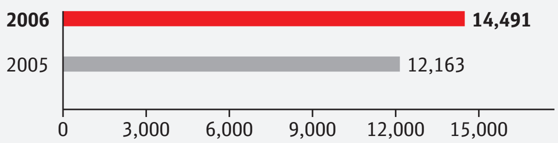
Mobility Networks Logistics

Interim Report
January – June 2006

- Market share gains in rail transport as well as persistent strong development of international freight forwarding and logistics activities
- Revenues increased by 19.1% to € 14.5 billion (on a comparable basis: +8.1%)
- Significant EBIT growth by € 480 million to € 936 million
- Gross capital expenditures expanded by 19.7% to € 2.4 billion
- EBIT forecast for 2006 financial year raised to € 1.9 billion

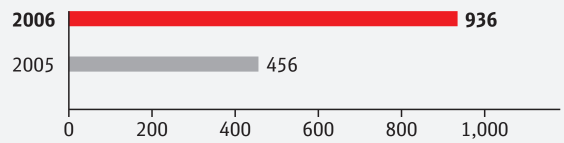
Development January – June 2006

Revenues (€ million)



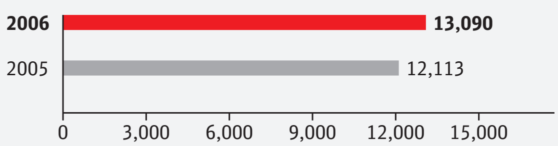
2005 to 2006: **+19.1%**

EBIT (€ million)



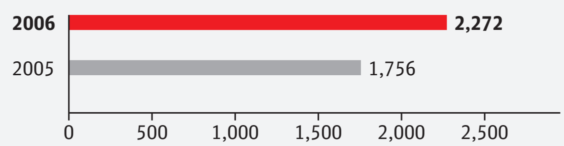
2005 to 2006: **€ +480 million**

Revenues – comparable (€ million)



2005 to 2006: **+8.1%**

EBITDA (€ million)



2005 to 2006: **€ +516 million**

Key Figures	**January through June**		**Change**	
€ million	**2006**	**2005**	**€ million**	**%**
Revenues	14,491	12,163	+2,328	+19.1
Revenues – comparable	13,090	12,113	+977	+8.1
Net profit for the year	491	14	+477	–
EBITDA	2,272	1,756	+516	+29.4
EBIT	936	456	+480	+105
Gross capital expenditures	2,372	1,981	+391	+19.7
Net capital expenditures [1]	1,456	1,158	+298	+25.7
Cash flow from operating activities	1,618	1,402	+216	+15.4
Non-current assets as of June 30/Dec 31	43,797	42,907	+890	+2.1
Current assets as of June 30/Dec 31	5,561	4,194	+1,367	+32.6
Total assets as of June 30/Dec 31	49,358	47,101	+2,257	+4.8
Equity as of June 30/Dec 31	8,222	7,675	+547	+7.1
Employees [2] in FTE as of June 30	228,925	221,847	+7,078	+3.2
Rating Moody's/Standard & Poor's	Aa1/AA	Aa1/AA	–	–

Performance Measures – Rail	**January through June**		**Change**	
	2006	**2005**	**€ million**	**%**
Rail passenger transport				
Passengers (million)	909	864	+45	+5.2
Transport performance (million pkm [3])	36,192	34,423	+1,769	+5.1
Train kilometers (million train-path km [4])	349	350	-1	-0.3
Rail freight transport [5]				
Freight carried (million t)	154	136	+18	+13.2
Transport performance (million tkm [6])	48,030	43,150	+4,880	+11.3
Mean transport distance (km)	311.9	317.3	-5.4	-1.7
Train kilometers (million train-path km [4])	100	95	+5	+5.3
Infrastructure				
Train kilometers on track infrastructure (million train-path km [4])	501	491	+10	+2.0
thereof non-Group customers	(61)	(52)	(+9)	(+17.3)

1) Gross capital expenditures less investment grants from third parties

2) Full-time employees (FTE), part-time employees are accounted for on a pro-rata basis

3) Passenger kilometers: product of number of passengers and mean travel distance

4) Train-path kilometers: driving performance in km of trains on rail

5) Please note: all ton figures represent metric tons (1,000 kg = 2,200 lbs)

6) Ton kilometers: product of freight carried and mean transport distance

Chairman's Letter

Hartmut Mehdorn
CEO and Chairman of the
Management Board
of Deutsche Bahn AG

Ladies and Gentlemen,

with increases in transport performance, revenues and profit as well as continued internationalization, our development in the first half of the year provides impressive evidence of the further progress we have been making on our path to success. We continue to prove ourselves as a reliable company capable of meeting objectives and pursuing our steady course towards the capital market.

We are very satisfied with how our business has been developing in the first half of the year. Here, we have not only benefited from the first-time inclusion of US logistics company BAX Global, which was acquired at the end of last year. We have also generated strong like-for-like increases in revenues and profit. We can now increase our forecast for the current year. Step by step, we are making the entrepreneurial contributions required to establish the commercial framework necessary for a capital privatization.

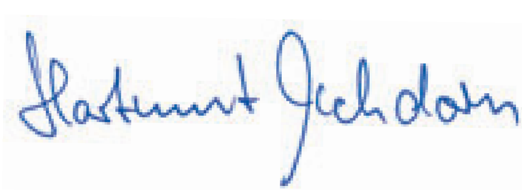
Together with our owner, the German Federal Government, we will address all further measures in a constructive and consistent manner. We share the same goal of positioning the DB Group as a competitive leading international mobility and logistics service provider able to meet the demands of the future.

It is with particular pleasure that we look back on the 2006 FIFA World Cup™, during which we carried around 15 million passengers to their destinations and took on extensive logistics services for all venues and for all teams. We mobilized a strong team for the 2006 FIFA World Cup™, which contributed to the success of this event in Germany and provided impressive evidence of the efficiency of the integrated DB Group.

The opening of the new Berlin Central Station and the commissioning of the new and upgraded lines between Nuremberg, Ingolstadt and Munich as well as between Berlin and Leipzig in the spring significantly strengthened the German rail infrastructure. It means that we can now offer our customers further attractive and rapid connections. Over the past few weeks, the Berlin Central Station has developed into a powerful magnet for the public and has become a new landmark for the city.

We believe the progress we have made in the first half of 2006 shows we are on the right path. We know that more hard work lies ahead; however, we will approach this in a methodical and consistent manner. We are confident that we will remain "on track" in the future.

Yours faithfully,



Hartmut Mehdorn
CEO and Chairman of the Management Board
of Deutsche Bahn AG

Major Events

- **Acquisition of BAX Global Inc. completed.** In January 2006 we completed the acquisition of US logistics service provider BAX Global Inc. (BAX) based in Irvine, California, from The Brink's Company, New York. The purchase price amounted to around USD 1.1 billion. This acquisition has enabled us to further strengthen our position as one of the leading transport and logistics service providers. The integration is proceeding as planned.

- **All lights on green for the Nuremberg – Ingolstadt – Munich rail link.** In May 2006 we opened the new and upgraded Nuremberg–Ingolstadt–Munich line, in which around € 3.6 billion have been invested. Trains have been operating since then at speeds of up to 300 km / h between Munich and Nuremberg. Customers using our regional and long-distance rail services will benefit from the reduction in journey times.

- **New Berlin Central Station officially opened.** With a spectacular light show and public party, we celebrated in May 2006 the inauguration of the new Berlin Central Station and the completion of one of the largest construction projects in the entire history of the German railways. With the opening of the Central Station, the North-South link, the Südkreuz and Gesundbrunnen long-distance stations, the three regional stations – Potsdamer Platz, Lichterfelde Ost and Jungfernheide – and the upgraded Leipzig – Berlin line, journey times will be reduced on many routes throughout Germany.

- **Job well done at the 2006 FIFA World Cup™.** We showed off our capabilities with a sparkling performance at the 2006 FIFA World Cup™, taking millions of people to and from the venue cities, the stadiums and the public viewing areas. To provide this high level of service, we ran 300 additional long-distance trains. Our World Cup special price offers, such as the "Weltmeister BahnCard 25", proved very popular. And behind the scenes, our "Schenker Global Sports Events" team made sure that the stadium logistics went off without a hitch.

- **Reduction of local transport funding under the Budget Supplement Act 2006**
  As a result of the Budget Supplement Act 2006, the Regionalizaton Act has now been amended. The level of funding for financing local rail passenger transport, for example, has been newly set for the years 2006 and 2007. For 2006, a total of € 7.1 billion has now been made available to the German federal states, and around € 6.7 billion for 2007. The level of funding for 2008 and beyond has not been fixed yet. In their deliberations on the Budget Supplement Act, the German Federal Government and the German federal states also agreed to reduce the extent of the originally planned cuts in regional funding by € 500 million. The legal formulation of this agreement has not been finalized yet. A definite decision for 2008 and beyond is expected in the second half of 2006.

Economic Environment

In the first half of 2006, the world economy continued on a course of expansion. North America and Asia remained the key growth areas, with the economic performance in the US continuing to be supported by high levels of consumer spending and brisk investment activity. The economy in Asia showed continued dynamic performance. In Japan, the upswing could be maintained, largely driven by domestic demand and a strong increase in exports. Growth continued unabated in China, with investment activity and foreign trade performing at high levels.

Economic growth has strengthened further in the euro zone. The prime economic driver was the rise in domestic demand. High growth rates were also achieved in foreign trade, with imports growing faster than exports. The new EU countries continued to perform even more dynamically due to high investments and consumer spending.

An increase in gross domestic product (GDP) was also recorded at the beginning of the year in our own core market, Germany. In addition to the favorable conditions on global markets, this was also due to an increase in domestic demand. This means that a 1.5 % growth in GDP can be expected for the year 2006 (in 2005: 0.9 %). Both the passenger and freight transport businesses benefited from this economic environment: The passenger transport market was further supported by the positive trend in the development of employment figures, income in real terms and consumer spending, while the rise in production in the manufacturing sector and increased crude steel production impacted positively upon the rail freight business.

Developments in Relevant Markets

Buoyed by positive influences from the overall economic environment and other improvements in our competitiveness, the performance figures of the business units in the Passenger Transport as well as the Transport and Logistics Group divisions showed a very encouraging trend. There was also a positive effect on the passenger transport business due to the increase in passenger volume during the 2006 FIFA World Cup™. In rail passenger transport, we increased transport performance by 5.1 % to 36.2 billion passenger kilometers (pkm). This enabled us to further increase our share in a market that, on the basis of provisional figures, has been declining at a rate of 2 %. The Long-Distance Transport business unit continued the growth trend that was seen in 2005 (+5.4 % to 16.7 billion pkm). An increase was also achieved in the Regional Transport (+4.4 % to 16.9 billion pkm) and Urban Transport (+8.3 % to 2.6 billion pkm) business units. In contrast, the transport performance of our bus companies slightly declined due to the loss of tenders.

In the rail freight transport business, our Railion business unit, including its international activities (Railion Nederland, Railion Danmark and Railion Italia) and the first-time inclusion of RAG Bahn und Hafen GmbH (RBH), delivered strong growth, increasing by 11.3 % to 48.0 billion metric ton kilometers (tkm). Without the inclusion of RBH, the growth rate would have amounted to 8.9 %. With a 9.1 % increase, Railion Deutschland AG, on the basis of current estimates, was slightly above the overall growth level seen on the German freight transport market. Including non-Group rail companies, rail freight transport in Germany recorded double-digit growth.

Our Schenker business unit, including BAX, also continued its positive performance. This applies generally to the European land transport, air and sea freight, and logistics business activities. In the growing European land transport market, however, margins have been subject to increased pressure. On the one hand, this is due to the partial shortage of transport capacity and the increased energy costs, which can not be passed on in full to the final customer. On the other hand, the competitive environment is characterized by an increased number of mergers and acquisitions of logistics service providers. Our Schenker business unit successfully defended its market position and significantly increased its shipment volume.

The Schenker business unit, including BAX, also recorded strong growth in air and sea freight. Schenker continued to achieve growth rates above the market average. And, as a result of the acquisition of BAX, additional growth potential on key routes has been realized. Air freight saw high growth, particularly on routes within Asia, on those from Asia to North America and Europe, and from North America. The sea freight market continues to be characterized by high growth rates, especially on routes within Asia and in shipments from Asia. Depending on transport capacities available on certain routes and the energy price trend, however, margins in sea freight remain under pressure.

Business Performance

Our financial performance across all business units in the first six months of 2006 also benefited from further efficiency improvements and the continued implementation of our rigorous cost management. The revenue and profit growth achieved in our core business was further strengthened as a result of changes in the scope of consolidation: In terms of our business portfolio, compared with the first six months of 2005, the following additions are to be taken into account: BAX, RBH, Linjegods AS, Oslo/Norway, and the StarTrans Group, Hong Kong/China. These were partly offset by the disposal of Deutsche Eisenbahn-Reklame GmbH (DERG) and STINNES-data-SERVICE GmbH (SDS). Where they are important for purposes of comparability, effects arising from changes in the scope of consolidation are explained below.

Overall we saw a strong improvement in Group revenues year-on-year of 19.1 % to € 14,491 million. In particular, the marked increase of 8.1 % from our operations was supported by the positive effects arising from the previously mentioned changes in the scope of consolidation, and especially the first-time consolidation of BAX.

Revenues by business unit	**January through June**		**Change**	
€ million	**2006**	**2005**	**€ million**	**%**
Long-Distance Transport	1,582	1,454	+128	+8.8
Regional Transport	3,220	3,219	+1	+0.0
Urban Transport	870	857	+13	+1.5
Schenker (including BAX)	6,268	4,319	+1,949	+45.1
Railion	1,536	1,397	+139	+9.9
Stinnes	301	264	+37	+14.0
Track Infrastructure	265	217	+48	+22.1
Passenger Stations	156	143	+13	+9.1
Services	43	59	-16	-27.1
Energy	169	106	+63	+59.4
Other	81	128	-47	-36.7
DB Group – actual	**14,491**	**12,163**	**+2,328**	**+19.1**
– Revenues BAX, Linjegods, StarTrans, RBH (2006) resp. DERG, SDS (2005)	1,401	50	+1,351	–
DB Group – comparable	**13,090**	**12,113**	**+977**	**+8.1**

As a result of the strong growth of our global Schenker business unit and the first-time inclusion of the revenues of BAX, RBH and Linjegods, the revenue share contributed by our transport and logistics activities further increased. At the same time, the percentage contributed by activities outside Germany, based on segment revenues, rose from 23 % to 32 %.

As a result of the revenue performance, plus the slight rise in inventory changes and internally produced and capitalized assets, the overall performance was up 18.7 % to € 15,340 million. Other operating income at € 882 million was € 112 million above the figure for the comparable period of the previous year.

On the expenditures side, the positive effects of our cost reduction programs have been weakened by what have been partially unfavorable developments on the procurement markets – in particular in the case of energy purchases – and effects from changes in the scope of consolidation. This can be clearly seen in the cost of materials, which rose by 31.6 % to € 7,954 million. This increase was accounted for by the considerably higher costs for the purchase of transport services in the Schenker business unit (resulting from the business expansion and increased freight rates) and the first-time inclusion of BAX (€ 899 million). Higher costs also resulted from the increased energy prices.

There was only a slight increase reported in other operating expenses by 5.7 % to € 1,298 million. Here again, the positive impact from current cost reduction programs was more than offset by effects from changes in the scope of consolidation. Personnel expenses at € 4,698 million remained on the level of the comparable period of the previous year, despite the above-mentioned changes in the scope of consolidation. The key factors in this case are the continuing rationalization programs and the positive effects of the reduction of working hours, which became effective on July 1, 2005 for key companies within the Group. Depreciation was slightly above the level of the comparable period of the previous year (€ 1,336 million; first six months 2005: € 1,300 million).

As a result, we significantly increased our EBIT (Earnings before Interest and Taxes) compared with the first six months of 2005 by € 480 million to € 936 million. With a financial result of € –445 million that is approximately on the level of the comparable period last year (first six months of 2005: € –442 million), this resulted in an equally significant improvement in profit before taxes on income by € 477 million to € 491 million (first six months of 2005: € 14 million). Further helped by the increase in the positive "taxes on income" item, which was due to the rise in deferred tax assets, the net profit for the year also improved significantly. It increased by € 537 million to € 624 million (first six months of 2005: € 87 million).

In terms of the business portfolio, almost all business units contributed to the previously mentioned EBIT increase.

EBIT by business unit	**January through June**			**Change**
€ million	**2006**	**2005**	**€ million**	**%**
Long-Distance Transport	58	11	+47	–
Regional Transport	406	326	+80	+24.5
Urban Transport	50	53	–3	–5.7
Schenker (including BAX)	174	106	+68	+64.2
Railion	104	–15	+119	–
Stinnes	30	–4	+34	–
Track Infrastructure	147	66	+81	+123
Passenger Stations	78	56	+22	+39.3
Services	69	18	+51	–
Energy	74	53	+21	+39.6
Other/consolidation	–254	–214	–40	–
DB Group – actual	**936**	**456**	**+480**	**+105**
– Adjustment for unusual items	–18	–17	–1	–
EBIT adjusted for unusual items	**918**	**439**	**+479**	**+109**

We achieved significant EBIT improvements in the Long-Distance Transport, Regional Transport, Railion, Track Infrastructure and Services business units. While the Long-Distance Transport business unit is more advanced in its restructuring process, the Railion business unit has now achieved a turnaround. The performance of the Track Infrastructure and Services business units is attributed to efficiency improvement programs that have been running for a number of years, whereas the performance of the Track Infrastructure business unit has been influenced in part by special factors. The positive development of the Schenker business unit is due primarily to Schenker's existing business activities. As expected, the additional revenue contribution made by BAX is still small, since a positive EBIT situation in the current financial year was impacted by integration costs.

To provide a further improvement in comparability, we also determine an EBIT adjusted for unusual items. As in the comparable period last year, this was approximately at the level of the effective EBIT. The adjustments are for accounting gains resulting from selling off investments. In addition, there was a small number of items of non-operating income in the Stinnes and Schenker business units.

Performance of the Business Units

Long-Distance Transport Business Unit

€ million	January through June 2006	2005	Change € million	Change %
Rail transport performance (million pkm)	16,703	15,842	+861	+5.4
External revenues	1,582	1,454	+128	+8.8
EBIT	58	11	+47	–
Gross capital expenditures	170	37	+133	–
Employees (FTE[1] as of June 30)	14,795	15,071	–276	–1.8

[1] FTE = full-time employees; for better comparability part-time employees are converted into equivalent full-time employees in accordance with their share of the normal annual work time

In the Long-Distance Transport business unit, we continued to generate increases in transport performance and revenues. In volume terms, not only did we benefit from the economic situation in Germany, but also from the additional passenger services generated by the 2006 FIFA World Cup™, the opening of the new and upgraded Nuremberg – Ingolstadt – Munich line and the upgraded Berlin – Leipzig line, as well as the continuing high demand for the various special price offers. In addition, the long drawn-out winter also proved positive for us. By implementing an optimized timetable, we were able to increase the attractiveness, the capacity utilization and the profitability of our services compared with the first half year 2005. In conjunction with further enhancements of our internal cost structure, we were able to significantly improve EBIT yet again.

Gross capital expenditures in the first six months of 2006 included the addition of ICE 3 and the second generation of ICE T trains in particular.

Regional Transport Business Unit

€ million	January through June 2006	2005	Change € million	%
Rail transport performance (million pkm)	16,939	16,226	+713	+4.4
External revenues	3,220	3,219	+1	+0.0
EBIT	406	326	+80	+24.5
Gross capital expenditures	243	174	+69	+39.6
Employees (FTE as of June 30)	26,390	28,069	-1,679	-6.0

The performance of the Regional Transport business unit was also encouraging. Negative effects resulting from tender-related losses were more than compensated for by the increase in passenger volume during the 2006 FIFA World Cup™ and the continued high level of demand for our special package offers. The resultant positive effects on revenues by way of higher fare revenues were offset by a decline in ordered-service fees. As a result, revenues remained on the level of the first half of 2005. The EBIT performance reflects our unabated drive towards further efficiency improvements and cost reductions.

In the first six months of 2006, we again successfully concluded a number of transport contracts, such as the contract for the S-Bahn (metro) in Hanover. We also won the following tenders: the Augsburg electrified network, the Augsburg I diesel network and South Hesse. Offers were submitted for four additional tenders. A total of four tenders went to competitors.

Urban Transport Business Unit

€ million	January through June 2006	2005	Change € million	%
Rail transport performance (million pkm)	2,550	2,355	+195	+8.3
Bus transport performance (million pkm)	4,170	4,302	-132	-3.1
External revenues	870	857	+13	+1.5
EBIT	50	53	-3	-5.7
Gross capital expenditures	18	26	-8	-30.8
Employees (FTE as of June 30)	12,307	12,589	-282	-2.2

In the Urban Transport business unit, the Berlin and Hamburg S-Bahn (metro) systems both reported a positive performance. In the bus transport business, however, a slight decline was posted due to the loss of tenders. The slight increase in revenues was mainly attributable to higher fare revenues, particularly on S-Bahn services. Special factors at the Berlin S-Bahn turned out to be a drag on profit. Therefore EBIT remained on the level of the comparable period last year.

Schenker Business Unit

€ million	January through June 2006	2005	Change € million	%
External revenues	6,268	4,319	+1,949	+45.1
EBIT	174	106	+68	+64.2
Gross capital expenditures	77	74	+3	+4.1
Employees (FTE as of June 30)	52,480	36,661	+15,819	+43.1

The previous growth trends continued on the transport and logistics markets. In this environment, we were once again successful in maintaining our positive volume performance in all business activities and in growing faster than the market. The quality of the networks turned out to be a key competitive factor. Once again, the main areas of growth were in our international business. Revenue performance reflected the continuing organic growth and the positive effects of the first-time inclusion of BAX, Linjegods and StarTrans (together around € 1.3 billion). EBIT performance was also positive, although we see specific areas exposed to constantly mounting margin pressure due to rising energy prices. The first-time inclusion of BAX and Linjegods also had a positive impact.

Railion Business Unit

€ million	January through June 2006	2005	Change € million	%
Transport performance (million tkm)	48,030	43,150	+4,880	+11.3
External revenues	1,536	1,397	+139	+9.9
EBIT	104	–15	+119	–
Gross capital expenditures	67	109	–42	–38.5
Employees (FTE as of June 30)	23,001	24,181	–1,180	–4.9

The market relevant for our rail freight services continued to be on the one hand characterized by high intermodal and intramodal competition. On the other hand, it benefited in the first six months of 2006 from the significant improvement in the general economic conditions. Overall, we significantly increased our transport performance, also partly due to the first-time inclusion of RBH. The positive trend in transport performance is also reflected in external revenues, although the increase was slightly lower. Behind this development lie, among other factors, the effects of external revenues becoming intersegment revenues as the result of using the sales channels of other business units.

The EBIT development, in addition to the positive performance and revenues trend, also showed the first successes of our “RailPlus” program. It was launched in the second half of 2005 with a comprehensive range of market- and cost-driven features.

As we continue our modernization process, the decline in gross capital expenditures compared with the first half of 2005 is basically accounted for by temporary delays in vehicle deliveries.

Stinnes Business Unit

€ million	January through June 2006	2005	Change € million	%
External revenues	301	264	+37	+14.0
EBIT	30	-4	+34	–
Gross capital expenditures	1	4	-3	+75.0
Employees (FTE as of June 30)	1,572	1,686	-114	-6.8

The subsidiaries that make up the Stinnes business unit – Stinnes Freight Logistics (bulk good transport) and Stinnes Intermodal (combined transport) – also benefited from the general economic conditions in the first six months of 2006, and overall significantly increased their external revenues and their EBIT.

Track Infrastructure Business Unit

€ million	January through June 2006	2005	Change € million	%
Train kilometers on track infrastructure (million train-path km)	501	491	+10	+2.0
thereof non-Group customers	(61)	(52)	(+9)	(+17.3)
External revenues	265	217	+48	+22.1
EBIT	147	66	+81	+123
Gross capital expenditures	1,366	1,118	+248	+22.2
Employees (FTE as of June 30)	42,290	45,549	-3,259	-7.2

Significant increases in the demand for train-path allocations from non-Group customers continued in the first six months of 2006, while the demand from intra-Group customers remained at the level of the first half of 2005. Overall, this represented a growing demand for train-path allocations, which had a positive effect on external revenues. In addition to revenue performance, the consistent implementation of our efficiency improvement programs was the main factor responsible for the positive EBIT performance.

We continued to pursue our modernization program with special emphasis on the existing network as well as control and command technology, supported by continuously high expenditures for maintenance. The objective of all these measures is to secure the network's high quality and availability. The level of capital expenditures was above that in the first six months of 2005.

Passenger Stations Business Unit

	January through June		Change	
€ million	2006	2005	€ million	%
External revenues	156	143	+13	+9.1
EBIT	78	56	+22	+39.3
Gross capital expenditures	277	302	-25	-8.3
Employees (FTE as of June 30)	4,639	5,029	-390	-7.8

In the Passenger Stations business unit, we increased external revenues in the first six months of 2006, essentially due to higher revenues from the rental business. There was a slight improvement in station fees because the number of station stops of non-Group rail companies has been rising. Also backed by a consistent cost management program, EBIT improved once again.

Gross capital expenditures are principally driven by the progress of major projects and were in the first half of 2006 slightly below the figure for the same period in 2005. Key areas were the Berlin North-South link, Berlin Central Station and projects in Hamburg, Dresden and Frankfurt.

Services Business Unit

	January through June		Change	
€ million	2006	2005	€ million	%
External revenues	43	59	-16	-27.1
EBIT	69	18	+51	-
Gross capital expenditures	94	91	+3	+3.3
Employees (FTE as of June 30)	26,853	27,817	-964	-3.5

The performance of the Services business unit is essentially characterized by its supportive role for intra-Group customers. The positive EBIT development is attributable firstly to the fact that profitability gains were achieved due to efficiency measures. Secondly, it reflects the more favorable profit performance of DB Fahrzeuginstandhaltung (heavy vehicle maintenance), which in turn was due to an improved order situation.

Energy Business Unit

	January through June		Change	
€ million	2006	2005	€ million	%
External revenues	169	106	+63	+58.8
EBIT	74	53	+21	+39.6
Gross capital expenditures	27	26	+1	+3.8
Employees (FTE as of June 30)	1,679	1,762	-83	-4.7

In the Energy business unit we once again significantly increased external revenues as the positive development of the energy services business continued. A higher transport volume and the cold winter resulted in increased energy sales. In view of the developments on the energy markets, higher energy purchase prices again had to be passed on to the customers. Based on revenue performance, EBIT development was also positive.

Capital Expenditures

Gross capital expenditures on tangible and intangible assets at € 2,372 million were a significant 19.7 % above the figure for the previous year (first six months of 2005: € 1,981 million). Taking into account the € 93 million increase in third-party investment grants, net capital expenditures amounted to € 1,456 million (first six months of 2005: € 1,158 million). The main focus remained on the Infrastructure and Services Group division. Significant increases compared with the first half of 2005 were accounted for by the Long-Distance, Regional Transport and Track Infrastructure business units. The reasons in this case are the current modernization programs for the vehicle fleet and the track infrastructure.

Financial Situation

In the period under review, the relevant financial ratios reflected further improvements from operations. Based on the increases achieved in profitability, cash flow from business activities was up again (€ 1,618 million; first six months of 2005: € 1,402 million), thus exceeding net capital expenditures. In the first six months of 2006, changes in cash flow from investing activities (€ –2,530 million; first six months of 2005: € –1,111 million), in addition to operating capital expenditures requirements, including pro-rata financing by third parties, were primarily determined by the BAX acquisition. On the other hand, recourse to the capital markets for the pro-rata financing of the BAX acquisition is reflected in the cash flow from financing activities (€ 1,105 million; first six months of 2005: € –603 million).

For the refinancing of expiring bonds, we concluded two capital market transactions in the current financial year through our subsidiary DB Finance B.V., Amsterdam / Netherlands. Sustained by a strong demand from international development banks, the USD 800 million bond issue 2006 / 11 (placement in December 2005; inflow in January 2006) launched to finance the acquisition of BAX was further increased by USD 400 million (€ 316 million). In addition, as a result of the great interest in EUR bond 2003 / 18 (originally for € 500 million and subsequently increased several times), an increase of € 300 million to its current € 1.6 billion level was undertaken. The cash inflow in this case, however, occurred in July 2006.

The rating agencies Moody's and Standard & Poor's both reconfirmed their positive assessments of the creditworthiness of Deutsche Bahn with an "Aa1" and "AA", respectively, following their April 2006 reviews.

Balance Sheet

Total assets increased by 4.8 % to € 49.4 billion from December 31, 2005. Non-current assets continued to be dominated by property, plant and equipment due to the business characteristics of our core business area rail transport. The key factors responsible for the increase in current assets (€ 5.6 billion; as of December 31, 2005: € 4.2 billion) were the business expansion in the Schenker business unit and the inclusion of BAX. The structure of the liabilities side of the balance sheet remained largely unchanged compared with the end of 2005. The improved profitability further strengthened the shareholders' equity position (€ 8.2 billion; as of December 31, 2005: € 7.7 billion). In terms of liabilities, financial debt increased due to the BAX acquisition. Taking into account the liquidity reserves, net financial debt increased by € 1.0 billion to € 20.7 billion.

Employees

Various effects are reflected in the number of people recorded as full-time employees. As expected, the increases in productivity in the core business, rail transport, led to a decline in the number of employees since the balance sheet date, December 31, 2005. This effect was more than compensated for by the increase in the size of the workforce in the Schenker business unit as a result of the business expansion and the first-time inclusion of BAX. Compared with the figures as of June 30, 2005, the increase is less pronounced, because a reduction in working hours for key companies within the Group resulted in an accounting decline in the number of full-time employees. The agreement on this collective reduction became effective July 1, 2005.

Opportunities and Risks

Our business activities entail not only opportunities, but risks as well. Our business policies target the appreciation of opportunities and active control of identified risks through our risk management system. As part of our regular monitoring procedures, the opportunity/risk position since the balance sheet date, December 31, 2005, shows no significant changes. As a result of our analysis of risks, countermeasures, hedges and provisions, and on the basis of our current risk assessment, no risks are discernible that would threaten the existence of the Group now, or in the foreseeable future.

Outlook

As a result of the positive performance to date, we now anticipate a slightly higher profit potential compared with the forecast presented in March 2006. Our corporate forecast is based on a continuation of revenue growth and improvements resulting from our current internal programs. With regard to the market and competitive environment, stable conditions are assumed. Specifically, this implies a stable economic situation world-wide, with no disruptions on our key sales and procurement markets.

Key figures € million	2005	Outlook for the 2006 financial year
Revenues	25,055	↗ Increase in revenues in core business as well as from first-time consolidations
EBIT	1,352	↗ Continued profit improvements
ROCE	5.0%	↗ Further increase
Gross capital expenditures	6,379	→ Approximately same level
Net financial debt	19,669	↗ Slight overall increase / Decline after adjusting for BAX financing
Employees	216,389	↗ Increase due to first-time consolidations

- **Revenues:** Based on current estimates, we expect total revenues of over € 28.5 billion for the current financial year.
- **EBIT:** As a result of the positive performance in the first six months and the updated expectations for the second half of the year, we now consider an EBIT of € 1.9 billion possible for the 2006 financial year as a whole.
- **ROCE:** As we do not expect any significant changes with regard to capital employed, ROCE is likely to be in the order of 7%, based on the EBIT forecast mentioned above.
- **Capital expenditures and financing:** The volume of capital expenditures for the 2006 financial year as a whole is expected to reach at least the level of 2005. Taking infrastructure financing by third parties into account, we expect to be able to finance all capital expenditure programs using our own financial resources. We thus expect no significant change in the level of debt arising from operations. The development of financial debt will, to a large extent, reflect the recourse to the financial markets for financing the acquisition of BAX.

Forward-looking Statements
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 business units 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, especially those described in the "Risk Report". Actual results may vary materially from those projected here. Deutsche Bahn does not intend or assume any obligation to update these forward-looking statements.

Consolidated Statement of Income

January 1 through June 30 € million	**2006**	**2005**
Revenues	14,491	12,163
Inventory changes and internally produced and capitalized assets	849	765
Overall performance	15,340	12,928
Other operating income	882	770
Cost of materials	-7,954	-6,046
Personnel expenses	-4,698	-4,668
Depreciation	-1,336	-1,300
Other operating expenses	-1,298	-1,228
Operating profit (EBIT)	**936**	**456**
Result from investments accounted for using the equity method	5	10
Net interest income	-454	-468
Other financial result	4	16
Financial result	**-445**	**-442**
Profit before taxes on income	**491**	**14**
Taxes on income	133	73
Net profit for the year	**624**	**87**
Net result attributable to:		
shareholders of Deutsche Bahn AG	617	82
minority interests	7	5
Earnings per share (€ per share)		
undiluted	1.43	0.19
diluted	1.43	0.19

Consolidated Balance Sheet

Assets

€ million	30. 06. 2006	31. 12. 2005	30. 06. 2005
Non-current assets			
Property, plant and equipment	39,963	39,550	39,747
Intangible assets	1,588	880	862
Investments accounted for using the equity method	183	378	422
Available-for-sale financial assets	150	142	141
Other receivables and other assets	117	312	331
Derivative financial instruments	79	89	203
Deferred tax assets	1,717	1,556	1,412
	43,797	**42,907**	**43,118**
Current assets			
Inventories	753	716	835
Available-for-sale financial assets	1	0	0
Trade receivables	3,166	2,625	2,747
Other receivables and other assets	877	432	393
Current tax receivables	90	73	56
Derivative financial instruments	33	23	46
Cash and cash equivalents	495	305	461
Available-for-sale assets	146	20	0
	5,561	**4,194**	**4,538**
Total	**49,358**	**47,101**	**47,656**

Equity and Liabilities

€ million	30.06.2006	31.12.2005	30.06.2005
Equity			
Subscribed capital	2,150	2,150	2,150
Reserves	5,322	5,259	5,202
Retained earnings	701	84	-413
Equity attributable to shareholders of Deutsche Bahn AG	8,173	7,493	6,939
Minority interests	49	182	170
	8,222	**7,675**	**7,109**
Non-current liabilities			
Financial debt	18,447	18,310	18,721
Other liabilities	430	473	557
Derivative financial instruments	386	365	481
Retirement benefit obligations	1,484	1,414	1,353
Other provisions	4,092	4,161	4,383
Deferred income	3,142	3,194	3,294
Deferred tax liabilities	51	46	15
	28,032	**27,963**	**28,804**
Current liabilities			
Financial debt	2,731	1,664	1,420
Trade liabilities	3,416	3,338	3,742
Other liabilities	3,937	3,682	3,668
Current tax liabilities	65	51	62
Derivative financial instruments	77	32	39
Other provisions	2,481	2,226	2,310
Deferred income	397	454	502
Available-for-sale liabilities	0	16	0
	13,104	**11,463**	**11,743**
Total	**49,358**	**47,101**	**47,656**

Consolidated Statement of Cash Flows

January 1 through June 30 € million	2006	2005
Profit before taxes on income	491	14
Depreciation on property, plant and equipment and intangible assets	1,336	1,300
Result on disposal of property, plant and equipment and intangible assets	-16	-46
Result on disposal of financial assets	-18	0
Result on sale of consolidated companies	-26	-19
Interest and dividend income	-196	-179
Interest expense	642	643
Foreign currency result	-109	65
Result from investments accounted for using the equity method	-5	-10
Other non-cash expenses and income	156	-49
Changes in inventories, receivables and other assets	-207	-383
Changes in liabilities and deferred income	64	466
Cash generated from operating activities	2,112	1,802
Interest received	31	30
Dividends and capital distribution received	8	6
Interest paid	-490	-392
Taxes on income paid	-43	-44
Cash flow from operating activities	**1,618**	**1,402**
Proceeds from the disposal of property, plant and equipment and intangible assets	178	111
Payments for purchases of property, plant and equipment and intangible assets	-2,372	-1,981
Proceeds from investment grants	916	823
Payments for returned investment grants	-314	-85
Proceeds from the sale of financial assets	30	0
Payments for purchases of financial assets	-49	-1
Proceeds from the sale of shares in consolidated companies	20	25
Purchases of shares in consolidated companies	-939	0
Proceeds from the disposal of investments accounted for using the equity method	2	0
Payments for additions to investments accounted for using the equity method	-2	-3
Cash flow from investing activities	**-2,530**	**-1,111**
Distribution of profits to minority interests	0	-18
Repayment of capital amounts under finance leases	-28	-14
Proceeds from issue of bonds	965	0
Proceeds from interest-free government loans	20	34
Repayment of interest-free government loans	-357	-350
Proceeds from borrowings and commercial paper	832	139
Repayment of borrowings and commercial paper	-327	-394
Cash flow from financing activities	**1,105**	**-603**
thereof from discontinuing operations	(0)	(0)
Net change in cash and cash equivalents	**193**	**-312**
Cash and cash equivalents at the beginning of the period	305	765
Changes in funds due to changes in exchange rates	-3	8
Cash and cash equivalents at the end of the period	**495**	**461**

Consolidated Statement of Changes in Equity

€ million			Reserves								
	Subscribed capital	Capital reserves	Currency translation	Fair value reserve for securities	Fair value reserve for cash flow hedges	Other movements	Total	Retained earnings	Equity attributable to shareholders of Deutsche Bahn AG	Minority interests	Total equity
As of Jan 1, 2006	2,150	5,310	-17	0	-35	1	5,259	84	7,493	182	7,675
+ Capital introduced	0	0	0	0	0	0	0	0	0	0	0
– Dividend payments	0	0	0	0	0	0	0	0	0	0	0
+/– Currency translation differences	0	0	40	0	0	0	40	0	40	0	40
+/– Other changes	0	0	0	0	23	0	23	0	23	-140	-117
+/– Net profit for the year	0	0	0	0	0	0	0	617	617	7	624
As of June 30, 2006	**2,150**	**5,310**	**23**	**0**	**-12**	**1**	**5,322**	**701**	**8,173**	**49**	**8,222**

€ million			Reserves								
	Subscribed capital	Capital reserves	Currency translation	Fair value reserve for securities	Fair value reserve for cash flow hedges	Other movements	Total	Retained earnings	Equity attributable to shareholders of Deutsche Bahn AG	Minority interests	Total equity
As of Jan 1, 2005	2,150	5,310	-56	-1	-26	0	5,227	-493	6,884	183	7,067
+ Capital introduced	0	0	0	0	0	0	0	0	0	0	0
– Dividend payments	0	0	0	0	0	0	0	0	0	-18	-18
+/– Currency translation differences	0	0	-18	0	0	0	-18	0	-18	0	-18
+/– Other changes	0	0	0	0	-7	0	-7	-2	-9	0	-9
+/– Net profit for the year	0	0	0	0	0	0	0	82	82	5	87
As of June 30, 2005	**2,150**	**5,310**	**-74**	**-1**	**-33**	**0**	**5,202**	**-413**	**6,939**	**170**	**7,109**

Segment Information

January 1 through June 30/As of June 30

€ million	Long-Distance Transport 2006	Long-Distance Transport 2005	Regional Transport 2006	Regional Transport 2005	Urban Transport 2006	Urban Transport 2005	Railion 2006	Railion 2005	Schenker 2006	Schenker 2005
Segment revenues										
External revenues	1,582	1,454	3,220	3,219	870	857	1,536	1,397	6,268	4,319
Other external segment revenues	35	51	74	58	22	34	42	75	38	42
Internal segment revenues	82	86	70	212	32	18	337	394	7	15
Total segment revenues	1,699	1,591	3,364	3,489	924	909	1,915	1,866	6,313	4,376
Operating profit before interest (EBIT)	58	11	406	326	50	53	104	-15	174	106
Net interest income										
Result from investments accounted for using the equity method	0	0	0	0	0	0	0	0	2	0
Other financial result										
Profit before taxes on income										
Taxes on income										
Net profit for the year										
Segment assets[1]	3,530	3,339	4,891	4,849	1,514	1,592	2,844	2,669	4,669	3,195
Investments accounted for using the equity method[1]	0	0	6	5	1	0	5	21	7	31
Total assets[1]	3,530	3,339	4,897	4,854	1,515	1,592	2,849	2,690	4,676	3,226
Segment liabilities[1]	918	752	1,531	1,204	438	373	1,247	1,080	2,350	1,840
Segment capital expenditures	170	37	243	174	18	26	67	109	916	74
Additions to assets from acquisition of companies	0	0	0	0	0	0	0	0	839	0
Additions to assets from gross capital expenditures	170	37	243	174	18	26	67	109	77	74
Investment grants received	0	0	-6	-15	-1	-13	0	0	0	0
Net capital expenditures	170	37	237	159	17	13	67	109	77	74
Scheduled depreciation[2]	183	167	199	197	74	76	107	103	70	70
Impairment losses recognized/reversed[2]	0	0	1	0	0	0	0	0	0	0
Other non-cash expenditures[2]	21	4	40	1	7	1	32	1	6	8
Other non-cash income[2]	6	7	9	9	1	5	0	5	1	0
Employees[3]	14,795	15,071	26,390	28,069	12,307	12,589	23,001	24,181	52,480	36,661

1) Segment assets, investments in associates and segment liabilities are stated as of June 30; the remaining items relate to the reporting period. Investments accounted for using the equity method include the shares in Scandlines AG reclassified as of April 1, 2006 with their adjusted carrying amount of € 147 million.

Segment Information by Region

January 1 through June 30/As of June 30

€ million	Germany 2006	Germany 2005
Segment revenues, external	10,475	9,894
Segment assets	45,590	44,996
Net capital expenditures	1,405	1,132

Track Infrastructure		Passenger Stations		Services		Subsidiaries/ Other activities		Other/ Consolidation		DB Group	
2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
265	217	156	143	43	59	551	498	0	0	14,491	12,163
239	202	30	29	98	60	304	219	0	0	882	770
1,808	1,837	307	300	1,012	843	1,778	1,032	-5,433	-4,737	0	0
2,312	2,256	493	472	1,153	962	2,633	1,749	-5,433	-4,737	15,373	12,933
147	66	78	56	69	18	130	15	-280	-180	936	456
										-454	-468
0	0	0	0	0	0	3	10	0	0	5	10
										4	16
										491	14
										133	73
										624	87
21,245	21,020	3,383	3,244	1,130	1,085	8,090	7,609	-2,268	-1,368	49,028	47,234
0	1	0	0	1	1	310	363	0	0	330	422
21,245	21,021	3,383	3,244	1,131	1,086	8,400	7,972	-2,268	-1,368	49,358	47,656
3,539	4,051	467	491	879	1,016	9,836	8,267	19,931	21,473	41,136	40,547
1,366	1,118	277	302	94	91	93	81	-27	-31	3,217	1,981
0	0	0	0	0	0	6	0	0	0	845	0
1,366	1,118	277	302	94	91	87	81	-27	-31	2,372	1,981
-797	-687	-103	-99	0	0	-9	-9	0	0	-916	-823
569	431	174	203	94	91	78	72	-27	-31	1,456	1,158
464	471	62	59	86	92	85	94	-13	-29	1,317	1,300
15	0	0	0	2	0	1	0	0	0	19	0
68	10	9	0	24	1	45	22	0	3	252	49
35	12	18	2	6	13	20	47	0	0	96	98
42,290	45,549	4,639	5,029	26,853	27,817	26,170	26,881	0	0	228,925	221,847

[2] The non-cash items are included in the segment result shown and are also disclosed separately.
[3] The number of employees represents the average number of employees as of June 30 (part-time workforce converted into equivalent full-time workforce).

Rest of Europe		North America		Asia/Pacific		Rest of world		Reconciliation		DB Group	
2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
2,878	2,253	919	336	1,007	367	94	83	0	0	15,373	12,933
2,628	2,129	801	184	789	267	67	46	-847	-388	49,028	47,234
38	37	8	4	11	5	1	4	-7	-24	1,456	1,158

Basic principles and methods

In the same way as the consolidated financial statements for 2005, the unaudited interim financial statements for the period ended June 30, 2006 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC). IAS 34 (Interim Financial Reporting) has been taken into consideration. The accounting and valuation methods underlying the consolidated financial statements for 2005 have been consistently applied for these interim financial statements.

We provide the following explanations concerning changes to the IAS/IFRS standards which were initially adopted during the reporting period:

IAS 19: Amendment: Employee Benefits
IAS 21: Amendment: Net Investment in a Foreign Operation
IAS 39: Amendment: Cash Flow Hedge Accounting of Forecast Intragroup Transactions
IAS 39: Amendment: The Fair Value Option

The change of IAS 19 (Employee Benefits) has introduced an additional option for recognizing actuarial profits and losses. In addition, IAS 19 has been extended to include further arrangements governing joint plans of several employers for whom there is insufficient information for creating provisions, and also to include additional disclosure obligations. Application of the change has been mandatory since January 1, 2006. There have been no effects on this interim report because the Deutsche Bahn Group (DB Group) has not taken advantage of the option of recognizing actuarial profits and losses with no impact on the income statement.

The change concerning IAS 21 (IAS 21: Amendment: Net Investment in a Foreign Operation) mainly concerns the accounting treatment of long-term loans granted to group companies in a currency which is not the functional currency of the contracting parties. If there are no plans for the loans to be repaid in the foreseeable future, or if it is not likely that such loans will be repaid in the foreseeable future, the translation differences have to be recognized under shareholders' equity with no impact on the income statement.

With regard to cash flow hedge accounting of forecast intragroup transactions, IAS 39 (Financial Instruments: Recognition and Measurement) permits the recognition of foreign currency hedging which arises in connection with forecast intragroup transactions and which is very likely to occur, if the transaction is carried out in a currency other than the functional currency and if the currency risk would affect the group result. Application of the change has been mandatory since January 1, 2006. With regard to the fair value option, IAS 39 changes the definition of financial instruments which are recognized at fair value with an impact on the income statement, and limits the possibility of selecting this category. Application of this change has been mandatory since January 1, 2006. There has been no material impact on these interim financial statements because, in the reporting period, no major foreign currency hedges were taken out in connection with forecast intragroup transactions and the option of allocating financial assets to the category "fair value through profit or loss" was not exercised.

In addition, this interim report has taken account of all interpretations adopted by the IFRIC up to June 30, 2006, to the extent that application of such interpretations is mandatory and to the extent that such interpretations are relevant for the DB Group.

The most significant joint venture for the DB Group is Scandlines AG, Rostock. The DB Group has announced that it is interested in selling the shares in Scandlines AG, and started the active selling process at the end of March 2006. This accordingly satisfies the criteria for reclassifying the shares as "available-for-sale" as of April 1, 2006. Up to that time, the shares had been accounted for using the equity method.

Changes in the Group

The group of fully consolidated companies of Deutsche Bahn AG (DB AG) has developed as follows:

As of June 30, 2006 Number	**German**	**Foreign**	**Total**
Fully consolidated subsidiaries			
As of Jan 1	165	164	329
Additions	1	85	86
Disposals [1]	3	0	3
Addition due to change in type of incorporation	3	3	6
Disposal due to change in type of incorporation	2	0	2
As of June 30	**164**	**252**	**416**

[1] including disposals from inter-Group mergers

With the contract of November 15, 2005, the DB Group purchased 100 % of shares in BAX Global Inc. (BAX). BAX is a company registered in the state of Delaware / USA, and has its headquarters in Irvine, California / USA. The range of products of the company comprises services in the fields of global air and sea freight, supply chain management as well as logistics services within the USA. The world-wide activities of BAX were included in the group of consolidated companies of DB AG as of January 1, 2006. In December 2005, a new issue of USD 800 million (€ 678 million) was issued by DB Finance B.V., Amsterdam / Netherlands, in connection with refinancing the acquisition of BAX. The proceeds of this issue were received in January 2006.

80 % of shares in the StarTrans Group, Hong Kong / China, were acquired as of May 1, 2006. The StarTrans Group operates as an international air freight forwarder. As of April 30, 2006, DB AG's stake in Aurelis Real Estate GmbH & Co. KG (Aurelis), Frankfurt / Main, was increased to 100 % by the acquisition of 51 % of the shares. Because Aurelis has previously been included in the group of fully consolidated companies as a special-purpose vehicle in accordance with SIC-12, the asset position of the DB Group has not been significantly affected. In addition, all shares in STINNES-data-SERVICE GmbH (SDS), Mülheim / Ruhr, were sold as of January 1, 2006.

BAX and the StarTrans Group are shown in the Schenker segment in the segment report.

The other changes to the group of consolidated companies in the reporting period had only a minor effect on these interim financial statements of the DB Group.

The cost of purchase and the provisional fair value of the acquired net assets are shown cumulatively in the following for all changes to the group of consolidated companies. All purchase price allocations for acquisitions in the period under review have been carried out in accordance with IFRS 3. The purchase price allocations for BAX and the StarTrans Group have been carried out on the basis of carrying amounts, as definitive fair values of the acquired assets and liabilities are not yet available.

As of June 30, 2006 € million	**Total**	**Thereof BAX**
Purchase price		
Payments	1,001	(944)
+ Outstanding payments	111	(0)
+ Directly attributable costs	5	(5)
Total purchase price	1,117	(949)
– Fair value of net assets acquired	385	(245)
Difference	**732**	**(704)**
thereof included negative goodwill from purchase of shares in Aurelis recognized with an effect on income	(18)	–

As of June 30, 2006 € million	**Fair value**	**Thereof BAX[1]**	**Carrying amount**	**Thereof BAX[1]**
Property, plant and equipment	121	(120)	121	(120)
Intangible assets	32	(32)	32	(32)
Inventories	2	(2)	2	(2)
Receivables and other assets	461	(459)	461	(459)
Cash and cash equivalents	67	(67)	67	(67)
Assets	**683**	**(680)**	**683**	**(680)**
Financial debt	161	(161)	161	(161)
Other liabilities	104	(104)	104	(104)
Retirement benefit obligations	33	(33)	33	(33)
Other provisions	140	(137)	140	(137)
Liabilities	**438**	**(435)**	**438**	**(435)**
thereof recognized contingent liabilities in accordance with IFRS 3	(0)	(0)	(0)	(0)
Share of external parties	140	(0)	140	(0)
Net assets	**385**	**(245)**	**385**	**(245)**
Share attributable to DB Group before purchase	0	(0)	0	(0)
Purchased assets	**385**	**(245)**	**385**	**(245)**
Acquisition price paid by cash and cash equivalents	1,006	(949)	1,006	(949)
Cash and cash equivalents acquired with acquisitions	67	(67)	67	(67)
Outflow of cash and cash equivalents through acquisitions	**939**	**(882)**	**939**	**(882)**

[1] preliminary IFRS figures, because of not yet finished changeover process to IFRS at BAX

Goodwill is to a large extent substantiated by the synergy effects expected for the period after the acquisition. Negative goodwill received with an impact on the income statement is shown under other operating income.

If the StarTrans Group had also been included in the consolidated financial statements as of January 1, 2006, the DB Group would have shown additional revenues of € 34 million and additional net profit of € 1 million.

The companies which are no longer included in the group of fully consolidated companies have had the following cumulative impact on the net assets, financial position and results of operations of the DB Group:

As of June 30, 2006 € million	**Total**
Sale price	
Received payments	36
+ Directly attributable costs	0
Total sale price	**36**
– Cash and cash equivalents sold with companies	16
Inflow of cash and cash equivalents through divestitures	**20**

The following table shows the cumulative effects of the deconsolidation issues on the assets and liabilities of the DB Group in the period under review:

As of June 30, 2006 € million	**Carrying amount**
Receivables and other assets	4
Cash and cash equivalents	16
Assets	**20**
Other liabilities	4
Retirement benefit obligations	9
Other provisions	3
Liabilities	**16**

The figures which are shown relate to SDS. The revenues and net profits of SDS included in the consolidated financial statements up to the point of deconsolidation are as follows:

As of June 30 € million	**2006**	**2005**
Revenues	0	9
Net result for the year	0	2

In addition to the activities of BAX and the StarTrans Group acquired in 2006, Linjegods AS, Oslo/Norway, which was also purchased in the 2005 financial year, as well as the acquired activities of RAG Bahn und Hafen GmbH (RBH), Gladbeck, which were shown in the consolidated financial statements for 2005 exclusively with their balance sheet values, are also included for the first time in the consolidated statement of income in these interim financial statements. Because of the disposal of all shares in Deutsche Eisenbahn-Reklame GmbH (DERG) as of November 30, 2005 as well as all shares in SDS as of January 1, 2006, no comparable figures are recognized in the consolidated statement of income in the period under review.

The following overview shows the main effects of the changes in the group of consolidated companies on the consolidated statement of income compared with the same period in the previous year:

January 1 through June 30 € million	2006	**Thereof changes in the scope of consolidation**	**Thereof BAX (operating)**	**Thereof BAX (financing and purchase costs)**
Revenues	14,491	(1,351)	(1,179)	(0)
Inventory changes and internally produced and capitalized assets	849	(0)	(0)	(0)
Overall performance	15,340	(1,351)	(1,179)	(0)
Other operating income	882	(3)	(2)	(0)
Cost of materials	-7,954	(-1,013)	(-899)	(0)
Personnel expenses	-4,698	(-200)	(-157)	(0)
Depreciation	-1,336	(-16)	(-11)	(0)
Other operating expenses	-1,298	(-101)	(-91)	(0)
Operating Profit (EBIT)	**936**	**(24)**	**(23)**	**(0)**
Result from investments accounted for using the equity method	5	(0)	(0)	(0)
Net interest income	-454	(-17)	(0)	(-17)
Other financial result	4	(1)	(-1)	(-1)
Financial result	**-445**	**(-16)**	**(-1)**	**(-18)**
Profit before taxes on income	**491**	**(8)**	**(22)**	**(-18)**
Taxes on income	133	(-8)	(-10)	(3)
Net profit for the year	**624**	**(0)**	**(12)**	**(-15)**

The subsidiaries included for the first time in the consolidated statement of income of the DB Group have contributed € 17 million to the net profit of the DB Group, excluding the financing costs attributable to the acquisition of BAX.

Contingent receivables and contingent liabilities

Contingent receivables as of June 30, 2006 amounted to € 56 million (December 31, 2005: € 50 million). They consisted mainly of a claim for repayment of investment grants which have been provided; however, the size of the claim and the time at which the claim becomes due were not sufficiently certain as of the balance sheet date.

The contingent liabilities are broken down as follows:

€ million	30.06.2006	31.12.2005
Contingent liabilities from		
Guarantees	171	158
Provision of collateral for third-party liabilities	5	0
Provision of warranties	13	2
Other liabilities	226	210
Total	**415**	**370**

The guarantees as of June 30, 2006 comprise mainly customs guarantees provided by foreign Schenker companies.

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

Capital expenditures, for which contractual obligations existed as of the balance sheet date, but for which no payment had been provided, are broken down as follows:

€ million	30.06.2006	31.12.2005
Committed capital expenditures		
Property, plant and equipment	4,071	3,199
Intangible assets	15	2
Outstanding capital contributions	313	318
Total	**4,399**	**3,519**

Of the figure stated for outstanding contributions, € 313 million (December 31, 2005: € 318 million) comprise outstanding contributions for EUROFIMA (European Company for the Financing of Railroad Rolling Stock), Basle/Switzerland, which have not been collected. The change compared with the figure stated as of December 31, 2005 is attributable to exchange rate effects.

Other explanations

There had been a question pending between the Federal Republic of Germany and DB AG as to whether the 2002 payment notice for rail police services to DB AG was legitimate. With the judgment of May 17, 2006, the Bundesverwaltungsgericht (Federal Administrative Court) decided in the final instance in favor of DB AG, whereby the payment notice issued for the period 2002 must be cancelled. In addition, the legal ordinance underlying the notice was declared to be ineffective. The DB Group is currently reviewing the economic effects of the judgment as well as further proceedings. For these reasons, no accounting consequences have been included in these interim financial statements.

Financial Calendar

March 29, 2007 Balance Sheet Press Conference, Publication of 2006 Annual Report

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