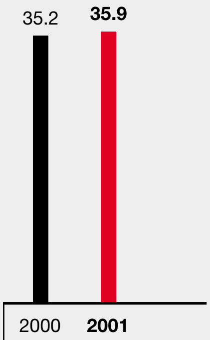
Die Bahn DB

Interim Report January – June 2001

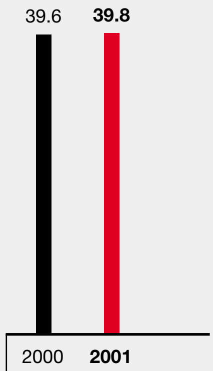
- Transport performance in passenger and freight transport increased in the first six months
- Revenues of € 7,664 million were 2.7 % above the previous year's figure
- Operating income after interest increased to € 66 million
- Cash flow increased by 9.0 % to € 972 million
- Expectations for financial year 2001 unchanged: Negative operating income after interest

Development January–June 2001



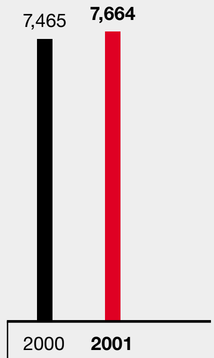
Total rail passenger transport performance
in billion pkm

Relative change: + 1.8 %



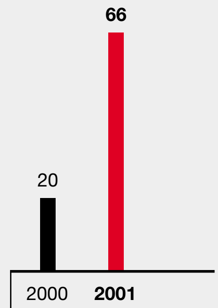
Total freight transport performance
in billion tkm

Relative change: + 0.4 %



Revenues
in € million

Relative change: + 2.7 %



Operating income after interest
in € million

Relative change: + 230 %

Key Figures in € million	**2001 Jan–Jun**	**2000 Jan–Jun**	**Change in %**
Revenues	7,664	7,465	+ 2.7
Income before taxes	28	– 17	+ 265
EBITDA	1,150	1,036	+ 11.0
EBIT	206	129	+ 59.7
Operating income after interest	66	20	+ 230
Balance sheet total as of Jun 30/Dec 31	39,711	39,467*	+ 0.6
Cash flow before taxes	972	892	+ 9.0
Gross capital expenditures	2,878	2,969	– 3.1
Net capital expenditures [1]	1,963	2,207	– 11.1
Employees as of Jun 30/Dec 31	219,339	222,656*	– 1.5

Performance Figures Passenger Transport			**2001 Jan–Jun**	**2000 Jan–Jun**	**Change in %**
Passengers	DB Reise&Touristik	million	68.2	70.8	– 3.7
	DB Regio	million	771.3	769.0	+ 0.3
	Total	million	**839.5**	**839.8**	0.0
Passenger kilometers	DB Reise&Touristik	million pkm [2]	17,338	16,997	+ 2.0
	DB Regio	million pkm [2]	18,549	18,250	+ 1.6
	Total	million pkm [2]	**35,887**	**35,247**	+ 1.8
Train kilometers	DB Reise&Touristik	mill. train-path km [3]	83.3	86.1	– 3.3
	DB Regio	mill. train-path km [3]	276.2	278.6	– 0.9
	Total	mill. train-path km [3]	**359.5**	**364.7**	– 1.4
Freight Transport					
Freight carried		million t	146.4	149.2	– 1.9
Ton kilometers		million tkm [4]	39,777	39,609	+ 0.4
Mean transport distance		km	271.7	265.5	+ 2.3
Train kilometers		million train-path km [3]	112.0	110.5	+ 1.4
Track Infrastructure					
Train kilometers		million train-path km [3]	484.8	485.1	– 0.1

* as of Dec 31, 2000

1) Gross capital expenditures less investment grants from third parties

2) Passenger kilometers (pkm): product of number of passengers and mean travel distance

3) Train-path kilometers: Driving performance in km of trains on rail

4) Ton kilometers (tkm): product of freight carried and mean transport distance

Development Deutsche Bahn Group

Economic Environment

The economy weakened considerably over the course of the first six months of 2001. The main consequence for the DB Group was a noticeable decline in output of key industry sectors for freight transport in the second quarter. In the meantime, leading economic research institutes have significantly reduced their forecasts for the increase in gross domestic product for the year 2001. Moreover, expectations for a sustained upswing have been pushed back to the year 2002.

Business Performance

The business performance of the DB Group in the first six months was favorable in both the passenger and freight transport areas. The **transport performance** of both Group divisions was greater than the previous year's figures. The Group Passenger Transport division increased their rail transport performance by 1.8 % to 35.9 billion pkm. The increase in transport performance in freight transport by 0.4 %, to 39.8 billion tkm, is satisfactory in light of the increasingly unfavorable economic development in key industries. The trend towards longer trip and transportation distances continued unabated in both passenger and freight transport.

Group revenues increased by 2.7 % to € 7,664 million. This growth is primarily due to positive developments in passenger and freight transport; the highest growth rates were achieved by the Group Track Infrastructure division, thanks to increased demand by non-Group customers, and in the Group Passenger Stations division as the result of higher rental income. With inventory changes and other internally produced and capitalized assets both lower than the in previous year, **overall performance** at € 8,368 million was € 108 million higher than the comparable previous period's figure. Other operating income declined slightly.

The implementation of efficiency-increasing measures enabled a further reduce of overall expenses. The progress to date of our "Fokus" restructuring program is in line with our expectations. While the cost of materials increased slightly by 4.2 % to € 3,142 million – as a result of highly intensified maintenance measures in the Group Track Infrastructure division – we were able to reduce personnel expenses by 4.9% to € 3,771 million. We also had to compensate for reduced reimbursements for burdens inherited from former Deutsche Reichsbahn in the amount of € 187 million in the areas of cost of materials and personnel expenses. Depreciation increased by 4.1% to € 944 million as a result of our continued high pace of capital expenditures. Net interest declined by € 31 million to € –140 million; the amount of interest-bearing debt was lower on average during the comparable period in the previous year. Income from investments matched the previous year's level, and is characterized chiefly through the equity valuation of our investment in Arcor AG&Co.

In total, **income before taxes** increased to € 28 million (first six months of 2000: € –17 million). The changes in operating income are reflected in the EBITDA, EBIT, and operating profit after interest. We were able to significantly increase **EBITDA** by € 114 million – or 11.0 % – to € 1,150 million. In fact, the purely operative increase – that is, the figure excluding the effect of the reduced reimbursement for burdens inherited from former Deutsche Reichsbahn (€ 187 million) – amounted to € 301 million. **EBIT** increased by € 77 million to € 206 million; **operating income after interest** amounted to € 66 million (first six months of 2000: € 20 million). This earning trend surpassed our previous expectations.

Cash flow before taxes increased by 9.0 % to € 972 million, primarily due to the improved profit situation.

Balance Sheet Structure

The **balance sheet total** increased only slightly compared to the end of financial year 2000, by 0.6 % to € 39.7 billion. An increase in fixed assets on the asset side was balanced by a slight decrease in current assets. The structure of the liabilities side is largely unchanged since the end of financial 2000.

Capital Expenditures and Financing

Gross capital expenditures for intangible assets and properties (property, plant and equipment) were 3.1 % less than the previous year's period, at € 2,878 million. While gross capital expenditures by the Group Track Infrastructure division was above the expected figure, delays in the acquisition of new vehicles resulted in lower gross capital expenditures in the transport divisions and thus a decline in capital expenditures in total. Taking third-party investment grants into account, net capital expenditures amounted to € 1,963 million. Financing was serviced primarily from cash flow over the period, as well as from the scheduled reduction of working capital and existing liquidity.

The rating agencies Moody's and Standard&Poor's have confirmed the **ratings** they awarded Deutsche Bahn in the previous year, thus affirming our outstanding creditworthiness. In the long-term area, DB is currently rated by Moody's with Aa1 and by Standard&Poor's with AA; both agencies awarded us the top rating in the short-term area. Our ratings in the long-term area also apply to the newly-established **Medium Term Note (MTN) program** with a volume of € 5 billion. This program allows the simplified placement of bonds and thus the targeted exploitation of market opportunities; the first bond with a volume of CHF 250 million was successfully placed in July 2001.

Employees

In line with further productivity increases, the number of employees has declined since the end of 2000 by 3,317 to 219,339 employees. Compared to June 30, 2000, this corresponds to a decline of 12,503 employees.

Noteworthy Occurrences

- The Group Passenger Transport division introduced the outlines of our new price system in early July 2001. The system will be implemented in 2002 and will bring lower prices for a significant majority of our customers.
- With the joint objective of offering integrated, customer-focused transportation services, the State of Berlin and DB AG drafted a memorandum announcing the intention to run the public transport service in Berlin as a joint venture by merging the Berliner Verkehrsbetriebe (BVG) and S-Bahn Berlin GmbH. Both partners see significant synergy potential. A project team has been charged with developing a business concept by the end of 2001.
- The Rhine-Ruhr region (initial line Dortmund–Düsseldorf) and the Munich area (linking the Central/East Station with the airport) are particularly suited for hosting the Transrapid maglev technology in Germany. Planning companies with the involvement of DB AG have been founded for both areas. Their objective is to complete feasibility studies; the federal government will make its decision as to which line will receive priority in the year 2002 based on these studies.
- The entrance of the Danish State Railways (DSB) to the Railion venture and the transfer of their freight transport division, DSB Gods, was implemented as of August 1, 2001, with business effects retroactive to January 1, 2001. This entrance has not been taken into account in these interim financial statements. With the entrance of new shareholder DSB, the DB AG share in Railion GmbH will be reduced from 94 % to 92 %; DSB holds a 2 % share. The entrance of DSB will significantly strengthen the position of the Railion venture in the Scandinavian freight transport market.
- DB AG, the Federal Ministry of Transport, Building and Housing, and the Federal Ministry of Finance signed a trilateral agreement in March 2001. This agreement secures longer-term federal infrastructure financing at a level that is increased until 2003 (in total over € 13 billion for the period up to 2003). Effects hereof have not been included in this interim report due to ongoing negotiations on details of less importance.
- A working group has been formed to rate possible risks from the technical implementation of the new Nuremberg–Ingolstadt–Munich line, a major project; the results of the group's initial examinations are not yet available.
- Effective January 1, 2001, the major maintenance facilities (the so-called "C facilities") were transferred from DB Reise&Touristik AG, DB Regio AG and DB Cargo AG back to DB AG. A long-term concept for ensuring sufficient

economic efficiency for the DB Group's maintenance facilities plans a consolidation of these sites by the year 2003. The necessary structural adjustments will be carried out in a socially acceptable manner. It will not be possible to determine the extent to which provisions will have to be set aside (if any) for restructuring measures until the detailed concepts currently under development are completed.

- An agreement concluded with Arcor AG designates the founding of an independent operating company for railroad telematics by January 1, 2002. DB AG will initially hold a qualified minority share in this company, and will be able to purchase a majority in the year 2005. Independently of the operation of the equipment, the partners plan to promptly transfer all rail-specific telecommunication equipment to the DB Group's property.

Outlook

In light of the discontinued EXPO traffic, the optimization of our services in the framework of the MORA P and MORA C concepts, and the worsening economic conditions affecting freight transport, we do not expect the positive development of our transport performance to continue into the second half of the year. Irrespective of the initial successes of the measures implemented to date and the positive earnings development in the first six months, we feel that extrapolating this positive trend over the whole year is not justifiable based on the risks currently inherent in the economy. In particular, we see major market risks for the freight transport sector. Moreover, our Group-wide modernization initiative and the maintenance program in the Group Track Infrastructure division will result in greater expenses. Therefore, a significant operating loss after interest must be expected for the second half of and, as a result, the entire year 2001.

Statements Relating to the Future

This Interim Report contains forward-looking statements based on beliefs of Deutsche Bahn Group management. When used in this document, the words “anticipate,” “believe,” “estimate,” “expect,” “intend,” and “plan” are intended to identify forward-looking statements. Such statements reflect the current views of Deutsche Bahn Group, its Group divisions and individual companies with respect to future events and are subject to risks and uncertainties. Many factors could cause the actual results to be materially different. Actual results may vary materially from those projected here. The Deutsche Bahn Group does not intend or assume any obligation to update these forward-looking statements.

Passenger Transport

- Positive development of transport performance in rail passenger transport
- Program for performance optimization and cost reduction implemented uniformly
- Significant improvement in operating income after interest

in € million	Jan–Jun 2001	Jan–Jun 2000 [1)]	Change in %
External revenues			
DB Reise&Touristik	1,697	1,646	+ 3.1
DB Regio	3,709	3,671	+ 1.0
Total	**5,406**	**5,317**	+ 1.7
Intra-Group revenues	440	381	+ 15.5
Divisional revenues	**5,846**	**5,698**	+ 2.6
Operating income after interest			
DB Reise&Touristik	57	– 22	+ 359
DB Regio	77	5	+ 1,440
Total	**134**	**– 17**	+ 888
Gross cash flow			
DB Reise&Touristik	211	101	+ 109
DB Regio	310	216	+ 43.5
Total	**521**	**317**	+ 64.4
Gross capital expenditures			
DB Reise&Touristik	244	307	– 20.5
DB Regio	516	650	– 20.6
Total	**760**	**957**	– 20.6
Employees as of Jun 30/Dec 31	**75,242**	**83,062** *	– 9.4

* As of December 31, 2000
1) Including C facilities transferred to DB AG as of January 1, 2001

Developments in the Group Passenger Transport division were gratifying in the first six months of 2001. Transport performance, revenues, and operating income after interest improved in both the long-distance transport and local rail transport business units. In contrast, gross capital expenditures in both areas fell below the previous year's figures due to delays in the acquisition of new vehicles and in modernization measures.

Long-Distance Passenger Transport (DB Reise&Touristik)

The long-distance passenger transport business unit increased its rail transport performance by 2.0 % in comparison to the previous year's period, to 17.3 billion pkm; the expansion of our ICE service was particularly well received. Moreover, long-distance transport benefited from a temporary improvement of our relative competitive position due to increased fuel prices and strikes in the air traffic sector. Structurally opposing factors were the elimination of EXPO traffic (May– October in the previous year) and the implementation of the first phase of our market-oriented services program (MORA P) implemented with the new schedule in June 2001. We were able to maintain the punctuality of connecting trains at a high level during the schedule changeover period.

Thanks to the increasing share of higher-value ICE traffic, external revenues increased by 3.1 % to € 1,697 million. Combined with reduced expenses, operating income after interest increased significantly compared to the comparable period in the previous year (€ 57 million, first six months of 2000: € –22 million). Gross cash flow increased to € 211 million (first six months of 2000: € 101 million).

Local Passenger Transport (DB Regio)

The development in the regional transport business unit was also positive. Transport performance in local rail passenger transport grew by 1.6 % to 18.5 billion pkm; the development in bus transport was satisfactory. In total, external revenues of the business unit grew – at nearly unchanged compensation by the ordering organizations – by 1.0 % to € 3,709 million.

DB Regio is devoting a major effort towards cost optimization, in order to achieve a sustained strong position in the highly competitive local transport market. Combined with the positive development in revenues, we were able to compensate for the decline in reimbursement for burdens resulting from German reunification (for surplus personnel and increased cost of materials of former Deutsche Reichsbahn), and increase operating income after interest to € 77 million compared to the weak figure from the previous year's period. Gross cash flow also increased significantly to € 310 million.

Negotiations for expiring transport contracts resulted, among others, in the extension of the transport contract with the state of Rhineland-Palatinate. In addition, DB Regio could win the Europe-wide tender of transport services for regional and metro transport by the Rhine-Neckar transport authority (Verkehrsverbund Rhein-Neckar) and plans to bid on the tender for local transport services in West Jutland/Denmark.

Freight Transport

- Transport performance greater than previous year's period
- Improvements in external revenues and operating income after interest
- Further development dependent on worsening economy

in € million	Jan–Jun 2001	Jan–Jun 2000 1)	Change in %
External revenues	1,917	1,867	+ 2.7
Intra-Group revenues	392	356	+ 10.1
Divisional revenues	**2,309**	**2,223**	+ 3.9
Operating income after interest	14	– 8	+ 275
Gross cash flow	88	83	+ 6.0
Gross capital expenditures	151	144	+ 4.9
Employees as of Jun 30/Dec 31	32,916	38,555 *	– 14.6

* As of December 31, 2000
1) Including C facilities transferred to DB AG as of January 1, 2001

The first six months delivered an overall positive development as a result of the favorable economic environment – especially for goods predisposed to rail transport (steel and petroleum products). One decisive factor for further development will be the significant decline in raw steel production that took place in the last two months of the reporting period. Thanks to the overall positive six months, transport performance in this Group division was 39.8 billion tkm, 0.4 % greater than the excellent previous year's figure.

External revenues increased by 2.7 %, an even greater amount than transport performance. Operating income after interest improved significantly to € 14 million (first six months of 2000: € –8 million); gross cash flow increased slightly to € 88 million.

Gross capital expenditures, at € 151 million, were 4.9 % greater than in the previous year's period. This mainly involved the procurement of new locomotives and freight cars/loading units within the framework of our comprehensive fleet modernization program.

The continued high intra-modal – and especially inter-modal – competitive pressure in the freight sector emphasizes the importance of our service optimization in the context of the MORA C program. Our primary goal is to improve the quality of our rendered services by streamlining the production processes. At the same time, we aim to achieve a strong strategic position in "combined transport".

We expect the expansion of the Railion venture through the entry of the Danish State Railways (DSB) and the transfer of their freight transport division DSB Gods as Railion Denmark A/S to improve the position of all Railion partners in the Scandinavian freight transport market.

Passenger Stations

- Revenues growth of 13.8 % due to higher rental income
- Increase in operating income after interest to € 18 million
- Initial success in our cleanliness initiative

in € million	Jan–Jun 2001	Jan–Jun 2000	Change in %
External revenues	107	94	+ 13.8
Intra-Group revenues	295	297	– 0.7
Divisional revenues	**402**	**391**	+ 2.8
Operating income after interest	18	2	+ 800
Gross cash flow	75	52	+ 44.2
Gross capital expenditures	182	290	– 37.2
Employees as of Jun 30/Dec 31	5,069	5,015 *	+ 1.1

* As of December 31, 2000

Compared to the same period in the previous year, the Group Passenger Stations division was able to increase its external revenues particularly in the rentals area; the increase resulted primarily from the additional marketing potential of completed major projects (Cologne and Hanover Central Stations). Divisional revenues, at € 402 million, were also 2.8 % above the previous year's figure. Combined with intensified cost management, operating income after interest improved significantly, from € 2 million to € 18 million. Gross cash flow increased by 44.2 % to € 75 million.

A major focus in the year 2001 is our comprehensive cleanliness initiative, for which an additional € 36 million (for full year 2001) have been budgeted. 2,800 stations had been given a general cleaning by the end of June 2001. Five federal states have already confirmed their support for our cleanliness initiative.

Gross capital expenditures for our modernization program continue at a high level, at € 182 million; the decline compared to the first six months of 2000 resulted from the settlement of several major projects over that period. Multi-year framework agreements for modernization initiatives were concluded for stations and their surroundings with the states of Hesse, North Rhine-Westphalia, and Saxony-Anhalt.

Track Infrastructure

- Continuing increased revenues with non-Group railroads
- Capital expenditures at a high level
- Operating income after interest declined

in € million	Jan–Jun 2001	Jan–Jun 2000	Change in %
External revenues	66	42	+ 57.1
Intra-Group revenues	1,672	1,719	– 2.7
Divisional revenues	**1,738**	**1,761**	– 1.3
Operating income after interest	35	95	– 63.2
Gross cash flow	443	491	– 12.3
Gross capital expenditures	1,666	1,457	+ 14.3
Employees as of Jun 30/Dec 31	53,830	53,554 *	+ 0.5

* As of December 31, 2000

In comparison to the previous year's period, the Group Track Infrastructure division was able to increase its revenues with non-Group customers significantly, by 57 % to € 66 million. In contrast, intra-Group revenues with the DB Group transportation companies declined slightly. On the cost side, it was not possible to completely compensate for the reduced reimbursement for burdens resulting from German reunification (for surplus personnel and increased cost of materials of former Deutsche Reichsbahn) and higher expenses for maintenance and interest payments, despite our continued optimization program. As a result, operating income after interest – at € 35 million – was, as expected, significantly under the previous year's period. Gross cash flow, at € 443 million, also declined slightly.

Our intensive infrastructure modernization program is reflected in an increase in gross capital expenditures of 14.3 % to € 1,666 million. The emphases for the year 2001 are the renovation of the track superstructure and the new construction of electronic interlockings combined with connections to the corresponding operation centers. The program of measures for reducing speed restrictions is proceeding on schedule; our target is to reduce travel time lost due to deficient tracks by half by the end of the year 2001. The major projects Cologne-Rhine/Main line, Nuremberg–Ingolstadt–Munich line, the Berlin hub, and projects for improving local rail passenger transport were continued.

The new single-tier train path pricing system was implemented on April 1, 2001, after being discussed with the Federal Cartel Office.

Real Estate

- Project-related shifts into the second half of the year
- Operating income after interest slightly below the previous year's level

in € million	Jan–Jun 2001	Jan–Jun 2000	Change in %
External revenues	6	4	+ 50.0
Intra-Group revenues	0	39	– 100
Divisional revenues	**6**	**43**	– 86.0
Divisional revenues plus Other operating income	283	335	– 15.5
Operating income after interest	21	36	– 41.7
Gross cash flow	44	58	– 24.1
Gross capital expenditures	11	22	– 50.0
Employees as of Jun 30/Dec 31	1,421	1,330 *	+ 6.8

* As of December 31, 2000

Due to the type of business activities conducted by the Group Real Estate division, business performance is reflected by the sum of divisional revenues and other operating income rather than revenues. In this area, the Group division earned € 283 million in the first six months of 2001, 15.5 % less than the comparable previous year's period. The main cause were lower revenues from property sales; some projects were shifted into the second half of the year. However, targeted cost management allowed us to appreciably compensate for the decline in operating income after interest (by € 15 million to € 21 million) and gross cash flow (by € 14 million to € 44 million); the shifted potential results will likely be realized in the second half of the year.

Time shifts also resulted in a gross capital expenditures figure that, at € 11 million, was lower than the previous year's figure.

Eisenbahn Immobilien Management GmbH, a company in the Group Real Estate division, was renamed Vivico Management GmbH in March 2001. We plan to transfer the shares of the company to the federal government or the Federal Railroad Fund retroactively as of January 1, 2001.

Consolidated Balance Sheet

on June 30, 2001

Assets

in € million	as of Jun 30, 2001	as of Dec 31, 2000
Fixed assets		
Intangible assets	169	193
Properties	34,792	33,878
Financial assets	563	600
	35,524	**34,671**
Current assets		
Inventories	1,037	973
Accounts receivable and other assets	2,382	2,990
Securities	253	33
Cash and cash equivalents	21	394
	3,693	**4,390**
Prepayments and accrued income	**494**	**406**
	39,711	**39,467**

Equity and liabilities

in € million	as of Jun 30, 2001	as of Dec 31, 2000
Equity		
Subscribed capital	2,147	2,147
Capital reserves	5,313	5,313
Other equity	1,349	1,328
	8,809	**8,788**
Special items	**17**	**19**
Provisions	**14,335**	**14,167**
Liabilities		
Interest-free loans	6,677	6,714
Interest-bearing debt	5,447	5,463
Other liabilities	3,494	3,337
	15,618	**15,514**
Accruals and deferred income	**932**	**979**
	39,711	**39,467**

Consolidated Statement of Income

January 1 through June 30, 2001

in € million	2001 Jan–Jun	2000 Jan–Jun
Revenues	7,664	7,465
Inventory changes	57	59
Other internally produced and capitalized assets	647	736
Overall performance	**8,368**	**8,260**
Other operating income	718	781
Cost of materials	– 3,142	– 3,015
Personnel expenses	– 3,771	– 3,964
Depreciation	– 944	– 907
Other operating expenses	– 1,023	– 1,026
	206	**129**
Investment income	– 38	– 37
Net interest	– 140	– 109
Income before taxes	**28**	**– 17**

Consolidated Statement of Cash Flows

January 1 through June 30, 2001

in € million	Jan–Jun 2001	Jan–Jun 2000
Income before taxes	**28**	**– 17**
Depreciation of properties [1]	944	907
Changes to pension provisions	0	2
Cash flow before taxes	**972**	**892**
Depreciation/write-back on financial assets	43	43
Changes to other provisions	168	198
Changes in special items	– 2	– 3
Gains/losses from disposal of properties [1] and financial assets	– 28	– 35
Changes to current assets (excl. cash and cash equivalents)	236	– 176
Changes to other operating liabilities	65	154
Income taxes	– 7	– 7
Cash flow from business activities	**1,447**	**1,066**
Proceeds from disposal of properties [1]	157	155
Payments for purchase of properties [1]	– 2,878	– 2,969
Proceeds from investment grants	959	865
Proceeds from additions to interest-free loans from the federal government	226	269
Repayments of interest-free loans to the federal government	– 262	– 247
Proceeds from disposal of financial assets and (partial) divestiture of consolidated companies	1	24
Payments for purchase of financial assets and (partial) acquisition of consolidated companies	– 7	– 16
Investing activities	**– 1,804**	**– 1,919**
Income payments to minority shareholders	0	0
Proceeds from long-term Group financing	0	0
Proceeds/payments from short-term Group financing	– 14	58
Proceeds from issuing bonds and new loans	0	1,000
Repayments of bonds and loans	– 2	0
Financing activities	**– 16**	**1,058**
Net increase (decrease) in cash	**– 373**	**205**
Cash and cash equivalents, beginning of year	394	280
Cash and cash equivalents, June 30	**21**	**485**

[1] Including intangible assets

Segment Information

in € million	External Revenues Jan–Jun 2001	External Revenues Jan–Jun 2000	Intra-Group Revenues Jan–Jun 2001	Intra-Group Revenues Jan–Jun 2000	Divisional Revenues Jan–Jun 2001	Divisional Revenues Jan–Jun 2000	Operating Income after Interest Jan–Jun 2001	Operating Income after Interest Jan–Jun 2000
Passenger Transport								
DB Reise&Touristik	1,697	1,646	148	117	1,845	1,763	57	– 22
DB Regio	3,709	3,671	292	264	4,001	3,935	77	5
Total	5,406	5,317	440	381	5,846	5,698	134	– 17
Freight Transport	1,917	1,867	392	356	2,309	2,223	14	– 8
Passenger Stations	107	94	295	297	402	391	18	2
Track Infrastructure	66	42	1,672	1,719	1,738	1,761	35	95
Real Estate	6	4	0	39	6	43	21	36
Other Operating Entities/ Consolidation Effects	162	141	1,527	1,481	1,689	1,622	– 156	– 88
Group	**7,664**	**7,465**	**4,326**	**4,273**	**11,990**	**11,738**	**66**	**20**

in € million	Gross Cash Flow Jan–Jun 2001	Gross Cash Flow Jan–Jun 2000	Gross Capital Expenditures Jan–Jun 2001	Gross Capital Expenditures Jan–Jun 2000	Balance Sheet Total as of Jun 30, 2001	Balance Sheet Total as of Dec 31, 2000	Employees as of Jun 30, 2001	Employees as of Dec 31, 2000
Passenger Transport								
DB Reise&Touristik	211	101	244	307	4,572	4,809	28,215	30,293
DB Regio	310	216	516	650	7,788	7,359	47,027	52,769
Total	521	317	760	957	12,360	12,168	75,242	83,062
Freight Transport	88	83	151	144	3,028	3,234	32,916	38,555
Passenger Stations	75	52	182	290	2,759	2,731	5,069	5,015
Track Infrastructure	443	491	1,666	1,457	18,889	18,562	53,830	53,554
Real Estate	44	58	11	22	4,329	4,328	1,421	1,293
Other Operating Entities/ Consolidation Effects	– 21	37	108	99	– 1,654	– 1,556	50,861	41,177
Group	**1,150**	**1,038**	**2,878**	**2,969**	**39,711**	**39,467**	**219,339**	**222,656**

Comments on the Interim Report

This Interim Report is our first interim report based on German Accounting Standard (Deutscher Rechnungslegungsstandard [DRS]) DRS 6. Because it is our first interim report, the figures have been calculated for the first six months of 2001 as a whole as opposed to quarterly. In addition, we have elected not to calculate a mid-year figure for income taxes. The figures correspond to the methods used for the Annual Report 2000 and correspond to the requirements defined in the German Commercial Code (HGB) and the German Stock Corporations Act (AktG). These interim consolidated financial statements are based on an accounting in German marks (DM). They were drawn up in euros at the official exchange rate of 1 euro = DM 1.95583. The consolidation, accounting and valuation methods are identical to those applied to the same period of the previous year and those used in the Annual Report 2000.

Additional comments:

- Compared to the previous year's period, no major changes were made in the composition of the Group; the entry of new partner DSB to Railion GmbH has not been taken into account in these interim financial statements. However, this change will have no major effects on the Group's asset, financial, and income situation.
- The consolidated financial statements for the year 2000 contained a book profit from the sale of the DER Group; this profit was not reflected in the income statement from the first six months of 2000.
- The personnel expenses from the first six months of 2001, in contrast to the previous year's period, are no longer affected by the payment of so-called "grandfathered benefits"; a provision for compensating these personnel cost components was set aside in the consolidated financial statements at the end of 2000.
- A claim that we submitted to the Federal Railroad Fund (BEV) for services rendered in association with discount fares for retirees and civil servants has not been settled yet. This claim has not been charged off; discussions with BEV will continue.
- The change in equity between December 31, 2000 and June 30, 2001 results from the income before taxes and income taxes.
- In addition, the following information applies to the individual segments:
  (1) Effective January 1, 2001, the major maintenance facilities (the so-called "C facilities") were transferred from DB Reise&Touristik AG, DB Regio AG and DB Cargo AG back to DB AG. The unidentified loss reserve established for transferred inventories will be dissolved and recorded as income for the transport companies at the end of 2001; at the same time, this reserve will

be established for DB AG. This change will not affect the results of the Group as a whole.

(2) The “track infrastructure and facilities renovation” activities were allocated to the Group Track Infrastructure division on January 1, 2001; these activities were allocated to “Other operating entities” during the previous year’s period. 1,400 employees were affected by this restructuring measure.

(3) The transfer of activities in the area of 50 Hz electricity management and distribution from DB Netz AG to DB Energie GmbH is already taken into account effective January 1, 2001. We plan to transfer additional activities in the area of 16 2/3 Hz electricity management and distribution in the second half of 2001 (this change will also take effect as of January 1, 2001).

Berlin, August 14, 2001

Deutsche Bahn AG
The Management Board

The Boards of Deutsche Bahn AG

Supervisory Board:

Dr. Günther Saßmannshausen
Honorary Chairman of the Supervisory Board

Dr. Michael Frenzel
Chairman of the Supervisory Board

Norbert Hansen*

Niels Lund Chrestensen

Peter Debuschewitz*

Horst Fischer*

Horst Hartkorn*

Jörg Hensel*

Günter Kirchheim*

Lothar Krauß*

Heike Moll*

Ralf Nagel

Dr. h.c. Friedel Neuber

Günter Ostermann*

Dr. Manfred Overhaus

Albert Schmidt

Prof. Dr. Ekkehard Schulz

Dr. Ulrich Schumacher

Dr. Alfred Tacke

Heinrich Weiss

Horst Zimmermann*

* Employee representatives on the Supervisory Board

Management Board:

Hartmut Mehdorn
CEO and Chairman of the Management Board

Klaus Daubertshäuser

Dr. Horst Föhr

Dr. Christoph Franz

Roland Heinisch

Dr. Bernd Malmström

Dr. Karl-Friedrich Rausch

Diethelm Sack

Dieter Ullsperger

Information as of July 31, 2001

Certification of the Auditor's Review

This interim report has been reviewed by PwC Deutsche Revision Aktiengesellschaft Wirtschaftprüfungsgesellschaft, who added the following auditor's opinion:

"We have reviewed the half annual consolidated financial statements (Balance Sheet, Profit & Loss, Cash Flow and additional relevant information) of Deutsche Bahn Aktiengesesellschaft, Berlin for the period January 1 to June 30, 2001 in accordance with our instruction. The preparation of the half annual financial statements in accordance with German commercial law are the responsibility of the Company's Board of Managing Directors. Our responsibility is to express a certified opinion on the financial statements based on our Auditor's review.

We conducted our review of the half annual financial statements in accordance with the generally accepted standards for the auditors' reviews of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) in Germany. Those standards require that we plan and perform the review so as to be reasonable certain that no issues emerge which would lead us to the conclusion that the financial statements are not in accordance with German accounting principles. An Auditor's review is restricted primarily to the questioning of employees of the company and analytical Audit procedures and therefore cannot offer the same level of security which would be achieved through a full audit. As we were not instructed to perform a full audit we cannot provide a certified confirmation.

However, based on our Auditor's review, we certify that, considering the requirements of appropriate book keeping, nothing came to our attention which brought us to the conclusion that the financial statements for the half year period January 1 to June 30, 2001 do not represent a true and fair view of the net assets, financial position and results of the company's operations or are not in all relevant aspects in accordance with the appropriate accounting principles."

Frankfurt am Main, August 17, 2001

PwC Deutsche Revision
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

(Kämpfer)	(Jäcker)
Wirtschaftsprüfer	Wirtschaftsprüfer

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The Interim Report and additional information are available on the Internet.

This Interim Report is published in German and English. In case of any discrepancies, the German version shall prevail.