% in the first quarter of 2012, according to information available at present. With growth of just under 7.5%, regional transport developed much more dynamically than long-distance transport, which also managed impressive growth of over 4%.

Hardly any mid-year data for 2012 is available from national statistics agencies at present on bus transport in Europe. On the whole, however, we expect that demand has developed in a similarly moderate fashion in this area. The British bus market, for example, managed – in spite of the continuing deterioration in the general conditions – to report growth in passenger figures of 1.3% against the same period of the previous year in the first quarter of 2012, according to figures available at present.

TRANSPORT AND LOGISTICS

The economic slowdown already observed in the second half of 2011 continued in the first half of 2012, weakening the international transport and logistics markets. Those markets of relevance to us also recorded a weakened development under these circumstances.

German freight transport market

For the German freight transport market (rail, road, inland waterway transport and long-distance pipelines) there are as yet no complete results available on development in the first half of 2012. Based on the information available at present on certain modes of transport, it is likely that the level of transport demand in the first months of 2012 only just exceeded that of the first half of 2011. While inland waterway transport benefited from a positive baseline effect following the weak start to the previous year due to weather dampening performance and the Rhine being blocked as a result of a capsized tanker and the sector therefore making strong progress, the predominantly negative economic influences were much more noticeable among the other modes of transport. Both road transport and rail freight transport, the latter of which was heavily affected in part by weak development in the iron, coal and steel (Montan) industry, reported a decline in volume sold and thus also a decline in their market shares.

Even though the rise in the prices of energy and fuel may have recently leveled off somewhat, the costs on the whole still remain high, and price flexibility is limited due to the lack of certainty about future development and weakened demand. Thus the intermodal and intramodal level of pricing and competition intensity continued to be very high.

The volume sold in rail freight transport in Germany did not reach the same high level of the first half of 2011. After growth almost reached double figures in the first half of 2011, a negative baseline effect and the continued poor performance of the economy has held back demand in 2012 so far. In the first months of 2012, the volume sold fell by almost 2.2%. Only coal transport, the transport of non-durable consumer goods/wood products and machinery/durables, as well as intermodal transport, were above the level of the first half of 2011. Losses were particularly noticeable in the fields of ore, metals and metal products, which was reflected in the development of our activities due to their high level of significance. The volume sold by DB Schenker Rail in Germany fell by around 6.1% in the first half of 2012. Non-Group railways were able to grow their volume sold, not least because of intramodal changes in the modes of transport.

There are as yet no complete results for road freight traffic for the first half of 2012. With the trucks registered for use in Germany, it is likely that the negative baseline effect resulting from a strong first quarter in 2011, a weather-related decline in the construction industry (of significance to road transport) and the overall weak economy in the first months of 2012 have all brought about a noticeable decline in demand. For vehicles registered outside of Germany, the toll statistics of the Federal Agency for Freight Transport suggest a moderate rise in volume brought about solely by the Central and Eastern European countries. The strongest growth rates in this area were recorded in truck transports from Romania and Bulgaria, which is likely to be attributable to the lifting of the cabotage ban at the start of the year. Taking into account the share of volume of the vehicles registered abroad, demand in road freight traffic in the first months of 2012 has declined in an environment where pricing and competition are very intense.

The mildly positive development of the overall market demand was the result of a strong rise in volume sold in inland waterway transport. Following the drops of the first quarter of 2011 resulting from the blocking of the Rhine lasting several weeks and the weakening effects caused by the weather, the positive baseline effects more than compensated for the weak state of the economy in the first months of 2012. Apart from ore, steel and scrap transport, all transport services reported growth. Container transport in particular achieved above-average growth. Overall, the volume sold rose by a total of 7.5 % in the first quarter of 2012. Due to the weak previous year, it is likely that the dynamic development of the subsequent months has continued, thereby also reclaiming some of the market share when comparing modes of transport from rail and road freight transport.

European rail freight transport

In 2011, the volume sold in the European rail freight transport market rose by over 6 %. This had two sides, however. Following a dynamic first half in 2011, the rise in volume sold tapered off considerably as a result of the sovereign debt crisis and the resultant decline in economic performance in the second half of 2011. This trend continued in the first half of 2012.

Based on information currently available from certain European countries, we expect that there will be a considerable decline in rail freight transport volume sold in Europe (EU 27, Switzerland and Norway) in the first half of 2012. Looking at the initial results of a number of rail freight transport businesses in the first months of 2012, the development was negative in practically all of the cases. The Polish company PKP Cargo, the Bulgarian company BDZ, the Spanish operator Renfe and SZ of Slovenia all reported double-digit declines, for example. For the Slovakian ZSSK Cargo, LG of Lithuania and the Italian Trenitalia Cargo, the drop was slightly more moderate. While the decline was also felt by the Czech CD Cargo, the Romanian CFR Marfa and our own operations, of the larger UIC rail operators only the Finnish company VR reported a rise in freight transport volume in the first months of 2012.

The current development of the countries that are most important in terms of our business activities is presented below:

Great Britain

Rail freight transport in Great Britain saw extraordinarily strong growth in 2011 at around 14 %. This fast-paced development slowed down significantly in the first half of 2012. Based on information currently available, the volume sold in the first half of 2012 rose by around 2 % compared with the same period of the previous year. This development continued to be attributable mainly to coal and intermodal freight. The volume sold by DB Schenker Rail UK developed slightly below the market trend.

Poland

After two years of double-digit growth rates, the volume sold in the Polish rail freight transport sector is expected to have declined by around 11 % in the first half of 2012. The comparatively mild winter meant that coal consumption in Poland was lower than expected, and extra supply transport services were not needed. Furthermore, since the completion of work to enhance infrastructure as part of the preparations for hosting the European football championship, the transport of construction materials has weakened as expected. The decline in demand for PKP Cargo in the first months of 2012 led to a loss in market share of around 2 percentage points to around 67 % compared to 2011. DB Schenker Rail Polska also reported a decline in volume sold.

France

In France, the volume sold showed the initial signs of a slowdown in the first months of 2012 following a strong rise of 14 % in 2011. This is attributable to the economic downturn in Europe. According to initial information, the volume sold in the first half of 2012 is approximately at the same level as the corresponding period of the previous year. While demand fell slightly for the state-owned Fret SNCF in the first quarter of 2012, our subsidiary Euro Cargo Rail was able to further increase its volume sold moderately and, in doing so, reinforce its position as the second-largest provider on the French market.

European land transport
After a very restrained start to 2012 with a decline in demand, the market began to pick up pace again in March, such that mild growth against the same period of the previous year was reported on the whole in European land transport for the first half of 2012. However, the scope for price increases remains very limited due to the sustained high pressure of competition on the market and the volatile economic situation in Europe.

Although transport costs continue to rise, driven in particular by the increase in the price of diesel, the price level on the freight carrier market has for the most part remained stable throughout the entire period.

Air freight
Since the second quarter of 2011, a slowdown in the air freight market has been observed. This trend has continued in the first half of 2012, with the volume to date remaining below the level of the previous year. Affected by the reduction in volume are all regions except Latin America, the Middle East and Africa.

The attempt by the airlines to react by removing capacity from the market is having no apparent effect at present, with capacity still rising. Freight rates are accordingly low. As new aircraft are being delivered both this year and in the coming year, the trend will continue, provided that there is no significant rise in demand.

Ocean freight
Ocean freight volume rose by between 3 and 4% in the first half of 2012. Driven by the slowdown in the global economy, the market is therefore growing slower than before. However, major regional differences have been observed. For example, while volume from Europe to Asia has grown considerably, quantities in the opposite direction have stagnated. On the North America – Northern Europe route, the quantities transported even declined. Despite the generally positive change in demand, the ocean freight market continues to experience excess capacity. The delivery of new container ships is also straining the market situation further and putting pressure on freight rates. In recent months, shipping companies have managed to increase freight rates several times. However, in light of the increase in operating costs, this did not necessarily bring about a recovery in the shipping companies' financial position.

Contract logistics
The contract logistics/supply chain management market (CL/SCM) was able to continue the positive business development of the previous year at the start of the reporting period, but the pace began to slow towards the middle of the year. The Asian markets continue to be the growth drivers with the highest growth rates. Demand for customer-specific solutions in the contract logistics/supply chain management core industries (automotive, consumer goods, electronics, health care and industrial) was solid in the reporting period, with electronics in particular reporting good growth.

TRACK INFRASTRUCTURE IN GERMANY
Following an increase in train path demand in the previous year of around 2%, the market declined slightly in the first half of 2012 by 0.6%. The cause of this is a slight decline in rail freight transport.

The number of station stops rose slightly in the reporting period. As a result of gains from tenders, the share of non-Group customers has risen further.

BUSINESS PERFORMANCE

::: POSITIVE EFFECTS FROM THE PERFORMANCE IN PASSENGER TRANSPORT SERVICES
::: GROWTH IN REVENUES AND ADJUSTED PROFIT FIGURES
::: MAINLY POSITIVE DEVELOPMENT OF BUSINESS UNITS

Major changes compared with the first half of 2011

The development in income and expenses in the first half of 2012 was not significantly affected by *changes in the scope of consolidation* [1]. Further information concerning the *comparability of figures with the first half of 2011* [2] is set out in the notes to the consolidated interim financial statements.

The effects arising from changes in the scope of consolidation relate mainly to Suomen Kiitoautot (€ 19 million; business unit DB Schenker Logistics) as well as the previous year acquisitions Grand Central Railway (€ 14 million; business unit DB Arriva), COBRA (€ 11 million; business unit DB Schenker Rail) and Jean Heck (€ 7 million; business unit DB Schenker Logistics).

Adjusted by effects of exchange rate changes and changes in the scope of consolidation, revenue growth in the first half of 2012 was 1.8 %.

Development of revenues

Revenues — € million	H1 2012	H1 2011	Change absolute	Change %
DB Group	19,492	18,876	+ 616	+ 3.3
± Effects from changes in the scope of consolidation	- 53	–	–	–
± Effects from changes in exchange rates	- 219	–	–	–
DB Group – comparable	**19,220**	**18,876**	**+ 344**	**+ 1.8**

Total revenues by business units — € million	H1 2012	H1 2011	Change absolute	Change %
DB Bahn Long-Distance	1,969	1,825	+ 144	+ 7.9
DB Bahn Regional	4,425	4,365	+ 60	+ 1.4
DB Arriva	1,772	1,632	+ 140	+ 8.6
DB Schenker Rail	2,485	2,481	+ 4	+ 0.2
DB Schenker Logistics	7,715	7,466	+ 249	+ 3.3
DB Services	687	648	+ 39	+ 6.0
DB Netze Track	2,328	2,269	+ 59	+ 2.6
DB Netze Stations	559	537	+ 22	+ 4.1
DB Netze Energy	1,440	1,448	- 8	- 0.6
Other	414	378	+ 36	+ 9.5
Consolidation	- 4,302	- 4,173	- 129	+ 3.1
DB Group	**19,492**	**18,876**	**+ 616**	**+ 3.3**

In the first half of 2012, revenues have increased further, and were 3.3 % higher than the corresponding figure for the first half of 2011. This is due to growth in passenger transport and the associated positive development in revenues. Further factors have been positive effects of exchange rate changes and, to a minor extent, effects attributable to changes in the scope of consolidation.

Noticeable negative effects have resulted from the *restructuring of US domestic business* [3]. Compared with the first half of 2011, this has resulted in a downturn of approximately € 200 million in revenues. The deterioration of the economic climate has also meant that our transport and logistics activities overall were only able to make minor contributions to growth in operating revenues.

The exchange rate effects are mainly attributable to the weak performance of the euro against sterling, the US dollar, the Chinese yuan as well as the Australian dollar, and were mainly attributable to the business unit DB Schenker Logistics (€ 151 million) and the business unit DB Arriva (€ 62 million).

There was a mixed development in revenues in the various business units in the first half of 2012.

The business unit DB Bahn Long-Distance benefited from price and volume effects, so that overall revenues expanded strongly by almost 8 %.

Revenues in the business unit DB Bahn Regional increased mainly as a result of the positive development in rail transport.

Higher revenues in the UK Trains line of business and the start of bus service operations on Malta in July 2011 resulted in higher revenues in the business unit DB Arriva compared with the first half of 2011.

[1] Page 51 ff., [2] Page 50, [3] Page 7

The difficult conditions also particularly had an effect on revenue growth in the business unit DB Schenker Rail, where revenues stagnated.

In the business unit DB Schenker Logistics, contract logistics and ocean freight in particular reported positive performances. The overall performance was held back by the negative development in air freight, exacerbated by *restructuring of US domestic business* [1].

Growth in IT operations meant that there was an increase in total revenues in the business unit DB Services.

In the business unit DB Netze Track, total revenues increased mainly as a result of price measures.

In the business unit DB Netze Stations, total revenues increased as a result of higher station as well as rental and marketing income.

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

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

The increase in other activities is due to higher internal revenues at DB ProjektBau resulting from stronger construction activities in the first half of 2012 as well as higher revenues at DB International.

Higher internal revenues at the infrastructure companies and in the business unit DB Services as well as DB ProjektBau have resulted in higher consolidation effects.

External revenues by business units — € million	H1 2012	H1 2011	CHANGE absolute	CHANGE %
DB Bahn Long-Distance	1,902	1,760	+142	+8.1
DB Bahn Regional	4,383	4,323	+60	+1.4
DB Arriva	1,769	1,632	+137	+8.4
DB Schenker Rail	2,338	2,343	-5	-0.2
DB Schenker Logistics	7,688	7,437	+251	+3.4
DB Services	61	68	-7	-10.3
DB Netze Track	472	446	+26	+5.8
DB Netze Stations	218	207	+11	+5.3
DB Netze Energy	549	560	-11	-2.0
Other	112	100	+12	+12.0
DB Group	**19,492**	**18,876**	**+616**	**+3.3**

With the exception of the infrastructure business units and the business unit DB Services, the development in external revenues reflects the development in total revenues. In the infrastructure business units, the development of non-Group customers has been consistently dynamic.

Compared with the first half of 2011, the structure of external revenues is virtually unchanged. The percentage of business units in passenger transport increased slightly, and is now 41.3% (first half of 2011: 40.9%). On the other hand, the percentage of the business units in transport and logistics declined slightly to 51.4% (first half of 2011: 51.8%). The percentage of business units in infrastructure was unchanged at 6.4%.

External revenues by regions — € million	H1 2012	H1 2011	CHANGE absolute	CHANGE %
Germany	11,301	11,069	+232	+2.1
Europe (excluding Germany)	5,824	5,550	+274	+4.9
Asia/Pacific	1,354	1,120	+234	+20.9
North America	743	886	-143	-16.1
Rest of world	270	251	+19	+7.6
DB Group	**19,492**	**18,876**	**+616**	**+3.3**

The regional distribution of revenues also shows that the strongest growth in revenues in absolute terms is reported for Europe excluding Germany, due to DB Arriva as well as DB Schenker Logistics. The percentage of revenues generated in Europe (excluding Germany) in relation to overall Group revenues has therefore increased slightly to approximately 30%.

In the region Asia/Pacific, the development is very dynamic, but has also benefited from exchange rate factors.

The decline in North America reflects the *restructuring of US domestic business* [1] at DB Schenker Logistics.

In Germany, revenue growth of 2.1% was weaker than the corresponding growth in the regions Europe (excluding Germany) and Asia/Pacific.

The percentage of revenues generated outside Germany has risen accordingly from 41% in the first half of 2011 to 42% in the first half of 2012.

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Development of profits

	H1					CHANGE			
Excerpt from statement of income — € million	2012	Reclassification	Special items	2012 adjusted	2011 adjusted	absolute	thereof due to changes in scope of consolidation	thereof due to changes in exchange rates	%
Revenues	19,492	–	–	19,492	18,876	+ 616	+ 53	+ 219	+ 3.3
Inventory changes and internally produced and capitalized assets	1,214	–	–	1,214	1,143	+ 71	+ 1	0	+ 6.2
Other operating income	1,298	–	- 101	1,197	1,185	+ 12	+ 1	+ 4	+ 1.0
Cost of materials	- 10,352	–	6	- 10,346	- 10,260	- 86	- 22	- 123	+ 0.8
Personnel expenses	- 6,732	–	–	- 6,732	- 6,393	- 339	- 16	- 55	+ 5.3
Depreciation	- 1,477	40	–	- 1,437	- 1,426	- 11	- 5	- 5	+ 0.8
Other operating expenses	- 2,111	–	44	- 2,067	- 1,992	- 75	- 14	- 28	+ 3.8
Operating profit (EBIT) | Adjusted EBIT	**1,332**	**40**	**- 51**	**1,321**	**1,133**	**+ 188**	**- 2**	**+ 12**	**+ 16.6**
Net interest income | Net operating interest income	- 497	66	–	- 431	- 361	- 70	- 1	- 1	+ 19.4
Operating profit after interest	**–**	**–**	**–**	**890**	**772**	**+ 118**	**- 3**	**+ 11**	**+ 15.3**
Result from investments accounted for using the equity method | Net investment income	9	–	–	9	12	- 3	0	0	- 25.0
Other financial result	9	- 66	–	- 57	- 24	- 33	0	- 2	+ 138
PPA amortization customer contracts	–	- 40	–	- 40	- 37	- 3	–	–	+ 8.1
Extraordinary result	–	–	51	51	- 58	+ 109	–	–	–
Profit before taxes	**853**	**–**	**–**	**853**	**665**	**+ 188**	**- 3**	**+ 9**	**+ 28.3**

The development detailed in the following describes the changes, adjusted by special items, to the main items of the income statement in the first half of 2012 compared with the first half of 2011.

The development in revenues detailed above is reflected in an increase of 3.3 % in revenues.

The other operating income is essentially unchanged compared with the first half of 2011.

In the first half of 2012, the cost of materials was somewhat higher than the corresponding figure for the first half of 2011. In particular, this reflected higher purchased services.

Personnel expenses were considerably higher than the figure applicable for the first half of 2011. This reflects wage increases and the higher number of employees.

The other operating expenses have also increased, due to higher costs of rent and leasing as well as higher costs of other services in the business unit DB Schenker Logistics.

On balance, the development of adjusted EBITDA in the first half of 2012 was very positive, with an increase of € 199 million (+7.8 %) to € 2,758 million (first half of 2011: € 2,559 million).

Depreciation was slightly higher than the corresponding figure for the first half of 2011.

Adjusted EBIT (increase of € 188 million or 16.6 % to € 1,321 million) and operating profit after interest (increase of € 118 million or 15.3 % to € 890 million) have also improved appreciably in the first half of 2012. Net operating interest income has deteriorated, due to lower effects in connection with the compounding of interest-free loans.

The adjusted EBITDA and EBIT margins accordingly improved in the first half of 2012 (from 13.6 % to 14.1 % and from 6.0 % to 6.8 % respectively). This was due mainly to the development in the business units DB Bahn Long-Distance and DB Netze Track, which were able to considerably improve their EBIT margins.

The deterioration in other financial result was attributable to negative effects from the compounding of provisions. However, because extraordinary result has improved considerably compared with the first half of 2011, profit before taxes has achieved stronger growth (namely € +188 million or 28.3 %) than growth in operating profit after interest.

TRANSITION TO THE ADJUSTED STATEMENT OF INCOME

The transition to an adjusted statement of income is carried out in two stages: in the first stage, standard reclassifications are carried out (elements of net interest income which are not connected with the net financial debt and pension provisions as well as depreciation on intangible assets capitalized in the process of purchase price allocation of acquisitions (PPA) for determining the value of long-term customer agreements), and special items relating to individual cases are then adjusted. The fundamental procedure with regard to *reclassifications and adjustments* [1] is unchanged compared with the 2011 Annual Report.

Transition to the adjusted statement of income — € million	H1 2012	RECLASSIFICATIONS: Compounding/discounting IFRS	RECLASSIFICATIONS: Net investment income	RECLASSIFICATIONS: PPA amortization	ADJUSTMENT SPECIAL ITEMS: Disposal of financial assets	ADJUSTMENT SPECIAL ITEMS: Reassessment of personnel risks UK	ADJUSTMENT SPECIAL ITEMS: Antitrust proceedings Schenker	ADJUSTMENT SPECIAL ITEMS: Other	H1 2012 adjusted
Revenues	19,492	–	–	–	–	–	–	–	19,492
Inventory changes and internally produced and capitalized assets	1,214	–	–	–	–	–	–	–	1,214
Other operating income	1,298	–	–	–	–31	–70	–	–10	1,197
Cost of materials	–10,352	–	–	–	–	–	–	6	–10,346
Personnel expenses	–6,732	–	–	–	–	–	–	–	–6,732
Depreciation	–1,477	–	–	40	–	–	–	–	–1,437
Other operating expenses	–2,111	–	–	–	10	–	35	9	–2,067
Operating profit (EBIT) | Adjusted EBIT	**1,332**	**–**	**–**	**40**	**–21**	**–70**	**35**	**5**	**1,321**
Net interest income | Net operating interest income	–497	66	–	–	–	–	–	–	–431
Operating profit after interest	**–**	**66**	**–**	**40**	**–21**	**–70**	**35**	**5**	**890**
Result from investments accounted for using the equity method | Net investment income	9	–	–	–	–	–	–	–	9
Other financial result	9	–66	–	–	–	–	–	–	–57
PPA amortization customer contracts	–	–	–	–40	–	–	–	–	–40
Extraordinary result	–	–	–	–	21	70	–35	–5	51
Profit before taxes	**853**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**853**

EXTRAORDINARY RESULT BY BUSINESS UNITS

Extraordinary result by business units — € million	H1 2012	thereof effecting EBIT	H1 2011	thereof effecting EBIT
DB Bahn Long-Distance	0	0	0	0
DB Bahn Regional	0	0	0	0
DB Arriva	–5	–5	5	0
DB Schenker Rail	29	29	0	0
DB Schenker Logistics	0	0	–7	0
DB Services	0	0	0	0
DB Netze Track	0	0	0	0
DB Netze Stations	0	0	0	0
DB Netze Energy	0	0	–70	–31
Other/consolidation	27	27	14	14
DB Group	**51**	**51**	**–58**	**17**

In the first half of 2012, the extraordinary result was positive in total (€ 51 million), after having been negative in the first half of 2011 (€ –58 million). At the level of the business units, it comprises essentially the following:

::: The sale of Metrans in the business unit DB Schenker Rail
::: The reassessment of personnel risks in Great Britain and payments in connection with the *investigations into freight forwarding companies* [2].

In the first half of 2011, special items resulted mainly from costs incurred in connection with the closure of the joint nuclear power station Neckarwestheim I in the business unit DB Netze Energy.

NOTICEABLE IMPROVEMENT IN NET PROFIT

Excerpt from statement of income — € million	H1 2012	H1 2011	CHANGE absolute	CHANGE %
Profit before taxes	853	665	+188	+28.3
Taxes on income	–59	–17	–42	–
Actual tax expenses	–107	–74	–33	+44.6
Deferred tax income	48	57	–9	–15.8
Net profit	**794**	**648**	**+146**	**+22.5**
thereof shareholders of DB AG	789	642	+147	+22.9
thereof minority interest	5	6	–1	–16.7

[1] 2011 Annual Report page 108 f., [2] Page 26

The positive development in profit before taxes (€ +188 million) has been affected by the deterioration in the tax position. This is due mainly to higher tax obligations. Net profit has accordingly reported somewhat weaker growth, namely € 146 million to € 794 million (first half of 2011: € 648 million).

Minorities are stated as € 5 million (first half of 2011: € 6 million). The development described above has therefore resulted in a net profit attributable to the shareholders of DB AG which has also increased strongly (€ 789 million; first half of 2011: € 642 million). This has resulted in an increase in earnings per share, which amounted to € 1.83 in the first half of 2012 (first half of 2011: € 1.49).

OPERATING PROFIT DEVELOPMENT BY BUSINESS UNIT

	EBIT ADJUSTED				EBITDA ADJUSTED			
	H1		CHANGE		H1		CHANGE	
— € million	2012	2011	absolute	%	2012	2011	absolute	%
DB Bahn Long-Distance	192	46	+146	–	351	227	+124	+54.6
DB Bahn Regional	447	477	–30	–6.3	724	753	–29	–3.9
DB Arriva	94	71	+23	+32.4	180	151	+29	+19.2
DB Schenker Rail	24	58	–34	–58.6	177	199	–22	–11.1
DB Schenker Logistics	201	170	+31	+18.2	295	255	+40	+15.7
DB Services	48	80	–32	–40.0	134	155	–21	–13.5
DB Netze Track	398	262	+136	+51.9	862	732	+130	+17.8
DB Netze Stations	140	124	+16	+12.9	203	186	+17	+9.1
DB Netze Energy	55	24	+31	+129	97	65	+32	+49.2
Other/consolidation	–278	–179	–99	+55.3	–265	–164	–101	+61.6
DB Group	**1,321**	**1,133**	**+188**	**+16.6**	**2,758**	**2,559**	**+199**	**+7.8**
Margin (%)	6.8	6.0	–	–	14.1	13.6	–	–

Compared with the first half of 2011, the development of adjusted profit figures was very mixed at the level of the business units.

The business unit DB Bahn Long-Distance was able to report considerable improvements in adjusted profit figures as a result of higher revenues.

In the business unit DB Bahn Regional, the development of the adjusted profit figures in the individual lines of business was mixed. In the rail line of business, the adjusted profit figures declined as a result of cost pressure. The bus line of business reported a slight improvement in profits in conjunction with a downturn in volume sold.

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

The downturn in performance and charges particularly in terms of personnel expenses meant that the adjusted profit figures in the business unit DB Schenker Rail declined.

On the other hand, the development in adjusted profits in the business unit DB Schenker Logistics was positive. This was mainly due to the *restructuring of US domestic business* [1] and the slightly positive development in European land transport.

The adjusted profit figures in the business unit DB Services declined. Wage increases were the main factor with a negative impact in this respect.

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

In the business unit DB Netze Stations, the adjusted profit figures improved slightly on the back of higher revenues and the fact that growth in costs was lower than the growth in revenues.

In the business unit DB Netze Energy, the adjusted profit figures increased as a result of a downturn in cost of materials.

The business unit Other/consolidation was characterized by the holding companies DB AG and DB ML AG. This area also comprises other companies which cannot be allocated to a business unit. The change in the adjusted profit figures in the first half of 2012 was mainly attributable to the revaluation of personnel provisions.

Further information concerning the operational development of the individual business units can be found in the chapter *Development of the business units* [2].

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DEVELOPMENT OF THE BUSINESS UNITS

::: GROWTH IN PASSENGER TRANSPORT, PARTICULARLY IN LONG-DISTANCE TRANSPORT
::: WEAKER GROWTH IN TRANSPORT AND LOGISTICS
::: STRONGER EXTERNAL DEMAND IN THE INFRASTRUCTURE BUSINESS UNITS

Passenger transport

FURTHER INFORMATION

Punctuality at a good level

In 2011, our average punctuality in passenger transport in Germany was 92.9 % (long-distance transport: 80.0 %; local transport: 93.2 %). We continuously exceeded this figure in the first half of 2012, peaking in January at 96.5 % and reporting the lowest level in February at 94.3 %. In long-distance transport, the peak was reported in January at 86.4 %, and the lowest value was reported at 80.0 % in May. In local transport, the peak was at 96.7 % in January and March, and the lowest figure was 94.6 % in February.

Development of the availability of the ICE fleet

The availability of our ICE fleet was again restricted in the period under review due to the lack of a vehicle reserve. Expected improvements in the availability of the ICE 3 and ICE T fleet have so far failed to materialize as a result of delays in the planned replacement of wheel set axles.

Based on the current state of knowledge, we expect that the approval for the new ICE 3 driven wheel sets developed by industry – following the further approval problems which have occurred – will be provided by EBA in the fourth quarter of 2012. Work can then start directly on converting the vehicles. As a result of the delays in the approval process, it is probable that the process of converting the ICE 3 fleet will only be able to be completed in 2015.

The development and testing of the new driven wheel sets and trailing wheel sets of the ICE T by industry have still not been completed. The wheel sets in this case also still have to be approved by EBA. This approval is not expected to be obtained before the end of the first half of 2013. After the approval has been obtained, the replacement process will be carried out in conjunction with industry. At present, we are assuming that the process of converting the ICE T fleet will last until well into the year 2016.

The new ICE 3 trains BR 407 which have been ordered will probably be made available to us by no later than the end of the second half of 2012; they will initially be provided for operational testing and as additional reserve vehicles with approval in Germany.

Europe-wide success in tender processes

Development of order book continues to be positive

Overall, the order book as of June 30, 2012 compared with December 31, 2011 increased by € 9.9 billion to € 88.3 billion; this figure comprises secured revenues of € 53.2 billion and unsecured revenues of € 35.1 billion.

Development of order book in passenger transport — € billion	Jun 30, 2012	Dec 31, 2011	CHANGE absolute	CHANGE %
DB Bahn Regional	67.5	59.5	+ 8.0	+ 13.4
Secured	44.0	37.9	+ 6.1	+ 16.1
Unsecured	23.5	21.6	+ 1.9	+ 8.8
DB Arriva	20.8	18.9	+ 1.9	+ 10.1
Secured	9.2	8.1	+ 1.1	+ 13.6
Unsecured	11.6	10.8	+ 0.8	+ 7.4
Total	**88.3**	**78.4**	**+ 9.9**	**+ 12.6**
Secured	53.2	46.0	+ 7.2	+ 15.7
Unsecured	35.1	32.4	+ 2.7	+ 8.3

Tenders won in Germany

Tenders won in rail transport in Germany in the first half of 2012 — million train km	Term	Volume (p. a.)
Nidderdal	10/2010 - 12/2012	0.7
Dreieich	12/2011 - 12/2013	0.5
RE 12 south	01/2012 - 06/2012	0.1
RE 2 and RE 42 NRW	12/2014 - 12/2029	3.9
S5/S8 NRW	12/2014 - 12/2029	3.6
Net middle S-H lot A	12/2014 - 12/2027	4.6
Net north-south	12/2014 - 12/2026	9.4
Diesel network southwest lot 1	12/2015 - 06/2038	3.1
Total		**25.9** [1]

[1] Differences due to rounding are possible.

In the first half of 2012, 11 tender procedures were completed by the contracting organizations in local rail passenger transport in Germany (first half of 2011: 13), and orders were placed for a total of 34.5 million train kilometers per annum (first half of

2011: 31 million train kilometers). Of the train kilometers for which new orders were placed in the year under review, almost all have previously been provided by companies of DB Group.

DB Bahn Regional was successful in being awarded orders in eight procedures (first half of 2011: six procedures) or 75 % of train kilometers for which orders were awarded (first half of 2011: 69 %).

In the field of bus transport, orders were placed in 30 procedures (first half of 2011: 19 procedures) for services with a total volume of around 23 million commercial vehicle kilometers (Nkm) in the first half of 2012 (first half of 2011: 12 million Nkm). Of the commercial vehicle kilometers for which new orders have been placed, 47 % (first half of 2011: 38 %) have previously been provided by companies of DB Group.

In the first half of 2012, we participated in 25 invitations to tender (first half of 2011: 11 invitations to tender) with a volume of 21 million Nkm (first half of 2011: 9 million Nkm). In the procedures for awarding orders in which we participated, we were successful in 19 % of cases (first half of 2011: 45 %).

Orders awarded in Europe (excluding Germany)

Key tenders won in the first half of 2012	Term	Volume million train km/bus km (p.a.)	Country
BUS TRANSPORT			
London (6 separate lines)	5 years each	9.7	Great Britain
Province South Holland (Zuid-Holland)	12/2012 – 12/2020	20.9	The Netherlands
North and southwest Friesland	12/2012 – 12/2020	17.6	The Netherlands
Leicestershire NHS	07/2012 – 07/2017	4.2	Great Britain
Nottinghamshire NHS	07/2012 – 07/2017	4.2	Great Britain
Midttrafik (3 lines)	07/2012 – 07/2017/8	4.5	Denmark
Line NT 18	07/2012 – 07/2020	1.7	Denmark
RAIL TRANSPORT			
Lidingöbanan	08/2012 – 08/2013	0.4	Sweden

In the year under review, DB Arriva participated selectively in invitations to tender throughout Europe, and has reported major success in being awarded orders in Great Britain, Denmark and the Netherlands.

Continuing delays with regard to the delivery of new regional trains

In the case of Bombardier Transportation (Bombardier), we have taken delivery of 295 *electrical traction units of the series (BR) 442 (Talent 2)* [1] under the terms of a framework agreement. In order to press on ahead with deliveries of the units despite existing problems, we have reached agreement with Bombardier with regard to a procedure whereby we take delivery of further units although a certain amount of the purchase price will be withheld. On the basis of this agreement, 74 units in total have been delivered and accepted by the end of the reporting period. As of the end of the reporting period, Bombardier has still failed to deliver 119 units on time.

Due to the fact that the trains have not been deployed, we are facing cuts in the concession fees and contractual penalties arising from the transport agreements. The damage which has so far accumulated amounts to approximately € 60 million.

DB BAHN LONG-DISTANCE BUSINESS UNIT

Business development

	H1		CHANGE	
Key figures — € million	2012	2011	absolute	%
Passengers rail (million)	63.3	60.0	+ 3.3	+ 5.5
Volume sold rail (million pkm)	17,721	16,888	+ 833	+ 4.9
Volume produced (million train-path km)	72.3	72.1	+ 0.2	+ 0.3
Load factor (%)	48.1	45.0	–	–
Total revenues	1,969	1,825	+ 144	+ 7.9
External revenues	1,902	1,760	+ 142	+ 8.1
EBITDA adjusted	351	227	+ 124	+ 54.6
EBIT adjusted	192	46	+ 146	–
Gross capital expenditures	57	40	+ 17	+ 42.5
Employees (FTE as of Jun 30)	16,159	16,140	+ 19	+ 0.1

Performance in the business unit DB Bahn Long-Distance was very positive in the first half of 2012. Our service improvements and continuous marketing efforts as well as the non-recurrence of problems caused by major building sites, such as the *work on the East-West corridor* [2] in the first half of 2011, have been evident in this respect. Overall, there has been a strong increase in the number of passengers (+ 5.5 %), volume sold (+ 4.9 %) and the load factor (+ 3.1 percentage points) compared with the first half of 2011. The volume produced was in line with the corresponding level in the first half of 2011.

This positive development in our performance figures is also reflected in the development of revenues, with the additional support of price measures. Total as well as external revenues have increased strongly, namely by about 8 %. On the other

[1] 2011 Annual Report page 114, [2] 2011 Annual Report page 128

hand, other operating income declined slightly due to the non-recurrence of income from insurance payments from the first half of 2011.

The cost of materials has declined slightly as a result of lower maintenance costs. This reflects the mild winter and also a reduction in the additional charges. On the other hand, the costs of infrastructure utilization and energy have increased slightly due to price-related factors. Personnel expenses were considerably higher than the corresponding figure seen in the first half of 2011 as a result of the wage increases. Other operating expenses have also increased as a result of various factors, including higher costs for leased vehicles. Depreciation has declined considerably in particular for trains of the ICE 2 fleet and passenger cars.

In consequence, the higher revenues and the fact that growth in expenses was lower than the corresponding growth in revenues resulted in adjusted EBITDA increasing by € 124 million to € 351 million, and also resulted in adjusted EBIT improving by € 146 million to € 192 million.

Gross capital expenditures were considerably higher than the corresponding figure reported for the first half of 2011. The key areas are described in the chapter *Capital expenditures* [1].

The number of employees has remained virtually unchanged compared with June 30, 2011.

DB BAHN REGIONAL BUSINESS UNIT

Business development

	H1		CHANGE	
Key figures — € million	2012	2011	absolute	%
Passengers (million)	1,300	1,286	+14	+1.1
Volume sold (million pkm)	25,587	25,172	+415	+1.6
Total revenues	4,425	4,365	+60	+1.4
External revenues	4,383	4,323	+60	+1.4
Concession fees	2,159	2,173	–14	–0.6
EBITDA adjusted	724	753	–29	–3.9
EBIT adjusted	447	477	–30	–6.3
Gross capital expenditures	278	116	+162	+140
Employees (FTE as of Jun 30)	37,296	37,289	+7	–

The performance development (bus and rail) in the business unit DB Bahn Regional was positive overall in the first half of 2012. However, growth in rail transport was opposed by a decline in bus services.

The economic development of the business unit DB Bahn Regional was also characterized by the development of the rail line of business in the first half of 2012. However, the growth in rail transport revenues was not sufficient to compensate for the considerable cost increases in infrastructure use and personnel. This more than compensated for the positive development in profits in the bus line of business. In bus operations, the measures which had been initiated with the aim of improving profits (including portfolio optimizations) had a positive impact.

Accordingly, the adjusted development in profits of the business unit was negative overall in the first half of 2012.

Gross capital expenditures increased as a result of higher capital expenditures in the rail line of business. The key areas are described in the chapter *Capital expenditures* [1].

The number of persons employed in the business unit is virtually unchanged compared with June 30, 2011. A decline in the bus line of business compensated for slight growth in the rail line of business.

Rail line of business

	H1		CHANGE	
Key figures — € million	2012	2011	absolute	%
Passengers (million)	946.1	914.6	+31.5	+3.4
Volume sold (million pkm)	21,652	20,976	+676	+3.2
Volume produced (million train-path km)	249.0	249.5	–0.5	–0.2
Total revenues	3,953	3,899	+54	+1.4
External revenues	3,767	3,714	+53	+1.4
Concession fees	2,159	2,173	–14	–0.6
EBITDA adjusted	652	687	–35	–5.1
EBIT adjusted	409	445	–36	–8.1
Gross capital expenditures	259	98	+161	+164
Employees (FTE as of Jun 30)	28,983	28,686	+297	+1.0

The development in the rail line of business was characterized by growth in the number of passengers (+3.4%) and volume sold (+3.2%), driven by the development in the regions of North Rhine-Westphalia, Baden-Württemberg and Bavaria and also at S-Bahn (metro) Berlin. The volume produced overall declined slightly (–0.2%) as a result of losses in terms of invitations to tender which became effective in the first half of 2012. This was opposed by the positive development at S-Bahn (metro) Berlin due to further service improvements.

As a result of the growth in performance and price measures, revenues have also increased. Total as well as external revenues have both increased by 1.4%. The concession fees declined slightly (–0.6%). Other operating income was roughly in line with the level reported for the first half of 2011.

On the cost side of the equation, cost of materials increased as a result of higher costs of infrastructure use (due to price-related factors) and higher costs of energy (in particular: power, due to volume-related factors). Personnel expenses increased noticeably due to wage increases and the higher number of employees. Other operating expenses also increased consider-

1 Page 35 f.

ably as a result of higher additions to the provisions for potential losses, higher costs of operate leases (particularly for rolling stock) and higher IT services. Depreciation was roughly in line with the level of the first half of 2011.

In consequence, the fact that growth in costs was higher than the growth in revenues resulted in a decline of € 35 million in adjusted EBITDA (to € 652 million) and a decline of € 36 million in adjusted EBIT (to € 409 million).

Gross capital expenditures were considerably higher than in the first half of 2011. This is mainly due to the *addition of trains of the ET 442 series* [1]. The key areas of capital expenditures are described in the chapter *Capital expenditures* [2].

The number of employees has increased slightly compared with June 30, 2011. This is due to various factors, including the recruitment of additional train drivers.

Bus line of business

Key figures — € million	H1 2012	H1 2011	Change absolute	Change %
Passengers (million)	354.0	371.2	–17.2	–4.6
Volume sold (million pkm)	3,935	4,197	–262	–6.2
Volume produced (million bus km)	292.6	301.5	–8.9	–3.0
Total revenues	648	656	–8	–1.2
External revenues	616	609	+7	+1.1
EBITDA adjusted	73	66	+7	+10.6
EBIT adjusted	38	32	+6	+18.8
Gross capital expenditures	19	18	+1	+5.6
Employees (FTE as of Jun 30)	8,313	8,603	–290	–3.4

The first half of 2012 saw a decline in performance in bus transport. The number of passengers (–4.6%) and the volume sold (–6.2%) declined, as did the volume produced (–3.0%). This was due mainly to lower numbers of schoolchildren, a lower average travel distance and fewer rail replacement services.

With regard to revenues, price measures have had a positive impact, and this is reflected in the fact that total revenues declined only slightly (–1.2%) and that external revenues increased slightly (+1.1%). Other operating income has remained virtually unchanged.

On the cost side of the equation, the cost of materials has declined as a result of various factors, including lower costs for subcontractors, whereas personnel expenses, other operating expenses and depreciation have remained virtually unchanged compared with the first half of 2011.

In consequence, the decline in costs has resulted in an increase in adjusted EBITDA (plus € 7 million to € 73 million) and adjusted EBIT (plus € 6 million to € 38 million).

Gross capital expenditures were virtually unchanged compared with the first half of 2011. The key areas are described in the chapter *Capital expenditures* [2].

The number of employees has declined compared with June 30, 2011 as a result of the downturn in performance.

DB ARRIVA BUSINESS UNIT

Business development

Key figures — € million	H1 2012	H1 2011	Change absolute	Change %
Passengers (million)	710	–	–	–
Volume sold rail (million pkm)	3,707	–	–	–
Volume produced (million train-path km)	56.8	53.4	+3.4	+6.4
Volume produced (million bus km)	411.9	425.9	–14.0	–3.3
Total revenues	1,772	1,632	+140	+8.6
External revenues	1,769	1,632	+137	+8.4
EBITDA adjusted	180	151	+29	+19.2
EBIT adjusted	94	71	+23	+32.4
Gross capital expenditures	92	72	+20	+27.8
Employees (FTE as of Jun 30)	37,447	37,922	–475	–1.3

For the first half of 2012, we have reported not only the volume produced but also, for the first time, the number of passengers and the volume sold. However, no comparable figures are available for these parameters for the first half of 2011.

Overall, the development in the business unit DB Arriva is very positive, with strong growth in revenues, adjusted EBITDA and EBIT.

Gross capital expenditures have also increased compared with the first half of 2011 due to extensive bus procurements for services in London. The main areas of capital expenditures are described in the chapter *Capital expenditures* [2].

The number of employees declined slightly as a result of the lower volume produced in bus services.

UK Bus

Key figures — € million	H1 2012	H1 2011	Change absolute	Change %
Passengers (million)	628	–	–	–
Volume produced (million bus km)	207.7	221.0	–13.3	–6.0
Total revenues	599	561	+38	+6.8
External revenues	589	561	+28	+5.0
EBITDA adjusted	96	98	–2	–2.0
EBIT adjusted	61	68	–7	–10.3
Gross capital expenditures	40	16	+24	+150
Employees (FTE as of Jun 30)	17,538	18,460	–922	–5.0

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The climate in the UK Bus line of business continued to be challenging during the first half of 2012. Cuts implemented by the contracting organizations and lower levels of contract retention in the London market have resulted in a downturn in the volume produced.

With regard to the development in revenues, this was more than compensated for by positive exchange rate factors, so that total revenues (+6.8%) and external revenues (+5.0%) increased.

On the cost side of the equation, there were higher charges due to various factors, including higher fuel prices and cuts in fuel subsidies. Despite the lower number of employees, personnel expenses have increased as a result of exchange rate factors. Higher capital expenditures have meant that depreciation has also increased.

Profits therefore declined slightly. Adjusted EBITDA has declined by € 2 million to € 96 million, and adjusted EBIT has declined by € 7 million to € 61 million.

Gross capital expenditures have increased compared with the first half of 2011 due to extensive bus procurements for services in London.

Due to the lower volume produced and cost control through depot rationalization, the number of employees also declined as of June 30, 2012.

UK Trains

	H1		CHANGE	
Key figures — € million	2012	2011	absolute	%
Passengers (million)	60	–	–	–
Volume sold (million pkm)	3,003	–	–	–
Volume produced (million train-path km)	37.7	35.1	+2.6	+7.4
Total revenues	588	464	+124	+26.7
External revenues	577	464	+113	+24.4
EBITDA adjusted	30	0	+30	–
EBIT adjusted	19	–9	+28	–
Gross capital expenditures	7	19	–12	–63.2
Employees (FTE as of Jun 30)	5,276	5,208	+68	+1.3

Overall, the development in the UK Trains line of business improved noticeably in the first half of 2012. The volume produced has increased mainly due to the acquisition of Grand Central Railway.

In terms of revenues, there have been positive effects resulting from revenue support payments for the CrossCountry franchise, higher farebox revenues, the acquisition of Grand Central Railway (€ +14 million) and positive exchange rate factors. Total revenues have consequently increased by 26.7%, and external revenues increased by 24.4%.

On the cost side of the equation, there has been a significant increase in cost of materials due mainly to exchange rate factors and the acquisition of Grand Central Railway. Depreciation has remained unchanged compared with the level of the first half of 2011.

Overall, adjusted profit figures have improved considerably. Adjusted EBITDA has increased by € 30 million to € 30 million, and adjusted EBIT has improved by € 28 million to € 19 million.

Compared with the first half of 2011, gross capital expenditures have declined as a result of various factors, including lower capital expenditures at Chiltern Railways.

Compared with June 30, 2011, the number of employees has increased as a result of the acquisition of Grand Central Railway.

Mainland Europe

	H1		CHANGE	
Key figures — € million	2012	2011	absolute	%
Passengers rail (million)	22	–	–	–
Passengers bus (million)	247	–	–	–
Volume sold rail (million pkm)	704	–	–	–
Volume produced (million train-path km)	19.1	18.3	+0.8	+4.4
Volume produced (million bus km)	204.2	204.9	–0.7	–0.3
Total revenues	631	606	+25	+4.1
External revenues	604	606	–2	–0.3
EBITDA adjusted	64	64	–	–
EBIT adjusted	22	21	+1	+4.8
Gross capital expenditures	45	43	+2	+4.7
Employees (FTE as of Jun 30)	14,460	14,078	+382	+2.7

In the Mainland Europe line of business, there is a mixed picture with regard to the various countries. As a result of lower volume on contract renewals in Denmark and the cessation of contracts during 2011 in the Netherlands and Sweden, volume produced and revenues declined in those countries. This was balanced by the commencement of bus services in Malta in July 2011.

Cost of materials has increased considerably, so that the adjusted profit figures remained unchanged compared with the level seen in the first half of 2011 (adjusted EBITDA unchanged at € 64 million; adjusted EBIT € +1 million to € 22 million).

Gross capital expenditures were slightly higher than the level seen in the first half of 2011.

Compared with June 30, 2011, the number of employees has increased as a result of the commencement of operations in Malta, partly offset by a reduction in the number of employees in Sweden and the Netherlands.

Transport and logistics

FURTHER INFORMATION

Investigations against companies in the freight forwarding sector

Since the autumn of 2007, cartel authorities have been carrying out *investigations throughout the world against companies in the freight forwarding sector* [1].

On March 28, 2012, the EU Commission issued fine notices against several freight companies, including DB AG, Schenker AG and BAX Global Inc. An appeal has been submitted to the Court of the European Union against these fine notices on June 12, 2012.

Proceedings of other cartel authorities have since been concluded. It is not expected that all cartel authority investigations will be completed before the end of 2013.

DB SCHENKER RAIL BUSINESS UNIT

Business development

	H 1		CHANGE	
Key figures — € million	2012	2011	absolute	%
Freight carried (million t)	202.3	207.8	-5.5	-2.6
Volume sold (million tkm)	54,003	56,784	-2,781	-4.9
Volume produced (million train-path km)	103.4	110.0	-6.6	-6.0
Capacity utilization (t per train)	522.4	516.3	+6.1	+1.2
Total revenues	2,485	2,481	+4	+0.2
External revenues	2,338	2,343	-5	-0.2
EBITDA adjusted	177	199	-22	-11.1
EBIT adjusted	24	58	-34	-58.6
Gross capital expenditures	119	135	-16	-11.9
Employees (FTE as of Jun 30)	32,240	32,697	-457	-1.4

As the largest region within the business unit DB Schenker Rail, the decline in the region Central in the first half of 2012 was the main reason behind the performance of the overall business unit.

The economic slowdown which has been evident since the second half of 2011 continued in the first half of 2012, and had a negative impact on the performance of the business unit particularly in Germany, Spain and Poland.

In addition, the increasing challenges in terms of costs at DB Schenker Rail Germany have also had a negative impact. This is applicable particularly for higher costs of personnel, energy, infrastructure use and maintenance. In response, we have implemented the countermeasure program "Action plan Germany" focusing among others on portfolio and freight car management. We expect that this program will produce positive effects as the year progresses.

Within this context, the business unit DB Schenker Rail has reported a downturn in the volume of freight carried (−2.6%), the volume sold (−4.9%) and the volume produced (−6.0%). In addition to the decline in Germany, a further decline has also been reported for Poland. Train utilization has improved by 1.2%.

The development of the regions detailed in the following shows that, overall, revenues in the business unit DB Schenker Rail were roughly in line with the level reported for the first half of 2011. Other operating income declined appreciably as a result of lower reversals of provisions.

The overall decline in revenues was not able to compensate for the higher costs, which meant that the development in profits was affected particularly by higher personnel expenses in the region Central. Depreciation increased as a result of various factors, including extensive capital expenditures which were carried out in the region West and which had mainly been completed in the previous year.

Overall, this development resulted in a slight deterioration in the adjusted profit figures (EBIT € −34 million to € 24 million and EBITDA € −22 million to € 177 million).

Gross capital expenditures declined in the first half of 2012 due to reduced procurement of freight cars compared with the first half of 2011. The key areas of capital expenditures are described in the chapter *Capital expenditures* [2].

The number of employees declined slightly as a result of declines in the regions West and East.

Region Central (Belgium, Denmark, Germany, Italy, the Netherlands, Switzerland)

	H 1		CHANGE	
Key figures — € million	2012	2011	absolute	%
Freight carried (million t)	147.9	158.4	-10.5	-6.6
Volume sold (million tkm)	43,655	46,440	-2,785	-6.0
Volume produced (million train-path km)	83.2	90.5	-7.3	-8.1
Total revenues	2,317	2,275	+42	+1.8
External revenues	1,783	1,849	-66	-3.6
EBITDA adjusted	131	154	-23	-14.9
EBIT adjusted	18	43	-25	-58.1
Gross capital expenditures	88	96	-8	-8.3
Employees (FTE as of Jun 30)	22,143	21,809	+334	+1.5

Considerable declines in performance were reported in the region Central due to various factors, including the difficult economic climate (freight carried −6.6%; volume sold −6.0%). The volume produced declined by 8.1% due to the downturn in volume.

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Whereas total revenues increased slightly (+1.8 %) as a result of additional international car transport services, external revenues declined (−3.6 %) despite the positive effects of the first-time inclusion of COBRA (€ +11 million).

There have been considerable cost increases. The cost of materials has increased appreciably as a result of higher purchased transport services. In addition, the decline in infrastructure and energy costs due to the lower volume produced was offset to some extent by price increases. Personnel expenses have increased appreciably as a result of wage increases. Other operating expenses have increased slightly due to higher purchased IT services. Depreciation was roughly in line with the level reported for the first half of 2011.

Overall, because growth in costs was higher than the growth in revenues, there was a considerable decline in the operating profit figures adjusted EBITDA and adjusted EBIT (€ −23 million to € 131 million and € −25 million to € 18 million respectively).

The gross capital expenditures declined as a result of lower procurements of freight cars.

The number of employees was slightly higher than the corresponding previous year figure, due to staff relocations within the business unit.

Region West (France, Great Britain, Spain)

	H1		CHANGE	
Key figures — € million	2012	2011	absolute	%
Freight carried (million t)	42.5	34.1	+ 8.4	+24.6
Volume sold (million tkm)	8,431	8,183	+248	+3.0
Volume produced (million train-path km)	17.5	16.7	+ 0.8	+ 4.8
Total revenues	435	430	+ 5	+1.2
External revenues	385	379	+ 6	+1.6
EBITDA adjusted	50	44	+ 6	+13.6
EBIT adjusted	20	24	– 4	–16.7
Gross capital expenditures	25	35	–10	–28.6
Employees (FTE as of Jun 30)	4,958	5,160	–202	–3.9

The region West has benefited from a significant improvement in performance. This is due to the expansion of traction services in Spain and the positive development in France. The volume sold (+3.0 %), total revenues (+1.2 %) and external revenues (+1.6 %) have accordingly increased. There was a downturn in revenues at Transfesa in Spain due to declines affecting car transport services in a negative economic context. Other operating income was roughly in line with the level reported for the first half of 2011.

The cost of materials has declined as a result of various factors, including lower maintenance costs. Personnel expenses were slightly higher than the corresponding level reported for the first half of 2011. Depreciation increased as a result of the extensive procurement of locomotives in France.

Overall, adjusted EBITDA improved therefore by € 6 million to € 50 million. Adjusted EBIT of € 20 million was € 4 million lower than the corresponding figure reported for the first half of 2011.

As a result of lower procurements of locomotives in France, gross capital expenditures were lower than the corresponding figure for the first half of 2011.

The number of employees as of June 30, 2012 declined slightly as a result of restructuring measures in Great Britain and Spain.

Region East (Bulgaria, Poland, Romania, Russia, Hungary)

	H1		CHANGE	
Key figures — € million	2012	2011	absolute	%
Freight carried (million t)	31.8	38.3	– 6.5	–17.0
Volume sold (million tkm)	1,917	2,161	–244	–11.3
Volume produced (million train-path km)	2.6	2.9	– 0.3	–10.3
Total revenues	137	150	–13	– 8.7
External revenues	95	115	–20	–17.4
EBITDA adjusted	14	10	+ 4	+ 40.0
EBIT adjusted	5	1	+ 4	–
Gross capital expenditures	6	4	+2	+ 50.0
Employees (FTE as of Jun 30)	5,138	5,416	–278	– 5.1

In the region East, performance was characterized by the very competitive environment in the Polish market. The volume of freight carried (−17.0 %), the volume sold (−11.3 %) and the volume produced (−10.3 %) accordingly declined.

Revenues reflected the downturn in volume sold. Total revenues as well as external revenues both declined appreciably (by 8.7 % and 17.4 % respectively). Other operating income was roughly in line with the corresponding figure for the first half of 2011.

In terms of costs, the cost of materials declined as a result of the reduced volume produced. Personnel expenses were virtually unchanged compared with the first half of 2011. This is also applicable for other operating expenses and depreciation.

As a result of improvements in efficiency, the adjusted profit figures overall increased, but remained at a low level. Adjusted EBITDA improved by € 4 million to € 14 million, and adjusted EBIT improved by € 4 million to € 5 million.

The gross capital expenditures increased as a result of higher capital expenditures in the port of Szczecin.

The number of employees declined considerably as a result of personnel adjustments.

DB SCHENKER LOGISTICS BUSINESS UNIT

Business development

	H 1		CHANGE	
Key figures — € million	2012	2011	absolute	%
Shipments in European land transport (thousand)	47,759	47,515	+244	+ 0.5
Air freight volume (export) (thousand t)	537.1	583.2	– 46.1	–7.9
Ocean freight volume (export) (thousand TEU)	926.1	837.3	+ 88.8	+10.6
Total revenues	7,715	7,466	+249	+3.3
External revenues	7,688	7,437	+251	+3.4
Gross profit margin (%)	31.5	29.6	–	–
EBITDA adjusted	295	255	+ 40	+15.7
EBIT adjusted	201	170	+31	+18.2
EBIT margin adjusted (%)	2.6	2.3	–	–
Gross capital expenditures	98	89	+ 9	+10.1
Employees (FTE as of Jun 30)	63,790	60,691	+3,099	+ 5.1

The development in the business unit DB Schenker Logistics was overall positive in the first half of 2012 despite the difficult conditions. Mixed performances were reported for the individual lines of business.

The volume of shipments in European land transport increased by 0.5 %, and was thus slightly higher than the corresponding figure for the first half of 2011. A decline in shipments in international land transport offset growth in parcel business and in national land transport.

The volume of ocean freight increased appreciably, namely by 10.6 %. A positive development was reported particularly for the routes from Europe to Asia and the services within Asia.

On the other hand, volume in air freight declined by 7.9 %. This was due particularly to the development on the transatlantic and transpacific routes from and to North America, whereas services from Asia to Europe increased slightly.

With the exception of the regions Americas and Central, revenue growth has been reported in all regions. In the region Americas, the decline was attributable to *restructuring of US domestic business* [1], with an impact of approximately € 200 million. In the region Central, revenues were roughly in line with the level reported for the first half of 2011 as a result of the weak economic growth.

Exchange rate factors overall had a positive impact on revenues of € 151 million in the first half of 2012, whereas the cost items were affected by exchange rate factors as well.

The cost of materials has increased slightly in the first half of 2012. The increase in purchased transport services was somewhat offset by lower energy costs resulting from the *restructuring of US domestic business* [1]. Personnel expenses increased appreciably, driven by the higher number of employees.

As growth in the costs of purchased services was lower than growth in revenues, the gross profit margin increased from 29.6 % in the first half of 2011 to 31.5 % in the first half of 2012.

Driven by the growth in revenues, adjusted EBITDA improved by € 40 million to € 295 million, and adjusted EBIT improved by € 31 million to € 201 million.

The gross capital expenditures were considerably higher than the corresponding figure reported for the first half of 2011. The key areas of capital expenditures are described in the chapter *Capital expenditures* [2].

The positive development in business was also reflected in an increase in the number of employees as of June 30, 2012.

European land transport

	H 1		CHANGE	
Key figures — € million	2012	2011	absolute	%
Shipments in European land transport (thousand)	47,759	47,515	+244	+ 0.5
Total revenues	3,248	3,191	+ 57	+1.8
External revenues	3,223	3,164	+ 59	+1.9
EBITDA adjusted	125	110	+15	+13.6
EBIT adjusted	76	63	+13	+20.6
Employees (FTE as of Jun 30)	24,986	24,123	+ 863	+3.6

The lower rate of growth in the European land transport market in the first half of 2012 relieved the pressure on shipping space availability and thus also the freight rates. However, in a market climate which continues to be very competitive, it was only possible to a limited extent for price increases to be agreed with customers. In conjunction with weak volume growth (+ 0.5 %), total revenues (+1.8 %) and external revenues (+1.9 %) increased only moderately.

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Despite higher costs for fuel and personnel, the positive growth in revenues was accompanied by slightly lower growth in costs. The development in operating profits was therefore positive. Overall, adjusted EBITDA increased by € 15 million to € 125 million, and adjusted EBIT increased by € 13 million to € 76 million.

As of June 30, 2012, the positive development in business was also reflected in an increase in the number of employees.

Air and ocean freight

	H1		CHANGE	
Key figures — € million	2012	2011	absolute	%
Air freight volume (export) (thousand t)	537.1	583.2	-46.1	-7.9
Ocean freight volume (export) (thousand TEU)	926.1	837.3	+88.8	+10.6
Total revenues	3,622	3,574	+48	+1.3
External revenues	3,621	3,572	+49	+1.4
EBITDA adjusted	150	107	+43	+40.2
EBIT adjusted	129	88	+41	+46.6
Employees (FTE as of Jun 30)	20,862	21,941	-1,079	-4.9

The individual products in the air and ocean freight line of business reported mixed developments in the first half of 2012. Whereas ocean freight volume increased compared with the first half of 2011, air freight volume declined. This development was also reflected in contributions to revenues. The *restructuring of US domestic business* [1] also had a significantly negative impact on the development in revenues. Adjusted by this factor, revenues increased by around 8%. Overall, total revenues (+1.3%) and external revenues (+1.4%) increased only moderately.

On the cost side of the equation, the positive effects from *restructuring of US domestic business* [1] were reflected with declines in fuel costs and purchased transport services. Foreign currency factors had an opposite impact on the cost items, which meant that there was a slight increase in personnel expenses in the line of business.

Adjusted EBITDA overall improved by € 43 million to € 150 million, and adjusted EBIT improved by € 41 million to € 129 million.

As of June 30, 2012, the number of employees was considerably lower than the corresponding figure as of June 30, 2011. This was due mainly to the *restructuring of US domestic business* [1].

Contract logistics/SCM

	H1		CHANGE	
Key figures — € million	2012	2011	absolute	%
Total revenues	830	695	+135	+19.4
External revenues	830	695	+135	+19.4
EBITDA adjusted	36	44	-8	-18.2
EBIT adjusted	15	26	-11	-42.3
Employees (FTE as of Jun 30)	17,503	14,285	+3,218	+22.5

The development in contract logistics/supply chain management (SCM) in the first half of 2012 continued to be positive. This reflected various factors, including the good business performance in electronics. Total revenues (+19.4%) and external revenues (+19.4%) accordingly reported a very positive performance.

On the other hand, costs were affected by higher charges in the regions Central and West.

Adjusted EBITDA accordingly declined (€ −8 million to € 36 million) and adjusted EBIT also declined (€ −11 million to € 15 million).

The dynamic business development is reflected in a strong increase in the number of employees as of June 30, 2012.

Services

DB SERVICES BUSINESS UNIT

Business development

	H1		CHANGE	
Key figures — € million	2012	2011	absolute	%
Segment revenues	1,641	1,581	+60	+3.8
Total revenues	687	648	+39	+6.0
External revenues	61	68	-7	-10.3
Other operating income	954	933	+21	+2.3
EBITDA adjusted	134	155	-21	-13.5
EBIT adjusted	48	80	-32	-40.0
Gross capital expenditures	125	97	+28	+28.9
Employees (FTE as of Jun 30)	26,596	26,030	+566	+2.2

The development of the business unit DB Services mainly reflects the support nature of the business unit for internal customers within the Group. Internal segment revenues of € 1,452 million therefore continue to account for most of the segment revenues of € 1,641 million (total revenues plus other operating revenues). The internal revenues increased by 4.7% in the period under review. This was due mainly to IT business (DB Systel).

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On the cost side of the equation, cost of materials and also personnel expenses have increased strongly. The costs of materials reflect various factors, including a higher level of external services purchased in IT operations. Personnel expenses increased as a result of the higher number of employees and also as a result of wage increases. Higher leasing charges in particular are reflected in other expenses. Depreciation was higher than the corresponding level reported for the first half of 2011 due to higher procurements of vehicles and IT hardware.

Overall, the growth in revenues was not able to fully compensate for the higher costs. Adjusted EBITDA accordingly declined by € 21 million to € 134 million, and adjusted EBIT declined by € 32 million to € 48 million.

Gross capital expenditures increased as a result of higher procurements of vehicles at DB Fuhrpark. The key areas are described in the chapter *Capital expenditures* [1].

As of June 30, 2012, the number of employees has increased compared with June 30, 2011 due to the increase in the number of staff at DB Fahrzeuginstandhaltung (vehicle maintenance) and DB Systel (reflecting the increase in performance).

Infrastructure

FURTHER INFORMATION

Extensive construction measures in the network

The year 2012 will again see considerable capital expenditures for maintaining and renewing the infrastructure. For instance, around 3,300 kilometers of track and 1,870 crossings will be laid nationwide on more than 3,000 track-laying sites. 2.3 million new ties will be laid, and approximately 3.5 million tonnes of gravel will be used.

The effects of the building work on passenger and freight services will be minimized by way of early and reliable customer communication and by way of ensuring that the measures are incorporated in the medium- to long-term timetable.

Mannheim marshaling yard modernized

The extensive modernization work in the Mannheim marshaling yard was completed at the beginning of 2012. More than € 100 million was invested in new infrastructure and innovative technology, boosting the capacity of the train formation yard by up to 20 %.

The marshaling yard has a length of 5,600 m, a width of 360 m, and it has 170 km of track and 550 crossings. The yard comprises one train formation system in the west – east direction and also one in the east – west direction. The modernized train formation yard permits the rearrangement of 5,600 cars per day.

Improvements of the line to Poland

By signing the financing agreement for expanding the Knappenrode – Horka – German border/Poland line in March 2012, the Federal Ministry for Transport, Construction and Urban Development (Bundesministerium für Verkehr, Bau und Stadtentwicklung; BMVBS) and DB Netz AG fired the starting gun for a central project. A total of approximately € 420 million will be invested in expanding the line in the course of the next few years.

Key aspects of the building work are the two-track line expansion and line electrification to approximately 52 km as well as the installation of modern signal technology.

Progress at ABS Hanau – Nantenbach

In March 2012, the EBA issued the approved zoning plan for phase 3 of the ABS Hanau – Nantenbach measure. The key element of this project is the approximately 7-km-long twin-track line expansion Laufach and Heigenbrücken. This section requires a total of four tunnels, each with two single-track tunnels and three bridges. They will replace the more than 150-year-old Schwarzkopf tunnel, which will be filled in after the bypass line is put into service.

Approximately € 400 million will be invested in the project in the course of the next few years. The corresponding financing agreement was signed in December 2011.

Completion of the mega-hub Lehrte

The construction of an innovative rail-rail transshipment terminal in Lehrte will create additional capacities for the expected growth in freight traffic flows from the ports.

In June 2012, the BMVBS and DB Netz AG signed the financing agreement for the mega-hub Lehrte. Approximately € 100 million will be invested in the course of the next few years in expanding the tracks, three new transshipment cranes as well as modern technology. An innovative sorting installation will also be created. Test operation is expected to commence at the end of 2015. The mega-hub Lehrte is being built in the immediate proximity of the existing freight traffic center Lehrte.

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DB NETZE TRACK BUSINESS UNIT

Business development

	H1		CHANGE	
Key figures — € million	2012	2011	absolute	%
Train kilometers on track infrastructure (million train-path km)	517.8	520.7	– 2.9	– 0.6
thereof non-Group railways	112.6	108.2	+ 4.4	+ 4.1
share of non-Group railways (%)	21.7	20.8	–	–
Total revenues	2,328	2,269	+ 59	+ 2.6
External revenues	472	446	+ 26	+ 5.8
share of total revenues (%)	20.3	19.7	–	–
EBITDA adjusted	862	732	+ 130	+ 17.8
EBIT adjusted	398	262	+ 136	+ 51.9
Operating profit after interest	178	91	+ 87	+ 95.6
ROCE (%)	4.5	3.0	–	–
Capital employed	17,830	17,603	+ 227	+ 1.3
Net financial debt as of Jun 30, 2012 / Dec 31, 2011	9,924	10,186	– 262	– 2.6
Redemption coverage	12.9	11.4	–	–
Gross capital expenditures	2,001	1,872	+ 129	+ 6.9
Net capital expenditures	509	386	+ 123	+ 31.9
Employees (FTE as of Jun 30)	41,662	41,149	+ 513	+ 1.2

Internal customers still dominate in the structure of train-path demand (78 %; in the first half of 2011: 79 %). In the first half of 2012, train path demand declined slightly by 0.6 % as a result of declines in rail freight traffic.

Revenues increased in the first half of 2012 mainly as a result of price factors. The development of external revenues reflects the increase in demand from non-Group railways as a result of success in being awarded transport contracts in regional transport. Other operating income has also increased noticeably. This reflects the sale of a piece of land.

Expenses have increased more slowly than revenues. The higher personnel expenses resulting from the wage increases and the higher number of employees were alleviated to some extent by a decline in the cost of materials resulting from various factors, including the mild winter. The increase in other operating expenses is mainly due to higher leasing and IT costs. Depreciation declined slightly.

In consequence, adjusted EBITDA therefore declined by € 130 million to € 862 million, and adjusted EBIT declined by € 136 million to € 398 million.

As a result of an increase in operating net interest income due to a decline relating to the compounding of interest-free loans, the absolute increase in operating profit after interest was somewhat weaker (€ + 87 million to € 178 million).

Despite the increase in capital employed as a result of capital expenditures activity, ROCE improved due to the stronger increase in adjusted EBIT.

Net financial debt declined slightly as a result of the positive business performance as of June 30, 2012 compared with the end of 2011.

Gross capital expenditures were higher than the corresponding figure reported for the first half of 2011 as a result of the mild winter. The increase was almost entirely attributable to the development in net capital expenditures. The key areas are described in the chapter *Capital expenditures* [1].

The number of employees as of June 30, 2012 increased slightly compared with the corresponding point in the previous year mainly as a result of the recruitment of further staff at DB Netz AG.

DB NETZE STATIONS BUSINESS UNIT

Business development

	H1		CHANGE	
Key figures — € million	2012	2011	absolute	%
Station stops (million)	71.5	70.2	+ 1.3	+ 1.9
thereof non-Group railways	13.0	12.0	+ 1.0	+ 8.3
Total revenues	559	537	+ 22	+ 4.1
thereof station revenues	367	350	+ 17	+ 4.9
External revenues	218	207	+ 11	+ 5.3
EBITDA adjusted	203	186	+ 17	+ 9.1
EBIT adjusted	140	124	+ 16	+ 12.9
ROCE (%)	9.7	8.9	–	–
Capital employed	2,875	2,803	+ 72	+ 2.6
Net financial debt as of Jun 30, 2012 / Dec 31, 2011	1,236	1,320	– 84	– 6.4
Redemption coverage	26.2	25.1	–	–
Gross capital expenditures	189	190	– 1	– 0.5
Net capital expenditures	71	65	+ 6	+ 9.2
Employees (FTE as of Jun 30)	4,857	4,825	+ 32	+ 0.7

The number of station stops increased by 1.9 % in the first half of 2012. The development particularly at non-Group railways and also at S-Bahn (metro) Berlin had a positive effect in this respect.

The increase in total revenues is due to higher station revenues resulting from price and volume factors as well as higher rental and leasing revenues. The positive development in the retail sector was reflected in the rental revenues. The increase in external revenues reflects the increased number of station stops of non-Group railways.

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On the cost side of the equation, personnel expenses increased as a result of the higher number of employees as well as wage increases. On the other hand, the cost of materials declined due to various factors, including the expiry of the economic stimulus programs. The depreciation was slightly higher than the level reported for the first half of 2011.

In consequence, the higher revenues in conjunction with the slightly lower growth in expenses resulted in adjusted EBITDA improving by € 17 million to € 203 million and adjusted EBIT improving by € 16 million to € 140 million.

The somewhat stronger increase in EBIT compared with capital employed meant that ROCE also improved slightly.

Net financial debt declined slightly as a result of the positive performance as of June 30, 2012 compared with the end of 2011.

In the first half of 2012, gross capital expenditures were roughly in line with the level of the corresponding previous year period. Net capital expenditures have increased slightly. The key areas of capital expenditures are described in the chapter *Capital expenditures* [1].

The number of employees as of June 30, 2012 was higher than the corresponding previous year figure.

DB NETZE ENERGY BUSINESS UNIT

Business development

	H1		CHANGE	
Key figures — € million	2012	2011	absolute	%
Traction current (16.7 Hz) (GWh)	5,230	5,258	– 28	– 0.5
Stationary energy (50 Hz and 16.7 Hz) (GWh)	849.8	859.4	– 9.6	– 1.1
Diesel fuel (million l)	235.4	237.2	– 1.8	– 0.8
Total revenues	1,440	1,448	– 8	– 0.6
External revenues	549	560	– 11	– 2.0
EBITDA adjusted	97	65	+ 32	+ 49.2
EBIT adjusted	55	24	+ 31	+ 129
ROCE (%)	12.1	5.8	–	–
Capital employed	909	815	+ 94	+ 11.5
Net financial debt as of Jun 30, 2012 / Dec 31, 2011	198	218	– 20	– 9.2
Redemption coverage	43.4	26.0	–	–
Gross capital expenditures	60	39	+ 21	+ 53.8
Net capital expenditures	42	16	+ 26	+ 163
Employees (FTE as of Jun 30)	1,630	1,602	+ 28	+ 1.7

In the first half of 2012, energy demand declined slightly for all products: demand for traction current declined by 0.5 %, demand for stationary energy and diesel fuels declined by 1.1 % and 0.8 % respectively.

Revenues in the first half of 2012 accordingly declined slightly (total revenues – 0.6 % and external revenues – 2 %). A downturn in demand for stationary energy more than compensated for positive price effects.

The decline in volume combined with the non-recurrence of a negative one-off effect in connection with the joint nuclear power station Neckarwestheim I (GKN I) in the first half of 2011 resulted in a decline in the cost of materials. This more than compensated for the increase in personnel expenses due to the higher number of employees and wage increases. Depreciation was slightly higher than the level during the first half of 2011.

The fact that costs declined to a greater extent than revenues meant that there was an improvement in the adjusted profit figures: adjusted EBITDA increased by € 32 million to € 97 million, and adjusted EBIT improved by € 31 million to € 55 million.

The increase in adjusted EBIT also resulted in a significant improvement in ROCE, despite the considerable increase in capital employed.

Net financial debt declined as a result of the positive performance as of June 30, 2012 compared with the end of 2011.

Gross and net capital expenditures were considerably higher than the corresponding figure for the first half of 2011. This was due to measures in connection with the closure of GKN I. The key areas of capital expenditures are described in the chapter *Capital expenditures* [1].

The number of employees as of June 30, 2012 was slightly higher than the corresponding figure as of June 30, 2011. The increase in the number of employees was connected with the process of implementing the new requirements of energy management law.

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FINANCIAL SITUATION

::: ALL RATINGS CONFIRMED
::: INCREASE IN NET FINANCIAL DEBT
::: CAPITAL EXPENDITURES MUCH HIGHER

Financial management

In the first half of 2012, there were no changes in the *financial management of DB Group* [1].

The *debt-issuance program* [2] for € 15 billion which is in place for long-term financing was updated in June 2012 and increased to € 20 billion. As of June 2012, the program had been utilized to the extent of € 13.8 billion, and there is thus scope for issuing a further € 6.2 billion (as of December 31, 2011: € 2.6 billion).

In the first half of 2012, DB Group issued a total of five bonds via its financing subsidiary Deutsche Bahn Finance B.V. (DB Finance), Amsterdam/the Netherlands, and increased an existing bond with a total volume of € 1.4 billion. The terms range from four years and seven months up to 14 years, and the currencies are EUR, NOK and CHF as well as, for the first time, GBP. The transactions were placed mainly in Great Britain, Germany and Switzerland. In addition, a private placing of USD 20 million was repaid in the reporting period.

For short-term financing, a multi-currency multi-issuer commercial paper program for € 2 billion was still available as of June 30, 2012. This program was utilized to the extent of € 312 million as of June 30, 2012 (as of December 31, 2011: € 202 million).

In addition, as of June 30, 2012, DB Group enjoyed guaranteed unutilized credit facilities of € 2.6 billion (as of December 31, 2011: € 2.5 billion). Of this figure, € 2.0 billion was attributable to two-year credit lines with a remaining term on June 30, 2012 of just less than two years in each case.

In addition, as of June 30, 2012, we were able to access credit facilities of € 1.4 billion (as of December 31, 2011: € 1.4 billion). These facilities which are made available to the subsidiaries throughout the world comprise the financing of working capital and also the provision of guarantees.

No major finance lease transactions were concluded in the reporting period.

RATINGS CONFIRMED

			CURRENT RATINGS		
Ratings DB AG	First issued	Last confirmation	Short-term	Long-term	Outlook
Moody's	May 16, 2000	Mar 12, 2012	P-1	Aa1	stable
Standard & Poor's	May 16, 2000	Jun 18, 2012	A-1+	AA	stable
Fitch	Feb 17, 2009	Jul 4, 2012	F1+	AA	stable

The creditworthiness of DB Group is constantly monitored by the rating agencies Standard & Poor's (S&P), Moody's and Fitch. In the first half of 2012, all three rating agencies carried out their annual rating reviews and confirmed the good rating of DB AG. Our ratings have thus been unchanged since they were first awarded in 2000 (Moody's and S&P) and 2009 (Fitch).

On January 17, 2012, S&P concluded its review of the long-term rating which commenced at the beginning of December 2011; it lifted the CreditWatch which existed during the review and confirmed the ratings of DB AG as well as the stable outlook.

Further information concerning the subject of *rating* [3] and the complete analyses of the rating agencies regarding DB AG can be viewed on our IR Web site.

[1] 2011 Annual Report page 132, [2] www.db.de/mtn-e, [3] www.db.de/rating-e

Cash flow statement

Short summary — € million	H 1 2012	2011	CHANGE absolute	%
Cash flow from operating activities	1,540	1,075	+ 465	+ 43.3
Cash flow from investing activities	-1,271	- 819	- 452	+ 55.2
Cash flow from financing activities	655	- 114	+ 769	-
Net change in cash and cash equivalents	936	137	+ 799	-
Cash and cash equivalents as of Jun 30	2,639	1,612	+ 1,027	+ 63.7

The cash flow from operating activities amounted to € 1,540 million, and in the first half of 2012 was thus considerably higher than the corresponding figure for the first half of 2011. This was due to the increase of € 188 million in profit before taxes and also to the development in working capital.

The outflow of cash for investing activities increased by € 452 million in the first half of 2012. This was mainly due to the increase of € 313 million in capital expenditures in property, plant and equipment in conjunction with a simultaneous slight decline in inflows from capital expenditure grants (€ –10 million).

The cash flow from financing activities increased by € 769 million to € 655 million. In the first half of 2011, there was an outflow of cash of € 114 million due to much higher bond redemptions, the premature redemption of interest-free loans and the initial dividend payment. In the first half of 2012, the inflow of cash from bond issues (€ 1,389 million) was mainly opposed only by the outflow of cash in the form of the dividend payment of € 525 million.

As of June 30, 2012, DB Group reported an increase of € 1,027 million in cash and cash equivalents to € 2,639 million (as of June 30, 2011: € 1,612 million).

Net financial debt

— € million	Jun 30, 2012	Dec 31, 2011	CHANGE absolute	%
Federal loans	1,964	2,092	- 128	- 6.1
Finance lease liabilities	1,217	1,270	- 53	- 4.2
Other financial debt [1]	16,458	14,989	+ 1,469	+ 9.8
Financial debt	**19,639**	**18,351**	**+ 1,288**	**+ 7.0**
– Cash and cash equivalents and receivables from financing	2,685	1,759	+ 926	+ 52.6
Net financial debt	**16,954**	**16,592**	**+ 362**	**+ 2.2**

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

Within the figure reported for financial debt, the Federal loans declined by € 128 million as of June 30, 2012 to € 1,964 million (as of December 31, 2011: € 2.092 million). At the beginning of January 2012, the final installment of the only interest-bearing Federal loan was repaid, so that the Federal loans as of June 30, 2012 again only comprised interest-free loans.

The finance lease liabilities declined as of June 30, 2012 due to the continuous repayments of principal.

Within the framework of capital market activities, five bonds were issued and an existing bond was increased in the first half of 2012 (with a total volume of € 1.4 billion). One bond of USD 20 million (€ 21 million) was also repaid. Holdings of outstanding bonds accordingly increased by € 1,406 million to € 14,040 million as of June 30, 2012.

The financial debt therefore increased by € 1,288 million to € 19,639 million as of June 30, 2012.

Cash and cash equivalents as of June 30, 2012 had increased by € 936 million to € 2,639 million. On the other hand, receivables from financing as of June 30, 2012 declined slightly by € 10 million. Accordingly, net financial debt as of June 30, 2012 increased by € 362 million to € 16,954 million. This increase was due to the dividend payment of € 525 million in April.

The maturity structure of the financial debt is virtually unchanged as of June 30, 2012. There has been a slight shift in the direction of short-term financial debt, which now accounts for 13 % of overall financial debt (as of December 31, 2011: 11 %).

The breakdown of financial debt is virtually unchanged as of June 30, 2012, mainly comprising bonds (71 %; as of December 31, 2011: 69 %) and Federal loans (10 %; as of December 31, 2011: 11 %).

Capital expenditures

Capital expenditures — € million	Gross capital expenditures H1 2012	Gross capital expenditures H1 2011	Change absolute	Change %	Net capital expenditures H1 2012	Net capital expenditures H1 2011	Change absolute	Change %
DB Bahn Long-Distance	57	40	+17	+42.5	57	40	+17	+42.5
DB Bahn Regional	278	116	+162	+140	276	113	+163	+144
DB Arriva	92	72	+20	+27.8	92	70	+22	+31.4
DB Schenker Rail	119	135	-16	-11.9	119	135	-16	-11.9
DB Schenker Logistics	98	89	+9	+10.1	98	89	+9	+10.1
DB Services	125	97	+28	+28.9	125	97	+28	+28.9
DB Netze Track	2,001	1,872	+129	+6.9	509	386	+123	+31.9
DB Netze Stations	189	190	-1	-0.5	71	65	+6	+9.2
DB Netze Energy	60	39	+21	+53.8	42	16	+26	+163
Other/consolidation	19	39	-20	-51.3	19	38	-19	-50.0
DB Group	**3,038**	**2,689**	**+349**	**+13.0**	**1,408**	**1,049**	**+359**	**+34.2**
- Investment grants	1,630	1,640	-10	-0.6	-	-	-	-
Net capital expenditures	**1,408**	**1,049**	**+359**	**+34.2**	-	-	-	-

In the first half of 2012, gross as well as net capital expenditures were considerably higher than the figure reported for the first half of 2011 (gross: +13.0%; net: +34.2%).

With the exception of the business units DB Schenker Rail (decline) and DB Netze Stations (roughly unchanged compared with the first half of 2011), higher gross capital expenditures were reported for all business units, particularly at DB Bahn Regional as a result of vehicle procurement.

The capital expenditures structure continued to be dominated by the business units in the field of infrastructure, whereby the main business unit is again DB Netze Track. In total, the Infrastructure business units accounted for 74% of gross capital expenditures (first half of 2011: 78%), and the business unit DB Netze Track alone accounted for 66% (first half of 2011: 70%). The business units in passenger transport accounted for 14% (first half of 2011: 8%) and the business units in transport and logistics accounted for 7% (first half of 2011: 8%). In terms of regional distribution, Germany was again predominant (94%; first half of 2011: 93%).

Throughout DB Group, the main focus was on measures designed to improve performance and efficiency in the field of track infrastructure as well as the continued modernization of our vehicle freight for rail and bus services.

In the business unit DB Bahn Long-Distance, most capital expenditures related to vehicles. The focus was on the redesign of the ICE 2 fleet and the modernization of IC passenger cars.

Capital expenditures in the business unit DB Bahn Regional also focused on vehicles. This included the *procurement of electric traction units of the BR 442* [1] for S-Bahn (metro) Nuremberg and the regional railways in the Berlin/Brandenburg region as well as for invitations to tender in the regions Rhein-Sieg, E-Netz Franken and along the Moselle.

In the business unit DB Arriva, the focus was on the procurement of rolling stock and buses, mainly in Great Britain and Denmark.

The business unit DB Schenker Rail also invested in the vehicle fleet, mainly in engines of the BR 260, bogie flat cars and open double-deck cars for transporting private vehicles.

In the business unit DB Schenker Logistics, Europe accounted for most of our capital expenditures. The main individual projects are the expansion of freight forwarding installations in Belgium, Finland, Norway and France as well as the projects for introducing new IT systems.

Within the business unit DB Services, DB Fuhrpark and DB Rent invested in road vehicles and DB Systel invested in replacing and extending hardware and software.

In the business unit DB Netze Track, most capital expenditures again focused on strengthening the efficiency of the existing network (approximately 65% of all measures). This included in particular the modernization of the superstructure, the renewal of command and control technology and bridges, measures on rail crossings and tunnels, as well as noise reduction.

New and expansion lines accounted for approximately 35% of the capital expenditures volume. This included major projects such as the German unification transport projects (Verkehrsprojekte Deutsche Einheit; VDE) No. 8.1 Nuremberg–Erfurt and No. 8.2 Erfurt–Halle/Leipzig, the project

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Stuttgart 21, the expansion line Oldenburg – Wilhelmshaven, the airport link Berlin-Brandenburg International (BBI), the expansion/new line Stelle – Lüneburg, the VDE No. 9 Leipzig – Dresden/S1 Dresden – Coswig, the Augsburg – Olching line, the expansion line/new line Karlsruhe – Basel and the line upgrade Berlin – Rostock.

In the business unit DB Netze Stations, the main projects comprised the completion and extension work in connection with the City Tunnel Leipzig, the project Stuttgart 21, the Berlin Ostkreuz hub and the central station in Ingolstadt.

In the business unit DB Netze Energy, capital expenditures focused on the nationwide refurbishment of substations, the 110 kV traction current network and the construction of inverters.

DEVELOPMENT OF INVESTMENT GRANTS

The investment grants received in the first half of 2012 are virtually unchanged at € 1,630 million. As was the case in the first half of 2011, they were received almost exclusively by our infrastructure companies.

Balance sheet

Balance sheet — € million	Jun 30, 2012	Dec 31, 2011	CHANGE absolute	CHANGE %
Total assets	53,482	51,791	+1,691	+3.3
ASSETS				
Non-current assets	44,145	44,059	+86	+0.2
Current assets	9,337	7,732	+1,605	+20.8
EQUITY AND LIABILITIES				
Equity	15,340	15,126	+214	+1.4
Non-current liabilities	25,021	24,238	+783	+3.2
Current liabilities	13,121	12,427	+694	+5.6

Balance sheet structure — %	Jun 30, 2012	Dec 31, 2011	CHANGE absolute	CHANGE %
ASSETS				
Non-current assets	82.5	85.1	–	–
Current assets	17.5	14.9	–	–
EQUITY AND LIABILITIES				
Equity	28.7	29.2	–	–
Non-current liabilities	46.8	46.8	–	–
Current liabilities	24.5	24.0	–	–

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). In the first half of 2012, there were no major changes in the IFRS regulations, and there were also no changes in the consolidation and accounting principles of the Group. Accordingly, this has not had any impact on the consolidated financial statements in the period under review.

As of June 30, 2012, total assets increased by € 1,691 million (+3.3 %) compared with December 31, 2011, to € 53,482 million (as of December 31, 2011: € 51,791 million).

At € 44,145 million, non-current assets were roughly unchanged compared with the figure as of December 31, 2011 (€ 44,059 million).

The main reason for the increase in total assets was the increase of € 1,605 million in current assets compared with December 31, 2011, namely to € 9,337 million as of June 30, 2012. This reflected the increase of € 936 million in liquid assets and the increase of € 497 million in trade accounts receivable.

This has resulted in a slight structural shift in the direction of current assets.

On the liabilities side of the equation, the main changes as of June 30, 2012 compared with December 31, 2011 related to financial debt, which increased by 7.0 % (€ +1,288 million) to € 19,639 million (as of December 31, 2011: € 18,351 million). In addition, shareholders' equity as of June 30, 2012 also increased by € 214 million to € 15,340 million due to profits.

Because the increase in shareholders' equity was lower than the increase in total assets, the equity ratio declined slightly from 29.2 % as of December 31, 2011 to 28.7 % as of June 30, 2012. Within the structure of liabilities, the percentage of long-term liabilities in relation to the balance sheet total as of June 30, 2012 was stable compared with December 31, 2011. As of June 30, 2012, the percentage of short-term liabilities increased slightly from 24.0 % to 24.5 %.

EMPLOYEES

::: SLIGHT INCREASE IN THE NUMBER OF EMPLOYEES

::: INCREASE IN THE BUSINESS UNITS DB SCHENKER LOGISTICS AND DB NETZE TRACK

	FULL-TIME EMPLOYEES (FTE)					PHYSICAL EMPLOYEES				
			CHANGE					CHANGE		
Employees by business unit	Jun 30, 2012	Dec 31, 2011	absolute	%	Jun 30, 2011	Jun 30, 2012	Dec 31, 2011	absolute	%	Jun 30, 2011
DB Bahn Long-Distance	16,159	15,976	+183	+1.1	16,140	17,147	16,938	+209	+1.2	17,067
DB Bahn Regional	37,296	37,131	+165	+0.4	37,289	38,861	38,681	+180	+0.5	38,751
DB Arriva	37,447	38,196	-749	-2.0	37,922	39,304	40,051	-747	-1.9	39,551
DB Schenker Rail	32,240	32,466	-226	-0.7	32,697	32,577	32,775	-198	-0.6	33,002
DB Schenker Logistics	63,790	62,197	+1,593	+2.6	60,691	66,547	65,044	+1,503	+2.3	63,819
DB Services	26,596	26,556	+40	+0.2	26,030	27,727	27,687	+40	+0.1	27,246
DB Netze Track	41,662	41,136	+526	+1.3	41,149	42,325	41,786	+539	+1.3	41,828
DB Netze Stations	4,857	4,817	+40	+0.8	4,825	5,106	5,052	+54	+1.1	5,056
DB Netze Energy	1,630	1,584	+46	+2.9	1,602	1,650	1,603	+47	+2.9	1,622
Other/consolidation	24,538	24,260	+278	+1.1	24,267	25,841	25,555	+286	+1.1	25,566
DB Group	**286,215**	**284,319**	**+1,896**	**+0.7**	**282,612**	**297,085**	**295,172**	**+1,913**	**+0.6**	**293,508**
– Effects from changes in scope of consolidation	879	–	+879	–	1,116	950	–	+950	–	1,197
DB Group – comparable	**285,336**	**284,319**	**+1,017**	**+0.4**	**281,496**	**296,135**	**295,172**	**+963**	**+0.3**	**292,311**

As of June 30, 2012, there are approximately 286,200 employees in DB Group, measured in full-time employees (FTE). Compared with the end of 2011, this represents an increase of around 1,900 employees. This is due mainly to the expansion of operations in the business unit DB Schenker Logistics and additional staff recruited in the business unit DB Netze Track. This was offset by the decline at DB Arriva due to the expiry of transport contracts.

The additions from changes to the consolidation group relate to the business units DB Schenker Logistics (492 employees), DB Arriva (196 employees) and DB Schenker Rail (191 employees). On a comparable basis, there was an increase of 1,017 employees (+0.4%) as of June 30, 2012 compared with the end of the previous year.

Compared with the number of employees as of June 30, 2011, there has been an increase of 1.3% in the number of employees (approximately 3,600 employees). This is mainly due to the expansion of business at DB Schenker Logistics, increased performance at DB Services and new staff recruited at DB Netze Track as well as effects attributable to changes in the scope of consolidation. This was again opposed by the decline at DB Arriva due to the expiry of transport contracts and adjustments in the international activities of DB Schenker Rail.

The percentage of employees outside Germany was unchanged at around 35% as of June 30, 2012 (as of December 31, 2011: around 35%).

ADDITIONAL INFORMATION

::: LEGAL ACTION UNDER CARTEL LAW AGAINST GROUP COMPANIES
::: GERMANY FACING LEGAL ACTION DUE TO FAILURE TO PROPERLY IMPLEMENT THE FIRST RAILWAY PACKAGE
::: MARKET ABUSE BY NORWEGIAN POST

Further legal issues

LEGAL ACTION UNDER CARTEL LAW AGAINST GROUP COMPANIES

Within the framework of legal action under cartel law, the EU Commission carried out additional audits at several locations of DB Group between the end of March and the beginning of April and also in July 2011. Written requests for information were subsequently submitted. The Commission formally opened the proceedings in June 2012. The subject of the proceedings is particularly the traction current pricing system of DB Energie GmbH which has been in place since the year 2003. This system was considered to be admissible by the Higher Regional Court (Oberlandesgericht) Frankfurt am Main in 2006. We have appealed against these additional audits to the Court of the European Union in Luxembourg.

GERMANY FACING LEGAL ACTION DUE TO FAILURE TO PROPERLY IMPLEMENT THE FIRST RAILWAY PACKAGE

On June 24, 2010, the European Commission decided to take legal action before the European Court of Justice against Germany and 12 other EU member states. It is alleged that the relevant countries have failed to properly implement the regulations of the First European Railway Package, and in particular the unbundling regulations. The European Commission and the Federal Republic of Germany are the parties in the contract contravention proceedings. The oral hearing was held in May 2012 in Luxembourg. The Federal Government has rejected the allegations of the Commission in their entirety. We also are of the opinion that the arguments of the Commission are not robust. DB Netz AG is dependent on other companies of DB Group in its decisions regarding train-path access and train-path prices. The holding structure shown in Germany is explicitly permitted by the European railway law.

MARKET ABUSE BY NORWEGIAN POST

According to the verdict of the European Free Trade Association (EFTA) Court of Justice of April 18, 2012, it is confirmed in law that Norwegian Post abused its predominant position in the market for many years in order to prevent a company of DB Group from entering the business-to-consumer (B2C) market in Norway.

There are now claims for damages under civil law being pursued against Norwegian Post before a court in Oslo which is bound to follow the verdict of the EFTA Court of Justice with regard to the market abuse which has been established and which therefore has to decide only in relation to the causality and extent of the damages.

RISK AND OPPORTUNITIES REPORT

::: TRANSPARENCY ASSURED BY INTEGRATED RISK MANAGEMENT
::: MAJOR RISKS IN THE FIELDS OF MARKET, PRODUCTION, TECHNOLOGY AND PROCUREMENT
::: RISK PORTFOLIO WITHOUT ANY RISKS POSING A THREAT TO THE GOING-CONCERN ASSUMPTION

Our business activities are associated with opportunities as well as risks. Our business policy aims to take advantage of opportunities with our opportunity management system and also to actively manage risks which are identified within the framework of our risk management system. The information processing necessary for this purpose is carried out in our integrated risk management system, which is based on the requirements of the Corporate Sector Supervision and Transparency Act (Gesetz zur Kontrolle und Transparenz im Unternehmensbereich; KonTraG). The *risk management system* [1] of DB Group was not significantly modified in the first half of 2012.

The main economic *opportunities* [2] and *risks* [3] of DB Group are also unchanged: No major changes have occurred compared with the details set out in the 2011 Annual Report.

OVERALL STATEMENT REGARDING THE RISK SITUATION
The assessment of the current risk situation is based on our risk management system. The major risks are still to be seen in the following fields: macro-economic, market and operational risks. As a result of our analyses of risks, countermeasures, hedging measures and precautionary measures, and also in the opinion of the Group Management Board, the current risk evaluation and our medium-term planning indicate that there are no risks which, individually or in their entirety, impact the net assets, financial and earnings position of DB Group and which might also pose a threat to the going-concern assumption.

In organizational terms, we have created all conditions necessary to enable us to identify possible risks at an early stage. Our continuous risk management system and active management of the major risk categories contribute towards limiting risks in DB Group.

EVENTS AFTER THE BALANCE SHEET DATE

::: WAGE NEGOTIATIONS WITH THE GDL TRADE UNION HAVE COMMENCED
::: SIGNIFICANT FINE IMPOSED AGAINST RAIL CARTEL
::: DB GROUP AND SBB STRENGTHEN COOPERATION

Wage negotiations with the GDL trade union have commenced

At the beginning of July, negotiations started with the German Train Drivers' Union GDL for the wage discussion 2012. The collective bargaining agreement for the about 20,000 train drivers expired on June 30, 2012 after the agreed period of 23 months.

Significant fine imposed against rail cartel

At the beginning of July 2012, the Federal Cartel Office imposed fines totalling € 124.5 million against members of the so-called rail cartel from the groups ThyssenKrupp, Vossloh and voestalpine.

From our point of view, it is clear that DB Group has systematically suffered losses for many years. We therefore expect that the companies involved in the cartel provide complete compensation for the losses involved. Because most infrastructure projects receive public grants, the State is also affected. The State will receive a percentage of the damages corresponding to the ratio of grants.

DB Group and SBB strengthen cooperation

By signing a cooperation agreement with the Swiss Federal Railways (SBB), we have agreed to further develop the long-standing partnership between both railways. Our joint objective is to further strengthen the long-distance rail service between Germany and Switzerland and to enhance its attractiveness. For the partner railways, Switzerland and Germany respectively are the most important international market. Overall, there are more than 35 direct connections per day. In 2011, they were used by more than 13,000 passengers per day; this is equivalent to about 4.8 million passengers per annum.

[1] 2011 Annual Report page 153 ff., [2] 2011 Annual Report page 165 ff., [3] 2011 Annual Report page 154 ff.

OUTLOOK

::: ONLY WEAK IMPETUS FROM THE ECONOMIC CLIMATE EXPECTED FOR THE 2012 FINANCIAL YEAR
::: FREIGHT SERVICES IN PARTICULAR AFFECTED BY ECONOMIC CONDITIONS
::: FULL-YEAR REVENUE EXPECTATIONS REDUCED SLIGHTLY DUE TO LACK OF IMPETUS

There is a considerable degree of uncertainty regarding the further economic development at the time when this report was prepared. In particular, it is not possible at present to foresee the effects of a further exacerbation of the sovereign debt crisis. We are assuming that economic growth will weaken appreciably in the year 2012. For this reason, we expect that the economic conditions in 2012 will deteriorate particularly for freight services. Growth forecasts for the industrialized countries are pointing to a considerable downturn in economic growth – particularly in Europe; there are signs of a recession in the Eurozone. Accordingly, for the 2012 financial year, we are overall expecting weak impetus from economic developments in Germany and also from the weakening rate of growth of the global economy and world trade.

Future direction of DB Group

The future focus of the DB Group is described on page 160 of the 2011 Annual Report. There have been no changes to the future focus in the period under review.

Economic outlook

Anticipated development — %	2011	2012 (outlook Mar 2012)	2012 (outlook Jul 2012)
GDP World [1]	+2.6	<+2.5	<+2.5
World trade	+5.8	<+4.0	<+4.0
GDP Eurozone	+1.5	±0.0	~−0.5
GDP Germany	+3.0	+0.5	+0.5

1) Sum of selected industrialized and emerging countries.

The indicators for the global economy have weakened appreciably so far this year, and are pointing to weaker economic growth for the second half of 2012. The further prospects depend very much on the development of the sovereign debt crisis in the Eurozone – particularly in Greece, Spain and Italy. For our assessment, we are assuming that tensions on the financial markets in connection with the sovereign debt crisis in the Eurozone will gradually decline and that politically effective measures for combating the crisis will be implemented. If these conditions are satisfied, the pace of global economic growth might pick up again in the fourth quarter of 2012.

In the industrialized countries, growth in production overall will continue to be moderate. Monetary policy continues to be very expansionary, although financial policy continues to be restrictive as a result of the measures designed to consolidate public sector finances. In many countries, private consumption is also being held back by the efforts of the private sector to reduce debt levels. In the emerging countries, in view of slower economic growth, economic policy will probably gradually start to stimulate the economy.

In the USA, the economy is stabilizing at a moderate level. Necessary austerity measures designed to consolidate public sector finances, only a gradual increase in employment, and moderate income growth as well as real estate prices which continue to stagnate will pose further problems for the economy in the USA; monetary policy will continue to be very expansionary. With the support of government measures designed to rebuild the region affected by the tsunami, the economy in Japan is settling into a moderate rate of growth.

In Western Europe, zero growth can be assumed, with considerable regional differences. In Eastern Europe, the pace of growth will probably decline as a result of the weak economy in Western Europe. The economy in the Eurozone will remain weak in the second half of 2012. The economic differences within the Eurozone will probably widen even further. In Greece and Portugal, the downturn in macroeconomic production this year will be considerable. The Spanish and Italian economies will also contract appreciably. The measures designed to consolidate government finances will have a significantly negative impetus. In the core countries such as Germany, Austria and Finland, economic performance will probably be much more positive. For the Eurozone overall, we have thus reduced our expectations somewhat, and are now anticipating a slight recession in 2012.

For Germany, our expectations are unchanged. We expect to see impetus from the domestic economy – and in particular from private consumption. The positive development of the labor market and income expectations are boosting private consumer spending, which will probably expand further in the whole of 2012, albeit not quite as strongly as was the case in the previous year. Investment activity will continue to be affected by the weaker global economy and the ongoing sovereign debt crisis. The low level of interest rates is generating a positive impetus. For the whole of 2012, we expect to see much lower investment growth than was the case in the previous year. As the year progresses, exports will at best produce moderate growth as a result of weaker demand particularly from the Euro countries and the USA; imports will probably achieve somewhat stronger growth overall, and external trade will not make any further contribution to growth in GDP. The labor market will report a positive development for the overall year, whereby growth will probably weaken appreciably in the remainder of the year. Wages and salaries will rise more strongly than was the case last year; as a result of inflation, the increase in real disposable incomes will only be slightly higher than in 2011.

Anticipated development of the relevant markets

Anticipated development — %	2011	2012 (outlook Mar 2012)	2012 (outlook Jul 2012)
German passenger transport market (based on pkm)	+1.3	<=+1.0	<=+1.0
European rail passenger transport market (based on pkm)	+ 0.5	<+ 0.5	± 0.0
German freight transport market (based on tkm)	+3.2	<=+2.0	<=+2.0
European freight transport market (based on tkm)	+5.5	<=+1.5	<= -1.0
European land transport (based on revenues)	+7.4	+ 4.0 to + 6.0	+ 0.5 to +2.5
Global air freight (based on t)	- 0.6	<+1.0	- 3.0 to - 4.0
Global ocean freight (based on TEU)	+ 5.5	+ 4.0 to + 5.0	+ 3.0 to + 4.0
Global contract logistics (based on revenues)	+ 6.0	+ 5.0 to +7.0	+ 4.0 to + 6.0

Based on ongoing positive economic conditions in the form of rising numbers of persons in employment, and also an improvement in incomes, we are still anticipating slight growth in demand on the German passenger transport market in 2012. On the other hand, for the European local rail passenger transport market, we are now expecting zero growth in volume sold based on the performance seen so far this year, whereby there will continue to be considerable differences between the markets in the various countries.

Assuming that the economic effects will pick up again in the course of the second half of 2012, we are still expecting that the German freight transport market will report a moderate increase in output at a level below the figure reported for the previous year. This growth will be driven primarily by inland waterway transport, which is likely to benefit from further positive base effects as the year progresses and which is thus likely to compensate for some of the losses of market share which occurred in the previous year. Whereas we are still assuming moderate growth for truck transport, rail freight volume sold is likely to be roughly in line with the previous year level if the iron, coal and steel (montan) industry recovers in the course of the next few months.

For the rail freight transport market in Europe, a glance at the downturn in the initial months of the year and the weak economic climate indicates that there will be no growth during the whole of 2012. Volume sold will probably be moderately lower than the corresponding previous year figure. However, in the medium- to long-term, good growth opportunities are forecast in view of the positive trend in the overall climate.

Growth prospects in ocean freight and air freight have weakened: whereas the air freight market will probably contract again, growth is expected for ocean freight, although this is likely to be lower than previous expectations. For the European land transport market, we are currently expecting only a slight recovery of the market in the second half of 2012. Due to the economic prospects for the remainder of the year, growth in contract logistics is expected to continue to be slightly positive although it will weaken somewhat.

With regard to rail infrastructure, we expect that train-path demand will continue at a constant level, and that it will be possible to virtually repeat the previous year performance. With regard to the number of station stops, we are still expecting a stable development.

Anticipated development of the procurement and capital markets

For the 2012 financial year, we are still not anticipating any fundamental problems with regard to procurement. The further development of energy prices will be crucial in this respect. Overall, we are still expecting moderate growth in energy and raw material prices.

The further development of the finance markets will essentially depend on the development of the sovereign debt crisis, in particular confidence in individual countries, the entire Eurozone and the currency itself as well as confidence in the banks and the capital market. This means that there might be considerable swings in interest rates and exchange rates. If the situation improves or at least stabilizes, we expect that demand for capital market products will continue to be strong, with consistent interest for securities with strong ratings. If the markets settle down, the level of rates for issuers with good ratings should gradually rise again, because investors will spread their investments over a wider range.

Anticipated development of important business conditions

Within the framework of transport policy and the regulatory environment, the legislative initiatives of the EU Commission regarding the Fourth Railway Package as well as the preparations for the Rail Regulation Act in Germany may have a considerable impact on our business activities.

Anticipated income situation

The economic climate in particular will be critical for the performance of DB Group in the 2012 financial year. If the sovereign debt crisis becomes even more serious and if this results in negative effects on the real economy, this will affect our activities particularly in the field of transport and logistics.

DB GROUP

Anticipated development — € million	2011	2012 (outlook Mar 2012)	2012 (outlook Jul 2012)
Revenues	37,901	~ 40,000	~ 39,000
EBIT adjusted	2,309	> 2,600	> 2,600
ROCE (%)	7.3	> 7.5	> 7.5

Based on the development so far seen in the 2012 financial year, we still expect a further increase in revenues for the whole of 2012. However, in view of the less positive economic expectations, this increase is no longer likely to be as pronounced as was the case last year, and is also not likely to be as strong as was anticipated as recently as in March.

We are able to confirm our forecast for the development of profits and the development of ROCE.

BUSINESS UNITS

Anticipated development — € million	REVENUES		EBIT ADJUSTED	
	2011	2012	2011	2012
DB Bahn Long-Distance	3,794	↗	157	↗
DB Bahn Regional	8,718	↗	801	↗
DB Arriva	3,367	↗	160	↗
DB Schenker Rail	4,924	→	32	↗
DB Schenker Logistics	14,867	→	403	→
DB Services	1,413	→	123	↘
DB Netze Track	4,642	↗	715	↗
DB Netze Stations	1,077	↗	226	→
DB Netze Energy	2,853	↗	80	→

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

At the level of the business units, we are able to essentially confirm our forecast from March on the basis of the overall performance of operations in the first half of 2012. There are changes at the business units of DB Schenker: at DB Schenker Logistics, we are expecting now a slight improvement in terms of revenues and profits compared with the previous year on the basis of current market expectations. At DB Schenker Rail, we are anticipating revenues which will also be only slightly higher than the corresponding previous year figure on a like-for-like basis, i.e. adjusted by effects from exchange rates and changes in the scope of consolidation. The lower revenues mean that our profit expectations have also weakened. However, for the whole of 2012, we are still expecting a considerable improvement for DB Schenker Rail compared with the previous year.

Anticipated capital expenditures

We will continue our modernization course with high levels of capital expenditures. We expect that these capital expenditures in 2012 will still be considerably higher than the level reported for the 2011 financial year.

Anticipated financial position

Efficient and risk-averse liquidity management continues to enjoy high priority for us in the 2012 financial year.

In the remaining course of the 2012 financial year, DB Group has to repay financial liabilities of approximately € 1.5 billion which will fall due (excluding commercial paper and current liabilities due to banks). In turn, we will tap the international financial markets in order to refinance this debt. For our capital market activities, we have adequate financing scope resulting from our debt-issuance and commercial-paper programs. The existing credit lines, which have so far not been utilized, are available as a backup in the event of access to the capital markets being disrupted. The short-term and medium-term liquidity supply of DB Group thus continues to be assured in the 2012 financial year.

We are still assuming that, as a result of the financing measures, the structure of the liabilities side of the balance sheet will not be changed significantly because the recourse to the financial markets is designed to refinance expiring debt.

In the 2012 financial year, most of the gross capital expenditures will again be covered by investment grants, essentially Federal funds provided for infrastructure financing. We are still assuming that we will be able to cover net capital expenditures entirely out of internal financing on the basis of the positive operating cash flow which is expected for the remainder of the year. We still anticipate that net financial debt as of December 31, 2012 will continue to be to a great extent unchanged compared with the end of the previous year.

We will continue our M&A activities in 2012 on a selective and focused basis. We do not anticipate that these activities will have a major impact on the financial position in the 2012 financial year.

The Management Board's overall statement regarding the economic development of DB Group

Based on the overall positive performance in the first half of 2012, the Management Board of DB AG is still assuming that DB Group will again continue to report a positive performance in the 2012 financial year, although the impetus from the economic climate in the second half of 2012 will probably not intensify (as had originally been anticipated in March).

In most of the markets relevant for our company, we are anticipating weaker growth rates, although they are still expected to be positive.

We also expect that we will enjoy functioning access to the capital markets.

We can essentially confirm our outlook of March 2012. One major exception in this respect is the somewhat weaker growth in revenues expected for the business units of DB Schenker where, as a result of the different market climate, we are now assuming that revenues will be roughly in line with the corresponding previous year level and that contributions to profits will be lower.

For the 2012 financial year, we can still see risks attributable to the macroeconomic performance and the further development of the sovereign debt crisis.

In the opinion of the Management Board, DB Group is in a good position to protect itself against the current risks. We intend to further strengthen our market position and implement our strategy DB2020. We therefore consider that the prospects for DB Group are overall positive.

FORWARD-LOOKING STATEMENTS

This management report contains statements and forecasts pertaining to the future development of DB Group, its business units and individual companies. These forecasts are estimates made based on information that was available at the current time. Actual developments and results may diverge from the current expectations due to the assumptions upon which our forecasts are based not materializing or due to the risks as presented in the risk report actually occurring.

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

Consolidated interim financial statements (unaudited)

CONSOLIDATED STATEMENT OF INCOME

€ million	H1 2012	H1 2011	2011
Revenues	19,492	18,876	37,979
Inventory changes and internally produced and capitalized assets	1,214	1,143	2,457
Overall performance	**20,706**	**20,019**	**40,436**
Other operating income	1,298	1,204	3,062
Cost of materials	-10,352	-10,291	-20,906
Personnel expenses	-6,732	-6,393	-13,076
Depreciation	-1,477	-1,463	-2,964
Other operating expenses	-2,111	-2,000	-4,375
Operating profit (EBIT)	**1,332**	**1,076**	**2,177**
Result from investments accounted for using the equity method	9	12	19
Net interest income	-497	-409	-840
Other financial result	9	-14	3
Financial result	**-479**	**-411**	**-818**
Profit before taxes	**853**	**665**	**1,359**
Taxes on income	-59	-17	-27
Net profit	**794**	**648**	**1,332**
Net profit attributable to:			
Shareholders of Deutsche Bahn AG	789	642	1,319
Minority interests	5	6	13
Earnings per share (€ per share)			
undiluted	1.83	1.49	3.07
diluted	1.83	1.49	3.07

Reconciliation of consolidated comprehensive income

€ million	H1 2012	H1 2011	2011
Net profit	794	648	1,332
CHANGE IN ITEMS COVERED DIRECTLY IN EQUITY			
Changes resulting from currency translation	50	-99	34
Shareholders of Deutsche Bahn AG	50	-95	35
Minority interests	0	-4	-1
Changes resulting from market valuation of securities	-1	1	-6
Changes resulting from market valuation of cash flow hedges	-130	50	-25
Share of result item with no impact on the income statement from investments accounted for using the equity method	2	0	0
Balance of result items covered directly in equity (before taxes)	**-79**	**-48**	**3**
Changes in deferred taxes on result items covered directly in equity (after taxes)	35	-14	11
Balance of result items covered directly in equity (after taxes)	**-44**	**-62**	**14**
Comprehensive income	**750**	**586**	**1,346**
Comprehensive income attributable to:			
Shareholders of Deutsche Bahn AG	745	584	1,334
Minority interests	5	2	12

CONSOLIDATED BALANCE SHEET

Assets

— € million	Jun 30, 2012	Dec 31, 2011	Jun 30, 2011
NON-CURRENT ASSETS			
Property, plant and equipment	37,389	37,372	37,421
Intangible assets	4,237	4,169	4,000
Investments accounted for using the equity method	535	579	550
Available for sale financial assets	17	17	67
Receivables and other assets	115	94	151
Derivative financial instruments	331	367	266
Deferred tax assets	1,521	1,461	1,506
	44,145	**44,059**	**43,961**
CURRENT ASSETS			
Inventories	1,051	991	1,017
Available for sale financial assets	1	1	1
Trade receivables	4,591	4,094	4,325
Other receivables and assets	933	802	909
Tax receivables	55	46	102
Derivative financial instruments	57	84	126
Cash and cash equivalents	2,639	1,703	1,612
Assets held for sale	10	11	0
	9,337	**7,732**	**8,092**
Total assets	**53,482**	**51,791**	**52,053**

Equity and liabilities

— € million	Jun 30, 2012	Dec 31, 2011	Jun 30, 2011
EQUITY			
Subscribed capital	2,150	2,150	2,150
Reserves	5,330	5,384	5,318
Retained earnings	7,721	7,457	6,780
Equity attributable to shareholders of Deutsche Bahn AG	**15,201**	**14,991**	**14,248**
Minority interests	139	135	160
	15,340	**15,126**	**14,408**
NON-CURRENT LIABILITIES			
Financial debt	17,173	16,367	16,307
Other liabilities	331	350	310
Derivative financial instruments	241	155	95
Retirement benefit obligations	2,012	1,981	1,994
Other provisions	3,347	3,375	3,719
Deferred income	1,572	1,657	1,778
Deferred tax liabilities	345	353	369
	25,021	**24,238**	**24,572**
CURRENT LIABILITIES			
Financial debt	2,466	1,984	2,694
Trade liabilities	4,210	4,312	3,974
Other liabilities	3,313	3,004	3,233
Tax liabilities	221	200	143
Derivative financial instruments	49	34	32
Other provisions	2,132	2,235	2,386
Deferred income	730	658	611
	13,121	**12,427**	**13,073**
Total assets	**53,482**	**51,791**	**52,053**

CONSOLIDATED STATEMENT OF CASH FLOWS

— € million	H1 2012	H1 2011	2011
Profit before taxes	853	665	1,359
Depreciation on property, plant and equipment and intangible assets	1,477	1,463	2,964
Result on disposal of property, plant and equipment and intangible assets	-71	-11	-19
Result on disposal of financial assets	-21	-6	-3
Result on sale of consolidated companies	0	7	7
Interest and dividend income	-96	-148	-310
Interest expense	592	557	1,149
Foreign currency result	-6	14	-2
Result from investments accounted for using the equity method	-9	-12	-19
Other non-cash expenses and income [1]	217	324	521
Changes in inventories, receivables and other assets	-663	-673	-363
Changes in liabilities, provisions and deferred income [1]	-344	-696	-1,340
Cash generated from operating activities	**1,929**	**1,484**	**3,944**
Interest received	25	25	88
Dividends and capital distribution received	2	0	1
Interest paid	-319	-355	-719
Reimbursed (+)/paid (–) taxes on income	-97	-79	76
Cash flow from operating activities	**1,540**	**1,075**	**3,390**
Proceeds from disposal of property, plant and equipment and intangible assets	146	121	261
Payments for capital expenditures in property, plant and equipment and intangible assets	-3,013	-2,700	-7,482
Proceeds from investment grants	1,630	1,640	4,932
Payments for repaid investment grants	-106	-58	-152
Proceeds from sale of financial assets	0	174	172
Payments for purchases of financial assets	0	-2	-2
Proceeds from sale of shares in consolidated companies less net cash and cash equivalents diverted	0	7	7
Payments for acquisition of shares in consolidated companies less net cash and cash equivalents acquired	-7	0	-16
Proceeds from sale of investments accounted for using the equity method	81	0	0
Payments for additions to investments accounted for using the equity method	-2	-1	-3
Cash flow from investing activities	**-1,271**	**-819**	**-2,283**
Distribution of profits to shareholder	-525	-500	-500
Distribution of profits to minority interests	-4	-4	-13
Payments for finance lease transactions	-79	-76	-159
Proceeds from issue of bonds	1,389	994	2,060
Payments for redemption of bonds	-21	-1,148	-1,390
Payments for redemption and repayment of Federal loans	-170	-968	-968
Proceeds from borrowings and commercial paper	123	1,722	246
Payments for the redemption of borrowings and commercial paper	-58	-134	-180
Cash flow from financing activities	**655**	**-114**	**-904**
Net changes in cash and cash equivalents	**924**	**142**	**203**
Cash and cash equivalents as of Jan 1	1,703	1,475	1,475
Changes in cash and cash equivalents due to changes in the scope of consolidation	0	5	5
Changes in cash and cash equivalents due to changes in exchange rates	12	-10	20
Cash and cash equivalents as of Jun 30	**2,639**	**1,612**	**1,703**

[1] Since the 2011 financial year the item other non-cash expenses and income comprises only the changes in other provisions due to reversal or additions. The other changes in other provisions (in particular the consumption) are included in the item changes in liabilities, provisions and deferred income. The figures for the first half of 2011 were adjusted accordingly.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ million	Subscribed capital	Capital reserves	Reserves: Currency translation	Reserves: Fair value valuation of securities [1]	Reserves: Fair value valuation of cash flow hedges [1]	Reserves: Other movements	Total reserves	Retained earnings	Equity attributable to shareholder of Deutsche Bahn AG	Minority interest	Total equity
As of Jan 1, 2012	2,150	5,310	42	9	23	0	**5,384**	7,457	**14,991**	135	**15,126**
- Dividend payments	0	0	0	0	0	0	**0**	- 525	**- 525**	- 4	**- 529**
± Other changes	0	0	0	0	0	- 10	**- 10**	0	**- 10**	3	**-7**
± Comprehensive income	0	0	50	1	- 95	0	**- 44**	789	**745**	5	**750**
As of Jun 30, 2012	**2,150**	**5,310**	**92**	**10**	**- 72**	**- 10**	**5,330**	**7,721**	**15,201**	**139**	**15,340**

€ million	Subscribed capital	Capital reserves	Reserves: Currency translation	Reserves: Fair value valuation of securities [1]	Reserves: Fair value valuation of cash flow hedges [1]	Reserves: Other movements	Total reserves	Retained earnings	Equity attributable to shareholder of Deutsche Bahn AG	Minority interest	Total equity
As of Jan 1, 2011	2,150	5,310	7	14	38	5	**5,374**	6,638	**14,162**	154	**14,316**
- Dividend payments	0	0	0	0	0	0	**0**	- 500	**- 500**	- 4	**- 504**
± Other changes	0	0	0	0	0	2	**2**	0	**2**	8	**10**
± Comprehensive income	0	0	- 95	1	36	0	**- 58**	642	**584**	2	**586**
As of Jun 30, 2011	**2,150**	**5,310**	**- 88**	**15**	**74**	**7**	**5,318**	**6,780**	**14,248**	**160**	**14,408**

[1] Equity includes deferred taxes.

SEGMENT REPORTING BY BUSINESS SEGMENTS

Jan 1 through Jun 30 — € million	DB BAHN LONG-DISTANCE 2012	DB BAHN LONG-DISTANCE 2011	DB BAHN REGIONAL 2012	DB BAHN REGIONAL 2011	DB ARRIVA 2012	DB ARRIVA 2011	DB SCHENKER RAIL 2012	DB SCHENKER RAIL 2011	DB SCHENKER LOGISTICS 2012	DB SCHENKER LOGISTICS 2011
External revenues	1,902	1,760	4,383	4,323	1,769	1,632	2,338	2,343	7,688	7,437
Internal revenues	67	65	42	42	3	0	147	138	27	29
Total revenues	1,969	1,825	4,425	4,365	1,772	1,632	2,485	2,481	7,715	7,466
Other external income	71	76	129	133	82	100	108	125	75	74
Other internal income	23	23	51	53	0	0	17	16	2	1
Inventory changes and other internally produced and capitalized assets	4	5	28	32	7	4	8	2	4	4
Total income	2,067	1,929	4,633	4,583	1,861	1,736	2,618	2,624	7,796	7,545
Cost of materials	-1,118	-1,133	-2,735	-2,701	-642	-540	-1,341	-1,352	-5,351	-5,315
Personnel expenses	-395	-378	-888	-862	-777	-760	-760	-742	-1,330	-1,220
Other operating expenses	-203	-191	-286	-267	-262	-285	-340	-331	-820	-755
EBITDA	351	227	724	753	180	151	177	199	295	255
Scheduled depreciation [1]	-159	-172	-275	-274	-86	-80	-153	-141	-92	-84
Impairment losses recognized / reversed [1]	0	-9	-2	-2	0	0	0	0	-2	-1
EBIT (operating profit)	192	46	447	477	94	71	24	58	201	170
Net operating interest income [2]	3	0	-26	-29	-11	-6	-44	-43	-16	-14
Operating profit after interest [2]	195	46	421	448	83	65	-20	15	185	156
Property, plant and equipment	1,768	1,934	4,985	5,007	1,653	1,459	3,214	3,307	1,357	1,283
+ Intangible assets	0	0	11	12	2,062	1,960	525	533	1,298	1,184
thereof goodwill	0	0	6	5	1,419	1,312	458	458	1,133	1,036
+ Inventories	71	72	140	130	54	46	104	84	42	41
+ Trade receivables	129	181	453	390	310	272	596	617	2,747	2,569
+ Receivables and other assets	1,517	1,058	108	309	863	507	73	73	1,132	1,213
– Receivables from financing	-1,496	-1,034	0	-187	-635	-295	-4	-5	-872	-1,014
+ Income tax receivables	0	0	1	0	6	7	4	7	20	34
+ Assets held for sale	0	0	0	0	0	0	10	0	0	0
– Trade liabilities	-250	-253	-652	-584	-316	-311	-557	-619	-1,963	-1,753
– Miscellaneous and other liabilities	-268	-241	-417	-400	-322	-275	-465	-453	-685	-573
– Income tax liabilities	0	0	0	0	-72	-53	-28	-18	-113	-59
– Other provisions	-47	-51	-1,069	-1,188	-202	-189	-162	-223	-317	-310
– Deferred income	-339	-317	-98	-103	-104	-72	-13	-13	-13	-12
– Held for sale liabilities	0	0	0	0	0	0	0	0	0	0
Capital employed [3]	1,085	1,349	3,462	3,386	3,297	3,056	3,297	3,290	2,633	2,603
Net financial debt	-1,353	-881	869	799	1,141	1,047	1,643	1,641	-136	-214
Investments accounted for using the equity method	0	0	4	4	147	120	37	77	11	11
Result from investments accounted for using the equity method	0	0	0	0	1	2	2	5	1	1
Gross capital expenditures	57	40	278	116	92	72	119	135	98	89
Investment grants received	0	0	-2	-3	0	-2	0	0	0	0
Net capital expenditures	57	40	276	113	92	70	119	135	98	89
Additions to scope of consolidation	0	0	0	0	3	0	2	0	21	0
Employees [4]	16,159	16,140	37,296	37,289	37,447	37,922	32,240	32,697	63,790	60,691

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

[2] No external figures.

[3] Profit transfer agreements were not assigned to segment assets or liabilities.

[4] The number of employees represents the number of employees as of June 30 (part-time employees converted into equivalent full-time employees).

[5] Includes reclassification among other of PPA amortization of customer contracts and adjustments for special items.

DB NETZE TRACK		DB NETZE STATIONS		DB SERVICES		SUBSIDIARIES/ OTHER		SUM OF SEGMENTS		CONSOLIDATION		DB GROUP ADJUSTED		RECONCILIATION 5)		TOTAL	
2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
472	446	218	207	61	68	661	660	19,492	18,876	–	–	19,492	18,876	–	–	19,492	18,876
1,856	1,823	341	330	626	580	1,193	1,166	4,302	4,173	-4,302	-4,173	–	–	–	–	–	–
2,328	2,269	559	537	687	648	1,854	1,826	23,794	23,049	-4,302	-4,173	19,492	18,876	–	–	19,492	18,876
358	267	50	51	128	126	196	221	1,197	1,173	–	12	1,197	1,185	101	19	1,298	1,204
96	91	9	9	826	807	824	790	1,848	1,790	-1,848	-1,790	–	–	–	–	–	–
315	313	9	9	421	394	12	27	808	790	406	353	1,214	1,143	–	–	1,214	1,143
3,097	2,940	627	606	2,062	1,975	2,886	2,864	27,647	26,802	-5,744	-5,598	21,903	21,204	101	19	22,004	21,223
-779	-817	-223	-229	-1,121	-1,066	-1,658	-1,680	-14,968	-14,833	4,622	4,573	-10,346	-10,260	-6	-31	-10,352	-10,291
-1,052	-1,008	-119	-112	-635	-596	-764	-715	-6,720	-6,393	-12	0	-6,732	-6,393	0	0	-6,732	-6,393
-404	-383	-82	-79	-172	-158	-610	-587	-3,179	-3,036	1,112	1,044	-2,067	-1,992	-44	-8	-2,111	-2,000
862	732	203	186	134	155	-146	-118	2,780	2,540	-22	19	2,758	2,559	51	-20	2,809	2,539
-464	-472	-63	-62	-85	-75	-75	-70	-1,452	-1,430	20	14	-1,432	-1,416	-40	-37	-1,472	-1,453
0	2	0	0	-1	0	0	0	-5	-10	–	–	-5	-10	0	0	-5	-10
398	262	140	124	48	80	-221	-188	1,323	1,100	-2	33	1,321	1,133	11	-57	1,332	1,076
-220	-171	-31	-28	-8	-8	-78	-62	-431	-361	0	0	-431	-361	–	–	–	–
178	91	109	96	40	72	-299	-250	892	739	-2	33	890	772	–	–	–	–
20,080	20,187	3,213	3,159	636	565	1,148	1,159	38,054	38,060	-665	-639	37,389	37,421	–	–	37,389	37,421
218	235	0	1	21	14	102	61	4,237	4,000	–	–	4,237	4,000	–	–	4,237	4,000
0	0	0	0	0	0	13	13	3,029	2,824	–	–	3,029	2,824	–	–	3,029	2,824
222	256	0	0	358	318	66	75	1,057	1,022	-6	-5	1,051	1,017	–	–	1,051	1,017
516	539	83	78	246	244	786	786	5,866	5,676	-1,275	-1,351	4,591	4,325	–	–	4,591	4,325
59	62	8	9	224	86	16,265	14,903	20,249	18,220	-19,201	-17,160	1,048	1,060	–	–	1,048	1,060
0	0	0	0	-135	-4	-15,573	-14,196	-18,715	-16,735	18,669	16,636	-46	-99	–	–	-46	-99
0	0	0	0	0	0	24	54	55	102	–	–	55	102	–	–	55	102
0	0	0	0	0	0	0	0	10	0	–	–	10	0	–	–	10	0
-631	-647	-102	-129	-184	-185	-828	-841	-5,483	-5,322	1,273	1,348	-4,210	-3,974	–	–	-4,210	-3,974
-879	-1,091	-113	-92	-152	-147	-874	-795	-4,175	-4,067	531	524	-3,644	-3,543	–	–	-3,644	-3,543
0	0	0	0	0	0	-19	-13	-232	-143	11	–	-221	-143	–	–	-221	-143
-340	-388	-30	-29	-99	-108	-3,200	-3,578	-5,466	-6,064	-13	-41	-5,479	-6,105	–	–	-5,479	-6,105
-1,415	-1,549	-184	-193	-3	-2	-138	-129	-2,307	-2,390	5	1	-2,302	-2,389	–	–	-2,302	-2,389
0	0	0	0	0	0	0	0	0	0	–	–	0	0	–	–	0	0
17,830	17,604	2,875	2,804	912	781	-2,241	-2,514	33,150	32,359	-671	-687	32,479	31,672	–	–	32,479	31,672
9,924	9,797	1,237	1,186	142	212	3,487	3,703	16,954	17,290	0	0	16,954	17,290	–	–	16,954	17,290
1	1	0	0	0	0	335	337	535	550	–	–	535	550	–	–	535	550
0	0	0	0	0	0	5	4	9	12	–	–	9	12	–	–	9	12
2,001	1,872	189	190	125	97	83	72	3,042	2,683	-4	6	3,038	2,689	–	–	3,038	2,689
-1,492	-1,486	-118	-125	0	0	-18	-24	-1,630	-1,640	–	–	-1,630	-1,640	–	–	-1,630	-1,640
509	386	71	65	125	97	65	48	1,412	1,043	-4	6	1,408	1,049	–	–	1,408	1,049
0	0	0	0	0	0	0	0	26	0	–	–	26	0	–	–	26	0
41,662	41,149	4,857	4,825	26,596	26,030	26,168	25,869	286,215	282,612	–	–	286,215	282,612	–	–	286,215	282,612

Information by regions

Jan 1 through Jun 30 — € million	External revenues 2012	External revenues 2011	Non-current assets [1] 2012	Non-current assets [1] 2011	Capital employed [1] 2012	Capital employed [1] 2011	Gross capital expenditures 2012	Gross capital expenditures 2011	Net capital expenditures 2012	Net capital expenditures 2011	Employees [1] 2012	Employees [1] 2011
Germany	11,301	11,069	35,199	35,340	26,396	25,852	2,845	2,507	1,215	869	187,234	184,454
Europe (excluding Germany)	5,824	5,550	6,255	5,962	5,879	5,589	180	161	180	159	75,484	75,492
North America	743	886	193	180	149	231	3	3	3	3	7,456	7,843
Asia/Pacific	1,354	1,120	697	619	689	636	12	10	12	10	13,596	12,473
Rest of world	270	251	28	27	31	38	2	2	2	2	2,445	2,350
Consolidation	–	–	- 634	- 604	- 665	- 674	- 4	6	- 4	6	–	–
DB Group adjusted	**19,492**	**18,876**	**41,738**	**41,524**	**32,479**	**31,672**	**3,038**	**2,689**	**1,408**	**1,049**	**286,215**	**282,612**
Reconciliation	–	–	–	–	–	–	–	–	–	–	–	–
Total	**19,492**	**18,876**	**41,738**	**41,524**	**32,479**	**31,672**	**3,038**	**2,689**	**1,408**	**1,049**	**286,215**	**282,612**

[1] As of Jun 30.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Basic principles and methods

The unaudited short-form interim financial statements for the period ending June 30, 2012 are prepared in accordance with the International Financial Reporting Standards (IFRS) as applied in the EU and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC). The requirements of IAS 34 (Interim Financial Reporting) have been followed. The accounting policies underlying the consolidated financial statements 2011 have been consistently applied for these interim financial statements.

The following new standards, interpretations and amendments of the IAS/IFRS standards are the subject of mandatory adoption within the reporting period. With regard to the explanations, please refer to the section "Principles of preparing financial statements" in the 2011 Annual Report.

::: Amendment of IAS 12 "Income Taxes: Deferred Tax: Recovery of Underlying Assets" (published December 2010; applicable for reporting periods starting January 1, 2012 (EU endorsement still outstanding))

::: Amendment of IFRS 1 "First-Time Adoption of International Financial Reporting Standards: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters" (published December 2010; applicable for reporting periods starting July 1, 2011 (EU endorsement still outstanding))

::: Amendment of IFRS 7 "Financial Instruments: Disclosures: Transfers of Financial Assets" (published October 2010; applicable for reporting periods starting July 1, 2011)

Comparability with the first half of 2011

After due consideration is given to the following issues, the financial information presented for the first half of 2012 is comparable with the financial information for the first half of 2011:

CHANGES IN RECOGNITION

The reversal of the difference shown under deferred items between the nominal value of interest-free loans granted by the Federal Government and the present value of such loans has been uniformly shown in other operating income since July 2011. This had previously been recognized mainly in net interest income, and only a small amount has been shown under other operating income. The purpose of this change is to harmonize the recognition process. Interest-free loans also include a subsidy for capital expenditures provided by the Federal Government in the amount of the interest which is not imposed in relation to the amount of the loan. This benefit is essentially of an operating nature, as its purpose is to encourage infrastructure investments and enables the corresponding projects to be detailed economically. The time of the change is attributable to discussions with the Federal Network Agency regarding the adequacy of infrastructure returns. The previous reversal, which has been constant in terms of effective interest rates and which increases over a period of time, has been replaced by a reversal which is based on the depreciation.

Changes in the Group

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

— Number	German Jun 30, 2012	Foreign Jun 30, 2012	**Total Jun 30, 2012**	TOTAL Jun 30, 2011	Dec 31, 2011
FULLY CONSOLIDATED SUBSIDIARIES					
As of Jan 1	143	659	**802**	860	860
Additions	1	4	**5**	1	11
Additions due to changes in type of inclusion	2	0	**2**	1	1
Disposals	6	5	**11**	32	70
Disposals due to changes in type of inclusion	0	0	**0**	0	0
Total	**140**	**658**	**798**	830	802

The additions to the scope of consolidation comprise two new companies established in the period under review, the acquisition of all shares in Suomen Kiitoautot Oy (Suomen Kiitoautot), Kuopio/Finland, the acquisition of all shares in Ambuline Limited, Birmingham/UK (Ambuline), as well as the acquisition of the remaining 50 % of shares in TFG Transfracht Internationale Gesellschaft für kombinierten Güterverkehr mbH & Co. KG, Frankfurt am Main, and TFG Verwaltungs GmbH, Frankfurt am Main.

The newly established company Schenker Namibia (Pty) Ltd., Windhoek/Namibia, subsequently acquired the assets of Desert Logistics Group.

The transactions are detailed in the following:

- With the agreement of January 12, 2012 (closing March 6, 2012), DB Schenker Logistics acquired all shares in Suomen Kiitoautot. This family-owned company is one of the companies with the highest levels of revenues in the Finnish land transport sector, and provides transport services for the retail sector and industry. In segment reporting, the company has been shown in the DB Schenker Logistics segment since March 31, 2012.
- Schenker Namibia acquired the assets of Desert Logistics Group as of April 27, 2012. Desert Logistics Group is the leading local logistics provider for international transport services in Namibia. In segment reporting, the company has been shown in the DB Schenker Logistics segment since May 1, 2012.
- With the agreement of February 22, 2012 (closing on June 8, 2012), DB Arriva acquired all shares in Ambuline. Ambuline is one of the largest service providers rendering private patient transport services in the West Midlands/UK. Since June 2012, the company has been included in segment reporting in the DB Arriva segment.
- With agreements of March 28, 2012 (closing June 29, 2012), DB Group acquired the remaining 50 % of shares in TFG Transfracht Internationale Gesellschaft für kombinierten Güterverkehr mbH & Co. KG and the remaining 50 % of the shares in TFG Verwaltungs GmbH. In return, the 35.035 % of shares in Metrans a.s., Prague/Czech Republic, and the 33.33 % of shares in POLZUG Intermodal GmbH, Hamburg, were sold to Hamburger Hafen und Logistik AG (HHLA) as the vendor of TFG Transfracht. The transactions have resulted in a net cash inflow of € 81 million. Of this figure, € 15 million was attributable to the acquisition of TFG Transfracht (negative purchase price). The amount of the negative purchase price corresponds to the negative revalued net assets of TFG Transfracht. The purpose of the transactions was the unbundling of the equity participations which previously had been held jointly with HHLA. TFG Transfracht operates in the field of transport logistics in connection with container transport from and to the German seaports. In segment reporting, the company has been shown in the DB Schenker Rail segment since June 30, 2012.

The costs of purchase and the fair value of the acquired net assets are detailed in the following. The purchase price allocation has been carried out in accordance with IFRS 3. Goodwill is to a large extent substantiated by the synergy effects expected for the period after the acquisition. In addition, a considerable proportion of goodwill is attributable to assets which are not eligible for recognition under IFRS 3, and in particular the employee base, market access and the future revenue potential.

The goodwill is calculated as follows:

— € million	H1 2012	thereof Suomen Kiito-autot	thereof Schenker Namibia	thereof Ambuline	thereof TFG Trans-fracht
PURCHASE PRICE					
Payments	8	21	1	1	–15
+ Outstanding payments	0	–	0	0	–
Total compensation	**8**	**21**	**1**	**1**	**–15**
+ Fair value of share in equity before acquisition	–	–	–	–	–
– Fair value of net assets acquired	–1	13	1	0	–15
Goodwill	**9**	**8**	**0**	**1**	**0**

The purchase price negotiations during the course of the acquisition of the asset deal (Schenker Namibia) resulted in the agreement of contingent purchase price components which trigger additional payments to the vendor depending on the fulfillment of certain future conditions. In 2014, a payment of € 0.3 million falls due if a cumulative EBITDA of NAD 6 million is attained. If EBITDA exceeds the above figure, a cap of 20 % is agreed; if EBITDA fails to meet the above figure, the payment is reduced accordingly.

Contingent purchase price elements are also contained in the acquisition of Ambuline. In this case, a further payment of up to GBP 0.3 million to the vendor falls due if EBIT exceeds a specific limit. Based on forecast earnings, it is not anticipated that contingent purchase price payments will be made.

PURCHASE PRICE ALLOCATION SUOMEN KIITOAUTOT

The acquired net assets are broken down as follows:

— € million	Carrying amount	Adjust-ment	Fair value
Property, plant and equipment	12	0	12
Trade receivables	5	0	5
Cash and cash equivalents	5	0	5
Assets	**22**	**0**	**22**
Other liabilities	8	0	8
Deferred tax liabilities	1	0	1
Liabilities	**9**	**0**	**9**
thereof recognized contingent liabilities in accordance with IFRS 3	0	0	0
Share of third parties	0	0	0
Net assets acquired	**13**	**0**	**13**
Purchase price paid in cash and cash equivalents	21	0	21
Cash and cash equivalents acquired	5	0	5
Outflow of cash and cash equivalents due to transaction	**16**	**0**	**16**

The fair value of the trade accounts receivable is € 5 million; this figure does not include any impairments.

We expect that some of the goodwill will not be allowable for income tax purposes.

If Suomen Kiitoautot had been included in the DB consolidated financial statements as of January 1, 2012, DB Group would have reported additional revenues of € 9.9 million and an additional net profit of € 0 million.

After being initially consolidated, Suomen Kiitoautot has generated revenues of € 19 million and a net profit of € 0.8 million.

PURCHASE PRICE ALLOCATION ASSET DEAL BY SCHENKER NAMIBIA

The acquired net assets are broken down as follows:

— € million	Carrying amount	Adjust-ment	Fair value
Property, plant and equipment	0	0	0
Intangible assets	1	0	1
Assets	**1**	**0**	**1**
Liabilities	**0**	**0**	**0**
thereof recognized contingent liabilities in accordance with IFRS 3	0	0	0
Share of third parties	0	0	0
Net assets acquired	**1**	**0**	**1**
Purchase price paid in cash and cash equivalents	1	0	1
Cash and cash equivalents acquired	0	0	0
Outflow of cash and cash equivalents due to transaction	**1**	**0**	**1**

If the asset deal had been carried out as of January 1, 2012, DB Group would have reported additional revenues of € 1.3 million and additional net profit of € 0.1 million.

After being initially consolidated, Schenker Namibia has generated revenues of € 1 million and a net profit of € 0 million.

PURCHASE PRICE ALLOCATION AMBULINE

The acquired net assets are broken down as follows:

— € million	Carrying amount	Adjust-ment	Fair value
Property, plant and equipment	1	0	1
Intangible assets	0	1	1
Trade receivables	1	0	1
Other receivables and assets	0	0	0
Cash and cash equivalents	0	0	0
Assets	**2**	**1**	**3**
Financial debt	1	0	1
Other liabilities	2	0	2
Liabilities	**3**	**0**	**3**
thereof recognized contingent liabilities in accordance with IFRS 3	0	0	0
Share of third parties	0	0	0
Net assets acquired	**-1**	**1**	**0**
Purchase price paid in cash and cash equivalents	1	0	1
Cash and cash equivalents acquired	0	0	0
Outflow of cash and cash equivalents due to transaction	**1**	**0**	**1**

The fair value of the trade receivable is € 1 million; this figure does not include any impairments.

We expect that some of the goodwill will not be allowable for income tax purposes.

If Ambuline had been included in the DB consolidated financial statements as of January 1, 2012, DB Group would have reported additional revenues of € 7 million and an additional net profit of € 0 million.

After being initially consolidated, Ambuline has generated revenues of € 1 million and a net profit of € 0 million.

PURCHASE PRICE ALLOCATION TFG TRANSFRACHT

The acquired net assets are broken down as follows:

— € million	Carrying amount	Adjust-ment	Fair value
Property, plant and equipment	0	0	0
Intangible assets	1	0	1
Inventories	9	0	9
Trade receivables	25	0	25
Other receivables and assets	5	0	5
Cash and cash equivalents	0	0	0
Deferred tax assets	3	-3	0
Assets	**43**	**-3**	**40**
Financial debt	9	0	9
Other liabilities	44	0	44
Retirement benefit obligations	1	0	1
Other provisions	0	1	1
Liabilities	**54**	**1**	**55**
thereof recognized contingent liabilities in accordance with IFRS 3	0	0	0
Share of third parties	0	0	0
Net assets acquired	**-11**	**-4**	**-15**
Purchase price paid in cash and cash equivalents (negative purchase price)	-15	0	-15
Cash and cash equivalents acquired	0	0	0
Outflow of cash and cash equivalents due to transaction (negative purchase price)	**-15**	**0**	**-15**

The fair value of the trade accounts receivable is € 25 million, including impairments of € 0.3 million.

If TFG Transfracht had been included in the DB consolidated financial statements as of January 1, 2012, DB Group would have reported additional revenues of € 110 million and a net profit which was € 6 million lower.

The disposals from the scope of consolidation relate to five mergers as well as four liquidations and two sales. The sales have generated a cash inflow of € 0.05 million.

The following table shows a summary of the major effects on the consolidated income statement resulting from the changes in the scope of consolidation which have taken place compared with the first half of 2011:

— € million	DB Group Jan 1 through Jun 30, 2012	thereof from changes in scope of consolida-tion	Amounts due to disposals from scope of consoli-dation
Revenues	19,492	53	0
Inventory changes and internally produced and capitalized assets	1,214	1	0
Overall performance	**20,706**	**54**	**0**
Other operating income	1,298	1	269
Cost of materials	-10,352	-22	0
Personnel expenses	-6,732	-16	0
Depreciation	-1,477	-5	-1
Other operating expenses	-2,111	-14	-6
Operating profit (EBIT)	**1,332**	**-2**	**262**
Result from investments accounted for using the equity method	9	0	0
Net interest income	-497	-1	0
Other financial result	9	0	0
Financial result	**-479**	**-1**	**0**
Profit before taxes	**853**	**-3**	**262**
Taxes on income	-59	1	0
Net profit	**794**	**-2**	**262**

Of the figure of € 53 million reported for revenues resulting from additions to the scope of consolidation, € 19 million relates to Suomen Kiitoautot, € 1 million is attributable to Ambuline, € 1 million is attributable to Schenker Namibia, € 14 million is attributable to the Grand Central Railway acquired in the course of the previous year, € 11 million is attributable to COBRA which was acquired in the course of the previous year, and € 7 million is attributable to Jean Heck which was acquired in the course of the previous year.

Contingent receivables and liabilities, and guarantee obligations

Contingent receivables were stated as € 54 million as of June 30, 2012 (as of December 31, 2011: € 51 million; as of June 30, 2011: € 55 million), and mainly comprise a claim for a refund of investment 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, 2012	Dec 31, 2011	Jun 30, 2011
Contingent liabilities			
Issuance and transfer of bills	0	0	1
Provisions of collateral for third-party liabilities	0	0	0
Provision of warranties	0	1	0
Other contingent liabilities	102	99	79
Total	**102**	**100**	**80**

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 contingencies of € 136 million arising from warranties as of June 30, 2012 (as of December 31, 2011: € 137 million; as of June 30, 2011: € 179 million). Property, plant and equipment with carrying amounts of € 199 million (as of December 31, 2011: € 223 million; as of June 30, 2011: € 207 million) were used as security for loans, including loans of EUROFIMA European Company for the Financing of Railroad Rolling Stock, Basel/Switzerland, extended to DB AG. The reported figure essentially relates to rolling stock and buses which are used at the operating companies in the segments DB Arriva and DB Bahn Long-Distance.

Cartel authorities have been investigating companies in the freight forwarding sector worldwide since the autumn of 2007. On March 28, 2012, the EU Commission imposed a fine totaling € 34.9 million on Schenker/BAX. On June 12, 2012, Schenker and BAX appealed against the decision to impose this fine.

A class action for damages in the USA was settled for the companies of DB Group in return for the payment of USD 8.75 million and in return for the promise of various cooperation services – subject to the court approval which is still outstanding.

Proceedings of further cartel authorities have since been suspended or terminated. Not all cartel authority proceedings are expected to be concluded before the end of 2013.

DB Group acts as guarantor mainly for equity participations and joint ventures, and is subject to joint and several liability for all syndicates in which it is involved.

Other financial obligations

The total amount of other financial obligations was stated as € 20,076 million as of June 30, 2012 (as of December 31, 2011: € 18,632 million; as of June 30, 2011: € 17,919 million).

Capital expenditures in relation to which the company has entered into contractual obligations as of the balance sheet date, but for which no consideration has yet been received, are broken down as follows:

— € million	Jun 30, 2012	Dec 31, 2011	Jun 30, 2011
Committed capital expenditures			
Property, plant and equipment	13,989	12,501	11,761
Intangible assets	1	3	2
Outstanding capital contributions	391	387	389
Total	**14,381**	**12,891**	**12,152**

The increase in purchase commitments for property, plant and equipment is mainly due to an increased volume of contracted investments due to own construction services particularly in connection with the Stuttgart 21 project. In the case of some supply arrangements, there are independent admissions of guilt with regard to fulfilling the order commitment; these are opposed by claims of the same amount, backed by bank guarantees and insurance policies with maximum ratings.

Of the figure shown for outstanding contributions, € 391 million relates to unclaimed outstanding contributions at EUROFIMA (as of December 31, 2011: € 387 million, as of June 30, 2011: € 389 million).

Related-party disclosures

Major economic relations between DB Group and the Federal Republic of Germany relate to liabilities due to the Federal Republic of Germany arising from loans which have been extended (present value € 1,964 million, as of December 31, 2011: € 2,092 million; as of June 30, 2011: € 2,048 million). There are also relations arising from the fees paid to the Federal Republic of Germany within the framework of pro-forma billing for the assigned civil servants as well as cost refunds for the secondment of service provision personnel as well as from 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.

Business relations with Deutsche Telekom and Deutsche Post regarding the use of telecommunications and postal services have taken place to the usual extent.

Other information

BOND ISSUES AND REPAYMENT

In the first six months of 2012, the following bonds were issued by Deutsche Bahn Finance B.V., Amsterdam/the Netherlands:

— Volume	Term (years)	Coupon (%)
NOK[1] 750 million	5	3.375
CHF 150 million	6	0.750
CHF 100 million	12	1.500
EUR 98 million	14	3.440
EUR 500 million	12	3.000
GBP 400 million	10	2.750

[1] Increase.

In the same period, a maturing bond of DB AG for USD 20 million was repaid.

DIVIDEND PAYMENT

Pursuant to the resolution of the Annual General Meeting of March 28, 2012, DB Group paid a dividend of € 525 million to the Federal Republic of Germany.

CASH FLOW STATEMENT

The figure shown for payments for the acquisition of shares in consolidated companies includes an amount of € 4 million for a subsequent purchase price payment attributable to the contingent purchase price elements of the acquisition of Grand Central Railway.

NUMBER OF ISSUED SHARES

The number of issued shares is unchanged at 430,000,000.

Major events after the balance sheet date

Wage negotiations for about 2,000 train drivers with the German Train Drivers' Union GDL began at the beginning of July after the existing collective wage agreement expired as of June 30, 2012.

Berlin, July 20, 2012

Deutsche Bahn Aktiengesellschaft
The Management Board

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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 any discrepancy, the German version shall prevail.

The Annual Reports of DB Fernverkehr AG, DB Regio AG, DB Station & Service AG and DB Netz AG are published in German.

Corporate Communications

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

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DB service number

Our service number +49-1805-996633 gives you direct access to all of our telephone services. The access includes information regarding general information, booking of train tickets, finding train times, our customer dialogue and our frequent traveler system (BahnCard).

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

Financial calendar

March 21, 2013

Annual Results Press Conference,
Publication of 2012 Annual Report

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