



Accounts Press Conference Half-Year Results 2006

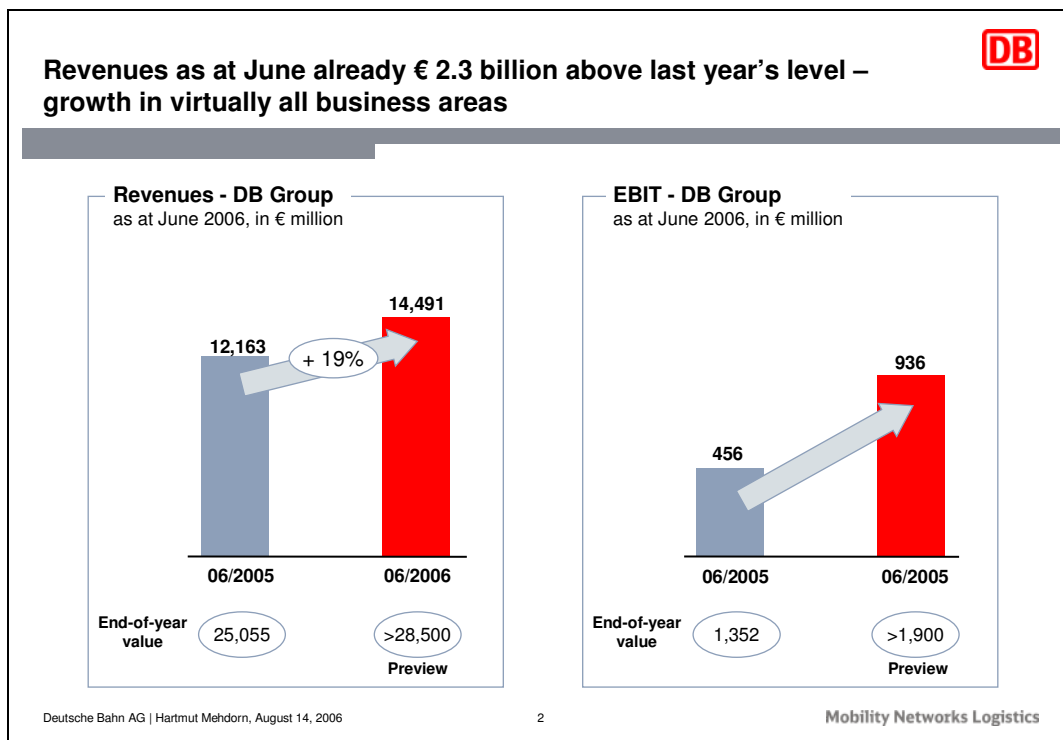
Speech of
Hartmut Mehdorn

Frankfurt/Main, 14th August 2006

Ladies and Gentlemen,

May I welcome you to the presentation of our half-year results for 2006 here in the financial and stock market capital Frankfurt/Main. I trust that you made as good a start into the second half of the year as we did, following the excitement of the last few months – you may recall that Germany hosted the World Cup this year.

We can show you today a seamless continuation of DB AG's success in both financial and transport terms for the first six months of 2006. The company in other words is performing very well indeed.



Our business units are currently achieving remarkable growth rates, which make us very confident that this level of performance will continue in the second half of the year.

Those who know the rail business are well aware that there are no quick wins in our industry. Today, we are reaping the rewards of the offerings and services that we have gradually improved over the years, while at the same time benefiting from the current economic uptick. And we do have tight control of our costs.

DB Group revenues are up 19.1 percent compared with the first six months of last year. This is due on the one hand to the successful integration of Bax; on the other hand, our organic growth at 8.1 percent is more than satisfactory and, compared with Dax companies and our sector as a whole, above average.

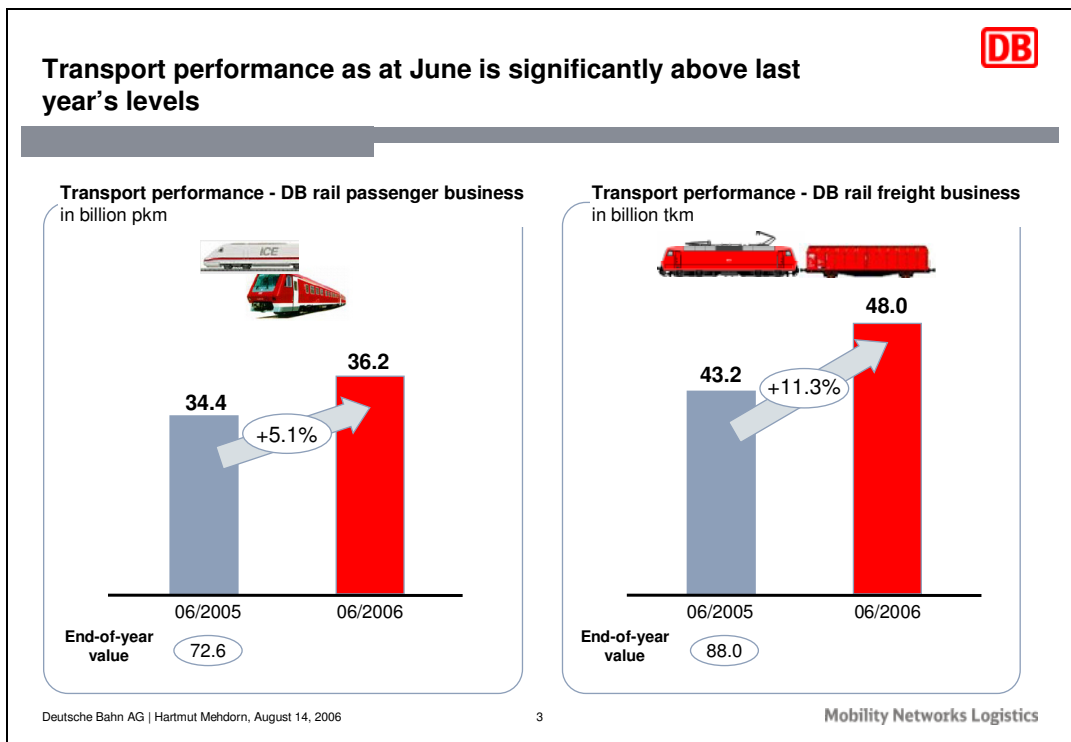
At the same time we have seen an extraordinary improvement in our financial performance. Compared with the same period last year, we have more than doubled our EBIT figure in the first six months of 2006 to € 936 million.

This is the first time in its history that Deutsche Bahn AG has been in the black from the start of the year, in spite of the fact that business is traditionally more difficult for the rail sector in the first half of the year.

It should also be pointed out that all business units contributed to this positive business performance. This means that we can now significantly increase our operating income forecast for the year as a whole by around € 300 million from an EBIT of about € 1.6 billion to 1.9 billion.

We are also increasing the prediction of our revenues for the year to at least € 28.5 billion.

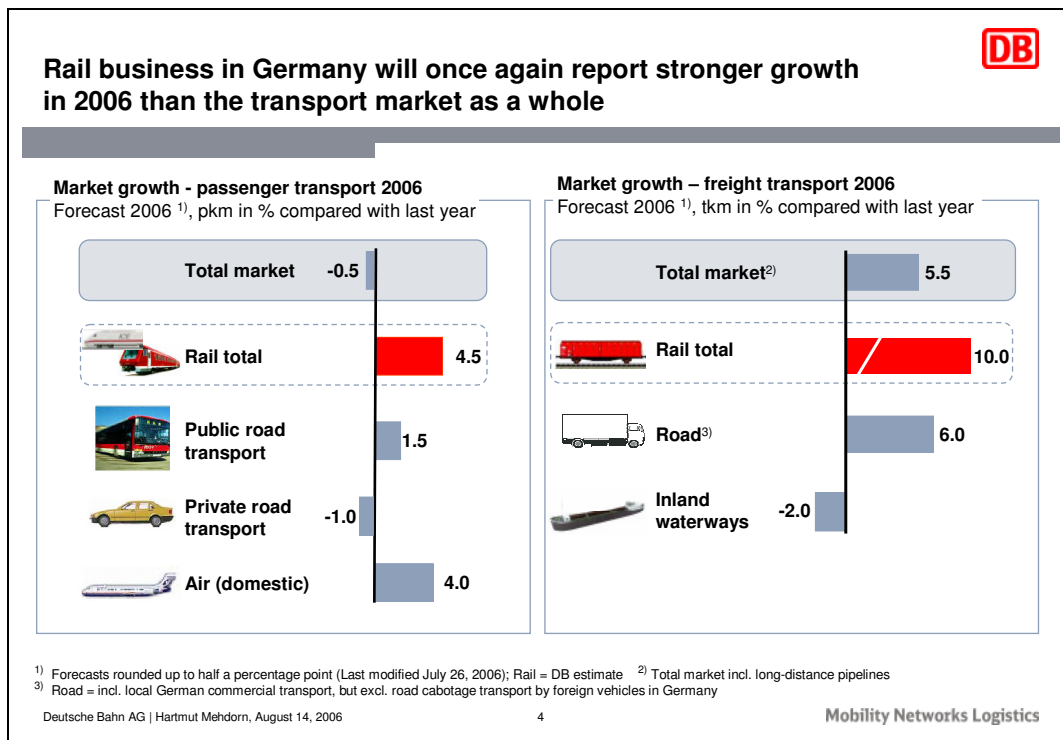
Before our Chief Financial Officer Diethelm Sack explains the key figures in detail, I would like to report on some selected developments and events from the first half of the year.



Rail activities in Germany have been and continue to be the key focus of our strategy. Our prime strategic goal is still to get more transport onto rail.

We managed to achieve this goal in the first half of 2006 to an extent that, when seen in an international context, is really quite respectable. And we are also not a little proud to be able to present growth rates for rail activities in Germany that have not been seen since the early post-war period.

Our passenger transport performance has grown 5.1 percent, while our rail freight transport performance is up 11.3 percent. At the same time, our third-party customers on the network, i.e. the approximately 300 railway undertakings operating in Germany, have requested 17.3 percent more train-path kilometers.



The true value of these figures is appreciated only when they are compared with the other modes of transport. The 2006 forecast for the transport market has two things to tell us.

Firstly: rail business is again reporting stronger growth than the German transport market as a whole. Secondly, and this is new: it is reporting stronger growth than any other mode of transport.

We attribute this growth to a number of things: A key factor is certainly the range of rail services that we have continuously improved over the years. This is now beginning to be reflected in an increase in customer demand.

This is also enhanced by external factors: The economic uptick and high energy prices worldwide are leading to a greater demand for rail transport.

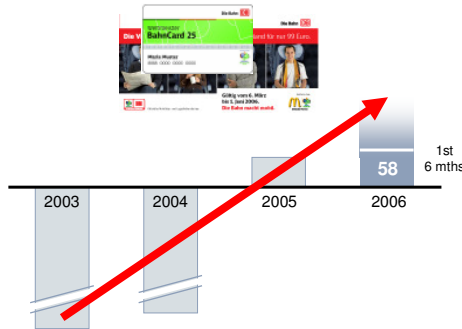
But it is our strategy for freight transport in particular that is most effective: We have taken a European rail freight carrier and combined it with the power of a strong freight forwarding and logistics organization. But I'll come back to that a little later.

A winner in 2006, therefore, is rail, and of course rail transport in Germany.

Turnaround achieved in long-distance passenger business and rail freight business – further growth expected



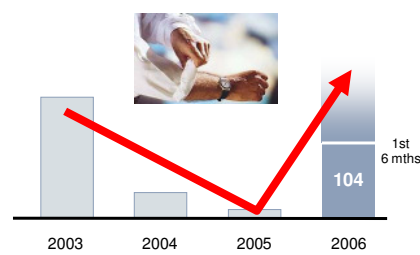
EBIT – long-distance passenger transport
in € million



- Successful **discount ticket sales and special offers**
- Significant **increase in BahnCard holders**
- **Modernization and extension of ICE fleet**
- **New track infrastructure** (Berlin node, plus Berlin-Leipzig and Nuremberg-Ingolstadt-Munich lines)

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EBIT – rail freight transport
in € million



- **RailPlus** – action taken to improve cost situation, quality and sales – initial success reported (e.g. productivity increase in single freight car operations, improved customer relations)
- Positive development of external **background conditions**

Mobility Networks Logistics

Two of our business units are making a major contribution to this development: These are Long-Distance Transport and our European freight carrier Railion.

It is a great pleasure to see that this year, following Long-Distance Transport, Railion has also achieved a business turnaround – one year earlier than planned. In this business unit, we have already managed to achieve an EBIT of € 104 million in the first six months of the year. This is an improvement of € 119 million compared with the same period last year.

In both business units, we have not made any deep cuts and have not made any severe reductions in rail services, as a rail operator with no network, leased staff and leased vehicles would have done.

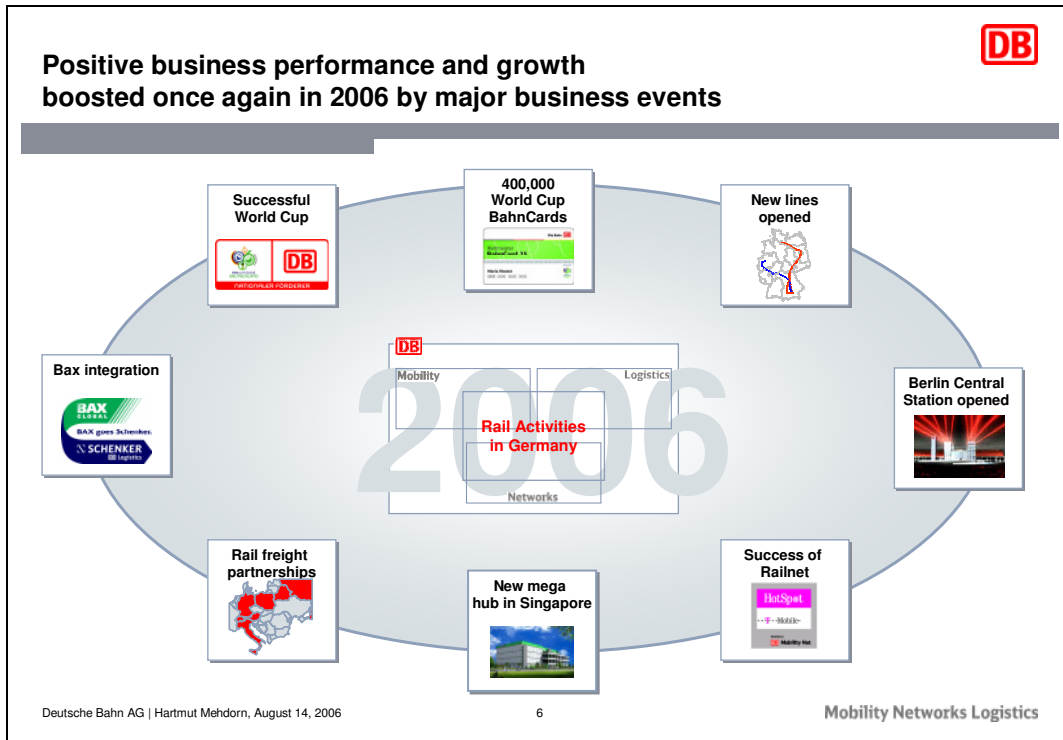
What we have done as an integrated rail group is to put even more effort into improving the standards of service we provide, shortening journey and shipment times, and increasing our overall productivity – with enormous success, as we can see.

We have acquired new customer groups in long-distance transport and have further strengthened customer relations with the BahnCard. In total, we had almost two million more travelers on long-distance services than in the same period last year. We put new ICEs into service and as a result now provide more frequent services and have also reduced journey times. We place great value on friendly service on the trains and in the stations, and we are steadily moving towards integrated mobility.

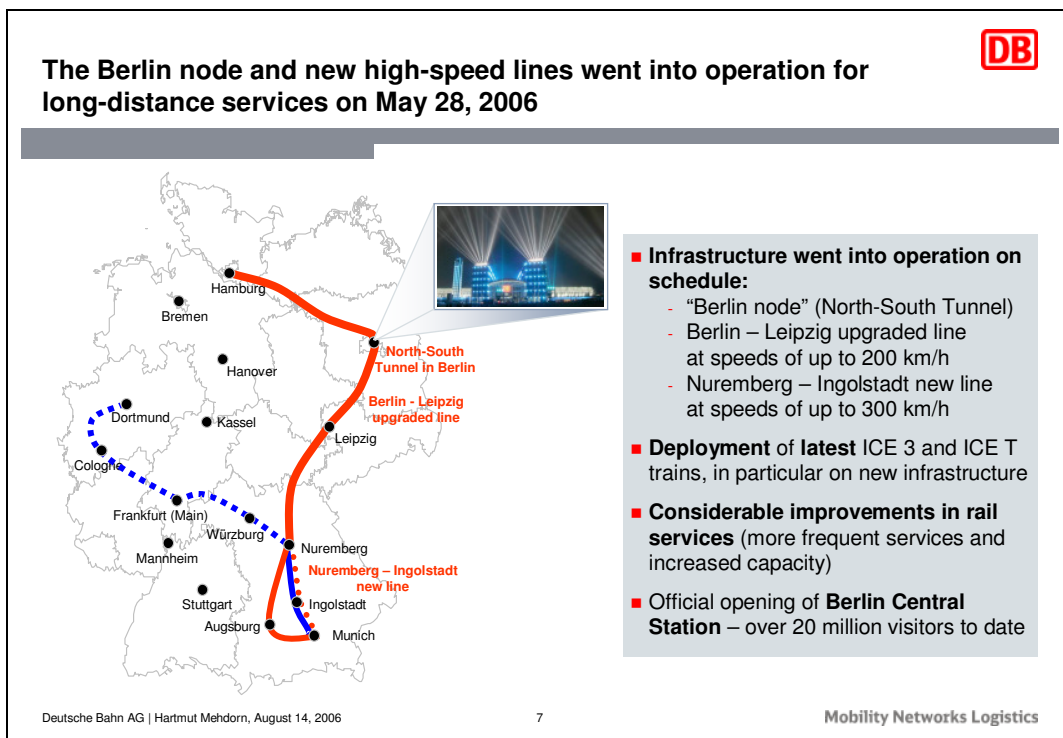
This means that, with our ICE and IC trains, we have an increase in revenues of 8.8 percent and a € 47 million improvement in EBIT to € 58 million in the first six months of the year.

At Railion, our European strategy of using interoperable freight trains across borders is now bearing fruit. To this end we have made huge investments in multi-system locomotives and set up operations in Italy, Denmark and the Netherlands, in good time for liberalization in 2007.

In the case of RailPlus, the name says it all: our goal is to raise rail freight transport to another level by providing more quality and service. We have not yet fully achieved our goal, but we are well on the way. The economic uptick is a great help of course.



A number of key events had a positive impact on the first six months of 2006. Let me pick out the most important of them for you.



The opening of the Berlin Central Station attracted worldwide attention. Deutsche Bahn has rarely experienced such a boost to its image. For us, the new central station is now Deutsche Bahn's heart in the center of the capital.

20 million travelers and visitors in the first two months – these are figures that speak for themselves and exceed all expectations. And they also tell us that the building will be a public attraction in Berlin for a long time to come.

The station has already become a new Berlin landmark. It is an impressive example of our strategy to bring rail stations back into the center of the cities.

There was a direct link between the timetable change on May 28 and the capital's new central station. With the simultaneous opening of the North-South Tunnel in Berlin and the Berlin – Leipzig and Nuremberg – Ingolstadt – Munich lines, it was a tremendous logistics challenge for us. Never before have the railways in Germany put so much new infrastructure into operation at one time. Due to the detailed preparation work that was performed by our staff, everything went off smoothly and on schedule, ready for the start of the World Cup.

More major cities in Germany are now just an hour or so from each other. There are already 20 percent more customers now traveling between Berlin and Leipzig.

Many regions throughout Germany will also benefit from the reduced journey times and the more frequent services.

We now expect to see positive effects on the total demand for long-distance services.

DB AG's performance during the World Cup delighted the fans

Fellow commuters, believe me:
... all we need to do is follow
the example of the Germans.
Guardian

*Deutsche Bahn AG played
a key role during the FIFA
World Cup event.*
Franz Beckenbauer

...Germany's ever-efficient
ICE trains...
Sun ONLINE

I am fascinated by
Germany's rail system...
I've never seen such a
clean train as the ICE.
24 heures

**FIFA WTM 2006
DEUTSCHLAND**
DB
NATIONALER FÖRDERER

*This is the best World Cup of all
times. That applies to the atmosphere
and the logistics.* Joseph S. Blatter

...excellent German railway
and underground trains...
The Mail

...The nation's public
transport system is both a
superb model of integration
and amazing value...
...Services are extremely
reliable...
THE INDEPENDENT

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The new timetable was the basis for our scintillating performance during the World Cup. These are just a few quotes from the foreign press and FIFA representatives to give you an idea of the excellent response we had.

They demonstrate of course how people outside the country see Deutsche Bahn in Germany and our performance during the World Cup.


We sold a total of 420,000 special World Cup BahnCards and carried 15 million additional passengers. Every day during the entire World Cup event, there were around 5.5 million people traveling with Deutsche Bahn. The logistics in the stadiums, thanks to Schenker, worked perfectly.

During the weeks of the tournament, our employees were on the ball with an extraordinary level of commitment and enthusiasm. FIFA President Joseph S. Blatter and OC President Franz Beckenbauer have already singled out this performance for special praise and commendation.


The next major event will come in September. At the moment our business units are working hand in hand, getting ready to cope with the one million people expected to be traveling by rail during the Pope's visit to Bavaria.

We will be running around 550 additional trains on the network to ensure that the majority of the pilgrims can avoid gridlock on the roads to attend mass in Munich, Regensburg and Altötting. For this purpose, we will be operating a special integrated timetable that will take us to the limits of our capacity in Bavaria.

Let me move now from passenger transport and the infrastructure to transport and logistics.



With the integration of BAX, Schenker now has a complete global logistics network of land, sea and air freight services




"It takes the Schenker and BAX Global merger to bring my world closer together. **Good for me.**"

Now access the world's No. 1 resource for European land transportation, No. 2 for global airfreight and No. 3 for global seafreight. **Good for your business.**

By joining forces and becoming the industry's leading logistics consortium, Schenker and BAX Global design new ways for the better. One, with over 3,000 offices in 120 countries worldwide, we're everywhere you need to be. Our team of over 100,000 skilled professionals offer you a wide array of multi-modal and value-added services, as well as more integrated supply chain solutions than ever before. Look to Schenker and BAX Global to be the one resource you require to bring your world closer together. Good for your business.

www.baxschenker.com



"It takes the Schenker and BAX Global merger to bring my world closer together. **Good for me.**"

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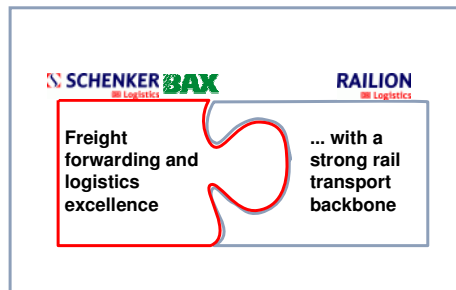
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We have completed the acquisition of Bax, and are now in a successful and long-term process of integrating Schenker and Bax.

This will allow us to consolidate and gradually expand our market position in global sea and air freight, and in European land transport. The Schenker and Bax networks are an ideal complement to each other.

Schenker and Railion benefit from integrated business model – optimal corporate setup to exploit future market opportunities



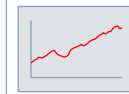
Upcoming market opportunities



A liberalized European rail freight market can be optimally exploited with our current setup



Combination of rail and logistics is in great demand for international shipments (e.g. China, Russia and Middle East)



Rapid growth on global logistics markets

We are also synchronizing the services portfolios of Schenker and Railion. This means that we are developing into a full service provider in the logistics business and can now offer one-stop shopping for complex logistics chains worldwide.

With Railion, we are the only logistics group that can boast of having a strong European freight carrier in its portfolio. And this combination means that we can optimally exploit the market opportunities in the years ahead.

I'll give you some examples of what I mean: The establishment of more European railports and road/rail logistics platforms, the inclusion of rail in transport services between Asia, Russia and Europe, complex supply chains in Europe, such as those for Porsche and other carmakers, and seamless seaport hinterland logistics services. For opportunities like these, we have exactly what is needed.

DB

Our financial success is the result of the determined implementation of our strategy

DB Group Strategy

The diagram shows a central box labeled 'Rail Activities in Germany' which is nested within a larger box labeled 'Networks'. This 'Networks' box is positioned between two larger boxes labeled 'Mobility' and 'Logistics'.

More operating income

Revenue: DB Group (in € billion 2005 = 100%)
 EBIT: DB Group (in € billion 2005 = 100%)

More internationality

Revenue: DB Group (in € billion 2005 = 100%)
 EBIT: DB Group (in € billion 2005 = 100%)

More transport on rail

Category	2005	2006
Total market	4.2	4.1
Rail transport	1.5	1.6
Public transport	0.5	0.5
Freight transport	1.0	1.1

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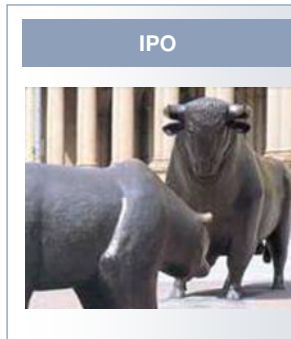
There is probably no other company in the German post-war period that has changed the way Deutsche Bahn AG has. In terms of its size, its technology, its market and its customer focus, the company has completely reinvented itself.

Looking at our current business situation, there is one thing that can be seen more clearly than ever before: DB AG's strategy on mobility, networks and logistics has taken hold.

With our strategic focus, we are now getting more transport onto rail, our profitability levels are getting better all the time, and we are exploiting the market opportunities through international networking.

This means we are offering Germany maximum benefit: a financially sound group with a total of 230,000 secure jobs, including 185,000 in this country, a strong rail carrier for the country's economy and, in terms of logistics, a globalization partner for business and industry.

Strong arguments in favor of an IPO without delay – the time is ripe and DB AG is ready



- ✓ Exploiting growth opportunities
- ✓ Ensuring further increases in transport operations
- ✓ Safeguarding existing network in the long term
- ✓ Employees sharing in the company's success
- ✓ Safeguarding jobs in Germany

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Deutsche Bahn AG and the rail sector as a whole are now standing at the crossroads, facing probably the most important decision taken since the rail reform of 1994.

The Bundestag, the German national parliament, followed by the Bundesrat, the German federal council, will shortly debate and subsequently vote on the future of this successful reform.

If Germany intends to exploit the opportunities offered by the world's second largest mobility and logistics group, then going public without delay is the right decision in the long term for DB AG.

Other former state-run companies have traveled this path before us, and have done so successfully. It is thus a well-trodden path. We would now like to follow their example, well aware of our responsibilities and with a setup that has a proven track record – for the benefit of rail and Germany. We are confident that it will also be of benefit to customers, company employees and the taxpayer.

In the course of the last few years, both management and staff have laid the foundation stone for this momentous political decision with the positive development of the DB Group.

At the halfway mark in 2006, we are again on track and on time.

The Group's excellent business performance has allowed us to substantially increase our forecasts for revenues and operating income for 2006 as a whole – as I mentioned at the start of this presentation.

We can now report that the company is ready to go public.

We continue to work flat out to increase our range of offerings and services and to constantly raise productivity.

The core of our strategy is and will remain our rail activities in Germany and their further development as a total system.

We intend to remain on course for continued growth. And to do this, we need access to capital of our own.

Our employees have done a lot in the last few years to make sure that the signals stay on green to guarantee a successful and secure future for this company and for rail in Germany.

The time is most favorable. And the time is now.

We are confident that our owner will make the right decision.

Thank you very much.

Speech of Hartmut Mehdorn, Chairman of the Management Board and CEO, Deutsche Bahn AG. Accounts Press Conference, Half-Year Results 2006, 14 August 2006, Frankfurt/Main.

The spoken word applies.

Contact:

Deutsche Bahn AG
Potsdamer Platz 2
10785 Berlin,

Communications Group
Tel.: +49 (0)30 297-61131
Fax: +49 (0)30 297-61919
E-Mail: medienbetreuung@bahn.de

Investor Relations
Tel.: +49 (0)30 297-61130
Fax: +49 (0)30 297-61961
E-Mail: investor.relations@bahn.de