DB2020 –
Our compass, even in challenging times

Deutsche Bahn
Interim Report January – June 2013

At a glance

Selected key figures	H1 2013	H1 2012	Change absolute	Change %
FINANCIAL FIGURES – € MILLION				
Revenues	19,373	19,492	-119	-0.6
Revenues comparable	19,264	19,492	-228	-1.2
Profit before taxes on income	549	839	-290	-34.6
Net profit (after taxes)	554	783	-229	-29.2
EBITDA adjusted	2,460	2,758	-298	-10.8
EBIT adjusted	1,018	1,321	-303	-22.9
Non-current assets as of Jun 30, 2013/Dec 31, 2012 [1]	44,197	44,241	-44	-0.1
Current assets as of Jun 30, 2013/Dec 31, 2012 [1]	8,377	8,284	+93	+1.1
Equity as of Jun 30, 2013/Dec 31, 2012 [1]	15,022	14,978	+44	+0.3
Net financial debt as of Jun 30, 2013/Dec 31, 2012	16,982	16,366	+616	+3.8
Total assets as of Jun 30, 2013/Dec 31, 2012 [1]	52,574	52,525	+49	+0.1
Capital employed as of Jun 30, 2013 [1]	33,350	32,486	+864	+2.7
Return on capital employed (ROCE) (%)	6.1	8.1	–	–
Redemption coverage (%) [1]	18.7	21.3	–	–
Gearing (%) [1]	113	116	–	–
Net financial debt/EBITDA [1]	3.5	3.1	–	–
Gross capital expenditures	3,263	3,038	+225	+7.4
Net capital expenditures	1,598	1,408	+190	+13.5
Cash flow from operating activities	1,494	1,540	-46	-3.0
KEY PERFORMANCE FIGURES				
Passengers (million)	2,150	2,075	+75	+3.6
RAIL PASSENGER TRANSPORT				
Passengers (million)	1,102	1,064	+38	+3.6
thereof in Germany	991.3	981.3	+10.0	+1.0
Volume sold (million pkm)	43,047	42,660	+387	+0.9
Volume produced (million train-path km)	379.4	378.9	+0.5	+0.1
RAIL FREIGHT TRANSPORT				
Freight carried (million t)	196.7	202.3	-5.6	-2.8
Volume sold (million tkm)	51,627	54,003	-2,376	-4.4
Capacity utilization (t/train)	526.6	522.4	+4.2	+0.8
RAIL INFRASTRUCTURE				
Train kilometers on track infrastructure (million train-path km)	511.8	518.5	-6.7	-1.3
thereof non-Group railways	120.4	112.7	+7.7	+6.8
share of non-Group railways (%)	23.5	21.7	–	–
Station stops (million)	72.5	73.0	-0.5	-0.7
thereof non-Group railways	13.4	13.0	+0.4	+3.1
BUS TRANSPORT				
Passengers (million)	1,048	1,011	+37	+3.7
Volume sold (million pkm) [2]	4,261	4,391	-130	-3.0
Volume produced (million bus km)	759.8	720.2	+39.6	+5.5
FREIGHT FORWARDING AND LOGISTICS				
Shipments in European land transport (thousand)	47,276	47,759	-483	-1.0
Air freight volume (export) (thousand t)	526.2	537.1	-10.9	-2.0
Ocean freight volume (export) (thousand TEU)	911.0	926.1	-15.1	-1.6
OTHER FIGURES				
Order book passenger transport as of Jun 30, 2013/Dec 31, 2012 (€ billion)	78.0	79.5	-1.5	-1.9
Length of line operated km as of Jun 30, 2013/Dec 31, 2012	33,492	33,505	-13	–
Employees as of Jun 30, 2013/Dec 31, 2012 (FTE)	295,734	287,508	+8,226	+2.9
Rating Moody's/Standard & Poor's/Fitch	Aa1/AA/AA	Aa1/AA/AA	–	–

[1] Previous year's figure adjusted.

[2] Excluding DB Arriva.

DB2020 strategy

Our future:
Sustainably successful

Our three dimensions

Economic
Profitable market leader

Social
Top employer

Environmental
Eco-pioneer

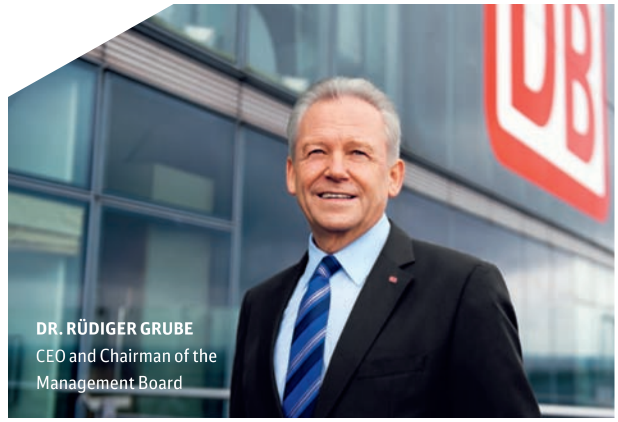
Our four strategic directions

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

Contents

Chairman's letter

Ladies and gentlemen,



DR. RÜDIGER GRUBE
CEO and Chairman of the Management Board

In the first half of 2013, DB made further progress in implementing its sustainable Group targets. Although the climate has become more challenging in many respects, our more than 300,000 employees consistently worked on improving customer focus and quality, seizing opportunities for profitable growth, making DB a top employer and defending our position as an eco-pioneer.

We have succeeded in keeping revenues stable and further increasing the number of rail passengers. We have become the largest passenger transport company in Eastern Europe. We are continuing our hiring campaign at full speed. And rail transport has become even more environmentally friendly.

While we were able to keep revenues, totaling € 19.4 billion, at the record level of 2012, earnings before interest and taxes fell by 22.9 percent. Reasons for this included the weak economy, a marked rise in energy and personnel prices, continued delays in delivery by train manufacturers and increasing regulation. The flood, with its serious implications for train operation and infrastructure, also had a negative impact on our interim results.

Our net financial debt rose slightly to around € 17 billion, and return on capital employed (ROCE) fell to 6.1 percent. In German passenger rail transport, we had 10 million additional passengers, and volume sold was up slightly year on year to 43 billion passenger kilometers. In rail freight transport, however, volume sold fell by 4.4 percent. The weak economy is also noticeable in logistics, especially in ocean and air freight. Contract logistics, with growth of 6.9 percent, was the only sector to continue to record positive development.

Despite the difficult economic situation, we invested in new trains and infrastructure modernization at a high level in order to continue improving our quality. For instance, we signed a framework agreement with Bombardier for the delivery of up to 450 electric locomotives. And DB became the first European infrastructure company to buy two rail-grinding machines for € 40 million, which will noticeably reduce line closures in the future.

The conclusion of two key international contracts have set the stage for profitable growth. By taking over Veolia Transdev's business in Eastern Europe, we are now active in 15 European countries. And DB Schenker Rail will work together with Etihad Rail to operate freight trains in the United Arab Emirates starting in December.

We remain committed to our hiring targets, despite the difficult economic climate. Since January, we have already hired about 5,600 new employees in Germany alone. Both the rising number of applicants as well as the most recent findings of graduate surveys show that we are well on track towards becoming a top employer.

We celebrated a milestone on the road to implementing our environmental targets when we switched our long-distance transport portfolio to eco-power on April 1. Since then, we have won over half a million new BahnCard customers and avoided 200,000 tons of CO_2. The approval of quiet composite brakes marks the start of efforts aimed at refitting our freight cars. The first quiet trains are scheduled to enter into operation in 2014/2015.

The entire Management Board would like to thank all employees for their tremendous commitment to pursuing the goals and implementation of the DB2020 strategy. Together, we are showing the world that sustainability is more than just a buzzword for DB – it is our compass in challenging times.

Yours,

Rüdiger Grube

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

Major events

Economic

DEUTSCHE BAHN BUYS VEOLIA TRANSDEV'S BUSINESS IN EASTERN EUROPE

In May 2013, we took over 100 % of all shares in Veolia Transport Central Europe. This made DB Arriva the largest international operator of passenger transport services in Eastern Europe. The number of countries where DB Arriva operates in Europe has risen to 15.

ECJ CONFIRMS LAWFULNESS OF DB GROUP'S HOLDING MODEL

In late February 2013, the European Court of Justice (ECJ) announced its landmark decision in the legal conflict between the EU Commission and the Federal Republic of Germany. The conflict came in connection with contract violation proceedings concerning the model behind the way the rail system is organized. The court confirmed that Germany had properly implemented the requirements set forth in the first railway package.

FLOOD CAUSES CONSIDERABLE DAMAGE

The flood in Germany in May and June 2013 left behind a trail of considerable damage to rail infrastructure. The Federal states of Bavaria, Saxony, Saxony-Anhalt and Thuringia were most affected. In addition to flooded tracks and train stations, the high-speed line Hanover–Berlin was particularly hard hit. The clean-up efforts are continuing. It is currently not possible to forecast how long the lines affected by the current disruptions, especially the high-speed line, will remain closed.

MAKING LONG-DISTANCE TRANSPORT MORE FAMILY-FRIENDLY

We have launched our new program to make traveling easier for families and children by improving our travel-planning services and our service on board ICE and IC trains. The new bahn.de/kinder Web site contains information and tips on rail travel, such as free trips for children traveling with an adult, the Sparpreis Familie specials and seat reservations.

Social

WAGE AGREEMENT REACHED WITH EVG

In late March 2013, DB Group and the Railway and Transport Workers Union (Eisenbahn- und Verkehrsgewerkschaft; EVG) agreed on pay raises for about 130,000 employees in two increments of 3 % each to take effect on May 1, 2013 and April 1, 2014. The new collective agreement has a term of 19 months and ends on July 31, 2014. The two-phase pay raise is also valid for DB Services employees, albeit with a longer term in some cases.

DEMOGRAPHIC COLLECTIVE AGREEMENT TAKES EFFECT

A demographic collective agreement, the first of its kind in the industry, took effect on April 1, 2013. The agreement – negotiated by DB Group, the Mobility and Transport Services Association (Agv-MoVe) and the Railway and Transport Workers Union (EVG) – creates a framework for tackling the challenges of demographic change and affects some 150,000 employees.

Environmental

LONG-DISTANCE TRANSPORT USES ECO-POWER

Since April, all 5 million BahnCard and season ticket holders have traveled on 100 % eco-power on all their long-distance journeys. The new, green DB long-distance offer is also valid for all business travelers registered at bahn.corporate. Thanks to this initiative, we are asserting the railway's leading position in environmentally friendly travel.

GREEN LIGHT FOR QUIETER FREIGHT TRAINS

The pan-European approval of LL brake shoes, which have undergone extensive testing for two years, opens the door to a comprehensive reduction of freight-train noise. The LL brake shoe (short for "low noise, low friction") makes the running surface of wheels smooth, thereby reducing the noise made by passing freight trains by around 10 dB, which is perceived as a 50 % reduction in noise.

Interim Group management report (unaudited)

Overview

> ECONOMIC DEVELOPMENT IN FIRST HALF OF 2013 NOT SATISFYING
> NEW MEMBER OF THE MANAGEMENT BOARD FOR THE TECHNOLOGY BOARD DIVISION
> EASTERN EUROPEAN PASSENGER TRANSPORT ACTIVITIES FROM VEOLIA TRANSDEV ACQUIRED

With our DB2020 strategy, which focuses on sustainability, we have created a framework approach that combines economic, social and environmental factors in order to ensure the sustainable success of our company and social acceptance of Deutsche Bahn Group (DB Group).

DEVELOPMENT IN THE FIRST HALF OF 2013

Economic

Selected key figures – € million	H1 2013	H1 2012	CHANGE absolute	CHANGE %
Passengers (rail) (million)	1,102	1,064	+38	+3.6
thereof in Germany	991.3	981.3	+10.0	+1.0
Passengers (bus) (million)	1,048	1,011	+37	+3.7
Passengers (rail and bus) (million)	2,150	2,075	+75	+3.6
Volume sold passenger transport (rail) (million pkm)	43,047	42,660	+387	+0.9
Volume sold passenger transport (bus) (million pkm) [1]	4,261	4,391	-130	-3.0
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[1] Excluding DB Arriva.
[2] Previous year's figures adjusted.

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

The ***market and competitive environment (1)*** were very challenging for DB Group in the first half of 2013. This was also reflected in the ***economic development (2).***

DB Group's growth in the first half of 2013 was impacted by the combined negative effects of the ongoing weak economic development, a severe winter, the flood and the significant increase in expenses, particularly with regard to personnel. This resulted in consequences across the various business units, which led to subdued revenues and profit development for DB Group.

With regard to revenues and profits, the economically sensitive business units DB Schenker Rail and DB Schenker Logistics were particularly affected. Passenger transport was affected by the consequences of the flood and increasing competition in the regional passenger transport. The infrastructure divisions recorded declines in performance and were also faced with significant cost-related pressures.

As expected, ***net financial debt (3)*** increased as against December 31, 2012.

In the strategic direction customer and quality, punctuality in rail transport in Germany remained at a high level; however, it was also negatively affected by the severe winter and the flood. We have continued our customer and quality initiative, focusing primarily on increasing the stability of operations. In addition, we have initiated or carried out numerous measures for improving the quality of our products and services.

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ASSESSMENT OF THE ECONOMIC SITUATION BY THE MANAGEMENT BOARD

The Management Board of Deutsche Bahn AG (DB AG) considers the development of DB Group in the first half of 2013 to be unsatisfactory. The ongoing weak economic development has had a particularly negative effect on our activities in the transport and logistics divisions. Stagnating revenues combined with increasing specific factor costs for personnel and energy impacted the profit situation of DB Group. In addition, DB Group was exposed to two further negative effects: the severe winter at the beginning of the year and the flood.

The DB2020 strategy, which was introduced in the previous year, will continue to be followed in a persistent manner. It is our objective to be a profitable market leader, top employer and eco-pioneer.

Despite the difficult development situation in the first half of 2013, the Management Board considers DB Group's economic situation to be positive at the time of preparing the interim Group management report.

Social

We made good progress toward our goal of becoming one of the top ten employers in Germany in the first half of 2013.

The continuation of the cultural development process, which was initiated in 2012, was a central theme during the reporting period. The results of the employee surveys from fall 2012 were systematically reviewed and specific changes were prepared in workshops.

We were extremely active on the labor market. In Germany alone, a total of approximately 5,600 new employees were hired. The new employer campaign, "Kein Job wie jeder andere" (A job like no other), which was launched in November 2012, was extended into the first half of 2013.

We finalized a type of demographic collective agreement that is new to the industry, as well as a ***new collective wage agreement (1),*** with the Railway and Transport Workers Union (EVG).

Environmental

We want to strengthen our position as an eco-pioneer. The global reduction of CO_2 emissions, the lessening of energy consumption, and the minimization of railway noise pollution are central to achieving this goal.

Another important issue is the increased use of renewable energy for traction current. In this context, we have concluded three ***new supplier contracts (2).***

All BahnCard and season ticket holders have been traveling on 100 % eco-power long-distance trains at no extra cost since April 2013. Our corporate passengers registered at bahn.corporate are also traveling CO_2-free. Furthermore, we have increased the range of electric vehicles (e-Flinkster) available to customers; these vehicles also run solely on eco-power.

In the framework of our activities to reduce railway noise pollution, the approval of the LL brake shoe in June 2013 was a significant step forward.

CHANGES IN DB GROUP

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

In its regular meeting on June 19, 2013, the Supervisory Board of DB AG and DB ML AG approved a change with regard to the Board divisions. Dr. Volker Kefer, who has solely managed both the Rail Technology and Services as well as the Infrastructure Board divisions since 2009, will focus on managing the Infrastructure and Services Board division in the future. The Technology Board division will be managed by its own ***Management Board member (3).***

At the meeting on June 19, 2013, the Supervisory Board also reappointed Ulrich Homburg to the Management Board of DB ML AG for another five-year term, effective from June 1, 2014 to May 31, 2019. He will continue to chair the Passenger Transport division.

Ute Plambeck resigned from the Supervisory Board of DB AG, effective May 1, 2013. The judicial appointment of a successor is still pending.

In the reporting period, there were no changes to the Supervisory Board of DB ML AG.

DB Schenker Logistics enhances the global network with a new company in Panama

In March 2013, DB Schenker Logistics acquired 100 % of the shares in long-term partner Euro-Line Panamericana (Panama) S.A., Panama City/Panama. The purchase price was € 2 million. DB Schenker will continue to expand the business of Euro-Line in one of Central America's growth markets under the name Schenker (Panama).

Schenker (Panama) has been included in the consolidated financial statements and in the DB Schenker Logistics business unit since April 1, 2013.

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DB Arriva expands business operations in Eastern Europe

In May 2013, DB ML AG took over all shares in Veolia Transport Central Europe GmbH (Veolia Eastern Europe), which was previously part of the French Veolia Transdev Group. The purchase price was € 152 million. With the takeover, DB Arriva is now the largest international operator of passenger transport services in Eastern Europe and is expanding the existing business in Poland, Slovakia and the Czech Republic. Croatia, Serbia and Slovenia will be added as new markets. DB Arriva now operates in 15 countries in Europe.

Veolia Eastern Europe has been included in the consolidated financial statements and in the DB Arriva business unit since May 1, 2013.

DB Schenker Logistics continues to expand in the Middle East

In June 2013, DB Schenker Logistics acquired 49 % of long-term network partner Salem Freight International, Abu Dhabi/United Arab Emirates. The purchase price was € 7 million. Based on contractual regulations, DB Group exercises control despite its minority interest. The company has been operating under the name Schenker Logistics L.L.C. since the beginning of June. Up to this point, DB Schenker Logistics had been present in Dubai with a joint venture. With this acquisition, services to Abu Dhabi, one of the most promising economic regions in the Middle East, have been expanded.

Schenker Logistics L.L.C. has been included in the consolidated financial statements and in the DB Schenker Logistics business unit since June 1, 2013.

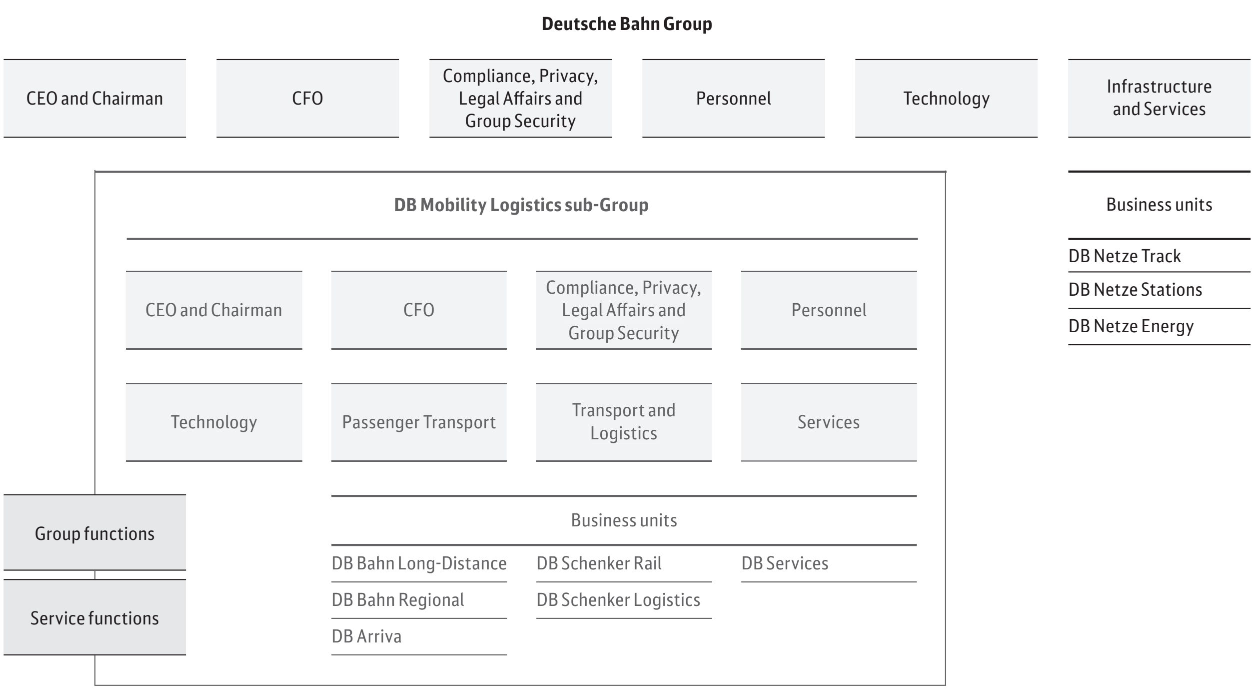
CORPORATE STRATEGY

Continuing to advance the implementation of the sustainable strategy DB2020

In 2012 we launched our new DB2020 strategy, which focuses on sustainability, as the new strategy to be applied throughout DB Group, and we began to permanently introduce DB2020 into the individual ***business unit and service center strategies (1).*** Further information is available in our 2012 Annual Report.

In the first half of 2013, we were able to successfully conclude this phase. By developing specific measures in all strategic directions, as well as by establishing periodic monitoring, we have also advanced and organized the Group-wide implementation of our DB2020 strategy.

Organizational structure DB Group (since July 1, 2013)



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Business and overall conditions

> WEAK ECONOMIC CLIMATE CONTINUES
> STABLE DEMAND IN RAIL PASSENGER TRANSPORT
> POOR DEVELOPMENT IN TRANSPORT AND LOGISTIC MARKETS

ECONOMIC ENVIRONMENT

The developments as described below are based on incomplete data or data relating to different periods, as complete information relating to development over the first half of 2013 was not yet available at the time this report was prepared.

Assessment of the economic climate by the Management Board

Weak global economic development during the first half of 2013 meant that there was no stimulus for growth in our key markets. Global trade has so far only recorded marginal growth rates over the course of 2013.

The Eurozone remained in recession in the first quarter of 2013. In contrast to the previous year, Germany was not able to escape the negative economic development.

In particular, the economic environment for rail freight transport in Europe remained extremely tough.

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

Development in the German passenger transport market continued to be sluggish. Given the substantial decrease in overall economic performance, the rail passenger transport and bus markets in Europe are likely to see a moderate decline in the first half of 2013. The liberalization of European passenger transport markets continued in the period under review.

Economic development also slowed demand in the international transport and logistics markets, and markets relevant to DB Group recorded sluggish development in this environment.

Global economic development characterized by weak growth momentum

The global economy and global trade continued on their paths of marginal growth at the start of 2013.

The USA developed positively in the first quarter of 2013. Private spending was predominantly driven by an increasing volume of real estate assets and a recovering labor market. However, growth rates still lag far behind historical levels. In addition, US companies made a positive contribution to economic growth. Unit labor costs, which are currently at a 30-year low, favorable refinancing conditions and low energy costs due to the shale gas boom are just some of the reasons behind an overall recovery in capital investments.

Economic development in Japan has been a pleasant surprise so far over the course of 2013. At the beginning of the year, Japan's economy experienced significant growth on account of the government's expansive monetary policy. This growth was primarily supported by a rise in private spending and export expansion.

Emerging economies continue to provide the majority of the impetus driving forward economic growth. However, the growth dynamic among this group of countries has lost a noticeable amount of momentum. Emerging BRIC economies (Brazil, Russia, India and China) experienced below-average growth compared to historical figures. In China, for example, policymakers have looked at experiences over the last few years, such as the global financial crisis and the asset bubble on the domestic real estate market, and focused their economic policy on supporting the domestic market in order to provide a more independent and stable basis for the economy as a whole. As a result, gross domestic product (GDP) growth rates have fallen. Due to China's strong position within the global value chain, this has had a negative effect on other countries, such as Germany.

The Eurozone remained in recession in the first quarter of 2013. Ongoing tension in the crisis-hit countries of Portugal, Spain, Italy and Greece was particularly problematic. However, economic output of core European economies – such as the Netherlands, France, Belgium and Finland – also fell. In Great Britain, economic development was somewhat more positive at the start of 2013. The foreign trade sector benefited from favorable economic development in the USA. In spite of high levels of private debt as a result of an increase in lending, domestic demand also rose.

In contrast to the previous year, Germany was not able to escape the effects of the European sovereign debt crisis due to weak macroeconomic activity. The economy slumped by 0.3 % year on year in the first quarter of 2013. Private spending, which exceeded growth expectations as a result of stable labor market development, was the only source of positive impetus.

Government spending made a positive, albeit marginal, contribution to economic development. However, fixed asset investments were down. Foreign trade also experienced negative development for the second quarter in succession (– 0.1 %) and had a weakening effect on macroeconomic development in Germany.

Over the year to date, economic development in Germany relevant to passenger transport has been moderately positive. The number of employed persons as of May 2013 rose by 0.7 % year on year. The rate of inflation in terms of standard of living fell once again year on year and came to +1.5 % for the first half of 2013. This is primarily the result of lower increases in energy costs in the period under review. While prices for household energy (electricity, gas and other fuels) increased, lower prices for crude oil led to a decrease in fuel prices as of June 2013 by 2.8 %. Real disposable income remained around 1.0 % lower than previous year levels in the first quarter of 2013. This decline can be attributed to falling incomes of self-employed persons. Net wages and salaries increased substantially compared to the previous-year period.

Economic conditions remained negative for freight transport in Germany as a result of a collapse in demand in the Eurozone in particular. Foreign trade momentum eased considerably. Real foreign goods trading as of May 2013 only increased marginally and continued to weaken Germany's export-dependent industrial sector. The manufacturing industry's production output also declined. The crisis in the most important sales markets also caused a slowdown in steel production. While the chemical, mechanical engineering, electrical engineering, wood and paper industries saw negative development – some of it significant – as of May 2013, the food and automotive industries made a positive contribution to the overall situation, with the latter being bolstered by an extremely strong April. The bad weather over the winter caused huge declines in construction industry output.

Energy markets continue to experience major fluctuations

In the first few weeks of 2013, the oil market experienced a period of sustained positive momentum. Starting from USD 112/bbl, the price of Brent had climbed above USD 119/bbl by mid-February 2013. An increase in investment was also recorded in parallel to this price increase. The subsequent weak phase caused the price of Brent to fall back below USD 97/bbl by mid-April 2013. It then hovered between USD 100/bbl and USD 107/bbl. The main driver behind this price development was uncertainty over the continuation of central banks' economic stimulus packages worldwide. Aside from economic prospects, the uncertainty surrounding the Middle East and North Korea was a further factor influencing the oil market. The supply situation on the oil market is relaxed. The Organization of the Petroleum Exporting Countries (OPEC) continues to produce at high levels, and the USA is persisting with the expansion of its fracking activities, while production outside of OPEC is declining overall. At the end of June, the price of a barrel of Brent was USD 103.30.

Renewable energies accounted for a record-breaking proportion of electricity generation in Germany. Reforms to the German Renewable Energies Act (Erneuerbare-Energien-Gesetz; EEG) were deferred until September 2013. In addition, spot prices on the wholesale market fell, in particular due to the increasing feed-in volume from photovoltaic plants, but also as a result of further expansion in the field of renewable energies. In peak times, wind and solar power plants contribute around 60 % of power station output required for energy generation in Germany. The decline in spot market prices, coupled with weak economic development in the Eurozone and a fall in the price of coal and gas, has also led to falling prices on the electricity futures market. After starting the year at € 45/MWh, the price for delivery of base load power in 2014 fell to an all-time low of € 37.65/MWh.

The carbon trading market is politically driven. Uncertainty on the market caused some carbon trading certificate auctions to be terminated due to lack of demand. After the European Parliament rejected backloading (postponement of the auctioning of 900 million carbon allowances) in mid-April, prices collapsed to € 2.50/t CO_2, although they have since recovered to just under € 5/t CO_2. The final decision on market rules is not likely to be made until after the European Union elections in fall 2014.

Derivatives markets in the era of the sovereign debt crisis and central bank intervention

At the start of 2013, derivatives markets were focused on further support measures for Eurozone member states that had run into difficulties. The bailout package for Cyprus proved to be particularly problematic, pushing the euro down to an annual low of USD 1.28. The successful formation of a government in Italy restored trust in the common currency. However, concerns over France's economy proved to be a further burden on the currency in May. Initial indications of a tightening of the expansive monetary policy on both sides of the Atlantic initially led to a devaluation of the US dollar in comparison with primary currencies in early June 2013. Against this backdrop, and particularly after the ECB ruled out any further loosening of monetary policy in June 2013, yields on short-term European bonds gained an advantage on those on US bonds, which positively impacted the euro. After it was confirmed at the US Federal Reserve meeting in late June 2013 that the central bank may depart from its extremely loose monetary policy in 2013, the US dollar benefited from an increase in confidence in the Fed's monetary policy. At the end of June, the euro was trading at USD 1.31.

In Japan, the government's expansive monetary policy has led to the yen becoming increasingly weak, particularly against the US dollar. In the first half of 2013, the Japanese currency lost almost 20 % of its value. Trading on the US dollar increased from JPY 85 to JPY 102. By late May, concerns over the success of the policy had become so widespread that the yen regained some of its lost value. At the end of June 2013, the US dollar was trading at JPY 99.

Bond markets determined by liquidity

High liquidity caused yields on sovereign bonds to fall substantially until April 2013. As a result, interest on ten-year German government bonds (German Bunds) fell from 1.7 % to just under 1.2 % and therefore matched the all-time lows from the previous year. After a bailout package was tied up for Cyprus and a G overnment was formed in Italy, tension on the bond markets was relieved somewhat. Investor interest also spread to the peripheral regions of the Eurozone, where investors took advantage of existing risk premiums to optimize their investment performance. Due to the low interest rates on German Bunds, investor demand for corporate bonds increased, while an increasing risk propensity was also recorded. In May, a change in attitude was noticeable. Many investors feared an end to the period of high central bank liquidity. An end to the Fed's bond-buying program was taken into particular consideration, which would lead to the global supply of bonds meeting lower demand. As a result, yields in May and June increased substantially. Interest rates on ten-year German Bunds climbed to over 1.8 % in the short term and finished June 2013 at 1.7 %.

POLITICAL ENVIRONMENT

Regulatory issues in Germany

MAINTENANCE FACILITIES CONSIDERED AS RAIL INFRASTRUCTURE

The Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railway (BNetzA), the Federal Railway Authority (EBA) and DB Group were at odds as to whether maintenance facilities were considered as rail infrastructure. A test case was also launched against DB Bahn Regional. On February 18, 2013, the Higher Administrative Court (OVG) of Münster confirmed in its judgment that maintenance facilities are considered part of rail infrastructure and blocked an appeal to the Federal Administrative Court (BVerwG). The judgment entered into force, meaning that unbundling requirements pursuant to rail law must be implemented for maintenance facilities. A concept is currently being coordinated between DB Bahn Regional and the EBA concerning the implementation of requirements. In addition, pay regulations must also be adapted to rail law, and it is obligatory that terms and conditions of use be drawn up. A compliant price system and terms and conditions of use were agreed upon with the BNetzA and implemented before the judgment.

REVIEW OF USAGE FEES FOR TRACTION CURRENT LINES FOR THE INCENTIVE REGULATION PERIOD STARTING 2014

The usage fees for traction current lines fall under the regulations of the energy industry. They are therefore subject to incentive regulation by BNetzA, which outlines a revenue path for each regulation period. The new regulatory period, for which BNetzA has established annual revenue caps until 2018, commences at the beginning of 2014. The Federal agency conducted a review of the usage fees for traction current lines prior to setting the annual revenue caps. DB Energy submitted comprehensive cost data in June 2012. In May 2013, BNetzA sent out notification of its hearing, in which it announced significant cuts to the costs submitted by DB Energy. DB Energy submitted a written statement on this decision. Following a reassessment, BNetzA will now determine the final costs, which serve as the basis for calculating the revenue caps for the years 2014 to 2018.

ASSESSMENT OF THE TRAIN-PATH PRICING SYSTEM

As part of the ongoing overall review of the train-path pricing system (TPS), the focus of BNetzA in the past was on the evaluation and review of relevant costs (cost of providing standard services) with regard to train-path pricing. This approach in particular served to address questions relating to the extent of costs to be considered, as well as how these costs are passed on to the network users. BNetzA is now increasingly focusing on the pricing principle. DB Netz and BNetzA are currently in dialogue on this subject.

Regulatory issues in Europe

EU PUBLISHES FIRST DRAFT OF THE FOURTH RAILWAY PACKAGE

The EU Commission presented its recommendations on the fourth railway package on January 30, 2013. It includes recommendations on the liberalization of rail passenger transport, the interoperability of the European rail system and the further separation of rail infrastructure. We take a positive view of the planned improvements of the overall technical and administrative conditions for the approval of rail vehicles in Europe. The EU Commission's recommendations could contribute to reducing market access barriers and improving the intermodal competitiveness of rail. In contrast to the situation in many other EU member states, the market for rail passenger transport in Germany has long been open to competition. We therefore welcome the EU Commission's plans to open the rail passenger transport market in Europe. However, the envisioned date for opening the market is not until 2019, with a transitional period planned to last until 2023.

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

The ordinary legislative procedure, according to which the EU Parliament and Council must agree to the proposals of the EU Commission, has already been initiated. Adoption of this legislation is not expected before 2014.

CORRECT IMPLEMENTATION OF THE FIRST RAILWAY PACKAGE IN GERMANY CONFIRMED

On February 28, 2013, the European Court of Justice (ECJ) rejected a complaint against Germany in contract violation proceedings by the EU Commission. The EU Commission had claimed poor implementation in terms of the independence of the infrastructure operator within the integrated group, the setting of infrastructure charges, the system to encourage the reduction of costs and access charges, and the powers of the national regulatory body. By way of its verdict, the ECJ has agreed that the DB holding model is valid and has confirmed that DB AG and DB Netz AG are in compliance with European requirements for independence.

POLITICAL AGREEMENT ON TEN-T REGULATION FOR A UNIFIED EUROPEAN CORE NETWORK

The EU Parliament, the EU Council and the EU Commission have agreed on a new regulation on the expansion of the trans-European transport network (TEN-T R). The regulation is expected to come into force in 2013 following formal adoption by the EU Council and Parliament. TEN-T R defines a European core network (planned implementation: 2030) and a comprehensive network (planned implementation: 2050). Future EU funding will focus on the core network, which calls for the creation of ten TEN corridors within the core network, which will comprise three modes of transport for each corridor and one seaport hinterland connection. Six of these corridors transverse Germany. Advisory bodies, which will also include the member states and infrastructure operators and will be chaired by EU coordinators, are to be established for management of the new corridors. The new regulation contains infrastructure requirements, such as the electrification and fitting of the core network with ERTMS (European Rail Traffic Management System), as well as technical parameters for freight transport lines (axle load, train length, speed). However, member states will have the right to make implementation dependent on their respective budgetary situations.

DECLARATION ON UNIFIED RAILWAY LAW SIGNED

On February 26, 2013, the heads of state and government of the member countries of the United Nations Economic Commission for Europe (UNECE) signed a political declaration on unifying railway law. By signing the declaration, 37 countries located along key Eurasian railway corridors agreed to officially begin working towards unified railway law at UN level. At the same time, train operating companies have been asked to develop contractual conditions for Eurasian transport services. The goal is to accelerate the pace of global rail transport and make it simpler. According to policymakers' objectives, it will become possible to navigate the route from Europe to Asia – spanning more than 11,000 kilometers – with a single contract, unified regulations and under a single liability system.

TENDER PROCEEDINGS CONTINUE IN GREAT BRITAIN

In October 2012, the British Department for Transport (DfT) suspended all ongoing bidding processes for rail transport licenses on the West Coast Main Line franchise due to flawed tender proceedings. The bidding competition for the Great Western franchise was also scrapped. However, tender proceedings were reopened on March 26, 2013, when DfT announced its plans to restart bidding for rail transport licenses. The calendar includes a detailed schedule for the tender proceedings planned for the next eight years.

PLANNED EXPANSION OF OPEN ACCESS SERVICES IN GREAT BRITAIN

On June 14, 2013, the Office of Rail Regulation (ORR) launched a new round of consultation on the options for expanding open access rail services in England. Its aim is to increase competition in rail transport to bring about benefits for passengers without creating unreasonable costs for taxpayers. The round of consultation ends August 9, 2013.

DEVELOPMENTS IN THE BUS MARKET IN GREAT BRITAIN

After a 20 % cut in fuel subsidies (Bus Service Operators Grant; BSOG) in the previous year for bus companies operating local transport routes in Great Britain, the British government did not resolve to make further cuts following its review of public expenditures on June 26, 2013.

In addition, the deadline for local transit authorities to apply for the title Better Bus Area (BBA) passed on June 21, 2013. The DfT had announced subsidies for Better Bus Areas in all regions of England. The measure aims to help providers of transport services, most of them commercial, in regions outside London benefit from this support within the scope of local partnerships. The authorities chosen have the opportunity to receive additional funding as part of the BSOG to help them make their bus services more appealing.

NEW REGULATIONS FOR PASSENGER TRANSPORT IN ITALY

Italy's "Stability Law" also stipulates new rules for domestic passenger transport. In the future, funding for the transport sector will be provided from two funds: the National Fund for TPL (bus and rail) (€ 4.9 billion) and the Equalization Fund (€ 1.5 billion), which will be financed by the individual regions themselves. The entire program of measures is intended to ensure adequate funding as well as more efficient use of funding.

FURTHER DEVELOPMENT OF THE RELEVANT REGULATORY FRAMEWORK

Liberalization of long-distance bus transport in Germany

Market activities in this area have gained considerable momentum following the liberalization of the long-distance bus market in Germany on January 1, 2013. The creation of a network by various competitors was significantly accelerated, and planned market entries were brought forward. We estimate that the range of long-distance bus services has at least doubled in this short period. The majority of operators have announced their intention to build up a nationwide network and take over as market leader.

DB Group has responded to these developments by making improvements to its existing Berlin bus network (BLB). At present, we do not plan to significantly expand current activities in our own long-distance bus services. However, DB Group is using the new regulatory framework to close gaps in the long-distance rail services with the brand "IC Bus" and to provide an integrated long-distance DB network.

Draft of a railway regulation bill

In keeping with the implementation of the coalition agreement between CDU/CSU and FDP from fall 2009, the Federal Government passed a draft bill on September 19, 2012 on the reorganization of regulations in the railway sector. The parliamentary legislative process was subsequently initiated. The Bundestag approved the law, following a few changes, on May 16, 2013. The Bundesrat, which must also approve the law, called for the intervention of the Conciliation Committee at its meeting on June 7, 2013, as many of its demands had not been taken into account in the draft bill. The conciliation procedure ended without an agreement on June 26, 2013. The Bundesrat rejected the bill on July 5, 2013.

DEVELOPMENTS IN THE RELEVANT MARKETS

With the exception of the performance data of DB Group, the market developments described below are based mainly on preliminary data as well as our own estimates and calculations.

Passenger transport

GERMAN PASSENGER TRANSPORT MARKET

The decline in the German passenger transport market continued in the first quarter of 2013. The fact that performance was once again below the previous year's level was mainly due to the dominance of motorized private transport, whose development was significantly affected by the unusually long winter weather conditions. A working-day adjustment of three days in the period leading up to the end of March also had a negative impact on the passenger transport market. The extent to which the flood in June 2013 has affected the volume sold is not yet apparent. While domestic air transport also recorded heavy losses, the decline in public road transport was significantly less dramatic. Nevertheless, the market has now been in decline for the eighth year in a row.

Rail was the only mode of transport to record growth in the first months of 2013. As of March, demand for rail passenger transport was up slightly by 0.2 %. Non-Group railways continued to perform better than our own companies, which is primarily attributable to regional routes that were taken over as of the schedule change 2012/2013. Hamburg-Köln-Express GmbH (HKX), a new competitor that entered the long-distance rail passenger transport market in July 2012, also contributed to growth. Demand for services from our own companies in the first six months of 2013 almost reached the same level as in the previous year.

According to our estimates, the number of passengers in public road transport in the first quarter of 2013 was down marginally on the previous year. Accounting for around only 1 % of the total share in public road transport, the growth stimuli provided by the liberalization of the ***long-distance bus market (1)*** is not sufficient to compensate for the decline in volume sold as a result of demographic changes.

Based on our own estimates, the volume sold in the dominant motorized private transport sector fell significantly by 4.6 % in the first three months of 2013 despite the decline in real fuel prices and the increase in net wages and salaries. This was mainly due to the extremely long winter.

Domestic air transport was affected by negative one-off occurrences. Among other things, unfavorable winter weather conditions and strikes significantly impeded development here. Furthermore, the reduction in services imposed by the airlines due to increased cost pressure led to a drop in the number of passengers. In the first quarter of 2013, volume sold fell by 10.1 % year on year.

EUROPEAN PASSENGER TRANSPORT MARKET

Against the backdrop of a significantly weaker economy and an unemployment rate that increased in April 2013 to 11.0 % in the EU27 and 12.2 % in the Eurozone, the rail passenger transport and bus markets likely recorded a moderate decline in the first six months of 2013. The unusually long winter also stifled growth. The liberalization of European passenger transport markets continued in the period under review. In the Czech Republic, for instance, private operator RegioJet won the first request for tender in Czech long-distance rail passenger transport (Ostrava – Olomouc line). As a result, Czech Railways will see its first competitor in long-distance transport services enter the market in 2014. By acquiring the Eastern European business operations of ***Veolia Transdev (2),*** DB Arriva expanded its position significantly in the bus market in Poland, the Czech Republic and Slovakia and entered three new markets: Croatia, Serbia and Slovenia.

Based on information currently available, internal calculations indicate that demand decreased in the European rail passenger transport market in the first quarter of 2013. The economy, the weather and a working-day adjustment of three days all had a negative impact here. Whereas the Swiss Federal Railways (SBB) managed to maintain a constant level of volume sold year on year and Spain's RENFE, Belgium's SNCB and some smaller railways – such as Slovenia's SZ, Finland's VR and Lithuania's LG – registered slight growth, other railways – such as Poland's PKP and Portugal's CP – recorded major declines of around 12 % each.

Rail transport in Scandinavia saw positive development despite the frosty weather conditions. While volume sold increased by 2.2 % in Denmark, demand in Sweden was up only 0.2 % year on year from January to March 2013.

In the Netherlands, volume sold rose significantly in the first quarter of 2013, following a drop in the corresponding quarter of the previous year. The Dutch state railway company (NS) strengthened its position in urban transport in the Netherlands by acquiring a 49 % stake in The Hague's urban transport operator, HTM. The tender procedure activities of the past 18 months had a particular impact on the bus market. About half of the volume of the bus market was awarded in a bidding competition.

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In Great Britain, rail transport recorded a decline of 2.0 % in the first quarter of 2013, with regional transport (–2.2 %) affected only slightly more than long-distance transport (–1.7 %). Demand in the British bus market was down 3.3 % year on year in the first quarter of 2013.

The situation in the rail passenger transport and bus markets in Italy remained unchanged in the period under review. The impact of the tense economic situation in Italy continues to lead to delays in liberalization. Following a complaint by Nuovo Trasporto Viaggiatori (NTV), the Italian antitrust authorities (Autorità Garante della Concorrenza e del Mercato) opened proceedings against Ferrovie dello Stato Italiane (FS) to deal with the question of whether FS abused its strong position in Italy to make it difficult for NTV to enter the market.

In the Spanish bus market, the rules for tender procedures were changed in the first six months of 2013 to end the preferential treatment of established providers, as was previously the case.

Transport and Logistics

GERMAN FREIGHT TRANSPORT MARKET

Based on the information available so far, we anticipate a 2.0 % decline for services in the German market for freight transport (rail, road, inland waterways and long-distance pipelines) for the first quarter of 2013. Besides the general lack of economic stimulus, the working-day adjustment of three days compared to the previous year had a negative impact on the volume sold. In addition, the extremely cold period that lasted into April weakened demand, especially for transport from the construction industry. Due to continued weak demand and the resulting excess shipping capacity, the market remains dominated by high inter- and intramodal competition and pricing pressure.

Rail freight transport in Germany continued its weak trend in the first four months of 2013, recording a decrease of 2.3 % year on year. Although some commodities, such as coal and chemicals, recorded growth, the volume sold fell for most classes of goods. Transport of iron/steel, combined transport, wood/paper and ore/stone/earth were particularly badly hit. With the exception of ore, all of these commodities require a high proportion of single-car transport and/or are in direct competition with transport via truck, a market in which there is intense price competition. The volume sold by DB Schenker Rail in Germany declined by 6.7 % in the first half of 2013. The performance of non-Group railways remained above average, which is not least due to shifts in transport from road to rail. The market position of the non-Group companies has improved accordingly.

There is little information available on road freight transport for the current year to date. The volume of transport on trucks registered in Germany was negatively impacted by a lack of economic stimuli as well as by the weather-related decline in the construction industry that lasted for a period of several weeks. Consequently, the volume sold fell in the first four months of 2013. According to the toll statistics published by the Federal Office for Freight Transport, foreign-registered vehicles are expected to see moderate growth in performance. This rise continues to be exclusively attributable to Central and Eastern European countries. The highest growth rates were once again recorded by Romania and Bulgaria (approximately +20 %). With the exception of Malta and Cyprus, the market participants from Western Europe all recorded substantial declines. According to our own calculations, and taking into account the performance of foreign-registered vehicles, demand fell by a total of 3 % in the first third of 2013. Intense competition and an associated pressure to reduce freight rates continue to dominate the market.

Transport volume on inland waterways increased by 3.1 % despite the lack of economic momentum and the negative impact of the working-day adjustment. This is mainly attributable to a positive baseline effect due to the double-digit decline in performance in February 2012 as a result of adverse weather conditions.

EUROPEAN RAIL FREIGHT TRANSPORT

The weak performance of the European rail freight transport (EU 27, Norway and Switzerland) market continued in the first months of 2013. According to the information available so far, we anticipate a decline of roughly 3 % in the volume sold. However, the performance of some freight companies up until March/April 2013 revealed a divided picture. While Bulgaria's BDZ continued to record a double-digit decline and Poland's PKP Cargo, Slovakia's ZSSK Cargo and the Czech Republic's CD Cargo reported losses of about 5 %, DB Schenker Rail (about 4 %) and Slovenia's SZ (about 3 %) saw slightly more moderate declines. However, Finland's VR and Lithuania's LG recorded increases of 6 % and 4 % respectively.

The drop in volume sold on the rail freight transport market in Poland (just under 3% as of May 2013) continued, albeit to a lesser extent. This was mainly attributable to subdued economic development in the industries that are relevant for rail transport and high inventory levels of coal. The market leader, PKP Cargo, recorded an above-average drop in performance in the first five months of the year. DB Schenker Rail Polska also recorded a decline and lost market share.

In France, the decline continued in a moderate form during the first months of 2013. The reasons lie mainly in the lack of economic stimuli from industrial production and foreign trade, which led to lower transport volumes in the steel and automotive industries, as well as in intermodal transport. Our subsidiary, Euro Cargo Rail, continued to buck this trend, recording double-digit increases.

According to the information available to date, Great Britain maintained moderate growth levels in the first quarter 2013. Volume sold rose by around 1%. This growth continues to be driven primarily by coal transport. The volume sold by DB Schenker Rail UK was slightly above average, enabling the company to strengthen its market position.

EUROPEAN LAND TRANSPORT

After an extremely restrained start to 2013 with a significant fall in demand, the market began to recover as of March, but was unable to compensate for the effects of the poor start to the year. Overall, we are seeing a slightly downward trend year on year for the first half of 2013. Given the prevailing environment of increased competition and pricing pressure, along with sluggish demand due to the overall economic situation in Europe, there is still very little potential for price increases.

AIR FREIGHT

The drop in volume on the air freight market continued in the first half of 2013, not least due to the economic mood in Europe; however, the decline is less severe. The markets in Asia and North America also recorded declines. Only Latin America, the Middle East and Africa were able to escape this downward trend, but growth here is unable to offset the negative development in the other regions.

The impact that the market exits of Air Cargo Germany and Aeroflot have had on market capacity is difficult to estimate at the present time. So far, however, capacity is shrinking at a lower rate than the existing market volume. Freight rates are accordingly at a low level. As new aircraft are to be delivered both in the current year and next year, this trend will continue unless there is a significant increase in demand. In the medium term, freight rates are only expected to rise in niche markets.

OCEAN FREIGHT

The ocean freight market grew by around 2% in the first half of 2013. Due to the slackening of momentum in the global economy, the market is growing at a slower pace than before. At the same time, major regional differences are being observed. For example, while the volume of transport from Europe to North America has increased, the volume of transport in the opposite direction has dropped slightly. The largest decline in transport volume was recorded on the Asia to Europe route. In general, excess capacity remains a dominant factor on the market. Deliveries of new container ships are putting pressure on freight rates, and shipping companies have repeatedly attempted to raise freight rates in recent months. Due to the major imbalance between supply and demand, these attempts have only led to short-term success or no success at all.

CONTRACT LOGISTICS

The market for contract logistics continued its positive streak in the first half of 2013. Overall, momentum has slackened off slightly, although the Asian markets continue to reveal strong growth rates. The demand for dedicated solutions in the core industries for contract logistics/supply chain management (automotive, consumer, electronics, healthcare and industrial sectors) remained at a stable level in the period under review, particularly in the consumer sector.

Rail infrastructure in Germany

Following stable train-path demand in 2012, the market fell to a level slightly below that of the previous year in the first half of 2013. This was due to cancelled services in passenger rail transport as well as a decline in rail freight transport. The number of station stops remained more or less stable in the period under review. The share of non-Group railways has continued to increase as a result of bids won.

Economic position

> NEGATIVE DEVELOPMENT OF REVENUES AND PROFITS
> RATINGS CONFIRMED
> SLIGHT INCREASE IN CAPITAL EXPENDITURES

MAJOR YEAR-ON-YEAR CHANGES

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

> ***Veolia Eastern Europe (2)*** has been included in the consolidated financial statements and in the DB Arriva business unit since May 1, 2013.
> ***Transfracht (3)*** has been included in the consolidated financial statements and in the DB Schenker Rail business unit since June 30, 2012.
> ***Suomen Kiitoautot (3)*** has been included in the consolidated financial statements and in the DB Schenker Logistics business unit since March 31, 2012.
> ***Ambuline (3)*** has been included in the consolidated financial statements and in the DB Arriva business unit since June 1, 2012.

Material accounting changes (4) result from the revision of IAS 19.

Since January 1, 2013, some services are no longer recognized in other operating income but in revenues. The previous year's figures have been adjusted accordingly in the comments to ***business unit developments (5).***

DEVELOPMENT OF REVENUES

Revenues – € million	H1 2013	H1 2012	CHANGE absolute	CHANGE %
DB Group – total	**19,373**	**19,492**	**– 119**	**– 0.6**
± Effects from changes in the scope of consolidation	– 88	–	– 88	–
± Effects from change in the exchange rates	89	–	+ 89	–
± Reclassification of other operating income [1)]	– 110	–	– 110	–
DB Group – comparable	**19,264**	**19,492**	**– 228**	**– 1.2**

1) Adjustment of the reclassification of other operating income to revenues undertaken since the 2013 financial year.

Revenues declined by 0.6 % compared to the same period last year due to the business units' operational development and exchange rate effects. Effects from changes to the scope of consolidation and from changes to the presentation of other operating income to revenues, in contrast, had a positive effect.

The exchange rate effects are mainly attributable to the overall development of the euro against the British pound, the Japanese yen and the Swedish krona. The effects were attributable to the DB Schenker Logistics (€ 47 million), DB Arriva (€ 35 million) and DB Schenker Rail (€ 7 million) business units.

The effects arising from changes in the scope of consolidation relate mainly to the acquired activities of Veolia Eastern Europe (€ 43 million; DB Arriva business unit) – which had been added over the course of the period under review – as well as to Transfracht (€ 29 million; DB Schenker Rail business unit), Suomen Kiitoautot (€ 9 million; DB Schenker Logistics business unit) and Ambuline (€ 3 million; DB Arriva business unit) – which had been acquired in the previous year.

The ***effects from the reclassification (6)*** of other operating income to revenues primarily related to DB Services.

Adjusted by effects from exchange rate and from changes to the scope of consolidation, as well as from the changes to the presentation of other operating income to revenues, revenues declined by 1.2 % in the period under review.

Total revenues – € million	H1 2013	H1 2012	CHANGE absolute	CHANGE %
DB Bahn Long-Distance	2,011	1,969	+ 42	+ 2.1
DB Bahn Regional	4,380	4,425	– 45	– 1.0
DB Arriva	2,031	1,772	+ 259	+ 14.6
DB Schenker Rail	2,410	2,485	– 75	– 3.0
DB Schenker Logistics	7,405	7,715	– 310	– 4.0
DB Services [1)]	1,523	1,567	– 44	– 2.8
DB Netze Track [1)]	2,344	2,331	+ 13	+ 0.6
DB Netze Stations	567	559	+ 8	+ 1.4
DB Netze Energy [1)]	1,393	1,461	– 68	– 4.7
Other [1)]	739	713	+ 26	+ 3.6
Consolidation [1)]	– 5,430	– 5,396	– 34	+ 0.6
Reconciliation	–	– 109	+ 109	–
DB Group	**19,373**	**19,492**	**– 119**	**– 0.6**

1) Previous year's figures adjusted for effects from the reclassification of other operating income to revenues.

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The development of total (internal and external) revenues for the business units was mixed in the period under review.

The DB Bahn Long-Distance business unit increased its revenues slightly, mainly due to price effects.

Revenue growth in bus transport in the DB Bahn Regional business unit was more than offset by the negative development of rail transport.

In the DB Arriva business unit revenues rose by a considerable amount compared to the same period last year due to higher Mainland Europe and UK Trains revenues.

The decline in performance as a result of the economic climate impacted DB Schenker Rail business unit revenues, which dropped against the first half of 2012.

The decline in land transport, air and ocean freight performance as a result of the economic climate – as well as negative exchange rate factors – had a considerably negative impact on DB Schenker Logistics revenues. Contract logistics continued to develop positively and slightly weakened this overall decline.

A drop in intra-Group rolling stock maintenance demand played a key role in the slight decrease in the DB Services business unit total revenues.

Total revenues in the DB Netze Track business unit increased mainly as a result of pricing measures, which more than offset the drop in revenues due to lower intra-Group demand.

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

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

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

The increase in the "Other" item resulted primarily from higher DB Netze Projects revenues due to a rise in project performance and price adjustments in the period under review.

Consolidation effects saw stable development as low intra-Group revenues from DB Services, among other things, were almost offset entirely by higher intra-Group revenues generated by the DB Netze Energy business unit.

External revenues – € million	H1		CHANGE	
	2013	2012	absolute	%
DB Bahn Long-Distance	1,934	1,902	+32	+1.7
DB Bahn Regional	4,333	4,383	-50	-1.1
DB Arriva	2,028	1,769	+259	+14.6
DB Schenker Rail	2,254	2,338	-84	-3.6
DB Schenker Logistics	7,386	7,688	-302	-3.9
DB Services [1]	132	140	-8	-5.7
DB Netze Track [1]	492	472	+20	+4.2
DB Netze Stations	224	218	+6	+2.8
DB Netze Energy [1]	453	550	-97	-17.6
Other [1]	137	141	-4	-2.8
Reconciliation	-	-109	+109	-
DB Group	**19,373**	**19,492**	**-119**	**-0.6**

[1] Previous year's figures adjusted for effects from the reclassification of other operating income to revenues.

External revenues developments reflect that of total revenues.

The structure of external revenues is virtually unchanged as against the first half year 2012. The share of business units in passenger transport increased slightly to 42.8% (previous year: 41.3%). On the other hand, the share of business units in transport and logistics declined slightly to 49.8% (previous year: 51.4%). At 6.0%, the share of infrastructure business units was down slightly (previous year: 6.4%).

Revenues by regions

External revenues by regions – € million	H1		CHANGE	
	2013	2012	absolute	%
Germany [1]	11,249	11,410	-161	-1.4
Europe (excluding Germany)	5,927	5,824	+103	+1.8
Asia/Pacific	1,211	1,354	-143	-10.6
North America	727	743	-16	-2.2
Rest of world	259	270	-11	-4.1
Reconciliation	-	-109	+109	-
DB Group	**19,373**	**19,492**	**-119**	**-0.6**

[1] Previous year's figures adjusted for effects from the reclassification of other operating income to revenues.

The effects from performance decreases and exchange rate effects are also reflected in the regional distribution of revenues. Subsequently, all regions, with the exception of Europe (excluding Germany), saw revenues decrease.

The Germany region recorded the greatest revenues decreases in absolute terms. This was particularly the result of declines in the DB Netze Energy and DB Bahn Regional business units.

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Growth in the DB Arriva business unit and the acquisition of Veolia Eastern Europe had positive influence on the Europe region (excluding Germany).

The Asia/Pacific region recorded the greatest revenues drops in percentage terms. This was due, among others, to drops in air and ocean freight volumes at DB Schenker Logistics and exchange rate effects.

The decline in North America resulted primarily from exchange rate effects and performance decreases at DB Schenker Logistics in this region.

The share of revenues generated outside of Germany remained stable in the period under review at 42 %.

DEVELOPMENT OF PROFITS

	H1							CHANGE			
		RECLASSIFICATION									
Excerpt from statement of income – € million	2013	Compounding/discounting IFRS	Net investment income	PPA amortization	Adjustment special items	2013 adjusted	2012 adjusted	absolute	thereof due to changes in scope of consolidation	thereof due to changes in exchange rates	%
Revenues	19,373	–	–	–	–	19,373	19,492	–119	+88	–89	–0.6
Inventory changes and internally produced and capitalized assets	1,218	–	–	–	–	1,218	1,214	+4	–2	–	+0.3
Other operating income	1,087	–	–	–	–3	1,084	1,197	–113	+2	–7	–9.4
Cost of materials [1]	–9,974	–	–	–	7	–9,967	–10,312	+345	–44	+48	–3.3
Personnel expenses	–7,037	–	–	–	–	–7,037	–6,732	–305	–25	+21	+4.5
Depreciation	–1,486	–	–	44	–	–1,442	–1,437	–5	–5	+2	+0.3
Other operating expenses [1]	–2,212	–	–	–	1	–2,211	–2,101	–110	–10	+20	+5.2
Operating profit (EBIT) | Adjusted EBIT	**969**	**–**	**–**	**44**	**5**	**1,018**	**1,321**	**–303**	**+4**	**–5**	**–22.9**
Net interest income | Net operating interest income	–437	17	–	–	–	–420	–431	+11	–	–	–2.6
Operating profit after interest	**–**	**17**	**–**	**44**	**5**	**598**	**890**	**–292**	**+4**	**–5**	**–32.8**
Result from investments accounted for using the equity method | Net investment income	+8	–	–5	–	–	3	9	–6	–	–	–66.7
Other financial result	+9	–17	5	–	–	–3	–60	+57	–	–1	–95.0
PPA amortization customer contracts	–	–	–	–44	–	–44	–40	–4	–	–	+10.0
Extraordinary result [2]	–	–	–	–	–5	–5	40	–45	–	–	–
Profit before taxes [2]	**549**	**–**	**–**	**–**	**–**	**549**	**839**	**–290**	**+4**	**–6**	**–34.6**

[1] Previous year's figures adjusted for effects from the reclassification of other operating expenses to cost of materials.

[2] Previous year's figures adjusted.

The transition to an adjusted statement of income is a two-step process. The first is standard reclassifications (net interest income components not related to net financial debt and pension provisions as well as the amortization of intangible assets capitalized in the course of purchase price allocations (PPA) of acquisitions conducted during the assessment of long-term customer contracts), with the figures then being adjusted for individual special items. The basic procedure with regard to ***reclassifications and adjustments (1)*** remains unchanged as against that described in the 2012 Annual Report.

The following presentation of income development describes the changes in the key income statement items for the first half of 2013 as against the first half of 2012, adjusted for special

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items. The effects from the changes in the scope of consolidation and exchange rate effects are presented in the table above and are not explained further in the following section.

Negative revenues development was driven primarily by the developments at the DB Schenker Logistics, DB Schenker Rail and DB Netze Energy business units.

Other operating income was down compared to the previous year period mainly due to the reclassification of other operating income to revenues.

The cost of materials was slightly below the previous year's level in the period under review, mainly as a result of lower levels of purchased services at the DB Schenker Logistics business unit due to performance decreases as well as lower energy expenses, which resulted from lower demand for energy in the DB Netze Energy business unit.

Personnel expenses were noticeably higher than the previous year figure, reflecting wage increases and the greater number of employees.

Other operating expenses also increased as a result of higher costs for purchased IT services in the DB Schenker Logistics, DB Netze Track and passenger transport business units. Costs for other services in the DB Bahn Regional, DB Bahn Long-Distance and DB Schenker Rail business units also rose.

Overall, the development of adjusted EBITDA, which fell by € 298 million, or 10.8 %, to € 2,460 million, was clearly negative in the period under review (first half of 2012: € 2,758 million).

Depreciation was up slightly year on year.

Adjusted EBIT (€ –303 million, or –22.9 %, to € 1,018 million) and operating profit after interest (€ –292 million, or –32.8 %, to € 598 million) declined in the period under review.

However, net operating interest income improved slightly due, among other things, to lower interest expenses from capital market financing. This was offset by effects from the compounding of pension provisions.

As a result, the adjusted EBITDA and EBIT margins decreased in the period under review, from 14.1 % to 12.7 %, and from 6.8 % to 5.3 %, respectively. This was mainly due to developments in the DB Schenker Rail, DB Schenker Logistics and DB Bahn Long-Distance business units, which saw their EBIT margins fall.

The improvement in the other financial result was primarily attributable to lower effects from the compounding of provisions. In contrast, the extraordinary result declined compared to the corresponding period last year. At € 290 million, or 34.6 %, the drop in profit before taxes was slightly stronger than the fall in operating profit after interest.

Extraordinary result by business units

Extraordinary result – € million	H1 2013	thereof effecting EBIT	H1 2012	thereof effecting EBIT
DB Bahn Long-Distance	–	–	–	–
DB Bahn Regional	–	–	–	–
DB Arriva	-3	-3	-5	-5
DB Schenker Rail	0	0	29	29
DB Schenker Logistics	0	0	–	–
DB Services	0	0	–	–
DB Netze Track	0	0	–	–
DB Netze Stations	–	–	–	–
DB Netze Energy	–	–	–	–
Other/consolidation [1]	-2	-2	16	27
DB Group [1]	**-5**	**-5**	**40**	**51**

[1] Previous year's figures adjusted.

The extraordinary result was low in the first half of 2013 at € –5 million and related to the DB Arriva business unit and the "Other" item. The effects resulted, among others, from the sale of investments.

In the first half of 2012, special items resulted mainly from the sale of Metrans in the DB Schenker Rail business unit and the reassessment of personnel risks in Great Britain, as well as in connection with investigations into freight forwarding companies.

Net profit

Excerpt from statement of income – € million	H1		CHANGE	
	2013	2012	absolute	%
Profit before taxes [1]	549	839	-290	-34.6
Taxes on income [1]	5	-56	+61	–
actual tax expenses	-66	-107	+41	-38.3
deferred tax income [1]	71	51	+20	+39.2
Net profit (after taxes) [1]	**554**	**783**	**-229**	**-29.2**
thereof shareholders of DB AG	550	778	-228	-29.3
thereof minority interests	4	5	-1	-20.0

[1] Previous year's figures adjusted.

The negative development of profit before taxes was partly offset by the improved taxes on income item, mainly due to DB AG's lower tax payments as well as a positive development in deferred tax assets at DB Schenker Logistics. Net profit (after taxes) has accordingly reported a weaker decline, namely € 229 million to € 554 million (first half of 2012: € 783 million).

Net profit attributable to minority interest came in at € 4 million (first half of 2012: € 5 million). The development described above has therefore resulted in a net profit (after taxes) attributable to the shareholders of DB AG, which has also fallen as against the previous year's period (€ 550 million; first half of 2012: € 778 million). Overall there was a decrease in earnings per share, which amounted to € 1.28 in the first half of 2013 (first half of 2012: € 1.81).

Development of operating profit by business unit

EBIT andjusted and EBITDA adjusted — € million	EBIT ADJUSTED				EBITDA ADJUSTED			
	H1		CHANGE		H1		CHANGE	
	2013	2012	absolute	%	2013	2012	absolute	%
DB Bahn Long-Distance	167	192	-25	-13.0	325	351	-26	-7.4
DB Bahn Regional	433	447	-14	-3.1	709	724	-15	-2.1
DB Arriva	94	94	-	-	202	180	+22	+12.2
DB Schenker Rail	-6	24	-30	-	136	177	-41	-23.2
DB Schenker Logistics	136	201	-65	-32.3	227	295	-68	-23.1
DB Services	4	48	-44	-91.7	90	134	-44	-32.8
DB Netze Track	292	398	-106	-26.6	755	862	-107	-12.4
DB Netze Stations	117	140	-23	-16.4	183	203	-20	-9.9
DB Netze Energy	35	55	-20	-36.4	77	97	-20	-20.6
Other/consolidation	-254	-278	+24	-8.6	-244	-265	+21	-7.9
DB Group	**1,018**	**1,321**	**-303**	**-22.9**	**2,460**	**2,758**	**-298**	**-10.8**
Margin (%)	5.3	6.8	-	-	12.7	14.1	-	-

At the business unit level, the development of the adjusted results was unfavorable in almost all areas, in comparison to the first half year of 2012.

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

In the DB Bahn Regional business unit, adjusted profit figures were shaped by the development of the rail line of business. Here, lower revenues and higher personnel expenses resulted in a decrease in adjusted profit figures. The bus line of business curbed this development and reported improved adjusted profits on the back of positive revenues development and an increase in other operating income.

Positive effects on profits from the expansion of business operations resulted in a considerable jump in adjusted EBITDA in the DB Arriva business unit. This effect was curbed by the difficult economic climate. Higher levels of depreciation due to capital expenditures in previous periods led to stable EBIT development.

The decrease in operating profit in the DB Schenker Rail business unit is due to lower volumes and resulting revenues decreases, as well as a rise in personnel expenses.

The development of adjusted DB Schenker Logistics profits was negative, mainly due to to the volume and freight rate development.

The negative impact of, in particular, lower volumes and wage increases resulted in a considerable drop in adjusted DB Services profits.

In the business unit DB Netze Track, the adjusted profit figures deteriorated as a result of higher-than-average increases in costs for maintenance, winter services and personnel, as well as lower real estate income.

Since higher revenues were more than offset by costs that rose at a higher rate than the growth in revenues, adjusted DB Netze Stations profits also fell.

In the DB Netze Energy business unit, adjusted profit figures declined due to a drop in revenues, while expenses rose at the same time.

The "Other/consolidation" item is characterized by the holding companies DB AG and DB ML AG, as well as other companies that cannot be allocated to a business unit. The change in the adjusted profit figures in the period under review was mainly attributable to the revaluation of personnel provisions as well as positive effects from employee placement within the Group.

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

FINANCIAL MANAGEMENT

There were no changes to ***DB Group financial management (2)*** in the first half of 2013.

The ***debt-issuance program (3)*** put in place for long-term financing was updated in June 2013 and increased to € 20 billion. The program had been utilized to the extent of € 14.6 billion as of June 30, 2013 and therefore has scope for issuing a further € 5.4 billion (as of December 31, 2012: € 6.0 billion).

With respect to short-term financing, as in the previous year, € 2 billion was available from a multi-currency, multi-issuer commercial paper program as of June 30, 2013. This program was utilized to the extent of € 409 million as of June 30, 2013 (as of December 31, 2012: € 0 million).

As of June 30, 2013, DB Group also had guaranteed unutilized credit facilities of € 2.1 billion (as of December 31, 2012: € 2.0 billion). Of this figure, € 1.9 billion was attributable to two-year credit facilities each with remaining terms of just less than two years as of June 30, 2013.

In addition, credit facilities of € 1.6 billion were available as of June 30, 2013 (as of December 31, 2012: € 1.5 billion). These credit facilities, which are made available to our subsidiaries around the world, include provisions for financing working capital as well as sureties for payment.

No major financed leasing transactions were concluded during the period under review.

Ratings confirmed

Ratings DB AG	First issued	Last confirmation	CURRENT RATINGS Short-term	Long-term	Outlook
Standard & Poor's	May 16, 2000	Jun 28, 2013	A-1+	AA	stable
Moody's	May 16, 2000	Jul 18, 2013	P-1	Aa1	negative
Fitch	Feb 17, 2009	Jul 11, 2012	F1+	AA	stable

The creditworthiness of DB Group is constantly monitored by the rating agencies Standard & Poor's (S&P), Moody's and Fitch. In the year under review, we have already conducted our routine ratings discussions with all agencies. All three ratings agencies confirmed DB AG's good credit ratings in the most recent rating reviews. These have remained unchanged since they were first issued in 2000.

Please see our Web site for additional information on ***Ratings (4)*** and the rating agencies' complete analyses for DB AG.

Bond issues

In the first half of 2013, DB Group issued a total of four bonds via its financing subsidiary Deutsche Bahn Finance B.V. (DB Finance), Amsterdam/the Netherlands, and increased an existing bond. The volume of the bonds issued in euros, Swiss francs and Norwegian kroners with maturities of between five and 15 years totaled € 0.8 billion. The transactions were mainly placed in Asia, Switzerland and Scandinavia. The most-recently issued CHF bond (€ 0.2 billion) is due to be paid in the second half of 2013. In July 2013, we also issued a ***sterling bond (5).***

BOND ISSUES IN THE FIRST HALF OF 2013

ISIN	Issuer	Currency	Volume (million)	Coupon	Maturity	Term (years)
XS0879065588	Deutsche Bahn Finance B.V.	EUR	300	FRN	Feb 2018	5
XS0884675074	Deutsche Bahn Finance B.V.	EUR	50	2.657	Feb 2028	15
XS0901046085	Deutsche Bahn Finance B.V.	NOK	1,500	3.985	Mar 2025	12
CH0212937251	Deutsche Bahn Finance B.V.	CHF	275	1.375	Jul 2023	10

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VALUE MANAGEMENT

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

One of the key strategic directions of the DB2020 strategy is profitable growth. This overarching aim is made up of three *top targets (1):* profitability (ROCE), market position (revenues) and financial stability (redemption coverage).

ROCE development

ROCE – € million or %	H1 2013	H1 2012	CHANGE absolute	CHANGE %
EBIT adjusted	1,018	1,321	-303	-22.9
÷ Capital employed as of Jun 30 [1]	33,350	32,486	+864	+2.7
ROCE [2]	**6.1**	**8.1**	**-**	**-**

[1] Previous year's figures adjusted due to the retroactive application of IAS 19.

[2] To calculate the ROCE for a full year, the adjusted EBIT has been extrapolated to a full year by means of linear projection.

ROCE as of June 30, 2013 was down by 2 percentage points year on year. This was due to a decline in *adjusted EBIT (2)* as well as a rise in capital employed.

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

Development of key debt figures

GEARING

Derivation of gearing – € million or %	Jun 30, 2013	Dec 31, 2012	CHANGE absolute	CHANGE %
Financial debt	18,966	18,613	+353	+1.9
– Cash and cash equivalents and receivables from financing	1,984	2,247	-263	-11.7
Net financial debt	**16,982**	**16,366**	**+616**	**+3.8**
÷ Equity [1]	15,022	14,978	+44	+0.3
Gearing [1]	**113**	**109**	**-**	**-**

[1] Previous year's figures adjusted due to the retroactive application of IAS 19.

Gearing as of June 30, 2013 was 113% (as of December 31, 2012: 109%). This development was due to the rise in *net financial debt (3)* while equity remained more or less stable. Classification of equity declined by € 956 million as of December 31, 2012 due to the application of IAS 19.

REDEMPTION COVERAGE

Derivation of redemption coverage – € million or %	H1 2013	H1 2012	CHANGE absolute	CHANGE %
EBITDA adjusted	2,460	2,758	-298	-10.8
+ Net operating interest [1), 2)]	-420	-431	+11	-2.6
Operating cash flow	**2,040**	**2,327**	**-287**	**-12.3**
Net financial debt	16,982	16,954	+28	+0.2
+ Present value operate leases	4,829	4,851	-22	-0.5
÷ Adjusted net financial debt	**21,811**	**21,805**	**+6**	**-0.1**
Redemption coverage [3]	**18.7**	**21.3**	**-**	**-**

[1] 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, to properly determine redemption coverage.

[2] Adjusted for special items.

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

As of June 30, 2013, redemption coverage decreased due to a considerable reduction in operating cash flow. However, adjusted net financial debt remained almost stable. The decrease in operating cash flow is attributed to the decline in operating profit.

NET FINANCIAL DEBT/EBITDA

Derivation of net financial debt / EBITDA – € million	H1 2013	H1 2012	CHANGE absolute	CHANGE %
Net financial debt	16,982	16,954	+28	+0.2
÷ EBITDA adjusted	2,460	2,758	-298	-10.8
Net financial debt / EBITDA [1] (multiple)	**3.5**	**3.1**	**-**	**-**

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

The net financial debt / EBITDA key figure also deteriorated in the period under review thanks to the change in *adjusted EBITDA (2).*

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CASH FLOW STATEMENT

Summary cash flow statement — € million	H1 2013	H1 2012	CHANGE absolute	CHANGE %
Cash flow from operating activities	1,494	1,540	-46	-3.0
Cash flow from investing activities	-2,049	-1,271	-778	+61.2
Cash flow from financing activities	290	655	-365	-55.7
Net change in cash and cash equivalents	-280	936	-1,216	-
Cash and cash equivalents as of Jun 30	1,895	2,639	-744	-28.2

Cash flow from operating activities amounted to € 1,494 million in the period under review, down slightly year on year. Effects from the deteriorated profit before taxes and depreciation (€ −281 million) were partly offset by positive working capital effects.

The outflow of cash for investing activities increased by € 778 million to € 2,049 million in the period under review. This was primarily the result of the € 632 million increase in investments in property, plant and equipment, resulting due to an increase in gross capital expenditures from the redemption of real estate leases of concourse buildings. These concourse buildings had previously been recognized as finance lease liabilities. In contrast, proceeds from investment grants only rose slightly by € 35 million. The net outflow of cash from the acquisition of shares in consolidated companies rose considerably due to, among other things, the acquisition of Veolia Eastern Europe (€ +127 million). The inflow of cash from sale of investments accounted for using the equity method declined (€ −81 million); this was mainly as a result of the sale of Metrans in the previous year's period.

The cash inflow from financing activities decreased by € 365 million to € 290 million. This was due to significantly lower proceeds from the issue of bonds (€ −839 million). This was partly offset by lower payments for the redemption of Federal loans (€ −170 million) as well as higher net proceeds from the issue and redemption of commercial papers (€ +464 million).

As of June 30, 2013, DB Group had € 1,895 million in cash and cash equivalents, down € 744 million.

NET FINANCIAL DEBT

Net financial debt as of Dec 31 — € million	Jun 30, 2013	Dec 31, 2012	CHANGE absolute	CHANGE %
Federal loans	1,828	1,789	+39	+2.2
Finance lease liabilities	685	1,098	-413	-37.6
Other financial debt [1]	16,453	15,726	+727	+4.6
Financial debt	**18,966**	**18,613**	**+353**	**+1.9**
– Cash and cash equivalents and receivables from financing	1,984	2,247	-263	-11.7
Net financial debt	**16,982**	**16,366**	**+616**	**+3.8**

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

Within the figure reported for financial debt, Federal loans rose slightly to € 1,829 million due to compounding effects (as of December 31, 2012: € 1,789 million). Finance lease liabilities dropped sharply as of June 30, 2013 primarily due to the redemption of real estate leases and continuous repayments.

Within the framework of capital market activities, three bonds were issued and an existing bond was increased in the period under review (with a total volume of € 0.6 billion). Holdings of outstanding bonds thereby increased by € 342 million to € 14,438 million as of June 30, 2013. Payment of the fourth bond of CHF 275 million (€ 223 million) issued in the first half of 2013 was only made in July 2013. The utilization of our commercial paper program increased by € 409 million as of June 30, 2013 (as of December 31, 2012: € 0 million).

Liabilities due to EUROFIMA remained almost stable and amounted to € 721 million as of the period under review (as of December 31, 2012: € 719 million).

Overall, financial debt increased by € 353 million to € 18,966 million as of June 30, 2013.

At € 1,895 million, cash and cash equivalents as of June 30, 2013 were down € 280 million, while receivables from financing as of June 30, 2013 increased slightly by € 17 million. Accordingly, net financial debt as of June 30, 2013 increased by € 616 million to € 16,982 million.

The maturity structure of financial debt is virtually unchanged as of June 30, 2013. There was a slight shift to current financial debt, as its share of financial debt rose from approximately 8 % to around 9 %.

The breakdown of financial debt is also unchanged as of June 30, 2013, mainly comprising bonds (approximately 76 %; as of December 31, 2012: around 76 %) and Federal loans (approximately 10 %; as of December 31, 2012: around 10 %).

CAPITAL EXPENDITURES

Capital expenditures – € million	Gross capital expenditures H1 2013	Gross H1 2012	Gross change absolute	Gross change %	Net capital expenditures H1 2013	Net H1 2012	Net change absolute	Net change %
DB Bahn Long-Distance	75	57	+18	+31.6	75	57	+18	+31.6
DB Bahn Regional	469	278	+191	+68.7	467	276	+191	+69.2
DB Arriva	158	92	+66	+71.7	155	92	+63	+68.5
DB Schenker Rail	66	119	-53	-44.5	66	119	-53	-44.5
DB Schenker Logistics	104	98	+6	+6.1	104	98	+6	+6.1
DB Services	104	125	-21	-16.8	104	125	-21	-16.8
DB Netze Track	1,993	2,001	-8	-0.4	485	509	-24	-4.7
DB Netze Stations	241	189	+52	+27.5	103	71	+32	+45.1
DB Netze Energy	32	60	-28	-46.7	18	42	-24	-57.1
Other/consolidation	21	19	+2	+10.5	21	19	+2	+10.5
DB Group	**3,263**	**3,038**	**+225**	**+7.4**	**1,598**	**1,408**	**+190**	**+13.5**
thereof investment grants	1,665	1,630	+35	+2.1	–	–	–	–

The main focus of capital expenditures activities in the first six months of 2013 was again on measures designed to improve performance and efficiency in the field of track infrastructure as well as the continued modernization of our vehicle fleet for rail and bus services. At € 3,263 million, the 7 % and more year-on-year increase in gross capital expenditures in the first six months of 2013 underscores our long-term approach to business. Net capital expenditures rose even sharper – by significantly more than 13 % year on year to € 1,598 million.

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

The gross capital expenditures structure continued to be dominated by the infrastructure business units, whereby the highest expenditure was once again attributable to DB Netze Track. In total, the infrastructure business units accounted for roughly 69 % of gross capital expenditures in the period under review (first half of 2012: approximately 74 %), with the DB Netze Track business unit alone accounting for roughly 61 % (first half of 2012: approximately 66 %). The passenger transport business units accounted for approximately 22 % (first half of 2012: around 14 %), and the transport and logistics division business units accounted for approximately 5 % (first half of 2012: around 7 %).

Capital expenditures focus by business units

In the DB Bahn Long-Distance business unit, capital expenditures activities focused on vehicles in the first six months of 2013, primarily for the redesign of the ICE 2 fleet, the modernization of IC passenger cars, as well as equipping the ICE 3 fleet and ICE T multiple-unit trains with the European Train Control System (ETCS).

The increase in capital expenditures in the DB Bahn Regional business unit was also attributable to vehicle capital expenditures. This includes the procurement of 430 series electric multiple units for S-Bahn (metro) Stuttgart, for 442 series for Werdenfels in Bavaria, for the regions north-east, the outskirts of Berlin, Mittelhessen and for S-Bahn (metro) Leipzig. We also increased our capital expenditures in workshops (in particular in Nuremberg) and vehicle/maintenance facilities (Ulm region).

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

The business unit DB Schenker Rail also invested in the vehicle fleet, mainly into electric and diesel locomotives (V-Loks 1,000 kW), bogie flat cars, sliding-wall wagons and open double-deck cars for transporting private vehicles. DB Schenker Rail business unit capital expenditures dropped sharply due to lower levels of capital expenditures activities in the regions Central (in Germany) and West.

The largest individual projects in the DB Schenker Logistics business unit were the expansion of freight forwarding facilities in Sweden, the Czech Republic, Finland, the USA and Singapore; other major capital expenditures were in projects to introduce new IT systems.

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

In the DB Netze Track business unit, capital expenditures remained focused on strengthening the efficiency of the existing network (approximately 68 % of all measures). This included in particular the modernization of the superstructure, the renewal of command and control technology and bridges, measures on rail crossings and tunnels, as well as noise reduction. Capital expenditures here focused on new and expansion lines. This included major projects such as the German unification transport projects (Verkehrsprojekte Deutsche Einheit; VDE) no. 8.1 Nuremberg – Erfurt and no. 8.2 Erfurt – Halle / Leipzig, the Berlin – Rostock train path upgrade, the Stuttgart 21 project, the Stuttgart – Augsburg new and expansion line, the Oldenburg – Wilhelmshaven expansion line, the Karlsruhe – Basel new and expansion line, and the Saarbrücken – Ludwigshafen expansion line 23.

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

The focus of capital expenditures made by the DB Netze Energy business unit was on the nationwide renewal of traction current lines, traction current substations and central switching stations.

Capital expenditures by regions

Gross capital expenditures by regions – € million	H1 2013	H1 2012	CHANGE absolute	CHANGE %
Germany	3,006	2,845	+161	+5.7
Europe (excluding Germany)	228	180	+48	+26.7
Asia / Pacific	13	12	+1	+8.3
North America	6	3	+3	+100
Rest of world	2	2	–	–
Consolidation	8	- 4	+12	–
DB Group	**3,263**	**3,038**	**+225**	**+7.4**

Net capital expenditures by regions – € million	H1 2013	H1 2012	CHANGE absolute	CHANGE %
Germany	1,343	1,215	+128	+10.5
Europe (excluding Germany)	226	180	+46	+25.6
Asia / Pacific	13	12	+1	+8.3
North America	6	3	+3	+100
Rest of world	2	2	–	–
Consolidation	8	- 4	+12	–
DB Group	**1,598**	**1,408**	**+190**	**+13.5**

Broken down by regions, the vast majority of gross capital expenditures in the first half of 2013, namely some 92 %, were again made in Germany (first half of 2012: 94 %). In the Germany region, year-on-year growth in the first six months of 2013 is primarily due to DB Bahn Regional (€ +191 million) and DB Netze Stations (€ +52 million). This was partly offset by a decline in capital expenditures, especially at DB Schenker Rail (€ –38 million), DB Services (€ –21 million) and DB Netze Energy (€ –28 million).

The strong year-on-year growth in Europe (excluding Germany) as against the first half of 2012 is as a result of higher capital expenditures in the DB Arriva (€ +66 million) business unit. DB Arriva increasingly invested in the Netherlands, Sweden and Great Britain. This more than compensated the decline in Denmark by DB Arriva (€ –18 million). This was offset by a decline in capital expenditures in the West region at DB Schenker Rail (€ –15 million), especially in France (€ –12 million), and at DB Schenker Logistics (€ –11 million).

In the North America region, DB Schenker Logistics increased its capital expenditures in US logistics facilities.

Development of investment grants

Received investment grants rose by € 35 million, or 2.1 %, in the first half of 2013 to € 1,665 million. As in the previous year, the recipients were almost exclusively our infrastructure companies.

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

(1) > www.db.de/capex

BALANCE SHEET

Balance sheet – € million	Jun 30, 2013	Dec 31, 2012	CHANGE absolute	%
Total assets [1]	52,574	52,525	+ 49	+ 0.1
ASSETS				
Non-current assets [1]	44,197	44,241	- 44	- 0.1
Current assets [1]	8,377	8,284	+ 93	+ 1.1
EQUITY AND LIABILITIES				
Equity [1]	15,022	14,978	+ 44	+ 0.3
Non-current liabilities [1]	25,324	25,599	- 275	- 1.1
Current liabilities	12,228	11,948	+ 280	+ 2.3

[1] Previous year's figures adjusted due to the first-time retroactive application of IAS 19.

Balance sheet structure – %	Jun 30, 2013	Dec 31, 2012 [1]	CHANGE absolute	%
ASSETS				
Non-current assets	84.1	84.2	-	-
Current assets	15.9	15.8	-	-
EQUITY AND LIABILITIES				
Equity	28.6	28.5	-	-
Non-current liabilities	48.2	48.7	-	-
Current liabilities	23.2	22.7	-	-

[1] Previous year's figures adjusted due to the first-time retroactive application of IAS 19.

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). They were influenced by the amended provisions of ***IAS 19 (1),*** which were applicable for the first time in the period under review. Please refer to the notes to the interim report for details on the provisions that became applicable for the first time in the period under review, and their impact on the consolidated financial statements. There were no other material changes to the IFRS regulations and the Group's consolidation and accounting principles that resulted in any changes to the consolidated financial statements.

As of June 30, 2013, total assets increased slightly by 0.1 % (€ 49 million) to € 52,574 million (as of December 31, 2012: € 52,525 million).

Non-current assets amounted to € 44,197 million and were almost unchanged (– 0.1 %, or € – 44 million, year on year (as of December 31, 2012: € 44,241 million). This decrease was primarily due to the fall in intangible assets, from € 4,186 million to € 4,095 million, as well as the drop in derivative financial instruments, from € 178 million to € 106 million. This was offset by the rise in property, plant and equipment from € 37,630 million to € 37,738 million.

As of June 30, 2013, current assets rose by € 93 million (+ 1.1 %) to € 8,377 million (as of December 31, 2012: € 8,284 million). This was primarily due to the € 218 million rise in current trade receivables as well as the € 166 million increase in other receivables and assets. In contrast, cash and cash equivalents declined by € 280 million to € 1,895 million.

This has not resulted in any structural shift.

On the equity and liabilities side of the balance sheet, equity as of June 30, 2013 rose slightly by 0.3 %, or € 44 million, to € 15,022 million (as of December 31, 2012: € 14,978 million) due to higher profits.

Non-current liabilities declined by € 275 million, or 1.1 %, to € 25,324 million while current liabilities rose by € 280 million, or 2.3 %. The € 353 million rise in ***current and non-current financial debt (2)*** was offset by a € 219 million drop in other provisions and a € 85 million reduction in pension obligations.

The equity ratio remained almost stable at 28.6 % as of June 30, 2013 (as of December 31, 2012: 28.5 %).

Within the liabilities structure, the share of non-current liabilities in relation to total assets remained almost unchanged at 48.2 % as of June 30, 2013 (as of December 31, 2012: 48.7 %). The share held by current liabilities rose as of June 30, 2013, from 22.8 % to 23.7 %.

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Development of business units

> PASSENGER TRANSPORT SEES STABLE DEVELOPMENT, BURDENS DUE TO FLOOD
> SLOW ECONOMIC GROWTH IMPACTS DB SCHENKER RAIL AND DB SCHENKER LOGISTICS BUSINESS UNITS
> INFRASTRUCTURE BUSINESS UNITS SEE EXPENSE BURDENS

PASSENGER TRANSPORT

Order book records slight decline

As of June 30, 2013, order book volume had decreased by € 1.5 billion year on year to € 78.0 billion. Additions from newly awarded transport contracts of approximately € 3.6 billion and changes in calculations of approximately € 0.3 billion, mainly due to increased energy and train-path costs, were offset by disposals, mainly from services provided, of approximately € 5.4 billion.

Order book development in passenger transport – € billion	Jun 30, 2013	Dec 31, 2012	CHANGE absolute	CHANGE %
DB Bahn Regional	60.4	60.9	- 0.5	- 0.8
Secured	40.2	40.2	-	-
Unsecured	20.2	20.7	- 0.5	- 2.4
DB Arriva	17.6	18.6	- 1.0	- 5.4
Secured	7.8	8.1	- 0.3	- 3.7
Unsecured	9.8	10.5	- 0.7	- 6.7
Total	**78.0**	**79.5**	**- 1.5**	**- 1.9**
Secured	48.0	48.3	- 0.3	- 0.6
Unsecured	30.0	31.2	- 1.2	- 3.8

TRANSPORT CONTRACTS IN GERMANY

Concluded transport contracts (rail) in the first half of 2013	Term	VOLUME (MILLION TRAIN KM) p.a.	VOLUME (MILLION TRAIN KM) total [1]
S-Bahn Hamburg	12/2018 - 12/2033	12.7	190.5
Ringzug West/NBS	12/2016 - 12/2028	5.6	67.2
Subnetwork East-West (lot Güstrow)	12/2014 - 12/2029	3.5	52.5
Main-Spessart	12/2015 - 12/2027 [2]	2.7	32.1
Interim tender RE3, RB30, RB45	12/2012 - 06/2016	2.3	8.2
Bad Kleinen - Pasewalk	12/2012 - 12/2014	2.1	4.2
Interim concept RSO III Ost	12/2013 - 12/2023	1.6	16.0
Main-Neckar-Ried	12/2012 - 12/2015	1.5	4.5
Main-Spessart (RB)	12/2012 - 12/2018	0.5	3.2
Dreieich	12/2013 - 12/2015	0.5	1.0
Main-Spessart (RE)	12/2012 - 12/2015	0.4	1.3
Ulm-Weißenhorn	12/2013 - 12/2016	0.3	0.9
Total [1]		**33.8**	**381.6**

[1] Differences due to rounding are possible.
[2] Option for a three-year extension possible.

Twenty-one tender procedures were awarded by ordering organizations for local rail passenger transport in Germany in the first six months of 2013 (first half of 2012: 11). A total of 54.3 million train kilometers per year were awarded (first half of 2012: 34.5 million train kilometers). Of the train kilometers for which new orders were placed in the first half of 2013, 88 % had previously been provided by companies within DB Group.

DB Bahn Regional won 12 of the tenders (first half of 2012: eight procedures). This accounts for 62 % of the train kilometers tendered (first half of 2012: 75 %).

Concluded transport contracts (bus) in the first half of 2013	Term	VOLUME (MILLION BUS KM) p.a.	VOLUME (MILLION BUS KM) total [1]
VVOWL Gütersloh North	01/2014 - 07/2021	1.8	13.3
NVV Lohfelden/Söhrewald (LB 109)	12/2013 - 12/2021	1.0	8.0
Traffiq Frankfurt Sachsenhausen (Teil F 2)	12/2013 - 12/2021	0.7	5.3
VVR Linien 7477 und 7478	06/2013 - 12/2015	0.6	1.6
VSN TN 62	08/2013 - 07/2019	0.6	3.6
KU Würzburg Korridor 6b	12/2013 - 12/2023	0.5	5.1
VSN TN 61	08/2013 - 07/2019	0.5	2.9
VGN Forchheim Bündel 1	12/2013 - 12/2021	0.3	2.7
Traffiq Frankfurt Sachsenhausen (Teil F 1)	12/2013 - 12/2021	0.3	2.7
KU Würzburg Korridor 2b	12/2013 - 12/2021	0.2	1.7
Total [1]		**6.5**	**47.0**

[1] Differences due to rounding are possible.

In the field of bus transport in Germany, orders were placed in 52 procedures (first half of 2012: 30 procedures) for services with a total volume of around 35 million commercial vehicle kilometers (Nkm) in the first half of 2013 (first half of 2012: 23 million Nkm). Of the commercial vehicle kilometers for which new orders were placed, 26 % (first half of 2012: 47 %) had previously been provided by companies within DB Group.

In the first half of 2013, we participated in 41 invitations to tender (first half of 2012: 25 invitations to tender) with a volume of 28 million Nkm (first half of 2012: 21 million Nkm). In the procedures for awarding orders in which we participated, we were successful in 23 % of cases (first half of 2012: 19 %).

TRANSPORT CONTRACTS IN EUROPE (EXCLUDING GERMANY)

In the first six months of 2013, DB Arriva participated in selective tender procedures throughout Europe. The business unit reported major successes in being awarded tenders in Great Britain, Denmark and Poland.

In bus transport, development was stable in the period under review. We were able to largely compensate for operations lost in Great Britain by winning new tenders.

Concluded transport contracts (bus) in the first half 2013		Term	VOLUME (MILLION BUS KM) p. a.	total[1]
Denmark	Midttrafik 34	06/2013 – 06/2021	12.9	103.2
Great Britain	London (12 separate lines)	5 years each	8.3	41.4
Denmark	Midttrafik	07/2014 – 07/2015	2.0	2.0
Denmark	Movia A2	02/2015 – 02/2017	0.9	1.8
Denmark	Movia A10	12/2013 – 12/2019	0.6	3.6
Denmark	Movia H4	01/2014 – 01/2017	0.1	0.3

[1] Differences due to rounding are possible.

In rail transport, DB Arriva won a tender in Poland in the period under review.

Concluded transport contracts (rail) in the first half 2013		Term	VOLUME (MILLION TRAIN KM) p. a.	total[1]
Poland	Kujawsko – Pomorskie	12/2013 – 12/2015	1.6	3.2

[1] Differences due to rounding are possible.

In the first six months of 2013, DB Arriva also won four tenders for patient transport services in Great Britain with a total volume of around 3.9 million kilometers per year. A minor contract entered into effect in April 2013; it has a term of three years and a volume of around 0.1 million kilometers per year. The remaining contracts are also slated to take effect within the year: in July 2013 (0.4 million kilometers per year/term: 5 years), August 2013 (0.4 million kilometers per year/term: 3 years) and November 2013 (2.9 million kilometers per year/term: 5 years).

DB Bahn Long-Distance business unit

MODERNIZATION OF ICE 2 FLEET AND IC CARS ON SCHEDULE

At the end of the period under review, a total of 42 ICE 2 trains out of a total fleet of 44 had been comprehensively modernized. We forecast that the redesign of the ICE 2 fleet, which began in early 2011, will have been completed by August 2013. The project will have involved capital expenditures of more than € 100 million.

The modernization of our IC cars is also on schedule. At the end of the reporting period, 320 passenger cars in the German IC fleet and the international EC fleet had been modernized and were in use.

DEVELOPMENT OF THE AVAILABILITY OF THE ICE FLEET

Compared to the first half of 2012, vehicle availability declined slightly in the first half of 2013.

The operating availability of the ICE fleet was impacted during the reporting period by a harsh winter, which led to an increase in damages and difficulty in conducting maintenance. The positive development in vehicle availability seen after the end of the winter was negatively impacted, along with operations, in June 2013, particularly by the Elbe flood. Due to long detours, for instance, trains were delayed in showing up for maintenance. A lack of infrastructure capacity often forced transfers to be canceled or postponed.

In addition, availability was limited by lacking vehicle reserves as a result of accidents. Continuing intensive ultrasound controls, which are keeping a high number of multiple units in maintenance, as well as modernization measures on IC passenger cars at vehicle maintenance facilities, continue to lead to limited vehicle availability. Furthermore, there is an increased need to replace the wheel sets of the ICE 1. At the same time, steps aimed at further stabilizing the vehicle situation were taken.

The expected relief from 16 new Siemens 407 series ICE 3 trains failed to materialize. Due to delays in the planned replacement of wheel sets, expected improvements in the availability of the current ICE 3 and ICE T fleet have also failed to materialize as yet. Approval of the ICE 3 trains featuring the newly developed drive wheel sets is currently not expected until the beginning of 2014, at the earliest. The refitting of the trains is not anticipated to be completed until 2016.

OTHER EVENTS IN THE FIRST SIX MONTHS OF 2013

> Since April 2013, all five million BahnCard and season card holders have traveled on ***100 % eco-power (1)*** on all their long-distance journeys.

> The IC Bus service was launched in April for trips between Munich and Freiburg, as well as between Berlin and Krakow. The buses are included in our price and sales system and are a part of our service network.

> Since June 2013, we have been working to make long-distance travel easier for ***families and children (2)***.

> The British-French supervisory authority issued us a safety certificate in June 2013 for trips through the Eurotunnel between France and England, marking the successful conclusion of the second intensive testing process for the Eurotunnel. Due to uncertainties relating to the availability of new ***ICE3 trains (3)***, we are currently unable to pursue planning for services to London.

BUSINESS DEVELOPMENT

The first half of 2013 saw mixed results for the DB Bahn Long-Distance business unit. In spite of burdens due to the harsh winter, a reduction in vehicle availability and the flood, performance remained stable for the most part. However, higher expenses and lower other operating income more than offset the rise in revenues.

DB Bahn Long-Distance Selected key figures – € million	H1		CHANGE	
	2013	2012	absolute	%
Passengers rail (million)	62.5	63.3	- 0.8	-1.3
Volume sold rail (million pkm)	17,754	17,721	+33	+ 0.2
Volume produced (million train-path km)	71.1	72.3	-1.2	-1.7
Load factor (%)	49.1	48.1	-	-
Total revenues	2,011	1,969	+42	+2.1
External revenues	1,934	1,902	+32	+1.7
EBITDA adjusted	325	351	-26	-7.4
EBIT adjusted	167	192	-25	-13.0
Gross capital expenditures	75	57	+18	+31.6
Employees (FTE as of Jun 30)	16,449	16,159	+290	+1.8

Continuous marketing efforts led to an increase in volume sold at the beginning of the year. The unseasonably bad weather in May and the flood in June had a significant negative impact. Overall, volume sold (+ 0.2 %) and capacity utilization saw stable development in comparison with the corresponding period of the previous year. Passenger numbers (–1.3 %) and volume produced (–1.7 %) fell slightly.

Both total and external revenues increased by around 2 %, which was mainly attributable to positive price effects. Other operating income was down year on year in the first half of 2013. The previous year's higher figures were due to effects from the reversal of provisions.

The cost of materials increased slightly (+ 0.9 %), driven by price increases for infrastructure use and energy. In particular, the higher proportion of renewable energy, which was raised to 75 % on April 1, 2013, led to higher expenses. Personnel expenses rose (+ 6.1 %) year on year as a result of wage increases and the hiring campaign. Other operating expenses increased, due to, among other things, higher passenger rights and advertising expenses. In contrast, depreciation declined slightly.

Higher expenses and lower other operating income in connection with revenues that increased at a lower rate than proportional led to a decrease of € 26 million in adjusted EBITDA to € 325 million, as well as a € 25 million decrease in adjusted EBIT to € 167 million.

More comprehensive modernization of the vehicle fleet was carried out than in the first half of 2012, leading to a major increase in gross capital expenditures of 31.6 %. The key areas of capital expenditures are detailed in the chapter ***Capital expenditures (4)***.

The number of employees as of June 30, 2013 increased as a result of new staff recruitment.

DB Bahn Regional business unit

CONTINUING DELAYS WITH REGARD TO THE DELIVERY OF NEW REGIONAL TRAINS

Delays in the delivery of new vehicles also had a negative impact on operations in the first half of 2013. Electric multiple units (EMU) from the 442 (Talent 2) and ET 430 series were affected. The delivery of Talent 2 trains remains delayed with regard to current orders, whereas the delivery of the ET 430 for the Stuttgart S-Bahn (metro) commenced later than anticipated. These delays necessitate substitution transport services with old vehicles, among other measures.

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BUSINESS DEVELOPMENT

The DB Bahn Regional business unit's development in the first half of 2013 was characterized by drops in performance in both lines of business: rail and bus. This was primarily due to tender losses as well as portfolio optimizations and declines in bus transport due to demographic factors.

DB Bahn Regional Selected key figures – € million	H1		CHANGE	
	2013	2012	absolute	%
Passengers (million)	1,293	1,300	-7	- 0.5
Volume sold (million pkm)	25,437	25,587	-150	- 0.6
Total revenues	4,380	4,425	- 45	-1.0
External revenues	4,333	4,383	- 50	-1.1
Concession fees	2,117	2,159	- 42	-1.9
EBITDA adjusted	709	724	-15	- 2.1
EBIT adjusted	433	447	-14	- 3.1
Gross capital expenditures	469	278	+191	+ 68.7
Employees (FTE as of Jun 30)	36,948	37,296	-348	- 0.9

Volume sold fell in the first half of 2013 in both rail and bus transport. However, the decline was significantly more pronounced in the bus line of business (– 3.3 %) than in the rail line of business (– 0.1 %).

The development of the higher revenue, higher performance rail line of business had a particularly pronounced effect on the business development of the DB Bahn Regional business unit. As a result, the drop in revenues seen here had a negative overall effect on profits for the business unit. In contrast, the bus line of business saw its total revenues increase, making a positive contribution to the development of revenues. However, this rise did not manage to compensate for the drop in the rail line of business.

Overall, the business unit's profit situation developed negatively in the first half of 2013. This was the result of lower revenues and rises in personnel expenses (+ 4.1 %) due to wage increases. While adjusted EBITDA fell € 15 million to € 709 million, adjusted EBIT decreased € 14 million to € 433 million.

Gross capital expenditures increased significantly due to higher capital expenditures in the rail line of business. The key areas of capital expenditures are detailed in the chapter ***Capital expenditures (1)***.

Employee numbers in the business unit fell slightly in comparison with the figure for June 30, 2012 (– 0.9 %). A decline in employee numbers in the rail line of business more than offset the slight growth in the bus line of business.

Rail line of business

Loss of tenders and a rise in personnel expenses due to wage increases had a pronounced negative influence on business development in the rail line of business.

Rail line of business Selected key figures – € million	H1		CHANGE	
	2013	2012	absolute	%
Passengers (million)	956.5	946.1	+10.4	+1.1
Volume sold (million pkm)	21,634	21,652	-18	- 0.1
Volume produced (million train-path km)	241.0	249.0	- 8.0	- 3.2
Total revenues	3,899	3,953	- 54	-1.4
External revenues	3,720	3,768	- 48	-1.3
Concession fees	2,117	2,159	- 42	-1.9
EBITDA adjusted	631	652	- 21	- 3.2
EBIT adjusted	388	409	- 21	- 5.1
Gross capital expenditures	456	259	+197	+76.1
Employees (FTE as of Jun 30)	28,590	28,983	- 393	-1.4

Development in the rail line of business was characterized by a decline in volume sold (– 0.1 %) and volume produced (– 3.2 %). The North-East and South-East regions accounted for the lion's share of the declines. The positive development in passenger numbers (+1.1 %) was primarily due to increases in demand on the S-Bahn (metro) Hamburg.

As a result of the declines, revenues and concession fees also fell. Total revenues as well as external revenues both dropped (by – 1.4 % and – 1.3 % respectively). Other operating income remained virtually unchanged.

Lower expenses for infrastructure usage due to lower volume produced and lower maintenance costs led to a reduction in the cost of materials (– 2.1 %). Increased wages as a result of new wage agreements led to markedly higher personnel expenses (+ 4.6 %). Other operating expenses (– 7.9 %) declined due, in particular, to falling additions to provisions. Depreciation was at the same level as in the previous year.

Lower revenues in conjunction with an increase in personnel costs led to a decrease of € 21 million in adjusted EBITDA to € 631 million, and a € 21 million drop in adjusted EBIT to € 388 million.

Gross capital expenditures was considerably higher than in the first half of 2012. This was mainly due to the addition of trains from the ***ET 442 series (2)***. The key areas of capital expenditures are detailed in the chapter ***Capital expenditures (1)***.

Employee numbers as of June 30, 2013 fell slightly due to performance losses.

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Bus line of business

Declining numbers of schoolchildren and lower sales volume as a result of increasing competition continued to slow the business development of the bus line of business. The continued optimization of the business portfolio had a positive effect.

Bus line of business Selected key figures – € million	H1 2013	H1 2012	CHANGE absolute	CHANGE %
Passengers (million)	336.6	354.0	-17.4	-4.9
Volume sold (million pkm)	3,803	3,935	-132	-3.4
Volume produced (million bus km)	283.8	292.6	-8.8	-3.0
Total revenues	658	648	+10	+1.5
External revenues	613	616	-3	-0.5
EBITDA adjusted	78	73	+5	+6.8
EBIT adjusted	45	38	+7	+18.4
Gross capital expenditures	12	19	-7	-36.8
Employees (FTE as of Jun 30)	8,358	8,313	+45	+0.5

The first half of 2013 saw a decline in performance in bus transport. The number of passengers (–4.9%) and the volume sold (–3.4%) declined, as did the volume produced (–3.0%). The main reasons for these developments were lower numbers of schoolchildren and the loss of tenders.

The drop in volume also had a negative impact on the development of revenues. In contrast, one-off effects resulting from contingent compensation from previous periods had a positive effect. Total revenues increased slightly (+1.5%). However, external revenues declined slightly (–0.5%). The increase in total revenues resulted from higher internal revenues for rail replacement services. Other operating income went up due to income from the sale of materials and insurance settlements, among other things.

Higher costs for fuel and subcontractors drove up the cost of materials slightly (+0.7%). Personnel expenses and other operating expenses also increased moderately. In contrast, depreciation fell compared to the prior year figure due to the postponement of investments.

The development of revenues and the increase in other operating income resulted in adjusted EBITDA increasing by € 5 million to € 78 million. Adjusted EBIT – bolstered by the significant drop in depreciation – improved by € 7 million to € 45 million.

Gross capital expenditures fell due to the postponement of investments in buses. The key areas of capital expenditures are detailed in the chapter ***Capital expenditures (1)***.

As of June 30, 2013, the number of employees was slightly higher.

DB Arriva business unit

PHASE TWO OF THE E20 PROJECT BEGINS

At the start of January 2013, DB Arriva took over additional road and rail transport services in the Stockholm metropolitan area. This marked the start of the second and final phase of the largest intermodal transport contract in Swedish history (E20), bringing the number of employees to more than 2,000. Today, 484 buses and 183 trams are in operation.

OTHER EVENTS IN THE FIRST SIX MONTHS OF 2013

> DB Arriva took over ***Veolia Transdev's (2)*** business in Eastern Europe.
> Transport for London extended its local transport contract with joint venture LOROL (London Overground Rail Operations Ltd.) ahead of schedule for two additional years. The contract is now set to expire in November 2016. DB Arriva is one of two partners in LOROL.
> DB Arriva's CrossCountry franchise was extended for an additional 43 months.
> DB Arriva was named an official bidder for Crossrail, a rail transport project for central London. Transport for London made the announcement in late June 2013 after completing its preselection process to choose potential operators.
> DB Arriva has been shortlisted for the Caledonian Sleeper franchise, according to Transport for Scotland. The service connects Scotland and London.

BUSINESS DEVELOPMENT

During the first six months of 2013, development in the DB Arriva business unit was driven to a large extent by positive effects from newly awarded transport contracts and the acquisition of ***Veolia Eastern Europe (2)***. We faced particular challenges in the form of the difficult economic climate and government savings plans in many countries.

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DB Arriva Selected key figures – € million	H1		CHANGE	
	2013	2012	absolute	%
Passengers (million)	792.6	710.0	+ 82.6	+ 11.6
Volume sold rail (million pkm)	4,080	3,707	+ 373	+ 10.1
Volume produced (million train-path km)	66.5	56.8	+ 9.7	+ 17.1
Volume produced (million bus km)	460.3	411.9	+ 48.4	+ 11.8
Total revenues	2,031	1,772	+ 259	+ 14.6
External revenues	2,028	1,769	+ 259	+ 14.6
EBITDA adjusted	202	180	+ 22	+ 12.2
EBIT adjusted	94	94	-	-
Gross capital expenditures	158	92	+ 66	+ 71.7
Employees (FTE as of Jun 30)	46,216	37,447	+ 8,769	+ 23.4

Overall, development in the DB Arriva business unit was positive. The rise in revenues (+14.6 %) can be attributed to new transport contracts, gains in revenues in rail transport in Great Britain and the acquisition of Veolia Eastern Europe (€ + 43 million). However, exchange rate effects had a negative impact (€ −35 million).

The cost of materials increased by around 10.1 % during the first six months as a result of higher energy costs (mainly fuel costs), train-path utilization fees and maintenance costs. The new transport contracts and the acquisition of Veolia Eastern Europe also had a noticeable effect in this respect. Personnel expenses rose (+13.1 %) as a result of increased employee numbers due to the expansion of our business activities. Exchange rate effects partially helped compensate for the increase in expenses.

Adjusted EBIT matched the level seen in the first half of 2012. The effects from the expansion of business activities were largely offset by the impact of the difficult economic environment.

Extensive bus acquisitions for the expansion of our operations in the Netherlands and in Sweden meant that gross capital expenditures experienced a major increase year on year. The key areas of capital expenditures are detailed in the chapter ***Capital expenditures (1)***.

Employee numbers increased noticeably (+23.4 %) over June 30, 2012 as a result of the expansion of business activities in particular.

UK Bus line of business

The climate for the UK Bus line of business remained challenging. Higher energy prices due to the end of subsidy payments, government cost-saving measures, and a tense macroeconomic climate had a negative impact on demand and stifled business development. However, the impact was largely offset by measures implemented to increase efficiency.

UK Bus Selected key figures – € million	H1		CHANGE	
	2013	2012	absolute	%
Passengers (million)	359.2	381.0	- 21.8	- 5.7
Volume produced (million bus km)	198.9	207.7	- 8.8	- 4.2
Total revenues	588	599	- 11	- 1.8
External revenues	575	589	- 14	- 2.4
EBITDA adjusted	96	96	-	-
EBIT adjusted	57	61	- 4	- 6.6
Gross capital expenditures	80	40	+ 40	+ 100
Employees (FTE as of Jun 30)	17,749	17,538	+ 211	+ 1.2

Performance development in the UK Bus line of business was negative in the first half of 2013. Cuts implemented by ordering organizations, the weak economic climate and the sale of services in Scotland in 2012 led to a downturn in volume produced (− 4.2 %). As a result, passenger numbers also fell (− 5.7 %).

Among other things, exchange rate effects (€ −20 million) and declining performance overcompensated for increases in revenues as a result of the growth of DB Arriva Transport Solutions (Ambuline). The line of business recorded an overall drop in revenues. Total revenues fell by around 1.8 %, while external revenues decreased by around 2.4 %.

An increase in maintenance expenses led to a rise in the cost of materials in the first six months of 2013. Exchange rate effects partially helped compensate for the increase in expenses.

All told, the UK Bus line of business recorded weak EBIT performance. While at € 96 million, adjusted EBITDA matched the previous year's level, adjusted EBIT fell to € 57 million, which corresponds to a drop of € 4 million.

Gross capital expenditures as of June 30, 2013 had doubled year on year. This was due to investments in hybrid buses and the growth of DB Arriva Transport Solutions. In addition, DB Arriva invested in measures aimed at ensuring accessibility for people with disabilities, in keeping with legal requirements.

Employee numbers were up 1.2 % as of June 30, 2013, mainly as the result of the expansion of business activities.

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UK Trains line of business

Development of the UK Trains line of business was positive in the first half of 2013. Positive momentum came from an increase in farebox revenues and the expansion of business activities at Grand Central Railway.

UK Trains Selected key figures – € million	H1 2013	H1 2012	Change absolute	Change %
Passengers (million)	59.8	60.0	- 0.2	- 0.3
Volume sold (million pkm)	3,007	3,003	+ 4	+ 0.1
Volume produced (million train-path km)	37.9	37.7	+ 0.2	+ 0.5
Total revenues	653	588	+ 65	+ 11.1
External revenues	642	577	+ 65	+ 11.3
EBITDA adjusted	32	30	+ 2	+ 6.7
EBIT adjusted	21	19	+ 2	+ 10.5
Gross capital expenditures	6	7	- 1	- 14.3
Employees (FTE as of Jun 30)	5,350	5,276	+ 74	+ 1.4

Performance was stable in the first six months of 2013. While passenger numbers fell slightly (– 0.3 %), volume sold (+ 0.1 %) and volume produced (+ 0.5 %) increased marginally.

In terms of revenues, positive effects were noted as a result of higher farebox revenues from the CrossCountry franchise, new services at Grand Central Railway and positive development at Arriva Trains Wales and Chiltern Railways. However, exchange rate effects had a negative impact (€ –22 million). Overall, total and external revenues increased steeply by around 11 %.

On the cost side, there was a clear increase in the cost of materials, mainly resulting from higher train-path utilization fees. Exchange rate effects partially helped compensate for the increase in expenses.

Adjusted profit figures improved slightly overall. Adjusted EBITDA and adjusted EBIT each rose by € 2 million to € 32 million and € 21 million, respectively.

Gross capital expenditures remained nearly unchanged at a low level.

The number of employees has increased slightly by 1.4 % over June 30, 2012, due to the expansion of services.

Mainland Europe line of business

In the Mainland Europe line of business, development was shaped first and foremost by the effects of new transport contracts in Sweden (August 2012) and the Netherlands (December 2012). The takeover of Veolia Eastern Europe in May 2013 also had an effect on revenues and profit. However, a weak economic climate and government cost-saving measures stifled business development.

Mainland Europe Selected key figures – € million	H1 2013	H1 2012	Change absolute	Change %
Passengers rail (million)	50.7	22.0	+ 28.7	+ 130
Passengers bus (million)	322.9	247.0	+ 75.9	+ 30.7
Volume sold rail (million pkm)	1,073	704.1	+ 369	+ 52.4
Volume produced (million train-path km)	28.6	19.1	+ 9.5	+ 49.7
Volume produced (million bus km)	261.4	204.2	+ 57.2	+ 28.0
Total revenues	841	631	+ 210	+ 33.3
External revenues	811	604	+ 207	+ 34.3
EBITDA adjusted	86	64	+ 22	+ 34.4
EBIT adjusted	26	22	+ 4	+ 18.2
Gross capital expenditures	71	45	+ 26	+ 57.8
Employees (FTE as of Jun 30)	22,951	14,460	+ 8,491	+ 58.7

Due to the expansion of business activities (start of new transport services), passenger numbers in rail transport more than doubled (+ 130 %). Volume sold went up by 52.4 %. Volume produced increased by 49.7 %. Bus transport recorded a rise in passenger numbers of 30.7 %, along with a 28.0 % increase in volume produced. The significant increases in certain figures can primarily be attributed to the takeover of Veolia Eastern Europe.

Correspondingly, this had a positive effect on the development of revenues. Total revenues increased by € 210 million to € 841 million, while external revenues improved by € 207 million to € 811 million.

The expansion of business activities also led to a significant rise in the cost of materials (+ 28.8 %) and personnel expenses (+ 35.1 %).

Overall, adjusted profit figures improved significantly year on year (adjusted EBITDA € + 22 million to € 86 million; adjusted EBIT € + 4 million to € 26 million).

Gross capital expenditures increased noticeably as a result of vehicle acquisitions for the new transport services in Sweden and the Netherlands.

The number of employees as of June 30, 2013 increased for the same reasons, and due to the takeover of Veolia Eastern Europe, by just under 60 %.

TRANSPORT AND LOGISTICS

DB Schenker Rail business unit

DEUTSCHE BAHN AND ETIHAD RAIL DEVELOP RAIL FREIGHT TRANSPORT IN THE UAE

We have established a joint venture with Etihad Rail for operating rail freight transport services on the Arabian Peninsula. Etihad Rail, which is responsible for railway development and operations in the United Arab Emirates (UAE), selected DB Schenker Rail as its partner for the joint venture. DB Schenker Rail will hold a 49 % stake in the joint company, Etihad Rail Operations DB LLC. The first freight trains are scheduled to run from October 2013.

ACTION PLAN FOR GERMANY ALSO MAKES IMPORTANT CONTRIBUTION IN 2013

We implemented the action plan for Germany in late 2011 in order to meet the economic and structural challenges that DB Schenker Rail faces in Germany. The action plan already contributed € 160 million to profits in the previous year. Various other measures to improve profits have since been identified, which are to be implemented this year. The measures had already had a positive impact of € 60 million on profits as of May 2013.

OTHER EVENTS IN THE FIRST HALF OF 2013

> DB Schenker Rail and Lithuanian rail freight company Lietuvos geležinkeliai (LG) have signed a Memorandum of Understanding (MoU) on the expansion of overland rail freight services in Europe.
> Starting in September 2013, DB Schenker Rail will be offering a new service known as the "Bosporus Shuttle." Initially, three pairs of trains will run between Germany and Turkey each week. The number will be increased to five at a later date. This will expand the current rail freight transport system between Western Europe and destinations in Turkey. DB Schenker Rail Bulgaria will transfer the trains directly to the Turkish State Railways (TCDD) at the Bulgarian-Turkish border.

BUSINESS DEVELOPMENT

The performance of the DB Schenker Rail business unit in the first half of 2013 was largely influenced by developments in the region Central, which makes the largest contribution to revenues in the business unit on account of its operations in Germany. The cyclical decline in demand for transport services as well as rising factor costs had a negative impact on revenue and profits. In addition, DB Schenker Rail has had to deal with intensified competition in several countries, such as Poland in the region East. The extensive flood in Germany has also had a negative impact on the business unit. Despite the positive effects of the action plan for Germany, the marked decline in revenues could profit-wise not be compensated for.

DB Schenker Rail Selected key figures – € million

	H1		CHANGE	
	2013	2012	absolute	%
Freight carried (million t)	196.7	202.3	– 5.6	– 2.8
Volume sold (million tkm)	51,627	54,003	– 2,376	– 4.4
Volume produced (million train-path km)	98.0	103.4	– 5.4	– 5.2
Capacity utilization (t per train)	526.6	522.4	+ 4.2	+ 0.8
Total revenues	2,410	2,485	– 75	– 3.0
External revenues	2,254	2,338	– 84	– 3.6
EBITDA adjusted	136	177	– 41	– 23.2
EBIT adjusted	– 6	24	– 30	–
Gross capital expenditures	66	119	– 53	– 44.5
Employees (FTE as of Jun 30)	31,536	32,240	– 704	– 2.2

The economic climate and market situation in Europe remained an obstacle to rail freight transport in the first half of 2013. Within this context, DB Schenker Rail reported a further downturn in the volume of freight carried (– 2.8 %), the volume sold (– 4.4 %) and the volume produced (– 5.2 %). In contrast, capacity utilization increased slightly (+ 0.8 %), primarily as a result of measures introduced to increase efficiency.

This decline in performance, albeit diminished somewhat by the effects of the initial consolidation of ***Transfracht (1)*** (€ + 29 million), also had a negative impact on external revenues, which fell by € 84 million to € 2,254 million. The development of ECR, which has enabled DB Schenker Rail to increase its market share in the French rail freight transport market, also had a positive impact on revenues.

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The cost of materials decreased by 4.1 % as a result of a reduction in the volume produced and the measures introduced as part of the action plan for Germany. Personnel expenses, on the other hand, rose slightly year on year (+1.6 %) due to wage increases. Depreciation was slightly below the level of the first half of 2012 as a result of the disposal of assets.

Overall, this led to a decrease in operating profit, with adjusted EBITDA down by € 41 million to € 136 million, and adjusted EBIT down by € 30 million to € –6 million in the first half of 2013.

Gross capital expenditures were significantly lower (–44.5 %) year on year. The key areas of capital expenditures are detailed in the chapter ***Capital expenditures (1)***.

The number of employees had decreased (–2.2 %) as of June 30, 2013, mainly due to personnel restructuring measures. This was partially offset by the rise in the number of employees as a result of the acquisition of Transfracht.

Region Central

Besides the economic slowdown, which has had a significant impact on the steel and automotive industries as well as on intermodal transport, higher personnel expenses as a result of wage increases, and price hikes for track use and traction current have also influenced business development in the region Central. The ***action plan for Germany (2)*** and the acquisition of ***Transfracht (3)*** both had a positive impact on revenue performance.

Region Central Selected key figures – € million	H1 2013	H1 2012	CHANGE absolute	CHANGE %
Freight carried (million t)	134.3	147.9	–13.6	–9.2
Volume sold (million tkm)	40,669	43,655	–2,986	–6.8
Volume produced (million train-path km)	77.7	83.2	–5.5	–6.6
Total revenues	2,326	2,317	+9	+0.4
External revenues	1,795	1,783	+12	+0.7
EBITDA adjusted	109	130	–21	–16.2
EBIT adjusted	–3	17	–20	–
Gross capital expenditures	48	88	–40	–45.5
Employees (FTE as of Jun 30)	20,901	22,143	–1,242	–5.6

Considerable declines were reported in the region Central due to the difficult economic climate and optimization of the transport portfolio (freight carried –9.2 %; volume sold –6.8 %). The volume produced declined by 6.6 % as a result of the downturn in volume and increase in capacity utilization.

The development of revenues reflects the effects from the inclusion of ***Transfracht (3)***, which also more than compensated for the effects from the decline in performance.

In terms of expense development, the effects from the reduction in performance as well as the countermeasures as part of the action plan for Germany were also partly offset by the effects from the inclusion of Transfracht. As a result, the cost of materials fell only slightly (–0.7 %). Personnel expenses (+2.7 %) increased moderately as a result of wage increases and the inclusion of Transfracht.

As a result, operating profit decreased, with adjusted EBITDA falling by € 21 million to € 109 million and adjusted EBIT down € 20 million to € –3 million.

Gross capital expenditures (–45.5 %) was considerably lower than in the first half of 2012. This was the result, in particular, of lower investments in locomotives and various types of freight cars.

The number of employees (–5.6 %) was significantly down compared to the previous year figure, which was due to organizational changes in the business units as well as semi-retirement measures and natural fluctuation.

Region West

Business development in the region West was stable compared to the first half of 2012, but the situation differed from country to country. The economic climate remained tense in Spain, where the automotive industry in particular saw declines. Transport services in Great Britain, in contrast, benefited from brisk demand for coal and steel.

Region West Selected key figures – € million	H1 2013	H1 2012	CHANGE absolute	CHANGE %
Freight carried (million t)	48.9	42.5	+6.4	+15.1
Volume sold (million tkm)	9,148	8,431	+717	+8.5
Volume produced (million train-path km)	17.5	17.5	–	–
Total revenues	435	435	–	–
External revenues	381	386	–5	–1.3
EBITDA adjusted	48	50	–2	–4.0
EBIT adjusted	20	20	–	–
Gross capital expenditures	11	25	–14	–56.0
Employees (FTE as of Jun 30)	5,069	4,958	+111	+2.2

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The region West benefited from a significant improvement in performance. The substantial increase in the volume of freight carried (+15.1%) was largely attributable to a rise in coal and steel transports in Great Britain. The increase in volume sold (+8.5%) was due to the operation of traction services in Spain as well as positive development in France. Volume produced matched the previous year's levels as of June 30, 2013.

The development of performance had a disproportionately low impact on the development in revenues. Total revenues remained unchanged at € 435 million. External revenues (–1.3%) fell due to declining business in intermodal transport and the decline in car transport services in Spain.

The cost of materials went up slightly (+1.7%) in the period under review. Lower costs for energy and external services were eaten up by maintenance and track costs. Personnel expenses were below the level of the first half of 2012. Depreciation decreased, partly as a result of the sale of facilities in Great Britain.

Overall, adjusted EBITDA fell by € 2 million to € 48 million. At € 20 million, adjusted EBIT matched the previous year's level.

Extensive purchases of locomotives in Great Britain resulted in higher gross capital expenditures as of June 30, 2012 that did not repeat themselves in the period under review.

The number of employees increased as of June 30, 2013 due to hiring activities in France.

Region East

During the period under review, the region East was challenged in particular by the effects of increasing competition, as well as the decline of the coal market in Poland. The expansion of business activities in Southeast Europe had a positive effect in the period under review.

Region East Selected key figures – € million	H1		CHANGE	
	2013	2012	absolute	%
Freight carried (million t)	31.4	31.8	- 0.4	-1.3
Volume sold (million tkm)	1,811	1,917	-106	- 5.5
Volume produced (million train-path km)	2.8	2.6	+ 0.2	+7.7
Total revenues	109	137	-28	-20.4
External revenues	78	95	-17	-17.9
EBITDA adjusted	5	14	- 9	- 64.3
EBIT adjusted	3	5	-2	- 40.0
Gross capital expenditures	8	6	+2	+33.3
Employees (FTE as of Jun 30)	4,713	5,138	- 425	- 8.3

The volume of freight carried (–1.3%), the volume sold (–5.5%) and capacity utilization (–11.0%) in the region East reported some considerable losses. This was primarily attributable to the competitive environment in the Polish coal market and the non-recurrence of sand transports. The resulting decline was only partly offset by higher performance in Hungary, Romania and, notably, Bulgaria. The increase in volume produced was also due to the expansion of business activities in Southeast Europe.

These negative effects are also reflected in revenues. Both total (–20.4%) and external revenues (–17.9%) were significantly lower than in the first half of 2012.

The decrease in the volume produced also affected the cost of materials (–19.4%) as a result of reduced expenditure on infrastructure usage and energy as well as on maintenance in particular. In addition, the cost of external services decreased by using a higher proportion of our own traction. The slight decrease in personnel expenses is attributable to restructuring measures in Poland. In contrast, other operating expenses went up slightly. Depreciation was lower as a result of adjustments to the fleet and the disposal of facilities.

In terms of profit, the reduction in expenses compensated for the negative revenues performance for the most part. Adjusted EBITDA fell by € 9 million to € 5 million, and adjusted EBIT fell by € 2 million to € 3 million.

Gross capital expenditures increased against the prior year figure due to renovation measures concerning the use of locomotives in Poland.

The number of employees decreased as of June 30, 2013, in particular due to streamlining measures in Poland.

DB Schenker Logistics business unit

FURTHER EXPANSION OF THE GLOBAL NETWORK

Logistics center

> One of the largest investments in 2013 is the construction of a terminal near Helsinki/Finland, where around 28,500 m² in logistics space is to be built for a price of € 53 million.

> DB Schenker Logistics is building a new integrated logistics center in Singapore. According to the current plans, the logistics center will meet the highest environmental standards ("Green Mark Gold Plus"). The facility at Tampines Logispark, located near Changi International Airport, has been designed as a shared warehouse for customers from a wide range of industries. The € 41 million center will have a gross floor space of around 54,520 m² on three levels.

- In Kunshan, located near Shanghai/China, the new 47,000 m² DB Schenker distribution center for KONE, a Finnish customer and one of the world's leading providers of complete solutions for elevators and escalators, started operation in February 2013.
- Together with customers, DB Schenker Logistics opened a new logistics center in February 2013 at the Erfurter Kreuz business park in Ichtershausen, located near Arnstadt/Germany.

Investments

- ***Schenker (Panama) (1)*** helped DB Schenker Logistics strengthen its global network.
- With ***Schenker Logistics L.L.C. (2)***, Abu Dhabi/United Arab Emirates, DB Schenker Logistics is expanding its presence in the Middle East.

OTHER EVENTS IN THE FIRST SIX MONTHS OF 2013

- Spirit AeroSystems – one of the world's largest designers and manufacturers of components for civil, military and business jets – commissioned DB Schenker Logistics with the operation of its distribution center for its plant in Tulsa/USA.

BUSINESS DEVELOPMENT

Overall, the general trends recorded in the business unit DB Schenker Logistics in the previous year have continued. However, this development was characterized by intense competition in the sector as well as a lack of dynamism in the global economy. This was also reflected in the development of our performance. The most dynamic growth continues to be seen in our contract logistics business.

DB Schenker Logistics Selected key figures – € million	H1		CHANGE	
	2013	2012	absolute	%
Shipments in European land transport (thousand)	47,276	47,759	-483	-1.0
Air freight volume (export) (thousand t)	526.2	537.1	-10.9	-2.0
Ocean freight volume (export) (thousand TEU)	911.0	926.1	-15.1	-1.6
Total revenues	7,405	7,715	-310	-4.0
External revenues	7,386	7,688	-302	-3.9
Gross profit margin (%)	32.0	31.5	–	–
EBITDA adjusted	227	295	-68	-23.1
EBIT adjusted	136	201	-65	-32.3
EBIT margin (adjusted) (%)	1.8	2.6	–	–
Gross capital expenditures	104	98	+6	+6.1
Employees (FTE as of Jun 30)	64,129	63,790	+339	+0.5

The development of volume in the individual lines of business varied during the period under review but was generally weak.

- The volume of shipments in European land transport decreased by 1.0%, driven by a notable drop in demand for domestic land transports, which was not fully compensated for by the slight growth in the parcel business. Volume in international land transports matched the levels seen in the same period in the previous year.
- The volume of air shipments decreased by 2.0%, which was mainly due to development on the transatlantic and transpacific routes. In contrast, transports from Europe to Asia, as well as to and from Latin America and the Middle East, posted increases.
- The volume of ocean freight declined slightly by 1.6%. Transatlantic connections in particular saw positive development. Volume decreased on Asia/Europe connections as well as connections within Europe and Asia.

The weak development of performance, in conjunction with a partial drop in freight rates, led to a drop in revenues (–4.0%). All regions reported declines in revenues, which were also impacted by exchange rate factors (€ –46 million).

The cost of materials increased in the period under review, which was mainly attributable to a decline in purchased transport services. Personnel expenses were notably higher, driven by the higher number of employees in contract logistics and increases in labor costs.

Due to the decrease in costs for purchased services, which fell faster than revenues, the gross profit margin rose in the period under review from 31.5% in the first half of 2012 to 32.0%.

All told, operating profit figures fell, with adjusted EBITDA declining by € 68 million to € 227 million and adjusted EBIT dropping by € 65 million to € 136 million.

Gross capital expenditures was higher year on year. The key areas of capital expenditures are detailed in the chapter ***Capital expenditures (3)***.

The positive development of business in the contract logistics sector was also reflected in an increase in the number of employees as of June 30, 2013.

European land transport line of business

The low growth dynamics in the European land transport market relieved the pressure on available shipping capacity in the first half of 2013, which also had an effect on freight rates. However, in a market climate that continues to be very competitive, we were only able to impose price increases on our

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customers to a limited extent. We focused on developing and optimizing our network, as well as on our core products: system services and direct transport services.

European land transport Selected key figures — € million	H1 2013	H1 2012	CHANGE absolute	CHANGE %
Shipments in European land transport (thousand)	47,276	47,759	-483	-1.0
Total revenues	3,182	3,248	-66	-2.0
External revenues	3,165	3,223	-58	-1.8
EBITDA adjusted	93	125	-32	-25.6
EBIT adjusted	45	76	-31	-40.8
Employees (FTE as of Jun 30)	24,770	24,986	-216	-0.9

A decline in volume (−1.0 %) led to a decrease in total revenues (−2.0 %) and external revenues (−1.8 %) in the period under review.

On the expenses side, fuel costs were lower due to declining transport activities. Freight rates developed slightly positive due to the high availability of shipping capacity. Personnel expenses rose due to wage increases.

As a result, operating profit fell, with adjusted EBITDA decreasing by € 32 million to € 93 million and adjusted EBIT down by € 31 million to € 45 million.

The number of employees dropped slightly as of June 30, 2013.

Air and ocean freight line of business

The development of the air and ocean freight line of business was mixed during the period under review. The weak global economy slowed the development of the air freight market, while low demand and an oversupply in capacity led to low freight rates. In order to ensure the continued success of our global air and ocean freight operations, we have expanded our international network.

Air and ocean freight Selected key figures — € million	H1 2013	H1 2012	CHANGE absolute	CHANGE %
Air freight volume (export) (thousand t)	526.2	537.1	-10.9	-2.0
Ocean freight volume (export) (thousand TEU)	911.0	926.1	-15.1	-1.6
Total revenues	3,323	3,622	-299	-8.3
External revenues	3,321	3,621	-300	-8.3
EBITDA adjusted	99	150	-51	-34.0
EBIT adjusted	82	129	-47	-36.4
Employees (FTE as of Jun 30)	20,850	20,862	-12	-0.1

The individual products in the air and ocean freight line of business recorded weak performance in the period under review. The volumes of air and ocean freight declined year on year. ***Freight rates (1)*** were at a low level in both product groups. Total revenues and external revenues both fell by over 8 %.

The decline in fuel costs and purchased transport services had a positive impact on the expenses side, whereas we recorded higher personnel expenses during the period under review.

Adjusted EBITDA fell by a total of € 51 million to € 99 million, and adjusted EBIT decreased by € 47 million to € 82 million.

The number of employees fell slightly year on year as of June 30, 2013.

Contract logistics/SCM line of business

The contract logistics/SCM market sustained momentum throughout the first half of 2013. The development of both our existing and new business operations was very pleasing. In the fastest-growing line of business within the DB Schenker Logistics business unit, the focus of our business has been on increasing our capacity. In particular, we have increased our distribution and warehousing capacity in China, among other locations.

Contract logistics/SCM Selected key figures — € million	H1 2013	H1 2012	CHANGE absolute	CHANGE %
Total revenues	887	830	+57	+6.9
External revenues	887	830	+57	+6.9
EBITDA adjusted	45	36	+9	+25.0
EBIT adjusted	23	15	+8	+53.3
Employees (FTE as of Jun 30)	18,007	17,503	+504	+2.9

The development of revenues in the contract logistics/SCM line of business remained positive in the period under review. Among other things, we recorded good performance in the electronics sector and a slight improvement in the automotive business compared with the first half of 2012. As a result, total revenues and external revenues (both + 6.9 %) developed to our satisfaction.

In contrast, the rise in the cost of materials in the regions Central and West, coupled with the increase in personnel expenses due to the higher headcount, offset these positive effects to a significant extent. Depreciation rose slightly.

In terms of operating profit, adjusted EBITDA increased by € 9 million to € 45 million in the period under review, while adjusted EBIT rose by € 8 million to € 23 million.

The ongoing dynamic business development is reflected in a further increase in the number of employees as of June 30, 2013.

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SERVICES

DB Services business unit

BUSINESS DEVELOPMENT

DB Services Selected key figures – € million	H1		CHANGE	
	2013	2012	absolute	%
Total revenues [1]	1,523	1,567	- 44	- 2.8
External revenues [2]	132	140	- 8	- 5.7
EBITDA adjusted	90	134	- 44	- 32.8
EBIT adjusted	4	48	- 44	- 91.7
Gross capital expenditures	104	125	- 21	- 16.8
Employees (FTE as of Jun 30)	26,430	26,596	- 166	- 0.6

[1] The previous year's figures have been adjusted (€ + 880 million) for the effects of reclassification of other operating income to revenues.

[2] The previous year's figures have been adjusted (€ + 79 million) for the effects of reclassification of other operating income to revenues.

The development of the DB Services business unit mainly reflects the supportive nature of the business unit for customers within DB Group. Internal revenues of € 1,391 million continue to account for the majority of total revenues. These fell by 2.5 % during the period under review as a result of a decline in volumes for maintenance of rolling stock.

The cost of materials (– 9.8 %) decreased due to the decline in volume sold, lower fuel prices and the intra-Group transfer of the GSM-R business (Global System for Mobile Rail) to DB Netz. Personnel expenses rose (+ 3.1 %) as a result of wage increases. Higher costs in our IT business (DB Systel) and for consultancy services, among other things, had an impact on other operating expenses. Depreciation was more or less on a par with the first half of 2012.

Overall, adjusted EBITDA was down € 44 million to € 90 million, and adjusted EBIT fell by € 44 million to € 4 million in the first half of 2013.

Gross capital expenditures fell year on year as a result of lower procurement of new vehicles at DB Fleet Management and lower investments in the IT business unit. The key areas of capital expenditure are detailed in the chapter ***Capital expenditures (1)***.

The total number of employees fell slightly year on year as of June 30, 2013.

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INFRASTRUCTURE

Developments in the Stuttgart 21 project

The Supervisory Board of DB AG ratified the continued construction of the Stuttgart 21 project at an extraordinary meeting on March 5, 2013. The Supervisory Board approved the proposal by the Management Board of DB AG to increase funding for Stuttgart 21 by € 2 billion to a total € 6.526 billion. This € 2 billion includes increases in costs that have already been identified as well as other unforeseeable costs. Along with the decision to increase funding, the Supervisory Board also approved the Management Board's proposal to demand that project partners participate in the additional costs and enforce this decision in court, if necessary.

In future, a management company will be responsible for the Stuttgart 21 project and the new Wendlingen – Ulm railway line. The new project management company DB Projekt Stuttgart-Ulm GmbH will commence its work on September 1, 2013. The company will be run in the Infrastructure Board division. DB AG holds a 100 % stake in the company and the CEO will report directly to the Management Board of DB AG. In addition, a board of experts was appointed to advise the management. The company and the board of experts have been set up to improve the structures of the project, simplify processes and strengthen risk and contract management.

Extension of LuFV

The current Service and Financing Agreement (Leistungs- und Finanzierungsvereinbarung; LuFV) expires at the end of 2013. As an interim solution until a new LuFV has been concluded, we intend to reach an agreement with the Federal Ministry of Transport, Building and Urban Development (BMVBS) on an extension of the current LuFV for a period of up to two years. This would be linked to the agreement to invest an additional € 250 million in Federal funds in the existing network in both 2013 and 2014, which would be taken from the Federal requirement plan budget for these years.

DB Netze Track business unit

NEW FINANCING AGREEMENTS

Expansion of the mid-Germany line

In January 2013, BMVBS and DB Netz AG signed the financing agreement for the expansion of the Weimar – Gera railway line. A total of approximately € 70 million will be invested over the next few years to increase the efficiency of the mid-Germany line. This is an important step in the realization of the state of

Thuringia's transport concept, which aims to provide a fast and attractive connection between the cities of Weimar, Jena and Gera.

Expansion of the Rheintalbahn Müllheim – Auggen

The financing agreement between BMVBS and DB Netz AG for the four-track expansion of the Rheintalbahn line between Müllheim and Auggen (section 9.0b) was also signed in January 2013. Around € 200 million will be invested in this construction project over the next few years. The project includes the four-tracked expansion of the line north of the Katzenberg tunnel over a length of approximately 6 km.

GREEN LIGHT FOR ERTMS ON CORRIDOR A

The BMVBS has made the landmark decision that the German section (Emmerich – Basel) of the European rail freight corridor A (Rotterdam – Genoa) is to be equipped with the European signaling system European Rail Traffic Management System (ERTMS). The decision was based on a requirement by the EU Commission from the year 2008, according to which ERTMS is also compulsory for three more German routes along the European rail connections Stockholm – Naples, Dresden – Budapest and Aachen – Horka (border).

INVESTMENTS IN RAIL GRINDING MACHINES

DB Netz AG invested € 40 million in two new high-performance rail grinding machines for preventive maintenance, making us the first European infrastructure operator to have its own vehicles. The operating speed can be doubled to 12 km/h compared to the machines previously used, which considerably reduces the amount of time required for closing off sections for rail grinding.

OTHER EVENTS IN THE FIRST HALF OF 2013

> The introduction of a ***noise-based train-path pricing system (1)*** by DB Netz AG stipulates a supplementary charge on the regular train-path price for loud freight trains as of June 1, 2013.

BUSINESS DEVELOPMENT

Business development in the DB Netze Track business unit was less positive in the period under review. Considerably higher expenses due to wage increases, more extensive winter services and increased maintenance could be only partially offset by higher revenues as a result of price increases.

DB Netze Track
Selected key figures
– € million

	H1		CHANGE	
	2013	2012	absolute	%
Length of line operated (km)	33,306	33,319	–13	–
Train kilometers on track infrastructure (million train-path km)	511.1	517.8	–6.7	–1.3
thereof non-Group railways	120.3	112.6	+7.7	+6.8
share of non-Group railways (%)	23.5	21.7	–	–
Total revenues [1]	2,344	2,331	+13	+0.6
External revenues	492	472	+20	+4.2
share of total revenues (%) [1]	21.0	20.2	–	–
EBITDA adjusted	755	862	–107	–12.4
EBIT adjusted	292	398	–106	–26.6
Operating profit after taxes	92	178	–86	–48.3
ROCE (%)	3.3	4.5	–	–
Capital employed as of Jun 30	17,764	17,830	–66	–0.4
Net financial debt as of Jun 30, 2013/Dec 31, 2012	10,258	10,485	–227	–2.2
Redemption coverage (%) as of Jun 30	10.8	12.9	–	–
Gross capital expenditures	1,993	2,001	–8	–0.4
Net capital expenditures	485	509	–24	–4.7
Employees (FTE as of Jun 30)	42,191	41,662	+529	+1.3

1) The previous year's figures have been adjusted (€ +3 million) for the effects of reclassification of other operating income to revenues.

Train-path demand fell slightly by 1.3 % in the first half of 2013 as a result of declines in regional and freight transport. Demand from non-Group railways continued to rise, accounting for 23.5 % of total demand.

Total revenues rose by 0.6 %, mainly as a result of price increases. The development of external revenues reflects the increases in demand from non-Group railways, which resulted from the takeover of transport contracts in regional transport as well as from growth in rail freight transport. Other operating income fell significantly (–11.0 %). This was mainly due to the positive effects from the sale of land that did not recur in the reporting period.

The cost of materials rose (+4.9 %) on account of increased expenses for maintenance, winter services and energy. Personnel expenses (+5.8 %) rose as a result of wage increases and the slight year-on-year increase in the number of employees. Depreciation, on the other hand, fell slightly as a result of lower planned depreciation.

In total, adjusted EBITDA fell by € 107 million to € 755 million as a result of increased expenses, and adjusted EBIT decreased by € 106 million to € 292 million.

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As a result of an increase in operating net interest income, among other things due to lower effects due to compounding of pensions, the absolute decrease in operating profit after interest was somewhat less severe (€ −86 million to € 92 million) compared to the development of adjusted EBIT.

The sharp drop in adjusted EBIT led to a decrease in ROCE from 4.5% to 3.3%.

The slight decrease in net financial debt (−2.2%) compared to December 31, 2012 was primarily due to lower receivables.

Redemption coverage decreased slightly to 10.8% as of June 30, 2013 as a result of the increase in adjusted net financial debt with a simultaneous decrease in operating cash flow.

Gross capital expenditures remained more or less on a par with the previous year (−0.4%). Net capital expenditures fell as a result of an advance payment on investment grants (−4.7%). The key areas of capital expenditures are detailed in the chapter *Capital expenditures (1)*.

The number of employees (+1.3%) rose slightly year on year as of June 30, 2013, among other things due to recruitment for the purpose of securing young talent and as a result of high manufacturing penetration in track services.

DB Netze Stations business unit

BUSINESS DEVELOPMENT

In the first half of 2013, development of the DB Netze Stations business was characterized by marginal revenue growth as a result of increased expenses. This was primarily due to the severe winter and wage increases.

DB Netze Stations Selected key figures – € million	H1		CHANGE	
	2013	2012	absolute	%
Stations stops (million)	71.0	71.5	- 0.5	- 0.7
thereof non-Group railways	13.4	13.0	+ 0.4	+ 3.1
Total revenues	567	559	+ 8	+ 1.4
thereof station revenues	375	367	+ 8	+ 2.2
External revenues	224	218	+ 6	+ 2.8
EBITDA adjusted	183	203	- 20	- 9.9
EBIT adjusted	117	140	- 23	- 16.4
ROCE (%)	7.9	9.7	-	-
Capital employed as of Jun 30	2,963	2,875	+ 88	+ 3.1
Net financial debt as of Jun 30, 2013/Dec 31, 2012	1,372	1,406	- 34	- 2.4
Redemption coverage (%) as of Jun 30	21.7	26.2	-	-
Gross capital expenditures	241	189	+ 52	+ 27.5
Net capital expenditures	103	71	+ 32	+ 45.1
Employees (FTE as of Jun 30)	4,896	4,857	+ 39	+ 0.8

The number of station stops fell slightly by 0.7% in the first half of 2013 due to lower demand from customers in regional transport owing to the fact that February 2013 had one day less than the previous year.

The increase in total revenues (+1.4%) is attributable to higher station and rental revenues. The increase in external revenues reflects the increased number of station stops of non-Group railways. Other operating income was on a par with the level in the previous year.

In terms of costs, personnel expenses (+4.0%) rose as a result of wage increases, and costs of material also increased noticeably (+6.2%) due to higher energy and maintenance costs. Depreciation was slightly higher year on year as a result of an increase in property, plant and equipment.

Overall, the disproportionate rise in costs led to a decrease in adjusted EBITDA by € 20 million to € 183 million and a decrease in adjusted EBIT by € 23 million to € 117 million. The decline in adjusted EBIT and the rise in capital employed are reflected in lower ROCE.

Net financial debt fell slightly compared to the year-end. Redemption coverage decreased slightly to 21.7% as of June 30, 2013 as a result of the increase in adjusted net financial debt with a simultaneous decrease in operating cash flow.

Gross (+27.5%) and net capital expenditures (+45.1%) have increased considerably as a result of higher investments (such as the City Tunnel in Leipzig) in the period under review. The key areas of capital expenditures are detailed in the chapter *Capital expenditures (1)*.

The number of employees rose slightly year on year as of June 30, 2013.

DB Netze Energy business unit

SITE SELECTION LAW PASSED

According to the Atomic Energy Act, the Federal Government is responsible for providing facilities for the long-term storage and disposal of radioactive waste. A two-phase site selection process with full involvement of the public is to be conducted by December 31, 2031. The site selection law provides the legal basis for this process. According to legislation, the costs are to be borne by those liable to pay waste charges. DB Group's contribution to the total costs of around € 2.9 billion is expected to be approximately € 10 million in 2013 and further annual costs in the low millions from 2014 until 2022.

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RENEWABLE ENERGY SOURCES ACT (EEG) SURCHARGE TO BE IMPOSED

Contrary to previous practice, traction current will be fully subject to the Renewable Energy Sources Act (EEG) surcharge in future. This will result in additional costs for DB Group in the mid double-digit millions. An abolition of the load limits for rail transport is also being discussed as part of the EEG amendment. If the policymakers repeal this special compensation scheme, this would imply significant potential costs for rail transport in the future.

INCREASE IN THE SHARE OF RENEWABLE ENERGIES

DB Netze Energy has increased the proportion of zero-emissions power sources and concluded ***new supply agreements (1)***.

BUSINESS DEVELOPMENT

In the first half of 2013, DB Netze Energy was faced with lower demand, new regulatory requirements and changing market conditions, all of which had a significant impact on revenues and profits.

DB Netze Energy Selected key figures — € million	H1		CHANGE	
	2013	2012	absolute	%
Traction power (16.7 Hz) (GWh)	5,186	5,230	- 44	- 0.8
Stationary energy (50 Hz and 16.7 Hz) (GWh)	1,782	2,689	- 907	- 33.7
Diesel fuel (million l)	229.5	235.4	- 5.9	- 2.5
Total revenues [1]	1,393	1,461	- 68	- 4.7
External revenues [2]	453	550	- 97	- 17.6
EBITDA adjusted	77	97	- 20	- 20.6
EBIT adjusted	35	55	- 20	- 36.4
ROCE (%)	7.9	12.1	-	-
Capital employed as of Jun 30	879	909	- 30	- 3.3
Net financial debt as of Jun 30	211	315	- 104	- 33.0
Redemption coverage (%) as of Jun 30	33.5	43.4	-	-
Gross capital expenditures	32	60	- 28	- 46.7
Net capital expenditures	18	42	- 24	- 57.1
Employees (FTE as of Jun 30)	1,652	1,630	+ 22	+ 1.3

[1] The previous year's figures have been adjusted (€ + 21 million) for the effects of reclassification of other operating income to revenues.

[2] The previous year's figures have been adjusted (€ + 1 million) for the effects of reclassification of other operating income to revenues.

Demand for traction current was down slightly in the first half of 2013, in particular as a result of the situation in rail freight transport. The turbulence on the market for stationary energy had a more severe impact, leading to a drop in demand of almost 34%. The decline in demand for diesel fuels (−2.5%) was attributable to the economic climate.

The drop in demand for stationary energy also had a major impact on total and external revenues. The effects of passing on increases in statutory energy surcharges and switching to renewable energy sources on long-distance transport counteracted the decline in total revenues, which was not quite so severe as a result (total revenues: − 4.7%; external revenues: −17.6%).

In contrast, other operating income remained more or less unchanged.

The slight decline in volume led to a decrease in energy purchasing expenses. As a result, the increase in other expense items was more than offset. Alongside wage increases, the implementation of regulatory requirements in business processes and IT systems had a particular effect on personnel and other operating expenses. Depreciation remained largely unchanged.

The decline in revenues, coupled with additional costs, ultimately led to a deterioration in adjusted profits: adjusted EBITDA fell by € 20 million to € 77 million and adjusted EBIT decreased by € 20 million to € 35 million.

The significant decrease in adjusted EBIT also had a substantial negative impact on ROCE, despite the lower amount of capital employed.

Net financial debt fell significantly compared to the end of 2012 as a result of positive cash flow performance.

Redemption coverage fell to 33.5% year on year due to the decline in operating cash flow.

Both gross and net capital expenditures fell significantly year on year. This was due to the effects in the previous year related to the decommissioning of the Neckarwestheim power station (GKN I). The key areas of capital expenditures are detailed in the chapter ***Capital expenditures (2)***.

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Customer and quality

> CUSTOMER AND QUALITY INITIATIVE CONTINUES
> PUNCTUALITY FIGURES REMAIN HIGH
> PRODUCT QUALITY DEVELOPING AT A STABLE LEVEL

With the DB2020 strategy, we have created a framework approach that harmonizes economic, social and ecological factors in order to ensure the sustainable success of our company and social acceptance. As a profitable market leader, we want to offer our customers first-class mobility and logistics solutions. A key prerequisite for doing so is a continued strong focus on customer and quality.

CUSTOMER AND QUALITY INITIATIVE WITH A FOCUS ON PUNCTUALITY

We are continuing the customer and quality initiative, which has existed since 2010, in 2013. In recent years, our focus has been on preparatory measures aimed at improving operations, especially on harsh winter days. The current ***Bahntest 2013 (1)*** conducted by German transport association Verkehrsclub Deutschland (VCD) shows that the measures have proved effective. We have been focusing on improving the punctuality of passenger and freight transport since the beginning of 2013. Furthermore, the customer and quality initiative provides support to the business units for their restructuring activities or the further development of their improvement management and constitutes the central platform for exchange for Group-wide improvement management at the decision-making level.

PUNCTUALITY PERFORMANCE

Product quality is one of the top three goals of our customer and quality strategic direction. The central indicator of this is ***punctuality performance (2)*** in the individual business units.

Punctuality passenger transport (rail) – %	H1 2013	2012	2011
German rail passenger transport	94.8	94.6	94.8 [1]
DB Bahn Long-Distance	75.2	79.1	80.0
DB Bahn Regional	95.2	94.9 [1]	95.1 [1]
Regional trains	93.4	93.3	93.2
S-Bahn (metro) d.c.	95.8	95.6	95.5
S-Bahn (metro) a.c.	97.8	96.9	98.0
DB Arriva	92.8 [2]	91.9	93.6

1) Figure adjusted.
2) Preliminary figure.

In the first half of 2013, the average degree of punctuality for all passenger trains in Germany increased to 94.8 %, compared to 94.6 % for all of 2012.

We recorded a significant decline in the punctuality of long-distance transport. The decline is mainly attributable to disruptions to infrastructure facilities and vehicles due to winter weather conditions that lasted into March 2013. Additionally, we saw considerable operational constraints from a number of unusual events, such as the flood and the storm “Norbert.” The effects of the flood will have a negative impact on punctuality performance for some time to come. The rate of people making their train connections as of the end of June 2013 totaled 86.9 % (as of December 31, 2012: 88.7 %).

The punctuality rate of our rail passenger transport operations in Europe improved slightly in the first six months of 2013 by 0.9 percentage points to 92.8 % (as of December 31, 2012: 91.9 %).

Rail freight transport

Punctuality rail freight transport – %	H1 2013	2012	2011
Punctuality (15 minutes) in Europe	68.3 [1]	69.9	68.0

1) Preliminary figure.

The punctuality of our trains in rail freight transport decreased slightly in the reporting period. The primary cause of this decrease was the prolonged winter weather conditions at the beginning of the year. The effects of the flood have additionally been negatively impacting punctuality since June 2013.

(1) > www.vcd.org/bahntest_2013.html (2) > www.bahn.de/puenktlichkeit

INFRASTRUCTURE PRODUCT QUALITY

Infrastructure product quality in Germany – %	H1 2013	2012	2011
DB Netze Track			
Total punctuality [1]	93.6	93.7	93.6
DB Netze Stations			
Facilities quality (grade)	3.03 [2]	3.05 [3]	3.06
DB Netze Energy			
Supply reliability	100.00	100.00	99.99

[1] Non-Group and DB Group train operating companies.
[2] Preliminary figure.
[3] Figure adjusted.

The product quality indicators in our infrastructure business units improved steadily in the first half of 2013.

Overall punctuality for our products in Germany as of the end of June 2013 remained virtually unchanged, averaging 93.6 % (December 31, 2012: 93.7 %).

The quality of facilities is calculated using a highly detailed evaluation and weighting scheme. In the first half of 2013, this indicator improved slightly to an index value of 3.03 (December 31, 2012: 3.05).

The security of supply at DB Netze Energy continues to remain at a rounded value of 100 %.

Social

> INTERNATIONALIZATION OF HUMAN RESOURCES
> INCREASE IN OUR ATTRACTIVENESS AS AN EMPLOYER
> CULTURAL CHANGE PROGRESSES

With the DB2020 strategy, we have created a framework approach that harmonizes economic, social and ecological factors in order to ensure the sustainable success of our company and social acceptance. We have set an ambitious goal in terms of social factors. We want to become a top employer and be one of the ten leading companies in Germany by 2020.

DEVELOPMENT OF THE NUMBER OF EMPLOYEES

	FULL-TIME EMPLOYEES (FTE)					NATURAL PERSONS				
			CHANGE					CHANGE		
Employees by business unit	Jun 30, 2013	Dec 31, 2012	absolute	%	Jun 30, 2012	Jun 30, 2013	Dec 31, 2012	absolute	%	Jun 30, 2012
DB Bahn Long-Distance	16,449	15,947	+ 502	+ 3.1	16,159	17,486	16,963	+ 523	+ 3.1	17,147
DB Bahn Regional	36,948	36,959	- 11	–	37,296	38,576	38,551	+ 25	+ 0.1	38,861
DB Arriva	46,216	39,545	+ 6,671	+ 16.9	37,447	48,924	42,274	+ 6,650	+ 15.7	39,304
DB Schenker Rail	31,536	31,770	- 234	- 0.7	32,240	31,911	32,127	- 216	- 0.7	32,577
DB Schenker Logistics	64,129	64,199	- 70	- 0.1	63,790	66,824	67,005	- 181	- 0.3	66,547
DB Services	26,430	26,375	+ 55	+ 0.2	26,596	27,484	27,466	+ 18	+ 0.1	27,727
DB Netze Track	42,191	41,400	+ 791	+ 1.9	41,662	42,883	42,066	+ 817	+ 1.9	42,325
DB Netze Stations	4,896	4,797	+ 99	+ 2.1	4,857	5,151	5,046	+ 105	+ 2.1	5,106
DB Netze Energy	1,652	1,626	+ 26	+ 1.6	1,630	1,676	1,649	+ 27	+ 1.6	1,650
Other	25,287	24,890	+ 397	+ 1.6	24,538	26,643	26,200	+ 443	+ 1.7	25,841
DB Group	**295,734**	**287,508**	**+ 8,226**	**+ 2.9**	**286,215**	**307,558**	**299,347**	**+ 8,211**	**+ 2.7**	**297,085**
– Effects from changes in the scope of consolidation	5,986	–	+ 5,986	–	–	6,024	–	+ 6,024	–	–
DB Group comparable	**289,748**	**287,508**	**+ 2,240**	**+ 0.8**	**286,215**	**301,534**	**299,347**	**+ 2,187**	**+ 0.7**	**297,085**

In order to guarantee better comparability over time, the number of employees within DB Group is calculated on the basis of full-time employees (FTE). Figures for part-time employees are measured in accordance with their share of the regular annual working time. On a like-for-like basis, DB Group had 289,748 employees as of June 30, 2013, which is an increase of 2,240 employees compared to December 31, 2012. This increase was primarily the result of the expansion of business activities at DB Arriva and new hires at DB Netze Track and DB Bahn Long-Distance. The effects arising from changes in the scope of consolidation are almost exclusively the result of the acquisition of Veolia Eastern Europe (5,919 employees).

As of June 30, 2013, the number of employees (natural persons) within DB Group had risen to 307,558 (as of December 31, 2012: 299,347 employees).

Employees by region

Employees by region as of Jun 30 — in FTE	2013	2012	CHANGE absolute	CHANGE %
Germany	188,094	187,234	+ 860	+ 0.5
Europe (excluding Germany)	83,872	75,484	+ 8,388	+ 11.1
Asia/Pacific	13,808	13,596	+ 212	+ 1.6
North America	7,390	7,456	- 66	- 0.9
Rest of world	2,570	2,445	+ 125	+ 5.1
DB Group	**295,734**	**286,215**	**+ 9,519**	**+ 3.3**

Employees by region as of Jun 30 — natural persons	2013	2012	CHANGE absolute	CHANGE %
Germany	196,030	194,972	+ 1,058	+ 5.4
Europe (excluding Germany)	87,610	78,450	+ 9,160	+ 11.7
Asia/Pacific	13,856	13,646	+ 210	+ 1.5
North America	7,492	7,569	- 77	- 1.0
Rest of world	2,570	2,448	+ 122	+ 5.0
DB Group	**307,558**	**297,085**	**+ 10,473**	**+ 3.5**

The number of employees in the regions Germany and Europe (excluding Germany) had increased noticeably as of June 30, 2013.

In Germany, the rise resulted in particular from increased staffing requirements in the DB Netze Track and DB Bahn Long-Distance business units. We hired a total of approximately 5,600 new employees in Germany and retained some 1,400 trainees in the period under review. On the other hand, we lost employees due to staff turnover and retirement.

In the region Europe (excluding Germany), the number of employees in the DB Arriva business unit increased primarily due to the acquisition of ***Veolia Eastern Europe (1)***.

As of June 30, 2013, employees outside of Germany accounted for approximately 36 % of total employees (as of December 31, 2012: approximately 35 %).

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IMPLEMENTING THE DB2020 STRATEGY

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

Strategic personnel planning

Further progress was made on internationalization in the first half of 2013. In the pilot project with Schenker Rail Polska, it was possible to complete the model for strategic personnel planning. We have also continued our pilot project in Denmark. In the process, we tested to what extent the methods and tools of strategic personnel planning could be transferred to the challenges and general conditions there. With DB Arriva and DB Schenker Rail, further pilot projects in Great Britain are in the planning stage.

Personnel recruitment

The employer campaign “Kein Job wie jeder andere” (A job like no other), which was launched in November 2012, was successfully continued in the first half of 2013. Public awareness of the campaign’s measures is growing. The number of applications rose on average by approximately 40 %. The involvement of employees in the new effort at employer branding was honored with an award. DB Group received the special prize “Employer Branding Innovation of the Year” at the 2013 trendence Awards. The trendence Institute is Europe’s leading research institute specializing in employer branding, personnel marketing and recruiting, and surveys more than 530,000 pupils, students and young professionals from around the world every year on career plans and ideal employers.

Furthermore, DB Group’s employer image has continued to improve. A ranking of employers published in April 2013 in manager magazin shows that DB Group jumped 14 spots from 28th to 14th place among university and college graduates in just four years.

Personnel development

We secure our employees’ expertise and commitment through strategically oriented and appealing personnel development. Throughout the process, we focus increasingly on developing skilled employees and management talent from within the Group.

The *new management philosophy (1)* continued to be further established in the business units in the first half of 2013.

Competitive and attractive employment conditions

In March 2013, the round of wage negotiations between DB Group and the Railway and Transport Workers Union (Eisenbahn- und Verkehrsgewerkschaft; EVG) was concluded. The new collective agreement with a term of 19 months ends on July 31, 2014. It provides for a wage increase for approximately 130,000 DB employees in two stages: an increase of 3% as of May 1, 2013 and another 3% as of April 1, 2014. A one-time payment of € 500 was additionally agreed upon. As of July 1, 2014, employer-financed payments to the company retirement benefit scheme will be increased by one percentage point.

An agreement was also reached with the EVG in the payment negotiations of the railway companies involved in the regional rail passenger transport collective branch agreement. In addition to the representatives of DB Group, representatives from Abellio, BeNEX, Hessische Landesbahn, Keolis, Netinera, Veolia Verkehr, and Arbeitgebervereinigung öffentlicher Nahverkehrsunternehmen e.V. (AVN) were involved in the negotiations. The collective branch agreement stipulates a wage increase of 3% on February 1, 2013 and another 3% on April 1, 2014. The term of the agreement begins on February 1, 2013 and ends on December 31, 2014.

In January 2013, DB Group and the German Train Drivers' Union (Gewerkschaft Deutscher Lokomotivführer; GDL) resumed negotiations on a future collective agreement.

Further developing corporate culture

DB Group took another important step in the cultural development process with the Group-wide employee survey conducted in fall 2012. We are not using the findings solely to realistically gauge the opinions of our employees. For the purposes of a sustainable follow-up process, specific measures for making changes at all levels in the Group are being taken from the findings: for the enterprise as a whole, the business units and especially the individual teams. It is still a key goal to work on management culture and take employee suggestions into even greater consideration. To this end, there are some 7,800 mandatory follow-up workshops in Germany, in which executives determine areas of action and measures for improvement together with their employees. There are approximately 3,000 follow-up activities planned for 2013 in the international units of DB Schenker Logistics and DB Schenker Rail. Forty-one action plans have been launched at DB Arriva. In the first half of 2013, approximately 8,500 of the about 10,800 total Group-wide follow-up workshops and activities planned had already taken place and 99,100 employees had participated.

Additionally, an international, regional dialogue on the future of the further development of corporate culture took place in Poland in February 2013. Another event will be conducted in the Netherlands in fall 2013.

EQUAL OPPORTUNITIES AND DIVERSITY

In June 2013, we took part in various activities at the 1st German Diversity Day 2013. This national day of action was initiated by the organization Charta der Vielfalt e.V. The organization seeks to establish lasting diversity in the German economy. Special focus at the moment is being placed on increasing the proportion of women, and we have created measures for this purpose. From now on, there must be at least one suitable female candidate among the other candidates when filling management positions. As of June 30, 2013, the proportion of women in the overall workforce in Germany had gone up. In particular, the proportion of women in executive positions had risen to 16.8% (as of December 2012: 16.4%).

Environmental

> EXPANDED GREEN SERVICES
> USE OF RENEWABLE ENERGY EXPANDED
> ADVANCED NOISE REDUCTION IN RAIL FREIGHT TRANSPORT

With the DB2020 strategy, we have created a framework approach that harmonizes economic, social and ecological factors in order to ensure the sustainable success of our company and social acceptance. *Environmental friendliness (2)* is part of DB Group's brand and performance pledge. That's why we have set ourselves the ambitious goal of being an eco-pioneer.

(1) > 2012 Annual Report Page 145 (2) > 2012 Annual Report Page 149 ff.

FURTHER PROGRESS IN CLIMATE PROTECTION

DB Group has set itself the goal of reducing Group-wide specific CO_2 emissions by 20 % by 2020 when compared to emissions from 2006. Through the implementation of a number of measures, we are steadily coming closer to reaching this goal. We were able to achieve an emissions reduction of 12.3 % by the end of 2012.

Long-distance trains travel on eco-power

In the first half of 2013, we further increased our advantageous position as a climate- and environmentally friendly mode of transport. Since April 2013, around five million BahnCard and season card holders have traveled on 100 % eco-power at no extra charge on our ICE, IC and EC trains in Germany. All corporate passengers registered at bahn.corporate travel CO_2-free as well on long-distance trains. Therefore, at least 75 % of all long-distance journeys in Germany are powered in full by renewable energy. We procure the required amount of electricity for the journeys from 100 % renewable energy sources. TÜV SÜD reviews the calculations. DB Energy, DB Group's energy provider, ensures the requisite supply of eco-power. With our efforts to go green in our long-distance transport, we have considerably sped up the increase in the share of renewable energy used overall in traction current.

Amount of energy from wind and hydropower increased

In March 2013, DB Energy contracted an additional two wind farms along the North Sea coast in the community of Krummhörn, located near Emden. Owner and operator of the facilities is EWE Windservice GmbH.

Like the power generated at the two wind farms Märkisch-Linden (March 2010) and Hoher Fläming (January 2011) in Brandenburg, as well as at Elsdorf II (November 2011) in Lower Saxony, the power generated at the North Sea is put into DB Energy's accounting grid and used for powering trains. The 15 wind turbines in Krummhörn deliver approximately 36 million kWh of electricity. This increases the total amount that DB Energy obtains from wind power to 48 wind turbines with an annual output of approximately 140 million kWh. This results in around 82,000 fewer tons of CO_2.

In addition, DB Energy and VERBUND, Austria's leading power company, signed a contract at the beginning of 2013 for the delivery of green hydropower to be used for rail transport in Germany. VERBUND now supplies DB Energy with approximately 300 million kWh of eco-power per year. The contract is effective until 2015. Besides the contracts with RWE for over 900 million kWh and with E.ON for over 600 million kWh, this is the third large hydropower contract that DB Energy has entered into. Because of this, the amount of hydropower in the traction current mix will increase to more than 20 % as of 2015.

New car-sharing concepts launched

In March 2013, a further milestone for the use of electric cars with Flinkster, DB Group's car-sharing program, was achieved with the start of "e-Mobil Saar." This research project on electromobility, sponsored by the Federal Ministry of Transport, Building and Urban Affairs (Bundesministerium für Verkehr, Bau und Stadtentwicklung; BMVBS), aims to link local public transport and individual transport more closely together. Through the use of electric vehicles, public mobility options are increasing and becoming ever more environmentally friendly.

The research project "Elektromobiles Thüringen in der Fläche" (EMOTIF) is testing electromobility, particularly in rural and tourist regions. In cooperation with regional tourism organizations, the electric-vehicle car-sharing option represents an attempt to guarantee the mobility of train travelers in their effort to connect to tourist destinations in the region of Erfurt/Weimar/Jena/Eisenach.

In cooperation with DB Netz, a similar project was launched at the train station in Garmisch-Partenkirchen in July 2013. Electric vehicles in the e-Flinkster car-sharing program are available there as well.

Furthermore, Peugeot Germany and DB Energy renewed their collaboration and expanded the partnership by including the Peugeot subsidiary Citroën. DB Energy provides support to the automobile manufacturer in the marketing of its electric vehicles in Germany with energy-efficient services that range from recharging infrastructure to power supply.

Trucks in Sweden fueled by liquefied biogas

At the end of March 2013, DB Schenker Sweden put the first trucks into operation that run on so-called frozen biogas. This refers to a type of gas containing methane that is used as an alternative fuel. The source is key. It is touted as a second-generation biofuel since it comes from organic waste and therefore poses no competition to the cultivation of food. The reduction in greenhouse gases with respect to conventional diesel fuel is above 80 %, according to a complete analysis of the fuel cycle (well-to-wheel; WTW).

Information and assistance for employees

In order to provide comprehensive and up-to-date information to its employees and assistance in their dealings with clients, DB Schenker Logistics organized an electronic course called "Eco Training 2013." It is available to all employees of DB Schenker Logistics. Over the course of four modules, employees learn about the relevance of environmental and climate protection, which goals DB Group as a whole and DB Schenker in particular have set for themselves, and who the contact people in the company are.

LOWERING EMISSIONS

The first phase of our new tender procedure for cleaning exhaust gases on construction sites went into effect on July 1, 2013. It applies initially to inner urban areas. The tender procedure specifies contractual obligations regarding the use of low-emissions vehicles and construction machinery. Our fundamental requirements are green stickers for road vehicles and a particulate reduction system for all other diesel-operated construction machines that removes at least 90 % of particulate matter. The three-stage regulatory model will increase emissions standards in July 2015 and again in July 2018, while still limiting permissible exceptions at the present and expanding the geographical area to which it applies.

FURTHER REDUCTIONS IN RAIL NOISE POLLUTION

Another major part of our environmental activities is the aim of halving rail noise pollution between 2000 and 2020 across Germany. Noise reduction is one of the top goals within the scope of our ***Group target system (1).***

Noise reduction in rail freight transport

As part of our plan to reduce freight vehicle noise, the approval of LL brake shoes in June 2013 for the complete retrofitting of DB Schenker Rail's existing freight car fleet was a big step forward.

The retrofitting is supported by the noise-based train-path pricing system. Since June 1, 2013, DB Netz AG has been charging a noise-based fee for loud freight trains. Specifically, the noise-based train-path pricing system includes a surcharge of 1 % on train-path prices. This surcharge will be gradually increased over the eight-year eligibility period. Freight trains that consist of at least 80 % of freight cars with quiet braking technology are exempt from the surcharge. Since the last timetable change on December 9, 2012, train operating companies have been receiving a mileage-based bonus of 0.5 cents per axle kilometer or a maximum of € 211 per axle when using quiet, retrofitted freight cars. In addition, the BMVBS introduced an incentive program at the end of 2012 that assists wagon keepers in retrofitting their freight cars. In order to receive these bonuses, the threshold values as set by the "Technical Specification for Interoperability – Noise " must be observed, regardless of the type of brake shoe (K brake shoes or LL brake shoes).

Within the framework of the infrastructure modernization acceleration program (IBP II), the Federal Government has allocated € 40 million for a special program on noise control for 2013 and 2014. In addition to the noise abatement program, this money finances noise mitigation measures on the track, such as the installation of rail dampers or the trial installation of noise-reduced rails and a low-noise switch.

DESTINATION NATURE RECEIVES AWARD

Destination Nature – a partnership between DB Group and the environmental associations BUND (Friends of the Earth Germany), NABU (Nature and Biodiversity Conservation Union) and German transport association Verkehrsclub Deutschland (VCD) – was distinguished as an official project of the UN Decade on Biodiversity in March 2013. This honor is awarded to projects that work to preserve biological diversity in an exemplary fashion. As a result, Destination Nature is the first tourism project to receive this award. At the same time, it is also the first project in which a large commercial enterprise such as DB Group is involved.

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Additional information

> DB GROUP CONTINUES TO INVEST IN MODERNIZING ITS VEHICLE FLEET
> FIRST PARTIAL SETTLEMENT REACHED WITH MEMBER OF RAIL CARTEL

SIGNIFICANT CONTRACT AWARDS

Infrastructure

- We awarded contracts for the Hanau – Nantenbach expansion line for construction services for four tunnels as well as renewal and alteration measures. The contract volume was approximately € 224 million.
- As part of the Stuttgart 21 project, we awarded contracts for the new Stuttgart Hbf – Stuttgart Nord line, cut-and-cover construction of the tunnel and the construction of the new S-Bahn (metro) station. The contract value amounted to around € 56.8 million.
- We awarded contracts for the planning and cut-and-cover construction of the tunnel for the new Widderstall tunnel line (length: 962 m), which will run parallel to autobahn A8. The contract volume totaled € 36.7 million.

Vehicles

- In March 2013, we awarded Bombardier Transportation a contract for the delivery of 12 electric double-deck multiple units for regional transport. The capital expenditure volume is approximately € 116 million.
- In June 2013, we signed a framework agreement with Bombardier Transportation for the delivery of up to 450 electric locomotives for regional and freight transport. The capital expenditure volume is approximately € 1.5 billion. We immediately ordered 110 locomotives for DB Schenker Rail and 20 locomotives for DB Bahn Regional.
- In June 2013, we also ordered 60 new trains from Bombardier Transportation for the S-Bahn (metro) Hamburg. The capital expenditure volume is approximately € 327 million.

OTHER LEGAL ISSUES

First partial settlement reached in rail cartel case

In 2012, the Federal Cartel Office imposed stiff fines against members of the so-called ***rail cartel (1)*** consisting of Thyssen-Krupp, Vossloh and voestalpine.

DB Group reached an agreement with voestalpine effective April 30, 2013, which stipulates, among other things, the payment of a high double-digit-million sum to compensate damages caused by the cartel in connection with direct deliveries of tracks and switch heaters. Because the majority of the compensation will be passed on to the parties that awarded the investment grants, the agreement with voestalpine was subject to approval by the Federal Government and a number of Federal states.

DB Group continues to pursue its claims against the other members of the cartel as part of the civil case still pending with the District Court (Landgericht) in Frankfurt.

Risk and opportunities report

> INTEGRATED RISK MANAGEMENT ENSURES TRANSPARENCY
> MAJOR RISKS POSED BY MACROECONOMIC RISKS, MARKET RISKS AND OPERATIONAL RISKS
> PORTFOLIO WITHOUT ANY RISKS TO DB GROUP AS A GOING CONCERN

Our business activities are associated with risks as well as opportunities. Our business policy therefore aims to take advantage of opportunities through our opportunity management system while also actively managing those risks 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). DB Group's ***risk management system (2)*** was not significantly modified in the first half of 2013.

The main economic ***opportunities (3)*** and ***risks (4)*** of DB Group are also unchanged: No major changes have occurred compared with the details set out in the 2012 Annual Report with the exception of the damages and expenses in connection with the June 2013 flood, which have yet to be estimated.

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

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

Events after the balance sheet date

> NEW MANAGEMENT BOARD MEMBER FOR THE TECHNOLOGY BOARD DIVISION APPOINTED
> FINE IMPOSED AGAINST MORAVIA STEEL
> ADDITIONAL BOND ISSUED

NEW MANAGEMENT BOARD MEMBER FOR THE TECHNOLOGY BOARD DIVISION APPOINTED

In its extraordinary meeting on July 22, 2013, the Supervisory Board of DB AG and DB ML AG appointed Dr. Heike Hanagarth as Management Board member of DB AG and DB ML AG as of the earliest possible date. Dr. Heike Hanagarth will be in charge of the Technology Board division.

FINE IMPOSED AGAINST MORAVIA STEEL

On July 11, 2013, the Federal Cartel Office imposed a fine of € 10 million against Moravia Steel Deutschland GmbH for anti-competitive collusion in connection with the delivery of tracks to DB Group. The Federal Cartel Office had already imposed fines totaling € 124.5 million in July 2012 against group companies belonging to ThyssenKrupp, voestalpine and Vossloh that were also involved in the cartel. The move completed legal proceedings against manufacturers and suppliers of tracks in connection with anti-competitive collusion at the expense of DB Group.

In December 2012, DB Group filed a civil lawsuit against group companies belonging to ThyssenKrupp, Vossloh and Moravia Steel as well as against the former owners of Vossloh subsidiary Stahlberg Roensch GmbH with the District Court (Landgericht) in Frankfurt am Main in connection with collusion. DB Group reached an agreement with voestalpine effective April 30, 2013, which stipulates the payment of a high double-digit-million sum to compensate damages caused by the cartel in connection with direct deliveries of tracks and switch heaters. The Federal Government receives the appropriate share of the damages.

THALYS TO BE REORGANIZED

We intend to pull out of European high-speed Thalys completely by 2015. At the present time, France's SNCF holds a 62 % stake in the company; Belgium's SNCB holds 28 % of all shares, while DB Fernverkehr AG holds 10 %. With this decision, we will focus on our own ICE connections between Brussels and Frankfurt via Cologne.

ADDITIONAL BOND ISSUED

In July 2013, we issued an additional bond with a total volume of GBP 300 million (€ 346 million) through the Group's financing company, DB Finance. The bond has a term of 13 years and was placed mainly with institutional investors in Great Britain.

Outlook

> SUBDUED OUTLOOK FOR ECONOMIC DEVELOPMENT
> REVENUES AND PROFIT OUTLOOK ADJUSTED
> OUTLOOK REMAINS CLOUDED BY UNCERTAINTY

At the time this report was created, there was still a high level of uncertainty surrounding worldwide economic developments. In particular, the outcome of the sovereign debt crisis and its possible consequences are not entirely predictable. Our expectations for the development of economic growth throughout 2013 are cautiously positive. The climate of recession in some countries, particularly in the Eurozone, will remain unchanged.

FUTURE DIRECTION OF DB GROUP

The future direction of DB Group is described on page 167 of the 2012 Annual Report. There were no changes during the period under review.

ECONOMIC OUTLOOK

In accordance with the estimations available at the time this report was created, the economic conditions are expected to improve slightly over the course of the year. Weak economic conditions so far this year mean, however, that growth rates in full-year 2013 will be down on those seen in 2012. In light of the weak first half of the year, we have revised our outlook downwards for the economic environment and the development of the relevant markets. This should be accompanied by slightly increasing foreign trade activities. The main contributing factor in this regard will be the course of developments in countries which are decisive for global trade, such as the USA, Japan, China and also countries in the Eurozone.

Anticipated development – %	2012	2013 (outlook Mar 2013)	2013 (outlook Jul 2013)
GDP World	+2.3	> +2.0	≥ +2.0
World trade	+2.6	+2.5	< +2.5
GDP Eurozone	– 0.5	– 0.5	< – 0.5
GDP Germany	+ 0.9 [1)]	+ 0.5	< + 0.5

[1)] Not adjusted for calendar-related effects: + 0.7 %.
Expectations for 2013 are rounded off to the nearest half percentage point.

Based on consistently positive fundamentals in the USA, it is anticipated that economic growth in the second half of 2013 will be similar to the increase recorded at the beginning of the year. A more restrictive monetary policy and progressive effects from the sequester may, however, restrict growth opportunities. Economic development in Japan is likely to maintain its positive direction. It is anticipated that growth in China will slow, yet remain at a high level. China will provide a significant part of the demand for goods and services which Japan and other export nations such as Germany require to boost global economic growth.

A majority of Eurozone countries is also dependent on demand from the USA and China. As a result of the difficult situation on the national labor markets in the countries affected by the crisis, the tendency of households to be over-indebted and corresponding poor sales prospects, companies have increasingly focused their activities on the foreign trade sector. Together with shrinking imports based on lower domestic demand, the growth-enhancing effects from net exports rise for the economy as a whole. Private and public consumption as well as fixed asset investment will negatively impact overall economic development in 2013, as in the previous year. Over the course of the year, the Eurozone on the whole is expected to experience a similar decline as in 2012. Crisis-hit countries Portugal, Italy, Greece and Spain will continue to be the driving forces behind this development; however, core EU countries such as the Netherlands and France will also record an overall economic contraction for 2013 as a whole.

We expect slight economic growth for Germany in 2013. A decline in fixed asset investment and – in contrast to 2012 – in foreign trade is anticipated; this is likely to have a negative effect on overall economic development. The downturn in foreign trade will put pressure on the manufacturing sector in particular, including the export-oriented automobile and mechanical engineering industries. Public spending is expected to rise again in 2013. A consistently positive development is also anticipated with regard to private consumption. The main contributing factor to this is the stable labor market which will ensure robust growth in incomes and low unemployment.

ANTICIPATED DEVELOPMENT OF THE RELEVANT MARKETS

Anticipated development of the relevant markets – %	2012	2013 (outlook Mar 2013)	2013 (outlook Jul 2013)
German passenger transport market (based on pkm)	- 0.6	≤ + 0.5	≤ + 0.5
European rail passenger transport market (based on pkm)	- 0.5	< - 0.5	< - 0.5
German freight transport market (based on tkm)	- 1.7	≥ 0.0	≤ 0.5
European freight transport market (based on tkm)	- 4.0	≤ 0.0	≤ - 1.5
European land transport (based on revenues)	+ 1.4	+ 1.0 to + 3.0	+ 0.5 to + 1.5
Global air freight (based on t)	- 2.5	0.0	- 1.0
Global ocean freight (based on TEU)	+ 3.5	+ 4.0	+ 2.0
Global contract logistics (based on revenues)	+ 5.9	+ 5.5 to + 6.0	+ 5.5 to + 6.0

Expectations for 2013 are rounded off to the nearest half percentage point.

Passenger transport

The weakening economic momentum as well as the severe winter and the flood will have a dampening effect on the development of the German passenger transport market in 2013. We still expect modest growth. Taking into consideration year-to-date developments in 2013 and based on the ongoing difficult economic situation in some European countries, we continue to anticipate a slight decline in volume sold with regard to European rail passenger transport.

Transport and logistics

The outlook for the German freight transport market remains subdued. Best-case scenario would be a very moderate increase in volume sold in comparison to the previous year. Additional negative impacts are expected, however, as a result of the flood.

Our expectations for the rail freight transport market in Europe have further deteriorated in view of developments in the first half of 2013 and the ongoing weak economic climate.

The European land transport market is still set to recover slightly in the second half of 2013; however, the increase will be weaker than previously expected. In contrast, the prospects for ocean freight have deteriorated. With regard to ocean freight, we assume that growth will most likely fall below the growth rates reached in previous years. We expect a slight decline in air freight. The contract logistics market is still anticipated to develop positively.

Infrastructure

We continue to anticipate that train-path demand will decrease in 2013. This should be enhanced by the repercussions of the flood.

With regard to the number of station stops, we now expect that stable developments in previous years will be confirmed in 2013. The slight increase expected to date should be compensated by the flood.

ANTICIPATED DEVELOPMENT OF THE PROCUREMENT AND FINANCIAL MARKETS

Anticipated development of the procurement markets

As in the previous year, we do not expect to encounter any major bottlenecks on the procurement side during the 2013 financial year. We anticipate, however, high volatility on the markets for primary energy sources in the future. Following the parliamentary elections, numerous decisions with regard to the German energy market should provide for changes. Overall, we anticipate a moderate rise in energy and raw material prices.

The central hedging policy of DB Group is based on the principle of minimizing energy price fluctuations and the corresponding effects on results. In this context, a rolling hedge program has been established which uses graduated levels of hedging in the future.

Anticipated development of the financial markets

The further development of the European sovereign debt crisis will be of decisive importance for the future development of the financial markets. The decision of the German Federal Constitutional Court regarding the compatibility of euro rescue measures with the German constitution is highly anticipated. A possible tightening of monetary policies could also lead to an increase in interest rates on the respective markets.

ANTICIPATED DEVELOPMENT OF IMPORTANT BUSINESS CONDITIONS

Within the scope of transport policy and the regulatory environment, the legislative initiatives of the European Commission relating to the ***fourth railway package (1)*** may have a noticeable impact on our business operations. This also applies to the ongoing revision of the German Renewable Energy Act (Erneuerbare-Energien-Gesetz; EEG).

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ANTICIPATED INCOME SITUATION

At the time this report was created, comprehensive information on the repercussions of the flood was not yet available. This has resulted in additional uncertainties for the forecast. Furthermore, we assume that the Federal Government will assume the damages to infrastructure.

DB Group

Anticipated development – € million	2012	2013 (outlook Mar 2013)	2013 (outlook Jul 2013)
Revenues	39,296	~ 41,000	~ 39,500
EBIT adjusted	2,708	> 2,800	~ 2,200
ROCE (%)	8.3	> 8.3	~ 6.5
Redemption coverage (%)	22.1	> 22.2	~ 20

We have adjusted our overall outlook regarding development for 2013 based on the weak first half of 2013 and the only slight improvement of economic conditions in the remainder of the year. We expect revenues to be only slightly higher than last year, with a sideward movement likely in comparable revenues. Factor cost increases will have a greater-than-expected impact on profit development if revenues rise moderately. Factor costs include, in particular, personnel expenses and energy costs. The additional expenses on account of the winter and the flood will negatively impact net profit. We expect to reach an agreement with the Federal Government that will see it fund all costs to repair damage to the infrastructure following the flood. Overall, we have significantly lowered our adjusted EBIT expectations to € 2.2 billion. This also impacts the value management key figures ROCE and redemption coverage.

Business units

Anticipated development – € million	REVENUES 2012	REVENUES 2013	EBIT ADJUSTED 2012	EBIT ADJUSTED 2013
DB Bahn Long-Distance	4,074	↗	364	→
DB Bahn Regional	8,907	→	882	↘
DB Arriva	3,757	↗	238	↗
DB Schenker Rail	4,925	→	87	↘
DB Schenker Logistics	15,389	↘	418	↘
DB Services [1]	3,264	↘	84	↘
DB Netze Track [1]	4,716	→	894	↘
DB Netze Stations	1,102	→	230	→
DB Netze Energy [1]	2,870	↘	91	↘

↗ above the level for the previous year
→ same as in previous year
↘ below the level for the previous year

[1] Previous year's figures adjusted for effects from the reclassification of other operating income to revenues.

As a result of the weaker than expected development in the first half of 2013, we have also adjusted our expectations for development in 2013 at business unit level. Based on the assumption that economic conditions will not fundamentally improve in the second half of the year, we anticipate no significant recovery effects with regard to the declines experienced in the first half of 2013. This pertains specifically to the DB Schenker Logistics, DB Schenker Rail and DB Netze Track business units. The DB Bahn Long-Distance business unit will be noticeably impacted by the flood.

ANTICIPATED CAPITAL EXPENDITURES

Anticipated development – € million	2012	2013 (outlook Mar 2013)	2013 (outlook Jul 2013)
Gross capital expenditures	8,053	> 8,500	~ 8,500
Net capital expenditures	3,487	> 4,000	~ 4,000

In comparison to our forecast in the 2012 Annual Report, we now anticipate a slightly lower increase in capital expenditure.

ANTICIATED FINANCIAL POSITION

Anticipated development – € billion	2012	2013 (outlook Mar 2013)	2013 (outlook Jun 2013)
Maturities	1.7	1.5	1.5
Bond emissions	2.2	~ 2.0	~ 2.0
Cash and cash equivalents as of Dec 31	2.2	~ 2.0	~ 2.0
Net financial debt	16.4	~ 17.0	~17.0

Our expectation with regard to the financial position for the 2013 financial year is unchanged in comparison to our forecast in the 2012 Annual Report.

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 2013	H1 2012 [1)]	2012 [1)]
Revenues	19,373	19,492	39,296
Inventory changes and internally produced and capitalized assets	1,218	1,214	2,614
Overall performance	20,591	20,706	41,910
Other operating income	1,087	1,298	3,443
Cost of materials	- 9,974	-10,318	-20,960
Personnel expenses	-7,037	- 6,732	-13,817
Depreciation	-1,486	-1,477	-3,328
Other operating expenses	-2,212	-2,145	- 4,719
Operating profit (EBIT)	**969**	**1,332**	**2,529**
Result from investments accounted for using the equity method	8	9	14
Net interest income	- 437	- 511	-1,005
Other financial result	9	9	-13
Financial result	**- 420**	**- 493**	**-1,004**
Profit before taxes on income	**549**	**839**	**1,525**
Taxes on income	5	- 56	- 66
Net profit	**554**	**783**	**1,459**
Net profit attributable to:			
Shareholders of Deutsche Bahn AG	550	778	1,453
Minority interests	4	5	6
Earnings per share (€ per share)			
undiluted	1.28	1.81	3.38
diluted	1.28	1.81	3.38

[1)] Adjusted due to the first-time retroactive application of IAS 19 (revised June 2011) and the reclassification from cost of materials to other operating expenses.

RECONCILIATION OF CONSOLIDATED COMPREHENSIVE INCOME

€ million	H1 2013	H1 2012 [1)]	2012 [1)]
Net profit	554	783	1,459
CHANGE IN ITEMS COVERED DIRECTLY IN EQUITY, NOT RECLASSIFIED TO THE INCOME STATEMENT			
Changes due to revaluation of defined benefit plans	131	- 470	-745
CHANGE IN ITEMS COVERED DIRECTLY IN EQUITY, RECLASSIFIED TO THE INCOME STATEMENT			
Changes resulting from currency translation	- 78	45	20
Shareholders of Deutsche Bahn AG	- 76	45	22
Minority interests	- 2	0	- 2
Changes resulting from market valuation of securities	- 4	-1	- 8
Changes resulting from market valuation of cash flow hedges	19	-130	- 200
Share of result item with no impact on the income statement from investments accounted for using the equity method	0	2	4
Balance of result items covered directly in equity (before taxes)	**68**	**- 554**	**- 929**
Changes in deferred taxes on result items covered directly in equity (after taxes), not reclassified to the income statement	29	46	50
Revaluation of defined benefit plans	29	46	50
Changes in deferred taxes on result items covered directly in equity (after taxes), reclassified to the income statement	- 45	35	59
Deferred taxes due to changes in the fair value of securities	0	0	1
Deferred taxes due to changes in the fair value of cash flow hedges	- 45	35	58
Balance of result items covered directly in equity (after taxes)	**52**	**- 473**	**- 820**
Comprehensive income	**606**	**310**	**639**
Comprehensive income attributable to:			
Shareholders of Deutsche Bahn AG	604	305	636
Minority interests	2	5	3

[1)] Adjusted due to the first-time retroactive application of IAS 19 (revised June 2011).

Consolidated balance sheet

ASSETS

€ million	Jun 30, 2013	Dec 31, 2012 1)	Jun 30, 2012 1)
NON-CURRENT ASSETS			
Property, plant and equipment	37,783	37,630	37,389
Intangible assets	4,095	4,186	4,237
Investments accounted for using the equity method	522	529	535
Available for sale financial assets	11	17	17
Receivables and other assets	112	117	122
Derivative financial instruments	106	178	331
Deferred tax assets	1,568	1,584	1,604
	44,197	**44,241**	**44,235**
CURRENT ASSETS			
Inventories	988	989	1,051
Available for sale financial assets	4	4	1
Trade receivables	4,420	4,202	4,591
Other receivables and assets	983	817	933
Tax receivables	72	74	55
Derivative financial instruments	15	23	57
Cash and cash equivalents	1,895	2,175	2,639
Assets held for sale	0	0	10
	8,377	**8,284**	**9,337**
Total assets	**52,574**	**52,525**	**53,572**

EQUITY AND LIABILITIES

€ million	Jun 30, 2013	Dec 31, 2012 1)	Jun 30, 2012 1)
EQUITY			
Subscribed capital	2,150	2,150	2,150
Reserves	4,396	4,342	4,689
Retained earnings	8,341	8,356	7,681
Equity attributable to shareholders of Deutsche Bahn AG	**14,887**	**14,848**	**14,520**
Minority interests	135	130	139
	15,022	**14,978**	**14,659**
NON-CURRENT LIABILITIES			
Financial debt	17,169	17,110	17,173
Other liabilities	314	346	331
Derivative financial instruments	273	266	241
Retirement benefit obligations	2,989	3,074	2,793
Other provisions	2,916	3,049	3,347
Deferred income	1,436	1,510	1,572
Deferred tax liabilities	227	244	335
	25,324	**25,599**	**25,792**
CURRENT LIABILITIES			
Financial debt	1,797	1,503	2,466
Trade liabilities	4,251	4,406	4,210
Other liabilities	3,135	2,986	3,313
Tax liabilities	156	184	221
Derivative financial instruments	83	49	49
Other provisions	2,027	2,113	2,132
Deferred income	779	707	730
	12,228	**11,948**	**13,121**
Total assets	**52,574**	**52,525**	**53,572**

1) Adjusted due to the first-time retroactive application of IAS 19 (revised June 2011).

Consolidated statement of cash flows

€ million	H1 2013	H1 2012[1]	2012[1]
Profit before taxes on income	549	839	1,525
Depreciation on property, plant and equipment and intangible assets	1,486	1,477	3,328
Write-ups / write-downs on non-current financial assets	0	0	1
Result on disposal of property, plant and equipment and intangible assets	10	-71	-99
Result on disposal of financial assets	-1	-21	-23
Result on sale of consolidated companies	0	0	1
Interest and dividend income	-30	-42	-74
Interest expense	467	552	1,078
Foreign currency result	-12	-6	7
Result from investments accounted for using the equity method	-8	-9	-14
Other non-cash expenses and income	212	207	436
Changes in inventories, receivables and other assets[1]	-255	-763	-6
Changes in liabilities, provisions and deferred income[1]	-558	-234	-1,229
Cash generated from operating activities	1,860	1,929	4,931
Interest received	20	25	49
Dividends and capital distribution received	0	2	1
Interest paid	-294	-319	-685
Reimbursed (+) / paid (-) taxes on income	-92	-97	-202
Cash flow from operating activities	**1,494**	**1,540**	**4,094**
Proceeds from disposal of property, plant and equipment and intangible assets	120	146	302
Payments for capital expenditures in property, plant and equipment and intangible assets	-3,645	-3,013	-8,024
Proceeds from investment grants	1,665	1,630	4,566
Payments for repaid investment grants	-62	-106	-154
Proceeds from sale of financial assets	7	0	0
Payments for purchases of financial assets	0	0	0
Proceeds from sale of shares in consolidated companies less net cash and cash equivalents diverted	0	0	0
Payments for acquisition of shares in consolidated companies less net cash and cash equivalents acquired	-134	-7	-14
Proceeds from disposal of investments accounted for using the equity method	0	81	83
Payments for additions to investments accounted for using the equity method	0	-2	-2
Cash flow from investing activities	**-2,049**	**-1,271**	**-3,243**
Distribution of profits to shareholder	-525	-525	-525
Distribution of profits to minority interests	-5	-4	-14
Payments for finance lease transactions	-58	-79	-284
Proceeds from issue of bonds	550	1,389	2,230
Payments for redemption of bonds	-	-21	-647
Payments for redemption and repayment of Federal loans	-	-170	-385
Proceeds from borrowings and commercial paper	417	123	123
Payments for the redemption of borrowings and commercial paper	-89	-58	-875
Cash flow from financing activities	**290**	**655**	**-377**
Net changes in cash and cash equivalents	**-265**	**924**	**474**
Cash and cash equivalents as of Jan 1	2,175	1,703	1,703
Changes in cash and cash equivalents due to changes in the scope of consolidation	0	0	0
Changes in cash and cash equivalents due to changes in exchange rates	-15	12	-2
Cash and cash equivalents as of Jun 30	**1,895**	**2,639**	**2,175**

[1] Adjusted due to the first-time retroactive application of IAS 19 (revised June 2011).

Consolidated statement of changes in equity

€ million	Subscribed capital	Reserves: Capital reserves	Reserves: Currency translation	Reserves: Fair value valuation of securities 1)	Reserves: Fair value valuation of cash flow hedges 1)	Reserves: Reassessment of pensions 2)	Reserves: Other movements	**Total reserves**	Retained earnings	**Equity attributable to shareholders of DB AG**	Minority interest	**Total equity**
As of Jan 1, 2012	2,150	5,310	42	9	23	-	-	**5,384**	7,457	**14,991**	135	**15,126**
Adjustment opening balance (IAS 19 R)	-	-	-4	-	-	-209	-	**-213**	-29	**-242**	1	**-241**
As of Jan 1, 2012	2,150	5,310	38	9	23	-209	-	**5,171**	7,428	**14,749**	136	**14,885**
+ Capital increase	-	-	-	-	-	-	-	**-**	-	**-**	-	**-**
- Capital decrease	-	-	-	-	-	-	-	**-**	-	**-**	-	**-**
- Reduction capital reserves	-	-	-	-	-	-	-	**-**	-	**-**	-	**-**
- Dividend payments	-	-	-	-	-	-	-	**-**	-525	**-525**	-4	**-529**
± Other changes	-	-	-	-	-	-	-9	**-9**	-	**-9**	2	**-7**
± Comprehensive income	-	-	45	1	-95	-424	-	**-473**	778	**305**	5	**310**
thereof net profit	-	-	-	-	-	-	-	**-**	778	**778**	5	**783**
thereof currency effects	-	-	45	-	-	-	-	**45**	-	**45**	-	**45**
thereof deferred taxes	-	-	-	-	35	46	-	**81**	-	**81**	-	**81**
thereof market valuation	-	-	-	-1	-130	-	-	**-131**	-	**-131**	-	**-131**
thereof revaluation of defined benefit plans 2)	-	-	-	-	-	-470	-	**-470**	-	**-470**	-	**-470**
thereof share of items not recognized in the income statement from investments accounted for using the equity method	-	-	-	2	-	-	-	**2**	-	**2**	-	**2**
As of Jun 30, 2012	**2,150**	**5,310**	**83**	**10**	**-72**	**-633**	**-9**	**4,689**	**7,681**	**14,520**	**139**	**14,659**

€ million	Subscribed capital	Reserves: Capital reserves	Reserves: Currency translation	Reserves: Fair value valuation of securities 1)	Reserves: Fair value valuation of cash flow hedges 1)	Reserves: Reassessment of pensions	Reserves: Other movements	**Total reserves**	Retained earnings	**Equity attributable to shareholders of DB AG**	Minority interest	**Total equity**
As of Jan 1, 2013	2,150	5,310	66	6	-119	-	-12	**5,251**	8,403	**15,804**	130	**15,934**
Adjustment opening balance (IAS 19 R)	-	-	-6	-	-	-903	-	**-909**	-47	**-956**	-	**-956**
As of Jan 1, 2013	2,150	5,310	60	6	-119	-903	-12	**4,342**	8,356	**14,848**	130	**14,978**
+ Capital increase	-	-	-	-	-	-	-	**-**	-	**-**	-	**-**
- Capital decrease	-	-	-	-	-	-	-	**-**	-	**-**	-	**-**
- Reduction capital reserves	-	-	-	-	-	-	-	**-**	-	**-**	-	**-**
- Dividend payments	-	-	-	-	-	-	-	**-**	-525	**-525**	-5	**-530**
± Other changes	-	-	-	-	-	-	-	**-**	-40	**-40**	8	**-32**
± Comprehensive income	-	-	-76	-4	-26	160	-	**54**	550	**604**	2	**606**
thereof net profit	-	-	-	-	-	-	-	**-**	550	**550**	4	**554**
thereof currency effects	-	-	-76	-	-	-	-	**-76**	-	**-76**	-2	**-78**
thereof deferred taxes	-	-	-	-	-45	29	-	**-16**	-	**-16**	-	**-16**
thereof market valuation	-	-	-	-4	19	-	-	**15**	-	**15**	-	**15**
thereof revaluation of defined benefit plans	-	-	-	-	-	131	-	**131**	-	**131**	-	**131**
thereof share of items not recognized in the income statement from investments accounted for using the equity method	-	-	-	-	-	-	-	**-**	-	**-**	-	**-**
As of Jun 30, 2013	**2,150**	**5,310**	**-16**	**2**	**-145**	**-743**	**-12**	**4,396**	**8,341**	**14,887**	**135**	**15,022**

1) Equity includes deferred taxes.

2) Adjusted due to the first-time retroactive application of IAS 19 (revised June 2011).

Segment reporting by business segments

Jan 1 through Jun 30 — € million	DB BAHN LONG-DISTANCE		DB BAHN REGIONAL		DB ARRIVA		DB SCHENKER RAIL		DB SCHENKER LOGISTICS	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
External revenues	1,934	1,902	4,333	4,383	2,028	1,769	2,254	2,338	7,386	7,688
Internal revenues	77	67	47	42	3	3	156	147	19	27
Total revenues	2,011	1,969	4,380	4,425	2,031	1,772	2,410	2,485	7,405	7,715
Other external income	59	71	139	129	85	82	118	108	110	75
Other internal income	24	23	53	51	0	0	17	17	3	2
Inventory changes and other internally produced and capitalized assets	3	4	19	28	4	7	7	8	4	4
Total income	2,097	2,067	4,591	4,633	2,120	1,861	2,552	2,618	7,522	7,796
Cost of materials	-1,128	-1,118	-2,686	-2,735	-706	-642	-1,286	-1,341	-5,095	-5,351
Personnel expenses	-419	-395	-924	-888	-878	-777	-772	-760	-1,376	-1,330
Other operating expenses	-225	-203	-272	-286	-334	-262	-358	-340	-824	-820
EBITDA	325	351	709	724	202	180	136	177	227	295
Scheduled depreciation [1]	-158	-159	-278	-275	-108	-86	-148	-153	-90	-92
Impairment losses recognized / reversed [1]	0	0	2	-2	0	0	6	0	-1	-2
EBIT (operating profit)	167	192	433	447	94	94	-6	24	136	201
Net operating income [2]	1	3	-19	-26	-23	-11	-44	-44	-20	-16
Operating income after interest [2]	168	195	414	421	71	83	-50	-20	116	185
Property, plant and equipment	1,638	1,768	5,286	4,985	2,024	1,653	3,133	3,214	1,402	1,357
+ Intangible assets	0	0	10	11	1,956	2,062	506	525	1,303	1,298
thereof goodwill	0	0	5	6	1,368	1,419	452	458	1,105	1,133
+ Inventories	68	71	140	140	69	54	85	104	45	42
+ Trade receivables	143	129	482	453	299	310	584	596	2,584	2,747
+ Receivables and other assets [3]	1,609	1,517	79	108	1,082	870	91	73	1,037	1,132
– Receivables from financing	-1,592	-1,496	0	0	-804	-635	-6	-4	-795	-872
+ Income tax receivables	0	0	1	1	8	6	1	4	24	20
+ Assets held for sale	0	0	0	0	0	0	0	10	0	0
– Trade liabilities	-245	-250	-746	-652	-319	-316	-533	-557	-1,833	-1,963
– Miscellaneous and other liabilities	-269	-268	-433	-417	-327	-322	-413	-465	-647	-685
– Income tax liabilities	0	0	0	0	-98	-72	-11	-28	-42	-113
– Other provisions	-77	-47	-988	-1,069	-203	-202	-186	-162	-295	-317
– Deferred income	-366	-339	-123	-98	-121	-104	-14	-13	-18	-13
Capital employed [3),4]	909	1,085	3,708	3,462	3,566	3,304	3,237	3,297	2,765	2,633
Net financial debt	-1,461	-1,353	1,267	869	1,304	1,141	1,892	1,643	-4	-136
Investments accounted for using the equity method	0	0	5	4	144	147	31	37	11	11
Results from investments accounted for using the equity method	0	0	0	0	3	1	-1	2	1	1
Gross capital expenditures	75	57	469	278	158	92	66	119	104	98
Investments grants received	0	0	-2	-2	-3	0	0	0	0	0
Net capital expenditures	75	57	467	276	155	92	66	119	104	98
Additions to the scope of consolidation	0	0	0	0	185	3	0	2	9	21
Employees [5]	16,449	16,159	36,948	37,296	46,216	37,447	31,536	32,240	64,129	63,790

1) The non-cash items are included in the segment result shown.
2) Key figure from internal reporting, no external figures.
3) Adjusted due to the first-time retroactive application of IAS 19 (revised June 2011).

DB NETZE TRACK		DB NETZE STATIONS		DB SERVICES		SUBSIDIARIES/ OTHER		SUM OF SEGMENTS		CONSOLIDATION		DB GROUP ADJUSTED		RECONCILIATION [6]		TOTAL	
2013	2012	2013	2012	2013	2012	2013	2012	**2013**	**2012**	2013	2012	**2013**	**2012**	2013	2012	**2013**	**2012**
492	472	224	218	132	140	590	691	**19,373**	**19,601**	–	–	**19,373**	**19,601**	–	-109	**19,373**	**19,492**
1,852	1,859	343	341	1,391	1,427	1,542	1,483	**5,430**	**5,396**	-5,430	-5,396	**–**	**–**	–	–	**–**	**–**
2,344	2,331	567	559	1,523	1,567	2,132	2,174	**24,803**	**24,997**	-5,430	-5,396	**19,373**	**19,601**	–	-109	**19,373**	**19,492**
303	358	48	50	32	49	190	166	**1,084**	**1,088**	–	–	**1,084**	**1,088**	3	210	**1,087**	**1,298**
99	93	10	9	27	25	554	534	**787**	**754**	-787	-754	**–**	**–**	–	–	**–**	**–**
351	315	10	9	357	421	8	12	**763**	**808**	455	406	**1,218**	**1,214**	–	–	**1,218**	**1,214**
3,097	3,097	635	627	1,939	2,062	2,884	2,886	**27,437**	**27,647**	-5,762	-5,744	**21,675**	**21,903**	3	101	**21,678**	**22,004**
-817	-779	-237	-223	-1,012	-1,121	-1,588	-1,624	**-14,555**	**-14,934**	4,588	4,622	**-9,967**	**-10,312**	-7	-6	**-9,974**	**-10,318**
-1,113	-1,052	-123	-119	-654	-635	-778	-764	**-7,037**	**-6,720**	0	-12	**-7,037**	**-6,732**	–	–	**-7,037**	**-6,732**
-412	-404	-92	-82	-183	-172	-690	-644	**-3,390**	**-3,213**	1,179	1,112	**-2,211**	**-2,101**	-1	-44	**-2,212**	**-2,145**
755	862	183	203	90	134	-172	-146	**2,455**	**2,780**	5	-22	**2,460**	**2,758**	-5	51	**2,455**	**2,809**
-463	-464	-66	-63	-86	-85	-72	-75	**-1,469**	**-1,452**	20	20	**-1,449**	**-1,432**	-44	-40	**-1,493**	**-1,472**
0	0	0	0	0	-1	0	0	**7**	**-5**	–	–	**7**	**-5**	–	–	**7**	**-5**
292	398	117	140	4	48	-244	-221	**993**	**1,323**	25	-2	**1,018**	**1,321**	-49	11	**969**	**1,332**
-200	-220	-24	-31	-5	-8	-86	-78	**-420**	**-431**	–	–	**-420**	**-431**	–	–	**–**	**–**
92	178	93	109	-1	40	-330	-299	**573**	**892**	25	-2	**598**	**890**	–	–	**–**	**–**
19,915	20,080	3,264	3,213	661	636	1,128	1,148	**38,451**	**38,054**	-668	-665	**37,783**	**37,389**	–	–	**37,783**	**37,389**
195	218	0	0	33	21	92	102	**4,095**	**4,237**	–	–	**4,095**	**4,237**	–	–	**4,095**	**4,237**
0	0	0	0	0	0	14	13	**2,944**	**3,029**	–	–	**2,944**	**3,029**	–	–	**2,944**	**3,029**
202	222	0	0	327	358	52	66	**988**	**1,057**	–	-6	**988**	**1,051**	–	–	**988**	**1,051**
424	516	85	83	251	246	721	786	**5,573**	**5,866**	-1,153	-1,275	**4,420**	**4,591**	–	–	**4,420**	**4,591**
68	59	8	8	170	224	18,395	16,265	**22,539**	**20,256**	-21,444	-19,201	**1,095**	**1,055**	–	–	**1,095**	**1,055**
0	0	0	0	-90	-135	-17,700	-15,573	**-20,987**	**-18,715**	20,898	18,669	**-89**	**-46**	–	–	**-89**	**-46**
0	0	0	0	0	0	38	24	**72**	**55**	–	–	**72**	**55**	–	–	**72**	**55**
0	0	0	0	0	0	0	0	**0**	**10**	–	–	**0**	**10**	–	–	**0**	**10**
-654	-631	-111	-102	-190	-184	-771	-828	**-5,402**	**-5,483**	1,151	1,273	**-4,251**	**-4,210**	–	–	**-4,251**	**-4,210**
-810	-879	-94	-113	-144	-152	-854	-874	**-3,991**	**-4,175**	542	531	**-3,449**	**-3,644**	–	–	**-3,449**	**-3,644**
0	0	0	0	0	0	-14	-19	**-165**	**-232**	9	11	**-156**	**-221**	–	–	**-156**	**-221**
-296	-340	-44	-30	-76	-99	-2,778	-3,200	**-4,943**	**-5,466**	–	-13	**-4,943**	**-5,479**	–	–	**-4,943**	**-5,479**
-1,280	-1,415	-145	-184	-28	-3	-126	-138	**-2,221**	**-2,307**	6	5	**-2,215**	**-2,302**	–	–	**-2,215**	**-2,302**
17,764	17,830	2,963	2,875	914	912	-1,817	-2,241	**34,009**	**33,157**	-659	-671	**33,350**	**32,486**	–	–	**33,350**	**32,486**
10,258	9,924	1,372	1,237	284	142	2,070	3,487	**16,982**	**16,954**	–	–	**16,982**	**16,954**	–	–	**16,982**	**16,954**
1	1	0	0	0	0	330	335	**522**	**535**	–	–	**522**	**535**	–	–	**522**	**535**
0	0	0	0	0	0	5	5	**8**	**9**	–	–	**8**	**9**	–	–	**8**	**9**
1,993	2,001	241	189	104	125	45	83	**3,255**	**3,042**	8	-4	**3,263**	**3,038**	–	–	**3,263**	**3,038**
-1,508	-1,492	-138	-118	0	0	-14	-18	**-1,665**	**-1,630**	–	–	**-1,665**	**-1,630**	–	–	**-1,665**	**-1,630**
485	509	103	71	104	125	31	65	**1,590**	**1,412**	8	-4	**1,598**	**1,408**	–	–	**1,598**	**1,408**
0	0	0	0	0	0	0	0	**194**	**26**	–	–	**194**	**26**	–	–	**194**	**26**
42,191	41,662	4,896	4,857	26,430	26,596	26,939	26,168	**295,734**	**286,215**	–	–	**295,734**	**286,215**	–	–	**295,734**	**286,215**

4) Profit transfer agreements were not assigned to segment assets or liabilities.

5) The number of employees represents the number of employees as of Jun 30 (part-time employees converted into equivalent full-time employees).

6) Includes reclassification among other of PPA amortization of customer contracts and adjustments for special items as well as in the previous year the adjustment of revenues and other operating income.

INFORMATION BY REGIONS

Jan 1 through Jun 30 — € million	EXTERNAL REVENUES		NON-CURRENT ASSETS [1]		CAPITAL EMPLOYED [1]		GROSS CAPITAL EXPENDITURES		NET CAPITAL EXPENDITURES		EMPLOYEES [1]	
	2013	2012	2013	2012	2013	2012 [2]	2013	2012	2013	2012	2013	2012
Germany	11,249	11,410	35,219	35,199	27,034	26,396	3,006	2,845	1,343	1,215	188,094	187,234
Europe (excluding Germany)	5,927	5,824	6,482	6,255	6,089	5,886	228	180	226	180	83,872	75,484
North America	727	743	192	193	186	149	6	3	6	3	7,390	7,456
Asia / Pacific	1,211	1,354	682	697	694	689	13	12	13	12	13,808	13,596
Rest of world	259	270	28	28	17	31	2	2	2	2	2,570	2,445
Consolidation	–	–	– 635	– 634	– 670	– 665	8	– 4	8	– 4	–	–
DB Group adjusted	**19,373**	**19,601**	**41,968**	**41,738**	**33,350**	**32,486**	**3,263**	**3,038**	**1,598**	**1,408**	**295,734**	**286,215**
Reconciliation	–	– 109	–	–	–	–	–	–	–	–	–	–
Total	**19,373**	**19,492**	**41,968**	**41,738**	**33,350**	**32,486**	**3,263**	**3,038**	**1,598**	**1,408**	**295,734**	**286,215**

[1] As of June 30.

[2] Adjusted due to the first-time retroactive application of IAS 19 (revised June 2011).

Notes to the consolidated interim financial statements

BASIC PRINCIPLES AND METHODS

The unaudited short-form interim financial statements for the period ending June 30, 2013 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 2012 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 2012 Annual Report.

> IAS 1: Amendment of IAS 1 "Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income" (revised June 2011; applicable for reporting periods starting July 1, 2012).

> IAS 12: Amendment of IAS 12 "Income Taxes – Deferred Taxes: Recovery of Underlying Assets" (published December 2010; applicable for reporting periods starting January 1, 2013 [1]).

> IAS 19: Amendment of IAS 19 "Employee Benefits" (revised June 2011; applicable for reporting periods starting January 1, 2013).

> IFRS 1: Amendment of IFRS 1 "First-Time Adoption of International Financial Reporting Standards: Government Loans" (published March 2012; applicable for reporting periods starting January 1, 2013).

> IFRS 1: Change to IFRS 1 "First-Time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters" (published December 2010; applicable for reporting periods starting January 1, 2013 [2]).

> IFRS 7: Amendment of IFRS 7 "Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities" (published December 2011; applicable for reporting periods starting January 1, 2013).

> IFRS 13: Fair Value Measurement (published May 2011; applicable for reporting periods starting January 1, 2013).

> Improvements to IFRS 2009 – 2011: "Improvements to IFRS" (published May 2012; applicable for reporting periods starting January 1, 2013).

> IFRIC 20: "Stripping Costs in the Production Phase of Surface Mines" (published October 2011; applicable for reporting periods starting January 1, 2013).

[1] In December 2012, the European Commission postponed the time at which this was due to come into force from January 1, 2012 to January 1, 2013.

[2] In December 2012, the European Commission postponed the time at which this was due to come into force from July 1, 2011 to January 1, 2013.

COMPARABILITY WITH THE PREVIOUS YEAR

After due consideration is given to the following issues, the financial information presented for the year under review is comparable with the financial information for the previous year:

Changes in recognition

Since January 1, 2013, income generated by certain types of services has been shown under revenues, whereas previously it had been shown under other operating income. This change has been implemented in view of the fact that these types of services are now attributable to the core business as a result of changed market conditions and also as a result of the expansion of the business activities of DB Group. This is reflected particularly in the DB Services segment. In the segment report, the previous year figures have been adjusted accordingly with regard to the presentation of income. Because the change in consolidated income is not major, the previous year figures for the revenues and other operating income in the consolidated income statement have not been adjusted. In the column "Reconciliation" in the segment report, these adjustment amounts are shown for the previous year period.

Application of IAS 19 – Employee Benefits (revised June 2011)

IAS 19 has been extensively revised. The main change relates to the recognition of so-called actuarial profits and losses in other comprehensive income. These arise as a result of adjustments based on previous experience and also changes to actuarial parameters. In the past, DB Group has exercised the previous option by using the corridor method, according to which the actuarial profits and losses are recognized in installments and only when the corridor is exceeded.

Furthermore, the expected income from plan assets in future will be determined as a component of net interest income/expenses using the interest rate which is also applied for discounting the obligation. There have also been changes in the recognition of past service costs as well as the definition of severance payments, which mean that top-up amounts as well as the additional contributions to the statutory pension insurance scheme within the framework of semi-retirement agreements will not constitute post-employment benefits in future. These amendments do not have any major impact.

Compared with the published consolidated financial statements for the period ending December 31, 2012, the main impact of the retrospective adjustments relates to the decline of € 49 million in the current receivables and other assets (as of June 30, 2012: an increase of € 7 million); the pension obligations increased by € 1,003 million (as of June 30, 2012: by € 781 million), and equity declined by € 956 million (as of June 30, 2012: by € 681 million). In the income statement, net interest income has declined by € 23 million (as of June 30, 2012: by € 14 million) and taxes on income declined by € 5 million (as of June 30, 2012: by € 3 million).

In the segment information broken down according to operating segments and also the information relating to regions, the figures of the previous year period for capital employed have been adjusted accordingly.

CHANGES IN THE GROUP

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

Number	German Jun 30, 2013	Foreign Jun 30, 2013	**Total Jun 30, 2013**	TOTAL Jun 30, 2012	TOTAL Dec 31, 2012
FULLY CONSOLIDATED SUBSIDIARIES					
As of Jan 1	130	619	**749**	**802**	**802**
Additions	2	22	**24**	**5**	**10**
Additions due to changes in type of inclusion	1	0	**1**	**2**	**2**
Disposals	0	98	**98**	**11**	**65**
Disposals due to changes in type of inclusion	0	0	**0**	**0**	**0**
Total	**133**	**543**	**676**	**798**	**749**

The additions to the scope of consolidation comprise three new companies which were established in the period under review as well as the acquisition of all shares in Euro-Line Panamericana (Panama) S.A., Panama City/Panama (Schenker Panama), the acquisition of all shares in Veolia Transport Central Europe GmbH, Berlin (Veolia Eastern Europe) as well as the acquisition of 49 % of shares in Salem Freight International, Abu Dhabi/United Arab Emirates (Schenker VAE).

The addition resulting from the change in the type of recognition relates to the acquisition of further shares in MegaHub Lehrte Betreibergesellschaft mbH, Hanover (MegaHub Lehrte), which previously had been accounted for using the equity method.

The transactions are detailed in the following:

> With the agreement of December 19, 2012 (closing March 22, 2013), DB Schenker Logistics acquired all shares in Euro-Line Panamericana (Panama). This company is one of the leading freight forwarders for maritime imports with registered offices in Panama City. Panama is a major hub for the distribution of products in Central and South America. The company is now trading under the name Schenker (Panama) S.A. In segment reporting, the company has been shown in the DB Schenker Logistics segment since April 1, 2013.

> With the agreement of February 20, 2013 (closing on March 14, 2013), Deutsche Umschlaggesellschaft Schiene-Straße (DUSS) mbH increased its holding in MegaHub Lehrte by a further 41.7 %, and now holds 75 % of the shares. In segment reporting, the company has been shown in DB Netze Track segment since April 1, 2013.

> On April 29, 2013 (closing May 15, 2013), DB ML AG acquired all shares in Veolia Transport Central Europe GmbH, Berlin (trading as Arriva Europe GmbH since May 30, 2013). As a result of the acquisition, DB Arriva will become the largest international operator of passenger services in Eastern Europe, and will expand its existing business in Poland, Slovakia and the Czech Republic. Croatia, Serbia and Slovenia will be added as new markets. Veolia Eastern Europe employs more than 6,300 employees, and operates more than 3,400 vehicles at approximately 60 locations. After May 1, 2013, the company has been included in segment reporting in the DB Arriva segment.

> On February 7, 2013 (closing June 1, 2013), DB Group acquired 49 % of the shares in Salem Freight International, Abu Dhabi/United Arab Emirates. The company is now trading as Schenker Logistics L.L.C.; it operates in the field of air and ocean freight as well as land transport, and specializes in trade fairs and exhibitions. Despite the minority holding, control is exercised by DB Group as a result of contractual regulations. In segment reporting, the company has been shown in DB Schenker Logistics segment since June 1, 2013.

The costs of purchase and the fair value of the acquired net assets are shown in the following (cumulatively) for all changes in the scope of consolidation. All purchase price allocations for acquisitions in the period under review are consistent with IFRS 3. Goodwill is to a large extent substantiated by the synergy effects expected for the period after the acquisition. In addition, a considerable proportion of goodwill is attributable to assets which are not eligible for recognition under IFRS 3, and in particular the employee base, market access and the future revenue potential.

The goodwill is calculated as follows:

€ million	H1 2013	thereof Schenker Panama	thereof Megahub Lehrte	thereof Veolia Eastern Europe	thereof Schenker VAE
PURCHASE PRICE					
Payments	161	2	0	152	7
+ Outstanding payments	–	–	–	–	–
Total compensation	**161**	**2**	**0**	**152**	**7**
+ Fair value of share in equity before acquisition	–	–	–	–	–
– Fair value of net assets acquired	145	1	0	144	0
Goodwill	**16**	**1**	**0**	**8**	**7**

Purchase price allocation Schenker Panama

The acquired net assets are broken down as follows:

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

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

If Schenker Panama had been included in the DB consolidated financial statements as of January 1, 2013, DB Group would have reported additional revenues of € 3 million and an additional net profit of € 0 million.

After being initially consolidated, Schenker Panama has generated revenues of € 2 million and a net profit of € 0 million.

Purchase price allocation MegaHub Lehrte

There are no major assets and liabilities, nor have any such assets and liabilities resulted from the purchase price allocation process.

If MegaHub Lehrte had been included in the DB consolidated financial statements as of January 1, 2013, DB Group would not have reported any additional revenues or any additional results for the year.

After the time of initial consolidation, MegaHub Lehrte has not generated any revenues, and has generated a net profit of zero.

Preliminary purchase price allocation Veolia Eastern Europe

The acquired net assets are broken down as follows:

€ million	Carrying amount	Adjustment	Fair value
Property, plant and equipment	151	-16	135
Intangible assets	1	41	42
Inventories	4	-	4
Trade receivables	22	-	22
Other receivables and assets	8	-	8
Cash and cash equivalents	26	-	26
Deferred tax assets	5	3	8
Assets	**217**	**28**	**245**
Financial debt	39	2	41
Liabilities	23	1	24
Other provisions	12	-7	5
Deferred income	2	-	2
Deferred tax liabilities	13	9	22
Liabilities	**89**	**5**	**94**
thereof recognized contingent liabilities in accordance with IFRS 3	0	-	0
Share of third parties	7	-	7
Net assets acquired	**121**	**23**	**144**
Purchase price paid in cash and cash equivalents	152	-	152
Cash and cash equivalents acquired	26	-	26
Outflow of cash and cash equivalents due to transaction	**126**	**-**	**126**

The purchase price allocation has not yet been finalized as a result of the short period between the closing date and the time at which the interim financial statements were prepared.

The fair value of the trade receivables is € 22 million, including impairments of € 6 million.

The calculation of the fair value of customer and transport agreements is based on the current medium-term planning of the acquired companies, particularly with regard to the main transport agreements which have been acquired. The fair value is established by discounting the expected cash flows to the time of initial consolidation.

The process of calculating the fair value of onerous transport contracts has used the current earnings and cash flow planning of these contracts, discounted to the time of initial consolidation.

Overall, the valuation of the customer and transport contracts corresponds to valuation level 3, whereby the corresponding discount factors have been derived with level 2 input parameters.

In an initial stage, the fair value of the buses was calculated by adjusting the historical costs of purchase by current price changes in order to obtain the current replacement costs (valuation level 2). Additional adjustments were also made in individual cases, so that overall a valuation has been carried out in accordance with valuation level 3.

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

If Veolia Eastern Europe had been included in the DB consolidated financial statements as of January 1, 2013, DB Group would have reported additional revenues of € 85 million and an additional net profit of € 4 million.

After being initially consolidated, Veolia Eastern Europe has generated revenues of € 43 million and a net profit of € 3 million.

Purchase price allocation Schenker VAE

The acquired net assets are broken down as follows:

€ million	Carrying amount	Adjustment	Fair value
Property, plant and equipment	0	-	0
Intangible assets	0	0	0
Cash and cash equivalents	0	-	0
Assets	**0**	**0**	**0**
Other provisions	0	-	0
Liabilities	**0**	**-**	**0**
thereof recognized contingent liabilities in accordance with IFRS 3	0	-	0
Share of third parties	0	-	0
Net assets acquired	**0**	**0**	**0**
Purchase price paid in cash and cash equivalents	7	-	7
Cash and cash equivalents acquired	0	-	0
Outflow of cash and cash equivalents due to transaction	**7**	**-**	**7**

No trade accounts receivable have been acquired.

The calculation of the fair value of customer contracts is based on the current medium-term planning of the acquired company. The fair value is established by discounting the expected cash flows to the time of initial consolidation (valuation level 3).

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

If Schenker VAE had been included in the DB consolidated financial statements as of January 1, 2013, DB Group would have reported additional revenues of € 4 million and an additional net profit of € 0 million.

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

The disposals from the scope of consolidation relate to two mergers as well as 94 liquidations and two sales.

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 previous year period:

€ million	DB Group Jan 1 to Jun 30, 2013	thereof from changes in scope of consolidation	Amounts due to disposals from scope of consolidation
Revenues	19,373	89	-1
Inventory changes and internally produced and capitalized assets	1,218	-	-2
Overall performance	20,591	89	-3
Other operating income	1,087	2	0
Cost of material	-9,974	-45	1
Personnel expenses	-7,037	-27	2
Depreciation	-1,486	-5	0
Other operating expenses	-2,212	-10	0
Operating profit (EBIT)	**969**	**4**	**0**
Results from investments accounted for using the equity method	8	-	-
Net interest income	-437	0	0
Other financial result	9	0	0
Financial result	**-420**	**0**	**0**
Profit before taxes	**549**	**4**	**0**
Taxes on income	5	-1	0
Net profit	**554**	**3**	**0**

Of the figure of € 89 million reported for revenues resulting from additions to the scope of consolidation, among others € 43 million relates to Veolia Eastern Europe, € 29 million is attributable to TFG Transfracht (acquired in the course of the previous year), € 9 million is attributable to Suomen Kiitoautot (acquired in the course of the previous year), € 3 million is attributable to Ambuline (acquired in the course of the previous year), € 2 million is attributable to Schenker Panama and € 1 million is attributable to Schenker Namibia (acquired in the course of the previous year).

CONTINGENT RECEIVABLES AND LIABILITIES, AND GUARANTEE OBLIGATIONS

Contingent receivables were stated as € 75 million as of June 30, 2013 (as of December 31, 2012: € 53 million; as of June 30, 2012: € 54 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, 2013	Dec 31, 2012	Jun 30, 2012
Contingent liabilities			
Provisions of warranties	1	0	0
Other contingent liabilities	90	105	102
Total	**91**	**105**	**102**

Other contingent liabilities also comprise risks arising from litigation which had not been stated as provisions because the expected probability of occurrence is less than 50 %.

There are also contingencies of € 70 million from guarantees as of June 30, 2013 (as of December 31, 2012: € 97 million; as of June 30, 2012: € 136 million). Furthermore, property, plant and equipment with carrying amounts of € 70 million (as of December 31, 2012: € 159 million; as of June 30, 2012: € 199 million) were also used as security for loans. The reported figure essentially relates to rolling stock and buses which are used at the operating companies in the segments DB Arriva and DB Bahn Long-Distance.

Cartel authorities have been investigating companies in the freight forwarding sector worldwide since the autumn of 2007. Not all cartel authority proceedings are expected to be concluded before the end of 2014.

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.

INFORMATION REGARDING THE FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of the liquid assets, trade accounts receivable and other financial assets (€ 638 million) approximate the fair values as of the closing date.

The carrying amounts of the trade accounts payable, the sundry and other financial liabilities (a total of € 5,697 million) as well as the short-term financial debt approximate the fair values as of the closing date.

With regard to the following balance sheet items, the other financial assets and other financial liabilities are as follows:

	JUN 30, 2013			DEC 31, 2012		
		THEROF			THEREOF	
€ million	Carrying amount	financial	non financial	Carrying amount	financial	non financial [1]
ASSETS						
Receivables and other assets	**112**	69	43	**117**	81	36
Other receivables and other assets	**983**	569	414	**817**	471	346
	1,095	**638**	**457**	**934**	**552**	**382**
LIABILITIES						
Other liabilities	**314**	120	194	**346**	134	212
Trade receivables and other liabilities	**7,386**	5,577	1,809	**7,392**	5,744	1,648
	7,700	**5,697**	**2,003**	**7,738**	**5,878**	**1,860**

[1] Allocation adjusted.

The fair value of the long-term financial debt amounted to € 18,875 as of June 30, 2013 (as of December 31, 2012: € 19,284 million).

The financial instruments recognized at fair value are classified under valuation level 2 and to a lesser extent under valuation level 1 in accordance with IFRS 7.27A.

	JUN 30, 2013				DEC 31, 2012			
€ million	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	**Total**
ASSETS								
Available for sale financial assets (securities at fair value)	5	–	–	**5**	6	–	–	**6**
Derivatives – non-hedge	–	5	–	**5**	–	3	–	**3**
Derivatives – hedging	–	116	–	**116**	–	198	–	**198**
Total	**5**	**121**	**–**	**126**	**6**	**201**	**–**	**207**
LIABILITIES								
Derivatives – non-hedge	–	2	–	**2**	–	2	–	**2**
Derivatives – hedging	–	354	–	**354**	–	313	–	**313**
Total	**–**	**356**	**–**	**356**	**–**	**315**	**–**	**315**

The other available-for-sale financial assets shown in the balance sheet (a total of € 10 million) comprise other investments and securities which are recognized at cost/cost of purchase, because there is no corresponding price listed on an active market and because the fair value cannot be reliably determined. At present, there is essentially no intention to sell.

There have been no reclassifications between the valuation levels in the current reporting period.

For establishing the fair values of the derivative financial instruments, the contractually agreed or most probable cash flows are discounted using the appropriate market interest rate, whereby due consideration is given to the credit risk by means of credit spreads. No credit risk markdowns have been recognized in the case of secured exposures. The credit risk resulting from the derivative portfolio is treated on a net basis. Credit support annexes, which are subject to daily security settlement with a threshold value of € 0, are concluded to minimize the credit risk of long-term interest, cross-currency transactions as well as energy derivatives.

OTHER FINANCIAL OBLIGATIONS

The other financial obligations amounted to a total € 20,729 million as of June 30, 2013 (as of December 31, 2012: € 20,280 million; as of June 30, 2012; € 20,076 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, 2013	Dec 31, 2012	Jun 30, 2012
Committed capital expenditures			
Property, plant and equipment	14,741	13,951	13,989
Intangible asset	1	2	1
Outstanding capital contributions	381	389	391
Total	**15,123**	**14,342**	**14,381**

The increase in committed capital expenditures for property, plant and equipment is mainly attributable to the procurement of new rolling stock – and in particular electric locomotives – as well as an increase in the contracted volume of investments as a result of own construction work. In the case of some supply arrangements, there are independent admissions of guilt with regard to fulfilling the order commitment; these are opposed by claims of the same amount, backed by bank guarantees and insurance policies with maximum creditworthiness.

Of the figure shown for outstanding capital contributions, € 381 million relates to unclaimed outstanding contributions at EUROFIMA (as of December 31, 2012: € 389 million, as of June 30, 2012: € 391 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 € 1,829 million, as of December 31, 2012: € 1,789 million; as of June 30, 2012: € 1,964 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 DISCLOSURES

Bond issues

As of June 30, 2013, the following bonds were issued by Deutsche Bahn Finance B.V. (DB Finance), Amsterdam/the Netherlands:

Issue volume	Term (years)	Coupon (%)
€ 300 million	5	3 month Euribor plus 43 basis points
€ 50 million	15	2.657
NOK 1.5 billion	12	3.985

In the same period, a CHF bond was issued (CHF 275 million); the pay-out time is in the second half of 2013.

Dividend payment

Pursuant to the resolution of the annual general meeting of March 22, 2013, DB Group paid a dividend of € 525 million to the Federal Republic of Germany.

Number of issued shares

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

Flood damage

The flood in the months of May and June 2013 caused considerable damage to the rail infrastructure in Germany. In addition to flooded tracks and flooded stations, the high-speed Hanover–Berlin line was particularly affected. The process of determining the extent of damage is still ongoing.

MAJOR EVENTS AFTER THE BALANCE SHEET DATE

Bond

In July 2013, DB Finance issued a further bond for GBP 300 million with a term of 13 years and a coupon of 3.125 %.

Berlin, July 21, 2013

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The Interim and Annual Reports of Deutsche Bahn Group, the Interim and Annual Reports of DB Mobility Logistics Group, the Financial Statements of Deutsche Bahn AG as well as the Annual Reports of DB Fernverkehr AG, DB Regio AG, DB Station & Service AG and DB Netz AG and additional information are available on the Internet.

The Interim and Annual Reports of Deutsche Bahn Group, the Interim and Annual Reports of DB Mobility Logistics Group and the Financial Statements of Deutsche Bahn AG are published in German and English. In case of any discrepancy, the German version shall prevail.

CORPORATE COMMUNICATION

Corporate publications, the Competition Report and the Sustainability Report are available on the Internet or can be requested from Corporate Communications:

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DB SERVICE NUMBER

Our service number +49-1806-996633 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 20 ct/call. Charges from the German cell phone network cost 60 ct/call at most.

Financial calendar

MARCH 27, 2014

Annual Results Press Conference,
Publication of 2013 Annual Report

JULY 24, 2014

Interim Results Press Conference,
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