January to September 2008

Interim Report

Deutsche Post World Net

MAIL EXPRESS LOGISTICS FINANCE

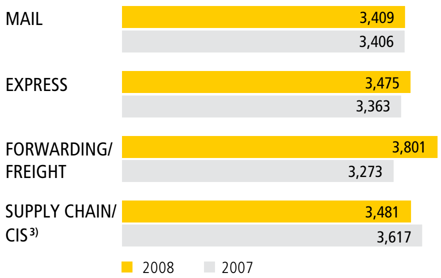
Published on 11 November 2008

Key figures

		9M			Q3		
		2007 restated	**2008**	+/– %	**2007** restated	**2008**	+/– %
Continuing operations							
Revenue	€m	39,545	40,454	2.3	13,258	13,801	4.1
Profit from operating activities (EBIT)	€m	1,683	2,131	26.6	469	962	105.1
Non-recurring effects	€m	–59	–486		0	–533	
EBIT before non-recurring effects	€m	1,624	1,645	1.3	469	429	–8.5
Return on sales[1]	%	4.3	5.3		3.5	7.0	
Consolidated net profit for the period[2]	€m	1,134	1,466	29.3	350	805	130.0
Operating cash flow (Postbank at equity)	€m	1,291	1,921	48.8	502	1,298	158.6
Net debt[3] (Postbank at equity)	€m	2,858	2,728	–4.5	—	—	
Earnings per share[4]	€	0.94	1.21	28.7	0.29	0.66	127.6
Number of employees[5]		447,626	456,171	1.9	—	—	
Divisions							
MAIL							
Revenue	€m	10,494	10,498	0.0	3,406	3,409	0.1
Profit from operating activities (EBIT)	€m	1,270	1,762	38.7	305	844	176.7
Return on sales[1]	%	12.1	16.8		9.0	24.8	
EXPRESS							
Revenue	€m	10,117	10,355	2.4	3,363	3,475	3.3
Profit/loss from operating activities (EBIT)	€m	165	50	–69.7	69	–2	–102.9
Return on sales[1]	%	1.6	0.5		2.1	–0.1	
FORWARDING/FREIGHT							
Revenue	€m	9,519	10,568	11.0	3,273	3,801	16.1
Profit from operating activities (EBIT)	€m	253	310	22.5	102	116	13.7
Return on sales[1]	%	2.7	2.9		3.1	3.1	
SUPPLY CHAIN/CIS[6]							
Revenue	€m	10,614	10,183	–4.1	3,617	3,481	–3.8
Profit from operating activities (EBIT)	€m	387	337	–12.9	113	113	0.0
Return on sales[1]	%	3.6	3.3		3.1	3.2	
Corporate Center/Other							
Revenue	€m	–1,199	–1,150	4.1	–401	–365	9.0
Loss from operating activities (EBIT)	€m	–392	–328	16.3	–120	–109	9.2
Discontinued operations[7]							
Revenue	€m	7,670	8,560	11.6	2,622	2,838	8.2
Profit/loss from operating activities (EBIT)	€m	859	–54	–106.3	372	–420	–212.9

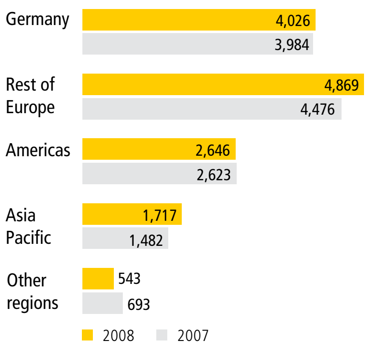
1) EBIT/revenue.
2) Excluding minorities, including discontinued operations.
3) As at 31 December 2007 and 30 September 2008; adjusted for financial liabilities to Williams Lea minority shareholders.
4) Including discontinued operations.
5) Average FTEs, excluding discontinued operations.
6) CORPORATE INFORMATION SOLUTIONS.
7) The Pension Service was assigned to the mail business. The remaining segment consists only of Postbank, see Note 9.

Revenue by division
Q3[1), 2)]
€m



1) Excluding Corporate Center/Other and discontinued operations.
2) Note 9.
3) CORPORATE INFORMATION SOLUTIONS.

Revenue by region
Q3[1), 2)]
€m



1) Segment reporting, page 29.
2) Excluding discontinued operations.

Deutsche Post World Net

is the global market leader for logistics. Our Deutsche Post, DHL and Postbank brands stand for a wide range of integrated services and customised solutions for the management and transport of letters, goods, information and payments. With approximately 500,000 employees in more than 220 countries and territories, we are one of the world's largest employers.

What we have delivered in the first nine months of 2008:

Although the economy remained fragile in the USA with the economic weakness spreading noticeably to all the economic regions of the world, we reported satisfactory performance with revenue (without Postbank) of €40.5 billion and EBIT before non-recurring effects (without Postbank) of €1.6 billion. By agreeing to sell Postbank and beginning the restructuring the US express business, we have been tackling important strategic issues.

What we intend to deliver by the end of 2008:

Given the current economic climate, in October we adjusted our 2008 underlying EBIT target from €2.9 billion (without Postbank) to approximately €2.4 billion (without Postbank). By withdrawing from the domestic express market in the USA we intend to reduce our losses there more quickly than originally planned. Through strict cost management we are preparing the Group for the economic challenges ahead.

The Group

Interim Report by the Board of Management

Condensed Consolidated Interim Financial Statements

Further Information

Cross-references and websites

Dear shareholders,

The past few weeks have been quite turbulent for the global economy. In light of the tumultuous developments on the capital markets it now appears that the possibility of a global recession in the near future cannot be ruled out. We are preparing for this and bracing your company for the global economic storm. We have already begun tackling key strategic issues.

For Postbank, we have found the perfect partner in Deutsche Bank, which will assume a minority interest of 29.75% in Deutsche Postbank AG in the first quarter of 2009. We see it as our obligation to support our subsidiary on its way to continued profitable growth, which is why in October we committed ourselves – as the majority shareholder – to participate with up to 100% in Postbank's planned capital increase.

Since May we have rigorously executed our restructuring plan for the express business in the USA. Nevertheless, the weak US economy and reduced shipment volumes are forcing us to take drastic measures. We will therefore exit the domestic express services market in the United States and concentrate on our core competence there, the international express business. This way we will be able to reduce our losses more quickly than originally planned.

In addition, we are also laying the foundation for sustainable and profitable growth in the Group through strict cost management. We have stepped up our Roadmap to Value programme with additional cost-cutting initiatives. Starting 2009, we aim to reduce our annual spending by €1 billion by the end of 2010 in order to prepare the Group for the challenging economic times that lie ahead.

All in all, we are satisfied with our nine-month results. Revenue from continued operations (without Postbank) increased by 2.3% to €40.5 billion and underlying EBIT rose 1.3% to €1.6 billion in the first nine months of 2008. Nonetheless, given the current economic climate, we have adjusted our 2008 forecast for profit before non-recurring effects to approximately €2.4 billion from €2.9 billion (without Postbank).

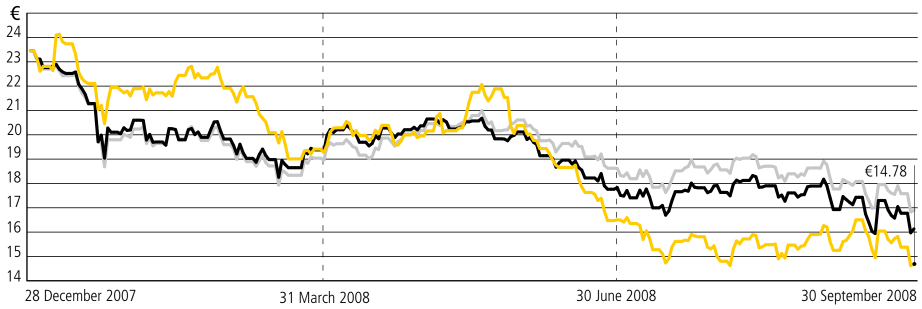
I am confident that the measures we are taking have laid the foundation necessary so that your company weathers even the strongest economic storm.

Bonn, 10 November 2008
Yours faithfully,

Dr Frank Appel
Chairman of the Board of Management

Deutsche Post World Net on the Capital Markets

Share price performance



Deutsche Post — EURO STOXX 50[1] — DAX[1]

1) Rebased to the closing price of Deutsche Post shares on 28 December 2007

Deutsche Post shares decline in line with the market

During the third quarter, the US financial market crisis reached new heights. The turmoil extended to Europe, with the DAX and the EURO STOXX 50 registering losses of 9.2% and 9.4%, respectively. Our shares also lost ground, decreasing 11% to close at €14.78 on 30 September 2008. Average daily trading volume rose to 7.4 million – an increase of 9% year-on-year.

Our share data

		28 Dec. 2007	30 Sep. 2008
Number of shares[1]	millions	1,207.5	1,209.0
Closing price	€	23.51	14.78
Market capitalisation	€m	28,388	17,869
		9M 2007	**9M 2008**
High	€	25.65	24.18
Low	€	20.08	14.73
Average trading volume per day	shares	6,770,013	7,416,997

1) Increase due to the exercise of stock options, see Note 4.

Peer group comparison

		28 Dec. 2007	30 Sep. 2008	+/– %	29 Sep. 2007	30 Sep. 2008	+/– %
Deutsche Post	€	23.51	14.78	–37.1	20.40	14.78	–27.5
TNT	€	28.18	19.50	–30.8	29.40	19.50	–33.7
FedEx	US$	90.62	79.04	–12.8	104.75	79.04	–24.5
UPS	US$	71.56	62.89	–12.1	75.10	62.89	–16.3
Kühne + Nagel	CHF	108.50	73.65	–32.1	114.60	73.65	–35.7

ROADMAP TO VALUE

Advances

1	**Profitability**	• Operating improvement initiatives make good progress. • Enhanced cost reduction programme of €1 billion launched for 2009 and 2010.
2	**Cash generation**	• Real estate disposals amount to €1.35 billion (versus €1 billion target). • Improvements to working capital on track.
3	**Payout**	• Dividend of €0.90 per share for 2007 proposed and approved and distributed on 7 May 2008.
4	**Transparency**	• Visibility of Group accounts will increase significantly as a result of the lower stake in Postbank.
5	**Organic growth**	• Strong growth of DHL in developing regions. • Encouraging growth rates in business with customers served by Global Customer Solutions.

Interim Report by the Board of Management

Business and Environment

World economy slows due to financial market crisis

The world economy continued to expand in the first nine months of 2008, though at a slower pace than in the previous year and with large regional variations. Whilst growth in emerging markets remained robust on the whole, the economy in the industrial nations deteriorated notably. The financial market crisis reached its peak in September when Lehman Brothers, a major US investment bank, collapsed. Some other significant financial institutions could only be saved through government intervention or takeover by competitors.

In the United States, the housing market crisis, weak financial markets and high oil prices have put the brakes on growth. In a concerted action with other key central banks, the US Federal Reserve reacted to the increased risk for the economy and the financial markets by lowering its key interest rate by an additional 0.5 percentage points to 1.5% on 8 October 2008. This brings the total cuts in the key interest rate this year to 3.25 percentage points.

In China, growth in the gross domestic product (GDP) declined to 9.0% in the third quarter. Nevertheless, it averaged out at 9.9% in the first nine months of 2008. In Japan, after a good start to the year, the second quarter suffered a strong economic blow. GDP shrank by 0.7% over the preceding quarter and may have recovered slightly in the third quarter, if at all.

In the third quarter, the relevant indicators confirmed that the euro zone economy has continued to soften. The real economies are also in danger of being caught up in the turbulence affecting the financial markets. At the same time, inflation risk has waned as a result of the falling price of oil. In this environment, the European Central Bank saw sufficient leeway to participate in the internationally co-ordinated interest rate reductions. On 8 October 2008, the ECB cut its key interest rate by 0.5 percentage points to 3.75%. This was the first reduction in more than five years.

In Germany, economic indicators also continued to weaken during the course of the year. The Ifo business climate index fell sharply in the third quarter and GDP will barely have surpassed stagnation levels. An even further decline is conceivable, which would mean that Germany entered a recession in the summer months.

Organisation

In the third quarter 2008, we did not make any material changes to the Group's organisation.

Significant Events in the Third Quarter

European court awards Deutsche Post a repayment of €1 billion
On 1 July 2008 the European Court of First Instance annulled a 2002 decision by the European Commission, which had ordered Deutsche Post to repay €907 million in purported state aid and interest. As a result, on 1 August 2008 the German government repaid the sum of €1.067 billion to Deutsche Post AG. Of this figure, €572 million have been reported under the MAIL Division's profit from operating activities and €495 million under the Group's net finance costs/net financial income.

Deutsche Post agrees to sell shares in Postbank to Deutsche Bank
On 12 September 2008, Deutsche Post agreed to sell a minority shareholding of 29.75% in Postbank to Deutsche Bank at a price of €2.79 billion, or €57.25 per share. The transaction is subject to regulatory and antitrust approval as well as that of the German government and is expected to be completed in the first quarter of 2009.

Revenue and Earnings Development

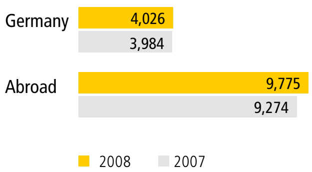
Changes in reporting and portfolio expansion
The current reporting format is the one that will apply for Deutsche Post World Net in the future. With effect from the first quarter of 2008, we unbundled the SERVICES Division, allocated the costs of Global Business Services to the operating units and gave the MAIL Division responsibility for the retail outlets. We now report a more narrowly defined unit, Corporate Center/Other. In addition, we have split up the LOGISTICS Division. The DHL Global Forwarding and DHL Freight business units have been combined in the new GLOBAL FORWARDING/FREIGHT (hereinafter FORWARDING/FREIGHT) Division with a view to pooling our transport service capabilities. As the DHL Exel Supply Chain and Corporate Information Solutions business units both offer customised logistics solutions, we have removed the latter from the MAIL Division and now report these two business units as a separate SUPPLY CHAIN/CORPORATE INFORMATION SOLUTIONS (hereinafter SUPPLY CHAIN/CIS) Division.

In the third quarter, the Pension Service was reallocated from the FINANCIAL SERVICES Division to the mail business, as they share a regulatory environment that is almost the same. The remaining segment consists only of Postbank and is reported under "discontinued operations". Details can be found in the Notes on the segment reporting.

Note 9

Flying Cargo International Transportation Ltd., the Israeli company acquired on 31 December 2007, is included for the first time in the results. In April 2008, we acquired the remaining 50% of the shares in the joint venture Exel-Sinotrans Freight Forwarding Co., Ltd. The company was renamed DHL Logistics (China) Co., Ltd. and fully consolidated. Express Couriers Australia Pty Ltd., a joint venture with New Zealand Post, which was founded at the beginning of the year, commenced operations in the third quarter primarily by acquiring business units from New Zealand Post and has been consolidated proportionately (50%).

Consolidated revenue for continuing operations Q3
€m



Growth in consolidated revenue

Consolidated revenue from continuing operations grew by 2.3% in the first nine months of 2008 to €40,454 million (previous year: €39,545 million), but was reduced by negative currency effects in the amount of €1,971 million. Nevertheless, the proportion of revenue generated outside Germany increased, from 69.3% to 69.7%.

Increased income and expenses

One-time factors impacted the result from continuing operations in both the reporting period and the prior-year period: the sale of Vfw AG in the previous year led to non-recurring income of €59 million; in the reporting period, the repayment from the state aid proceedings in the amount of €572 million enhanced earnings. In contrast, one-time expenses for the restructuring of DHL Express in the USA depressed earnings by €86 million.

Note 8

Other operating income increased in the first nine months of 2008 from €1,373 million to €1,979 million. This was due to the above-mentioned one-time factors and the reversal of provisions.

The rise in the global oil price has made transport and aircraft fuel more expensive, which is the primary reason for the increase in our materials expense from €22,135 million to €23,253 million. Staff costs declined slightly, by 1.6% to €12,838 million, due largely to currency effects. At €1,100 million, depreciation, amortisation and impairment losses were also down on the prior-year figure (€1,187 million). The impairment losses recognised on non-current assets in the Americas express business at the end of 2007 anticipated some of the write-downs. Further impairment losses were recognised on additions to non-current assets in the Americas express business in the reporting period.

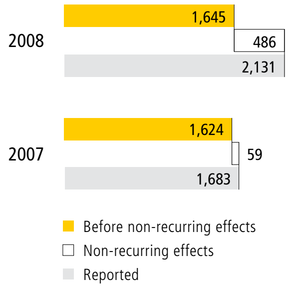
Note 8

Other operating expenses rose by €248 million to €3,111 million. This increase is attributable to a large number of smaller items.

Result from continuing operations up substantially

Profit from operating activities (EBIT) from continuing operations increased by €448 million or 26.6% to total €2,131 million. The prior-year figure included the non-recurring income from the sale of Vfw AG (€59 million); the figure for the current reporting period includes the proceeds from the state aid proceedings (€572 million) and the restructuring costs for the US express business (€86 million). Adjusted for these items, EBIT rose by €21 million or 1.3% in the first nine months; however, it declined by €40 million or 8.5% in the third quarter.

Consolidated EBIT for continuing operations 9M
€m



At €237 million, net finance costs improved by €474 million (previous year: €711 million). This was due in particular to the interest component of the repayment we received from the state aid proceedings.

Profit before income taxes for the continuing operations almost doubled, improving by 94.9% from €972 million in the previous year to €1,894 million. In line with this, income tax also increased from €143 million to €329 million. The Group tax rate including taxes on discontinued operations amounted to 18.5% (previous year: 14.0%); the prior-year figure was influenced by one-time factors relating to the entry into force of the business tax reform in Germany. The result from continuing operations improved by 88.8% to €1,565 million (previous year: €829 million).

Sharp drop in result from discontinued operations

Discontinued operations generated net loss for the period of €–106 million, down €806 million or 115.1% on the prior-year figure. Including tax expense of €2 million and net finance costs of €50 million, the loss from operating activities (EBIT) from discontinued operations amounted to €54 million. This decline is largely the result of one-time factors from the intensifying international financial market crisis as shown in the i Notes.

i Note 10

Lower minority interest in consolidated net profit

Consolidated net profit for the period declined by 4.6% to €1,459 million (previous year: €1,529 million). €1,466 million is attributable to Deutsche Post shareholders – an increase of €332 million – whilst minority interests fell by €402 million to €–7 million, due to the proportionate negative result from Postbank. Basic and diluted earnings per share rose from €0.94 to €1.21. Whereas earnings per share for the continuing operations rose from €0.65 to €1.25, they fell from €0.29 to €–0.04 for the discontinued operations.

Divisions

Overview

EBIT and revenue

€m		9M			Q3	
	2007 restated	2008	+/– %	2007 restated	2008	+/– %
MAIL						
Profit from operating activities (EBIT)	1,270	1,762	38.7	305	844	176.7
Revenue	10,494	10,498	0.0	3,406	3,409	0.1
of which Mail Communication	4,476	4,431	–1.0	1,438	1,431	–0.5
Dialogue Marketing	2,090	2,075	–0.7	687	698	1.6
Press Services	606	612	1.0	194	197	1.5
Parcel Germany	1,810	1,820	0.6	596	592	–0.7
Retail Outlets	623	586	–5.9	205	193	–5.9
Global Mail	1,449	1,487	2.6	467	465	–0.4
Pension Service	66	68	3.0	28	28	0.0
Consolidation/Other	–626	–581	7.2	–209	–195	6.7
EXPRESS						
Profit/loss from operating activities (EBIT)	165	50	–69.7	69	–2	–102.9
Revenue	10,117	10,355	2.4	3,363	3,475	3.3
of which Europe	4,765	4,998	4.9	1,556	1,618	4.0
Americas	3,129	2,847	–9.0	1,029	939	–8.7
Asia Pacific	1,895	2,023	6.8	657	718	9.3
EEMEA (Eastern Europe, Middle East, Africa)	745	866	16.2	258	312	20.9
Consolidation/Other	–417	–379	9.1	–137	–112	18.2
FORWARDING/FREIGHT[1]						
Profit from operating activities (EBIT)	253	310	22.5	102	116	13.7
Revenue	9,519	10,568	11.0	3,273	3,801	16.1
of which DHL Global Forwarding	6,888	7,841	13.8	2,420	2,900	19.8
DHL Freight	2,699	2,811	4.1	877	926	5.6
Consolidation/Other	–68	–84	–23.5	–24	–25	–4.2
SUPPLY CHAIN/CIS[1]						
Profit from operating activities (EBIT)	387	337	–12.9	113	113	0.0
Revenue	10,614	10,183	–4.1	3,617	3,481	–3.8
of which DHL Exel Supply Chain	9,717	9,260	–4.7	3,305	3,164	–4.3
Corporate Information Solutions[2]	902	911	1.0	312	311	–0.3
Consolidation/Other	–5	12	—	—	6	—
Corporate Center/Other						
Loss from operating activities (EBIT)	–392	–328	16.3	–120	–109	9.2
Revenue	–1,199	–1,150	4.1	–401	–365	9.0
Continuing operations						
Profit from operating activities (EBIT)	1,683	2,131	26.6	469	962	105.1
Revenue	39,545	40,454	2.3	13,258	13,801	4.1
Discontinued operations[3]						
Profit/loss from operating activities (EBIT)	859	–54	–106.3	372	–420	–212.9
Revenue	7,670	8,560	11.6	2,622	2,838	8.2

1) The LOGISTICS Division was split into the new GLOBAL FORWARDING/FREIGHT and SUPPLY CHAIN/CORPORATE INFORMATION SOLUTIONS divisions. The prior-year figures were restated accordingly.
2) The Corporate Information Solutions Business Unit was previously reported in the MAIL Division.
3) The Pension Service was assigned to the mail business. The remaining segment consists only of Postbank, see Note 9.

MAIL Division

Since the start of the year, we have been reporting on the Deutsche Post retail outlets as part of the MAIL Division. In view of structural changes in the way costs are allocated in connection with the unbundling of the SERVICES Division, we have restated the prior-year figures. The Corporate Information Solutions Business Unit (Williams Lea) is now reported on as part of the new SUPPLY CHAIN/CIS Division. The Pension Service has been transferred from the FINANCIAL SERVICES Division to the mail business as they share a regulatory environment that is almost the same.

Revenue was maintained at the high level of the previous year in the third quarter (€3,409 million) as well as in the full reporting period (€10,498 million). Negative currency effects arose in the amount of €14 million in the third quarter and €69 million in the first nine months.

The German letter mail market was fully liberalised at the start of 2008. Revenue in the Mail Communication Business Unit declined from €4,476 million to €4,431 million. The increasing use of electronic means of communication is resulting in ongoing shrinkage of the market. Although competition is becoming more intense, we have secured market share with competitive products and services and regained lost customers. Sales volumes increased in a year-on-year comparison since the third quarter had one additional working day. In the regulated mail sector, we kept prices stable although the inflation rate underlying the price-cap procedure increased.

Mail Communication

mail items (millions)	9M			Q3		
	2007	**2008**	**+/– %**	**2007**	**2008**	**+/– %**
Business customer letters	5,035	5,089	1.1	1,603	1,633	1.9
Private customer letters	946	928	–1.9	308	302	–1.9
Total	**5,981**	**6,017**	**0.6**	**1,911**	**1,935**	**1.3**

Performance in the Dialogue Marketing Business Unit is being shaped by the current trend amongst companies in Germany to restrict advertising expenditures. Although the volume of addressed and unaddressed advertising mail rose, revenue for the first nine months of 2008 narrowly reached the high level of the previous year due to changed discount conditions. It dropped slightly from €2,090 million to €2,075 million year-on-year.

Dialogue Marketing

mail items (millions)	9M			Q3		
	2007	**2008**	**+/– %**	**2007**	**2008**	**+/– %**
Addressed advertising mail	4,834	4,965	2.7	1,578	1,687	6.9
Unaddressed advertising mail	3,287	3,597	9.4	1,006	1,196	18.9
Total	**8,121**	**8,562**	**5.4**	**2,584**	**2,883**	**11.6**

Revenue in the Press Services Business Unit increased by 1.0% over the prior-year period, from €606 million to €612 million. Although both the number of pages and the weight of newspapers and magazines have decreased because their advertising content is diminishing, the average prices achieved for these items nonetheless increased.

The Parcel Germany Business Unit pushed up its revenue by 0.6% year-on-year, from €1,810 million to €1,820 million. Revenue for the third quarter declined slightly. The growing significance of e-commerce is reflected in the increased sales volumes with our business and private customers. However, traditional mail-order companies are suffering from the economic trend in Germany – their sales volumes are dropping. Volumes remained at the prior-year level in the third quarter.

Parcel Germany

items (millions)	9M			Q3		
	2007	2008	+/– %	2007	2008	+/– %
Business customer parcels[1]	467	472	1.1	159	158	–0.6
Private customer parcels[2]	72	75	4.2	23	24	4.3
Total	**539**	**547**	**1.5**	**182**	**182**	**0.0**

1) Including intra-Group sales.
2) Including imports from other postal companies.

At around 14,000, we have one of the densest networks of fixed-location retail outlets in Germany, where our customers are able to take care of their postal and often banking needs. We are continually expanding our network to make access to our services as simple as possible for customers. Revenue generated by the outlets fell from €623 million to €586 million, mainly due to a reduction in internal revenues.

Despite negative currency effects of €69 million, revenue in the Global Mail unit rose by 2.6% in the first nine months of 2008 to €1,487 million (previous year: €1,449 million). However, third-quarter revenue stagnated year-on-year. We made progress in international mail business by way of volume increases in the United States domestic market, amongst other things.

Mail International: volumes

mail items (millions)	9M			Q3		
	2007	2008	+/– %	2007	2008	+/– %
Global Mail	5,336	5,428	1.7	1,678	1,761	4.9

Profit from operating activities (EBIT) increased substantially over the prior-year figures, rising to €844 million in the third quarter and to €1,762 million in the first nine months compared with €305 million in the third quarter of 2007 and €1,270 million in the first nine months of 2007. The increase was mainly due to the earnings contribution of €572 million from the repayment awarded in European Union (EU) state aid proceedings. Without the repayment, EBIT would have fallen in the period under review by 6.3% year-on-year due to the negative impact of increased costs and the aforementioned market environment. Operating cash flow amounted to €1,560 million (previous year: €1,091 million); the return on sales was 16.8%.

EXPRESS Division

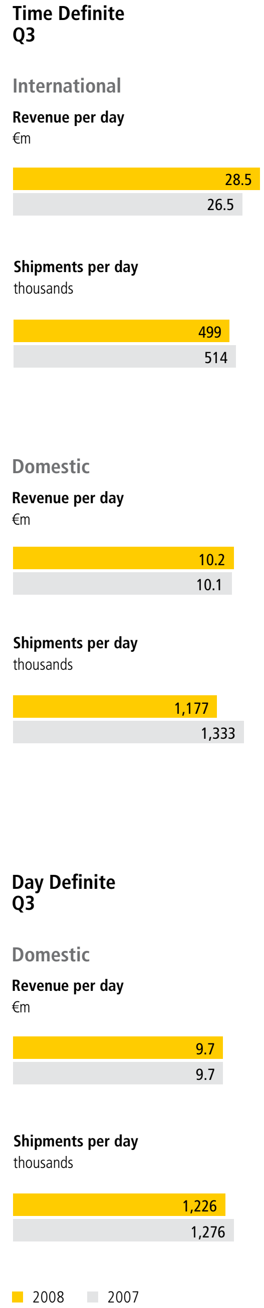
In the first nine months, revenue in the EXPRESS Division rose by 2.4% to €10,355 million (previous year: €10,117 million). Since more than half of this was generated in countries outside the euro zone, however, currency effects decreased revenue by €626 million. Measured in local currencies, we attained revenue growth of 6.9%, primarily due to price increases resulting from higher fuel prices. In a tough economic environment, we succeeded in maintaining daily shipment volumes in the Time Definite International product line at the previous year's level. The Time Definite Domestic product line again performed well in our other regions outside the US. However, this could not completely make up for the downward trend of our activities in the US market.

In Europe, revenue increased by 4.9% to €4,998 million (previous year: €4,765 million). The total contains negative currency effects in the amount of €96 million, attributable chiefly to our UK business. The underlying organic growth for the region was 4.1%. The new EU member states as well as France, the Benelux countries, the United Kingdom, Ireland and the Scandinavian countries experienced good organic growth in the first nine months of 2008.

Negative currency effects (€321 million) continued to have an impact on our revenue in the Americas region, which slipped by 9.0%, from €3,129 million in the previous year to €2,847 million. Revenue increased by 1.2% in local currencies. Business in Latin America once again was encouraging. In the United States, revenue declined in organic terms in a year-on-year comparison. The decrease was primarily attributable to lower shipment volumes in the Time Definite Domestic product line. The good performance of our other major US products could not fully offset this negative trend.

In the Asia Pacific and EEMEA (Eastern Europe, Middle East and Africa) regions, revenue increased organically by 12.4% and 25.4% respectively. Once again, we achieved the highest growth rates in Russia and the Middle East. The Asia Pacific region also experienced renewed strong growth. Negative currency effects reduced revenue in these regions by €212 million but were eliminated in the calculation of organic revenue growth.

Profit from operating activities (EBIT) fell by €115 million in the first nine months, from €165 million in the prior-year period to €50 million. Third-quarter EBIT dropped from €69 million to €–2 million. As in the first two quarters, this decline reflected the sharp downturn in economic growth in the US. The slowdown in the US fuelled the shift from high-margin domestic time-definite to day-definite business, which prompted higher losses in the Americas region. Moreover, the realignment of the US express business added €86 million to our costs. The trend in the other regions is



satisfactory even though we are feeling the effects of the softer economy. Impacted by the sharp decline in earnings in the United States, return on sales decreased year-on-year by 1.1 percentage points to 0.5%. Operating cash flow decreased to €155 million in the first nine months (previous year: €612 million).

FORWARDING/FREIGHT Division

The LOGISTICS Division was dissolved in March 2008 and replaced by the new FORWARDING/FREIGHT Division and the new SUPPLY CHAIN/CIS Division. The business units of the FORWARDING/FREIGHT Division are still called DHL Global Forwarding and DHL Freight.

All in all, our business saw encouraging growth in the first nine months of 2008. Revenue increased by 11.0% during this period to €10,568 million (previous year: €9,519 million). This figure includes negative currency effects of more than €400 million and acquisitions in the DHL Global Forwarding Business Unit. The business achieved organic revenue growth of 14.0%.

The DHL Global Forwarding business generated revenue of €7,841 million (previous year: €6,888 million). Thus revenues grew by 13.8% year-on-year despite negative currency effects. Organic revenue growth was 17.7%. Gross profit in the business unit totalled €1,637 million. Despite the decline in gross margins, profit from operating activities (EBIT) improved favourably thanks to our ongoing optimisation of operating costs.

The volume of air freight transported registered a year-on-year increase in the period from January to September, though at a comparatively low rate of 2.4%. This was still better than the overall market, which stagnated at the previous year's level due to the sharp deceleration of growth in global trade, particularly exports from northern Asia to the US and Europe. As a consequence, freight rates on numerous trade lanes experienced serious declines and capacities were reduced. However, since fuel surcharges increased sharply once again, especially in the third quarter, we nonetheless increased revenue by 14% in the first nine months of 2008. Our business remained robust in the Middle East and Africa in particular.

DHL Global Forwarding: revenue by segment

€m	9M			Q3		
	2007	2008	+/– %	2007	2008	+/– %
Air freight	3,541	4,047	14.3	1,200	1,487	23.9
Ocean freight	2,204	2,494	13.2	804	900	11.9
Other	1,143	1,300	13.7	416	513	23.3
Total	**6,888**	**7,841**	**13.8**	**2,420**	**2,900**	**19.8**

DHL Global Forwarding: volumes

thousands		9M			Q3		
		2007	2008	+/– %	2007	2008	+/– %
Air freight	Tonnage	3,206	3,284	2.4	1,137	1,091	–4.0
Ocean freight	TEUs[1]	1,891	2,128	12.5	686	795	15.9

1) Twenty-foot equivalent units.

DHL Global Forwarding pursues the strategic goal of expanding its position in the ocean freight business. In line with this goal, we succeeded in outperforming the market – which grew between 7% and 8% – with volume growth of 12.5% in the period under review. Revenue rose by 13.2%. We increased revenues and performance in Europe, Latin America and northern Asia in particular.

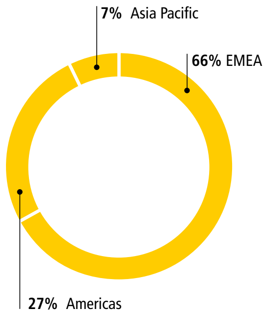
Our industrial projects business, which we have been focussing on for two years, made another substantial contribution to growth, especially in the Middle East, Africa and Asia.

DHL Freight reported revenue of €2,811 million in the first nine months of 2008 (previous year: €2,699 million). The business unit showed organic revenue growth of 4.9% with good performance in the Benelux countries, Eastern Europe, Sweden and Germany. Gross profit reached €721 million, surpassing the prior-year figure. EBIT declined, partially due to currency effects.

Profit from operating activities (EBIT) amounted to €116 million in the third quarter (previous year: €102 million) and to €310 million in the first nine months (previous year: €253 million). Adjusted for negative currency effects of more than €20 million and acquisition effects, the business performed well with growth of 26% in earnings. Thanks to our strict cost management, we held our ground well in a persistently volatile market environment with increasing pressure on margins. Return on sales rose from 2.7% to 2.9%.

Operating cash flow in the period under review was €384 million (previous year: €182 million). Since we are consistently implementing our Roadmap to Value initiative, working capital and the cash conversion rate improved.

Revenue by region
Q3 2008



SUPPLY CHAIN/CIS Division

The LOGISTICS Division was dissolved in March 2008 and replaced by the new FORWARDING/FREIGHT Division and the new SUPPLY CHAIN/CIS Division. Previously, the Corporate Information Solutions business was reported as part of the MAIL Division. The prior-year figures were restated accordingly.

The SUPPLY CHAIN/CIS Division continued to perform well over the nine month period, despite the difficult economic environment, with substantial new business wins, organic growth in revenue of 4.0% and in EBIT of 10.9%.

Revenue including negative currency effects of around €850 million declined by 4.1% to €10,183 million for the first nine months of 2008 (previous year: €10,614 million).

In the DHL Exel Supply Chain Business Unit, we generated new business of around €1 billion in annualised revenue in the first nine months of 2008. The renewal rate remained constant at 90%.

The Corporate Information Solutions business maintained double-digit organic revenue growth, primarily arising from new business gained in the previous year. This is partially offset by reduced volume levels in our document management and marketing literature businesses relative to the financial services sector, where two large former investment banks were amongst our most important customers.

Profit from operating activities (EBIT) remained stable in the third quarter. For the first nine months, however, EBIT decreased to €337 million (previous year: €387 million). The previous year's figure included the sale of Vfw AG, which generated non-recurring income of €59 million. Adjusted for this inorganic effect and negative currency effects of more than €30 million, EBIT grew by 10.9%. Organic growth from all Supply Chain regions was partly diminished by the adverse impact on the financial services sector business within Corporate Information Solutions. Return on sales amounted to 3.3% (previous year, excluding the sale of Vfw AG: 3.1%).

Operating cash flow in the first nine months was €198 million (previous year: €43 million). Improvements in working capital management and, in particular, a stronger focus on customer payment terms contributed to a significant cash flow improvement.

Discontinued operations

On 12 September 2008, Deutsche Post agreed to sell a minority shareholding of 29.75% in Postbank to Deutsche Bank AG. The transaction will be finalised in the first quarter of 2009. We have adapted our reporting structure accordingly: the Pension Service was transferred from the FINANCIAL SERVICES Division to the mail business as they share a regulatory environment that is almost the same. The remaining segment consists only of Postbank and is therefore reported under "discontinued operations".

Deutsche Postbank AG presents its business performance for the first nine months of 2008 in its own interim report published on 10 November 2008.

Postbank was amongst the many companies to be heavily affected by the global financial market crisis. The impact on the income statement of developments on the capital markets was felt particularly in the third quarter, especially due to the write-down on Postbank's exposure to investment bank Lehman Brothers. In the first nine months, however, Postbank's operating profit showed a clear positive trend: in a year-on-year comparison, Postbank registered increases in the key income items of net interest income and net fee and commission income. By contrast, net trading income and net income from investment securities declined significantly as a consequence of the market turbulence. Administrative expenses were reduced thanks to efficiency increases and strict cost management. Despite encouraging growth in the retail loan business and because the economic conditions in Germany have remained comparatively stable to date, allowances for losses on loans and advances were notably under the prior-year level. In a year-on-year comparison, profit before taxes fell by €918 million to €–112 million in the first nine months of 2008.

Against this backdrop, discontinued operations recorded a loss of €106 million in the year under review and thus fell clearly below the prior-year figure of €700 million. Profit/loss from operating activities (EBIT) dropped by 106.3%, from €859 million in the first nine months of 2007 to €–54 million when taxes and net finance costs are applied. Operating business performed well in all major product segments despite a continued difficult climate in the German retail banking business.

Net Assets and Financial Position

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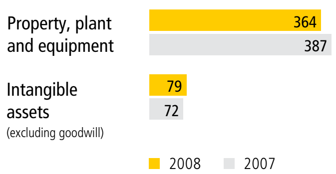
Group has strong liquidity position

The principles and aims of financial management presented in the 2007 Annual Report starting on page 38 are being pursued unchanged. The US dollar became the Group's most important currency in which debt is denominated in financial year 2008. Including hedging transactions, it accounted for approximately 71% of net debt at the reporting date. It increased primarily because debt denominated in euros declined after we received the repayment of purported state aid plus interest in July.

The effects of the current financial crisis are minimal for our financing requirements and refinancing options because our credit quality is highly rated and we currently have a strong liquidity position that will in fact improve further due to the traditionally very strong fourth quarter. However, in view of the deteriorating global economic environment and the impact this has had on the Group, Standard & Poor's revised the outlook for our rating to negative on 27 October 2008. Moody's placed our long-term rating under review at the end of October.

At the reporting date of 30 September, the Group had unsecured firm credit lines totalling around €3.7 billion, of which €245 million had been used. Average drawings on these lines stood at around 17.8% in the first nine months of 2008 (previous year: 1.5%). In addition, we have a short-term financing facility worth €1 billion in the form of the commercial paper programme launched at the start of the year. The average monthly amounts utilised under the programme amounted to up to €500 million in the reporting period.

Capital expenditure
Q3
€m



Capital expenditure

The Group's capital expenditure (capex) amounted to €1,212 million in total in the period to the end of September 2008 (previous year: €1,214 million). Of this figure, €1,015 million was attributable to investments in property, plant and equipment and €197 million to intangible assets excluding goodwill. Group investments were on a level with the previous year for the entire period, but fell by 3.5% year-on-year in the third quarter. Investments in property, plant and equipment related mainly to advance payments and assets under development (€351 million), transport equipment (€176 million), technical equipment and machinery (€161 million), IT equipment (€98 million) and aircraft (€70 million).

Capex and depreciation

9M	MAIL		EXPRESS		FORWARDING/ FREIGHT		SUPPLY CHAIN/ CIS		Corporate Center/ Other		Continuing operations		Discontinued operations	
€m	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**
Capex	196	169	485	532	47	65	328	286	158	160	1,214	1,212	65	59
Depreciation on assets	323	253	329	334	73	75	275	244	187	194	1,187	1,100	115	99
Capex versus depreciation ratio	0.61	0.67	1.47	1.59	0.64	0.87	1.19	1.17	0.84	0.82	1.02	1.10	0.57	0.60

Q3	MAIL		EXPRESS		FORWARDING/ FREIGHT		SUPPLY CHAIN/ CIS		Corporate Center/ Other		Continuing operations		Discontinued operations	
€m	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
Capex	84	86	175	176	13	20	102	95	85	66	459	443	26	17
Depreciation on assets	111	80	114	113	27	28	102	81	56	76	410	378	37	29
Capex versus depreciation ratio	0.76	1.08	1.54	1.56	0.48	0.71	1.00	1.17	1.52	0.87	1.12	1.17	0.70	0.59

In the MAIL Division, capital expenditure totalled €169 million (previous year: €196 million) and continued to centre on the domestic mail, retail outlet and parcel business. Above all, we purchased replacement IT and transport equipment, optimised production processes and installed further Packstations and Paketboxes. In the Global Mail network we drove forward the development of a software platform.

In the EXPRESS Division, capital expenditure increased year-on-year from €485 million to €532 million. Breaking this figure down into individual investments reveals that significant amounts were invested in the development of the air hubs in the Asia Pacific and Europe regions and in our global aircraft network. We also invested in maintaining our European aircraft fleet. In the EEMEA region, the focus remained on the growth markets of Russia and the Middle East. In the International Americas region, investment activities focused on Canada and Mexico.

In the FORWARDING/FREIGHT Division, capital expenditure totalled €65 million (previous year: €47 million). Of this figure, €33 million was attributable to the DHL Global Forwarding Business Unit, where we continued to improve building facilities and IT infrastructure. €32 million was invested in the DHL Freight Business Unit, mainly in modernising the vehicle fleet and expanding terminals.

In the SUPPLY CHAIN/CIS Division, capital expenditure declined from €328 million to €286 million reflecting the differing requirements to support new and renewed business. In the United Kingdom, investment related to fleet, warehouse, associated equipment and providing solutions for new and existing customers across the various operating sectors. In the Americas region, the capital expenditure centred largely on new business and improvements to existing buildings. In the Mainland Europe region we invested mainly in warehousing capacity to support new business.

Postbank, which is reported under discontinued operations, remodelled its branches in the first nine months of 2008. Further investments were made in projects aimed at introducing suitable processes relating to the flat tax on investment income, implementing the requirements of Basel II and further developing a liquidity management system. At €59 million in total, investments were below the prior-year level.

Cross-divisional investments rose from €158 million to €160 million and consisted mainly of vehicle and IT purchases. Deutsche Post Fleet GmbH replaced vehicles that had reached the end of their optimum useful life and purchased additional vehicles.

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During the first nine months of 2008, there were no other material changes in the Group's investment projects presented in the 2007 Annual Report, starting on page 42.

Cash flow disclosures (Postbank at equity)

Selected cash flow indicators (Postbank at equity)

€m	9M 2007	9M 2008
Cash and cash equivalents as at 30 September	1,267	1,245
Change in cash and cash equivalents	–494	–94
Net cash from operating activities	1,291	1,921
Net cash used in investing activities	–934	–269
Net cash used in financing activities	–847	–1,745

Net cash from operating activities (Postbank at equity) significantly increased by €630 million year-on-year to €1,921 million. The increased utilisation of provisions was more than offset by a rise in EBIT and a lower net outflow of working capital.

At €269 million, net cash used in investing activities was significantly down on the prior-year figure (€934 million). This was mainly due to proceeds from the disposal of non-current assets, which stemmed primarily from real estate disposals. In addition, interest resulting from the repayment from the state aid proceedings led to a cash inflow of €495 million, which is contained in the interest received line item. Cash was used, amongst other things, to acquire Flying Cargo Ltd. and for the joint venture with New Zealand Post. We also increased our stakes in Exel-Sinotrans Freight Forwarding Ltd. and Williams Lea Ltd.

The increase in net cash from operating activities and the decrease in net cash used in investing activities had a positive effect on free cash flow, which grew by €1,295 million to €1,652 million (previous year: €357 million).

Net cash used in financing activities amounted to €1,745 million (previous year: €847 million). At €1,087 million, the dividend paid to our shareholders for financial year 2007 accounted for the largest share. In addition, the change in financial liabilities led to a cash outflow of €355 million.

Compared with 1 January 2008, cash and cash equivalents fell from €1,339 million to €1,245 million due to the changes described in the cash flows from the individual activities.

Consolidated balance sheet changed

The structure of the consolidated balance sheet as at 30 September 2008 has been changed radically by the planned sale of Postbank. All assets and the liabilities associated with this segment have been reclassified as assets held for sale and liabilities associated with assets held for sale. In contrast, this did not affect the balance sheet as at 31 December 2007.

Total assets amounted to €251,526 million as at 30 September 2008, or 6.8% more than at 31 December 2007 (€235,466 million). The main reason for this is Postbank's successful sales activities, which are reflected in the above-mentioned line items.

Non-current assets declined from €25,744 million to €21,542 million, primarily because Postbank's non-current assets were reclassified. In addition, the sale of real estate to US investor Lone Star, which was completed as at 1 July, reduced property, plant and equipment by €962 million. This is also the main reason for the decrease in investment property from €187 million to €30 million. Deferred tax assets declined from €1,020 million to €371 million, mainly due to the reclassification of Postbank.

The 9.7% rise in current assets to €229,984 million (previous year: €209,722 million) is also due primarily to the reclassification of Postbank's assets. Receivables and other assets increased by €591 million to €10,397 million, in particular because part of the purchase price from the sale of the real estate portfolio is still outstanding. By contrast, this line item decreased due to the reclassification of Postbank's assets. Cash and cash equivalents declined from €4,683 million as at 31 December 2007 to €1,245 million as at the balance sheet date, mainly because Postbank's cash reserve was reclassified.

At €10,769 million, equity attributable to Deutsche Post AG shareholders was slightly below the figure as at 31 December 2007 (€11,058 million). The capital base declined due to the higher dividend for financial year 2007 (€1,087 million) and the adjusted revaluation reserve (€668 million), but was boosted by the consolidated net profit for the period (€1,466 million).

The €20,839 million rise in current and non-current liabilities to €229,836 million as at 30 September 2008 is primarily due to Postbank. It further expanded its business, leading to an increase in liabilities associated with assets held for sale. Additionally, this position contains the reclassified provisions from discontinued operations. Accordingly, current and non-current provisions declined from €12,610 million to €8,979 million. Financial liabilities were significantly reduced, falling from €10,181 million at the end of 2007 to €4,467 million. €5,406 million of this reduction relates to Postbank's reclassified financial liabilities. In addition, loan obligations were repaid and the

Note 2

financial liabilities to Williams Lea minority shareholders were reduced. Other current and non-current liabilities fell from €5,462 million to €5,099 million, primarily because we reclassified the discontinued operations.

Indicators for the "Postbank at equity" scenario

Since the reduction of the financial liabilities outstripped the decline in the holdings of cash and cash equivalents, net debt improved, declining from €2,858 million to €2,728 million. Net gearing improved to 20.0%, whilst the equity ratio remained at 31.4%.

Selected indicators for net assets (Postbank at equity)

		31 Dec. 2007	30 Sep. 2008
Equity ratio	%	31.4	31.4
Net debt	€m	2,858	2,728
Net gearing	%	20.3	20.0

Employees

The average number of employees (full-time equivalents) increased in the first nine months of 2008 by 1.7% compared with the previous year's average to 478,321 (of which 22,150 in discontinued operations). The reasons behind this were, amongst other things, the continued expansion of the European hub at Leipzig/Halle Airport as well as operating growth abroad.

Risks

Opportunity and risk management

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Our Group-wide risk management system ensures that opportunities and risks are identified, measured and managed at an early stage. Information on the fundamentals of this system and the significant risks affecting our net assets, financial position and results of operations is contained in the 2007 Annual Report beginning on page 85 and in the 2008 interim reports. With regard to the risks of Postbank, we refer to the 2007 Annual Report of Deutsche Postbank AG as well as its 2008 interim reports.

General business environment and industry-specific risks

On 24 September 2008, the German cabinet approved a draft bill to limit the VAT-exempt status of Deutsche Post AG starting 1 January 2010. Under the bill, VAT exemption will apply only to certain universal postal services pursuant to the EU Postal Directive that are not rendered on the basis of individual agreements or under special conditions, such as rebates. Any enterprise that offers all of these services nationwide in Germany will qualify for the VAT exemption. The draft bill must still be approved by the German Bundestag and the Bundesrat.

Concurring with Deutsche Post AG, the regulatory authority is of the opinion that the prices it approved are net prices not including VAT. VAT could therefore be added to the approved prices. However, it cannot be ruled out that the application of VAT would lead to a decrease in revenue and earnings.

On 1 July 2008, the European Court of First Instance decreed the decision of the European Commission ordering Deutsche Post AG to repay purported state aid to be null and void. As a result, on 1 August 2008 the German government repaid the sum of €1.067 billion to Deutsche Post AG. The European Commission has filed an appeal against the decision with the European Court of Justice.

On 23 July 2008, the European Commission concluded the formal proceedings concerning the allegation that state aid had been misused in connection with construction of the DHL air hub at Leipzig/Halle Airport. According to the Commission ruling, the use of public funds is in compliance with European law relating to state aid; however, the financial guarantees endorsed by the Free State of Saxony are in breach of EU state-aid regulations. DHL, Leipzig/Halle Airport and Saxony have appealed the decision to the European Court of First Instance.

If the global financial markets remain turbulent and the economy softens as a result, the economic situation of our customers and demand for our services could be negatively impacted. Our revenue and earnings could be accordingly at risk.

The escalating crisis of confidence in the financial sector has led to numerous takeovers at national and international level as well as government rescue plans for banks. Credit spreads have widened again significantly for all asset classes and in some market segments trading has halted entirely. The equity markets have also reacted to the heightening financial market crisis and increasingly gloomy economic prospects with significant price declines. Deutsche Postbank AG, like other companies, was not able to escape the effects of these developments. Postbank's detailed risk report describes the effects of the financial market crisis on its net assets, financial position and results of operations as well as its risk-bearing capacity.

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Business strategy risks

We are continuing with the restructuring of our US express business. Even though our current efforts are proceeding according to plan, the adverse economic situation has led us to take more drastic measures. Therefore, on 10 November 2008 we announced that we will exit the US domestic express business and clearly focus on our core international business in the US. This plan will allow us to reduce our cost basis in the US by more than 80% and thereby limit our risk exposure in the future.

The risks specified here are not necessarily the only risks to which the Group is exposed. Risks of which we are currently unaware or which we do not yet consider to be material could also affect our business activities.

Overall assessment of the Group's risk position

We are not aware of any substantial risks other than those described in the 2007 Annual Report, the 2008 interim reports and this section detailing risks. In our estimation, neither the sum of all risks nor any individual risk represents a threat to the company's ability to continue as a going concern.

Research and Development

As a service provider, Deutsche Post World Net does not undertake any research and development activities in the narrower sense and thus does not report significant expenses in this area.

Further Developments

Deutsche Post to participate in capital increase of Postbank

The Supervisory Board of Deutsche Post AG has approved that Deutsche Post, as the majority shareholder of Deutsche Postbank AG, will participate with up to 100% in the bank's planned capital increase. On 27 October 2008, Deutsche Post has committed to subscribe to the planned rights issue of 54.8 million shares at the subscription price according to its stake of 50% plus one share in Postbank. As far as the subscription price does not exceed €18.25, Deutsche Post has also committed to subscribe to all shares that are not taken up by the market at the subscription price. The maximum commitment by Deutsche Post thus would not exceed €1 billion, which it would finance out of the Group's cash flow. As a result of this measure, Deutsche Post's stake in Postbank would initially increase to a maximum of 62.52%. The agreement with Deutsche Bank AG, under which it will – upon antitrust and regulatory approvals – acquire a 29.75% stake in Postbank from Deutsche Post in the first quarter of 2009, remains in place.

Exit from the domestic express market in the USA and strict cost management

Deutsche Post World Net announced on 10 November 2008 that it will exit the domestic express business in the USA at the start of 2009. The international express offering in the US will be maintained on today's level. Total costs for restructuring the US express business are now at €3 billion, of which the majority will be recorded in the current year. As part of the Roadmap to Value, the Group will achieve its goal in 2008 to generate earnings of €500 million. A strict cost reduction programme has been initiated in place of the previous target of an additional €500 million in 2009. Starting 2009, the Group aims to reduce its annual spending by €1 billion by the end of 2010.

Outlook

Uncertain economic prospect

The financial market crisis has led to even greater uncertainty regarding global growth prospects. Although governments and central banks on both sides of the Atlantic have taken extensive action to contain the negative effects of the crisis on the economy, from a current perspective it is nearly impossible to forecast the consequences of the latest developments on the real economy.

Economic output in the United States is expected to grow at a slower rate again in the second half of the year. Even a decrease cannot be ruled out. Given that the first half turned out better than anticipated, however, economists are projecting GDP growth of a good 1.5% for 2008 as a whole. Forecasts for 2009 are deeply divided. On the whole, however, it is feared that the US economic downturn will last longer than previously thought.

The Japanese economy is feeling the downward global trend to an increased extent. In addition, the strong yen is damaging exports. For these reasons, after an estimated plus of just under 1% in 2008, any gains in momentum in 2009 are not expected to be significant either. For China, another year of double-digit GDP growth is anticipated for 2008. In 2009, growth is forecast to drop slightly under the 10% mark.

The economy in the euro zone is experiencing a pronounced downturn. Whilst growth prospects are expected to brighten in the medium term, stagnation is anticipated for the coming quarters. GDP growth of somewhat over 1% is forecast for 2008 (Postbank Research: 1.1%), for which reason the growth rate for 2009 is hardly expected to exceed stagnation levels (Postbank Research: 0.2%).

In Germany, GDP is likely to increase by nearly 2% in 2008 (Postbank Research: 1.8%). However, German industry is increasingly feeling the slowing effects of the higher euro rate. Whilst economic momentum is expected to regain speed in the course of 2009, GDP growth will in all probability be quite low (Postbank Research: 0.4%).

Organisational adjustment

In the fourth quarter of 2008, the sale of Postbank will also be reflected in our organisational structure.

Continuation of ongoing investment projects

Our plans for capital expenditure in the fourth quarter of 2008 primarily involve continuing the investment projects begun during the first nine months. In addition, investments are planned in the MAIL Division. The focus will be on sorting equipment in the mail centres.

Employee numbers to remain stable at year end

Our planning calls for maintaining the total number of employees at the current level until the end of 2008.

Outlook for fiscal 2008

In October, we adjusted our outlook based on the marked deterioration in the global economy in the third quarter and our expectation that it will remain difficult in the near future. The Group now expects underlying EBIT (without Postbank) for 2008 of €2.4 billion, some 10% below last year's result and 17% less than the previous guidance. The Group had previously forecast EBIT before non-recurring effects of around €2.9 billion (without Postbank).

The principal shortfall will arise in the EXPRESS Division, which has been particularly impacted by deteriorating market conditions in the US. The Group also recorded volume shortfalls in other regions, but those could be mitigated through cost-cutting. Other divisions are likely to be slightly below previous guidance.

As is customary, our intangible assets (particularly goodwill) will be tested for impairment in the fourth quarter. In light of the difficult economic climate, an impairment (a write-down) may be necessary in the SUPPLY CHAIN/CIS Division of up to €1 billion.

Due to increasing restructuring costs of €3 billion for the express business in the USA, one-off charges between €400 million and €500 million in other businesses and possible write-downs in the SUPPLY CHAIN/CIS Division, the Group will probably see a full-year reported net loss for 2008.

Although the Group expects to make profit progress in 2009, it has chosen to withdraw its previous guidance for the year of around €3.4 billion in underlying EBIT adjusted for the deconsolidation of the stake in Postbank. It expects to issue fresh guidance when the economic prospects are sufficiently clear.

Opportunities

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We describe the Group's economic opportunities in the i 2007 Annual Report starting on page 100. No other significant opportunities were identified in the reporting period.

This interim report contains forward-looking statements that relate to the business, financial performance and results of operations of Deutsche Post AG. Forward-looking statements are not historical facts and may be identified by words such as "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets" and similar expressions. As these statements are based on current plans, estimates and projections, they are subject to risks and uncertainties that could cause actual results to be materially different from the future development, performance or results expressly or implicitly assumed in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as at the date of this presentation. Deutsche Post AG does not intend or assume any obligation to update these forward-looking statements to reflect events or circumstances after the date of this interim report.

Condensed Consolidated Interim Financial Statements

Income Statement

1 January to 30 September

€m	9M 2007 restated[1)]	9M 2008	Q3 2007 restated[1)]	Q3 2008
Continuing operations				
Revenue	39,545	40,454	13,258	13,801
Other operating income	1,373	1,979	557	942
Total operating income	**40,918**	**42,433**	**13,815**	**14,743**
Materials expense	–22,135	–23,253	–7,565	–8,023
Staff costs	–13,050	–12,838	–4,323	–4,267
Depreciation, amortisation and impairment losses	–1,187	–1,100	–410	–378
Other operating expenses	–2,863	–3,111	–1,048	–1,113
Total operating expenses	**–39,235**	**–40,302**	**–13,346**	**–13,781**
Profit from operating activities (EBIT)	**1,683**	**2,131**	**469**	**962**
Net income from associates	3	2	3	0
Other financial income	90	572	32	523
Other finance costs	–804	–811	–279	–244
Net other finance costs/net other financial income	–714	–239	–247	279
Net finance costs/net financial income	**–711**	**–237**	**–244**	**279**
Profit before income taxes	**972**	**1,894**	**225**	**1,241**
Income tax expense	–143	–329	–60	–247
Profit from continuing operations	**829**	**1,565**	**165**	**994**
Discontinued operations				
Profit/loss from discontinued operations	**700**	**–106**	**404**	**–341**
Consolidated net profit for the period	**1,529**	**1,459**	**569**	**653**
attributable to				
Deutsche Post AG shareholders	1,134	1,466	350	805
Minorities	395	–7	219	–152
	€	€	€	€
Basic earnings per share	**0.94**	**1.21**	**0.29**	**0.66**
of which from continuing operations	0.65	1.25	0.12	0.80
of which from discontinued operations	0.29	–0.04	0.17	–0.14
Diluted earnings per share	**0.94**	**1.21**	**0.29**	**0.66**
of which from continuing operations	0.65	1.25	0.12	0.80
of which from discontinued operations	0.29	–0.04	0.17	–0.14

1) See Notes 1 and 10.

Balance Sheet

as at 30 September 2008

€m	31 Dec. 2007	30 Sep. 2008
ASSETS		
Intangible assets	14,226	12,895
Property, plant and equipment	8,754	6,933
Investment property	187	30
Investments in associates	203	190
Other non-current financial assets	857	585
Non-current financial assets	1,060	775
Other non-current assets	497	538
Deferred tax assets	1,020	371
Non-current assets	**25,744**	**21,542**
Inventories	248	275
Income tax assets	312	213
Receivables and other assets	9,806	10,397
Receivables and other securities from financial services	193,986	0
Financial instruments	72	154
Cash and cash equivalents	4,683	1,245
Assets held for sale	615	217,700
Current assets	**209,722**	**229,984**
Total assets	**235,466**	**251,526**
EQUITY AND LIABILITIES		
Issued capital	1,207	1,209
Other reserves	875	205
Retained earnings	8,976	9,355
Equity attributable to Deutsche Post AG shareholders	**11,058**	**10,769**
Minority interest	2,801	1,942
Equity	**13,859**	**12,711**
Provisions for pensions and other employee benefits	5,989	4,747
Deferred tax liabilities	1,569	430
Other non-current provisions	3,015	1,866
Non-current provisions	**10,573**	**7,043**
Non-current financial liabilities	8,625	3,385
Other non-current liabilities	361	314
Non-current liabilities	**8,986**	**3,699**
Non-current provisions and liabilities	**19,559**	**10,742**
Income tax provisions	334	235
Other current provisions	1,703	1,701
Current provisions	**2,037**	**1,936**
Current financial liabilities	1,556	1,082
Trade payables	5,384	5,134
Liabilities from financial services	187,787	0
Income tax liabilities	139	102
Other current liabilities	5,101	4,785
Liabilities associated with assets held for sale	44	215,034
Current liabilities	**200,011**	**226,137**
Current provisions and liabilities	**202,048**	**228,073**
Total equity and liabilities	**235,466**	**251,526**

Cash Flow Statement

1 January to 30 September

€m	9M		Q3	
	2007 restated[1)]	2008	2007 restated[1)]	2008
Net profit before taxes	**1,322**	**1,841**	**427**	**1,070**
Net finance costs/net financial income	361	290	42	–108
Profit from operating activities (EBIT)	**1,683**	**2,131**	**469**	**962**
Depreciation/amortisation of non-current assets	1,187	1,100	410	378
Net income from disposal of non-current assets	–107	–48	–13	–7
Non-cash income and expense	71	82	10	12
Change in provisions	–446	–760	–128	–191
Change in other assets and liabilities	–107	–4	–6	25
Taxes paid	–217	–237	–76	–53
Net cash from operating activities before changes in working capital	**2,064**	**2,264**	**666**	**1,126**
Changes in working capital				
Inventories	10	–29	–11	12
Receivables and other assets	–988	–480	–359	42
Receivables/liabilities from financial services	0	0	0	0
Liabilities and other items	205	166	206	118
Net cash from operating activities due to continuing operations	**1,291**	**1,921**	**502**	**1,298**
Net cash from/used in operating activities due to discontinued operations	2,308	–662	1,208	1,990
Total net cash from operating activities	**3,599**	**1,259**	**1,710**	**3,288**
Proceeds from disposal of non-current assets				
Divestitures	50	1	0	1
Other non-current assets	376	804	71	72
	426	**805**	**71**	**73**
Cash paid to acquire non-current assets				
Investments in companies	–298	–452	–3	–32
Other non-current assets	–1,254	–1,210	–463	–428
	–1,552	**–1,662**	**–466**	**–460**
Interest received	87	544	39	516
Postbank dividend	103	103	0	0
Current financial instruments	2	–59	2	–64
Net cash used in/from investing activities due to continuing operations	**–934**	**–269**	**–354**	**65**
Net cash used in/from investing activities due to discontinued operations	–67	517	–24	–5
Total net cash used in/from investing activities	**–1,001**	**248**	**–378**	**60**
Change in financial liabilities	273	–355	–23	–1,158
Other financing activities	19	29	15	–39
Dividend paid to Deutsche Post AG shareholders	–903	–1,087	0	0
Dividend paid to other shareholders	–30	–49	–24	–16
Issuance of shares under stock option plan	50	21	20	3
Interest paid	–256	–304	–71	–61
Net cash used in financing activities due to continuing operations	**–847**	**–1,745**	**–83**	**–1,271**
Net cash from financing activities due to discontinued operations	378	245	75	448
Total net cash used in financing activities	**–469**	**–1,500**	**–8**	**–823**
Net change in cash and cash equivalents	2,129	7	1,324	2,525
Effect of changes in exchange rates on cash and cash equivalents	–28	–3	–25	33
Changes in cash and cash equivalents associated with assets held for sale	–22	0	0	0
Changes in cash and cash equivalents due to changes in consolidated group	24	2	0	0
Cash and cash equivalents at beginning of reporting period	2,391	4,683	3,195	2,131
Total cash and cash equivalents at end of reporting period	**4,494**	**4,689**	**4,494**	**4,689**
Less cash and cash equivalents at end of reporting period due to discontinued operations	3,247	3,486	3,247	3,486
Plus cash and cash equivalents of continuing operations at Deutsche Postbank AG at end of reporting period	20	42	20	42
Cash and cash equivalents at end of reporting period due to continuing operations	**1,267**	**1,245**	**1,267**	**1,245**

1) Prior-year figures restated, see Notes 1 and 10 and 2007 Annual Report, Note 47.

Statement of Changes in Equity

1 January to 30 September

€m		Other reserves							
	Issued capital	Capital reserves	IAS 39 reserves	Revaluation reserve	Currency translation reserve	Retained earnings	Equity attributable to Deutsche Post AG shareholders	Minority interest	Total equity
Balance at 1 January 2007	**1,202**	**2,037**	**–58**	**0**	**–451**	**8,490**	**11,220**	**2,732**	**13,952**
Capital transactions with owner									
Capital contribution from retained earnings							0		0
Dividend						–903	–903	–148	–1,051
Stock option plans (exercise)	4	46					50		50
Stock option plans (issuance)		10					10		10
							–843	**–148**	**–991**
Other changes in equity not recognised in income									
Currency translation differences					–251		–251	–16	–267
Other changes			–177			12	–165	–158	–323
							–416	**–174**	**–590**
Changes in equity recognised in income									
Consolidated net profit						1,134	1,134	395	1,529
Total changes in equity recognised in income and not recognised in income							**718**	**221**	**939**
Balance at 30 September 2007	**1,206**	**2,093**	**–235**	**0**	**–702**	**8,733**	**11,095**	**2,805**	**13,900**
Balance at 1 January 2008	**1,207**	**2,119**	**–347**	**0**	**–897**	**8,976**	**11,058**	**2,801**	**13,859**
Capital transactions with owner									
Capital contribution from retained earnings							0		0
Dividend						–1,087	–1,087	–152	–1,239
Stock option plans (exercise)	2	19					21		21
Stock option plans (issuance)		4					4		4
							–1,062	**–152**	**–1,214**
Other changes in equity not recognised in income									
Currency translation differences					–25		–25	–2	–27
Other changes			–676	8			–668	–698	–1,366
							–693	**–700**	**–1,393**
Changes in equity recognised in income									
Consolidated net profit						1,466	1,466	–7	1,459
Total changes in equity recognised in income and not recognised in income							**773**	**–707**	**66**
Balance at 30 September 2008	**1,209**	**2,142**	**–1,023**	**8**	**–922**	**9,355**	**10,769**	**1,942**	**12,711**

Segment Reporting

1 January to 30 September

Segments by division

€m	MAIL[1]		EXPRESS[1]		FORWARDING/ FREIGHT[1]		SUPPLY CHAIN/ CIS[1]		Corporate Center/ Other[1]		Continuing operations		Discontinued operations	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
External revenue	10,287	10,340	9,766	9,976	8,933	10,005	10,491	10,063	68	70	39,545	40,454	7,670	8,560
Internal revenue	207	158	351	379	586	563	123	120	–1,267	–1,220	0	0	0	0
Total revenue	10,494	10,498	10,117	10,355	9,519	10,568	10,614	10,183	–1,199	–1,150	39,545	40,454	7,670	8,560
Profit or loss from operating activities (EBIT)	1,270	1,762	165	50	253	310	387	337	–392	–328	1,683	2,131	859	–54
Net income from associates	0	0	3	2	0	0	0	0	0	0	3	2	0	0
Segment assets[2]	4,819	4,490	9,160	9,234	7,078	7,399	8,779	8,302	431	1,012	30,267	30,437	197,440	212,747
Investments in associates[2]	22	22	174	161	6	6	0	0	1	1	203	190	0	0
Segment liabilities including non-interest-bearing provisions[2]	2,352	2,324	3,520	2,396	2,344	2,659	3,115	3,028	–433	845	10,898	11,252	188,676	205,861
Segment investments	206	185	668	650	69	169	613	368	63	116	1,619	1,488	74	60
Depreciation, amortisation and write-downs	323	253	329	334	73	75	275	244	187	194	1,187	1,100	115	99
Other non-cash expenses	105	159	63	95	35	21	95	64	28	57	326	396	400	406
Employees[3]	149,602	146,339	108,655	113,107	39,651	41,496	134,110	139,775	15,608	15,454	447,626	456,171	22,497	22,150

Segments by region

€m	Germany[1]		Europe excluding Germany[1]		Americas[1]		Asia Pacific[1]		Other regions		Continuing operations		Discontinued operations	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
External revenue	12,148	12,276	14,083	14,422	7,789	7,673	4,250	4,649	1,275	1,434	39,545	40,454	7,670	8,560
Segment assets[2]	6,146	6,063	13,926	13,630	5,855	5,865	3,823	4,191	517	688	30,267	30,437	197,440	212,747
Segment investments	399	466	648	460	363	246	157	262	52	54	1,619	1,488	74	60

Q3

Segments by division

€m	MAIL[1]		EXPRESS[1]		FORWARDING/ FREIGHT[1]		SUPPLY CHAIN/ CIS[1]		Corporate Center/ Other[1]		Continuing operations		Discontinued operations	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
External revenue	3,338	3,362	3,240	3,357	3,084	3,619	3,573	3,439	23	24	13,258	13,801	2,622	2,838
Internal revenue	68	47	123	118	189	182	44	42	–424	–389	0	0	0	0
Total revenue	3,406	3,409	3,363	3,475	3,273	3,801	3,617	3,481	–401	–365	13,258	13,801	2,622	2,838
Profit or loss from operating activities (EBIT)	305	844	69	–2	102	116	113	113	–120	–109	469	962	372	–420
Net income from associates	0	0	3	0	0	0	0	0	0	0	3	0	0	0
Segment investments	87	55	162	210	17	39	156	94	31	61	453	459	28	17
Depreciation, amortisation and write-downs	111	80	114	113	27	28	102	81	56	76	410	378	37	29
Other non-cash expenses	19	122	31	27	13	10	25	20	–7	–3	81	176	131	159

Segments by region

€m	Germany[1]		Europe excluding Germany[1]		Americas[1]		Asia Pacific[1]		Other regions		Continuing operations		Discontinued operations	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
External revenue	3,984	4,026	4,476	4,869	2,623	2,646	1,482	1,717	693	543	13,258	13,801	2,622	2,838
Segment investments	169	192	134	129	109	64	22	59	19	15	453	459	28	17

1) Prior-year figures restated, see Note 9.
2) As at 31 December 2007 and 30 September 2008.
3) Average FTEs.

Selected Explanatory Notes

1 Basis of accounting

The accompanying condensed consolidated interim financial statements as at 30 September 2008 were prepared in accordance with the International Financial Reporting Standards (IFRSs) and related interpretations issued by the International Accounting Standards Board (IASB) for interim financial reporting, as adopted by the European Union. These interim financial statements thus include all information and disclosures required by IFRSs to be presented in condensed interim financial statements.

Preparation of the condensed consolidated interim financial statements for interim financial reporting in accordance with IAS 34 requires the Board of Management to exercise judgement and make estimates and assumptions that affect the application of accounting policies in the Group and the presentation of assets, liabilities, income and expenses. Actual amounts may differ from these estimates. The results obtained thus far in financial year 2008 are not necessarily an indication of the further development of the course of business.

The accounting policies applied to the condensed consolidated interim financial statements are generally based on the same accounting policies used in the consolidated financial statements for financial year 2007. For further information on the accounting policies applied, please refer to the consolidated financial statements for the period ended 31 December 2007 on which these interim financial statements are based.

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This interim report has not been audited.

In accordance with IAS 1.35, the effects of foreign currency hedging are reported under net finance costs/net financial income on a net basis, as this better reflects the economic substance of the transactions. The cash flow statement shows "other financing activities". This caption primarily includes the cash flows from foreign currency derivatives. The prior-year figures were restated accordingly.

The following exchange rates were applied for foreign currency translation:

Currency translation

		Closing rates (1 EUR =)	
Currency	Country	30 Sep. 2007	30 Sep. 2008
USD	USA	1.4188	1.43055
CHF	Switzerland	1.66049	1.57818
GBP	United Kingdom	0.69857	0.79165

2 Consolidated group

In addition to Deutsche Post AG as the Group parent, the consolidated group generally includes all German and foreign entities in which Deutsche Post AG directly or indirectly holds a majority of voting rights, or whose activities it is otherwise able to control.

Consolidated group

	31 Dec. 2007	30 Sep. 2008
Number of fully consolidated companies (subsidiaries)		
German	113	111
Foreign	857	854
Number of proportionately consolidated joint ventures		
German	1	1
Foreign	12	18
Number of companies accounted for at equity (associates)		
German	3	3
Foreign	18	15

In the second quarter of 2008, Deutsche Post Beteiligungen Holding GmbH, Germany, increased its stake in Williams Lea Holdings plc, UK, from 66% to 96% for a purchase price of €220 million. The financial liability for the remaining outstanding shares fell to €30 million.

In April 2008, DHL Exel Supply Chain Hong Kong acquired from Sinotrans Air Transportation Development, China, the remaining 50% of the shares in their joint venture, Exel-Sinotrans Freight Forwarding Co. Ltd., China, for €61 million and has since been the sole owner. The company was previously accounted for in the consolidated financial statements as a proportionately consolidated joint venture. Goodwill of €31 million arose on its full consolidation. The purchased remaining 50% of the shares of the company contributed €59 million to consolidated revenue. The company has significant service relationships with the Group. The purchase price allocation is as follows:

Measurement of goodwill

€m	1 April 2008
Cost of the investment (second tranche)	61
Less proportionate net assets measured at fair value	–30
Goodwill	**31**

Net assets

€m	Carrying amount	Adjustments[1)]	Fair value
Intangible assets	33	24	57
of which customer list	32	24	56
Property, plant and equipment	6	0	6
Current assets and cash and cash equivalents	94	0	94
Current liabilities	–81	0	–81
Deferred taxes	–10	–7	–17
Total net assets (100%)	42	17	59
Proportionate net assets acquired	**21**	**9**	**30**

1) Adjustments to customer relationships of €12 million and adjustments to deferred taxes of €4 million relate to the 50% interest held previously. These amounts were recognised in the revaluation reserve.

On 31 December 2007, FC (Flying Cargo) International Transportation Ltd., Israel, was acquired for €85 million. Flying Cargo is the Israeli market leader in air and ocean freight. In the first quarter of 2008, the former shareholders were paid the equivalent of €65 million, of which €45 million related to the first tranche of the purchase price and €20 million to the repayment of loans from former shareholders. The remainder of the purchase price is expected to be paid in 2010. Goodwill of €74 million arose on the company's initial consolidation. The purchase price allocation is as follows:

Measurement of goodwill

€m	**31 Dec. 2007**
Acquisition costs	85
Less net assets measured at fair value	11
Goodwill	**74**

Net assets

€m	Carrying amount	Adjustments	Fair value
Intangible assets	1	13	14
of which software and licences	1	0	1
of which customer list	0	11	11
of which brand	0	2	2
Property, plant and equipment	1	0	1
Current assets and cash and cash equivalents	40	0	40
Current liabilities	–36	0	–36
Deferred taxes	–5	–3	–8
Net assets acquired	**1**	**10**	**11**

In February 2008, Deutsche Post Beteiligungen Holding GmbH, Germany, formed Express Couriers Australia Pty Ltd., Australia, with a view to entering into a 50/50 joint venture with New Zealand Post, New Zealand. By 30 June, the joint venture had taken over business units from DHL Global Forwarding, Australia. At the same time, New Zealand Post acquired a 50% interest in the company. At the beginning of July, the joint venture acquired New Zealand Post Australia Pty Ltd. and its subsidiaries for €55 million. A further €23 million was spent to acquire the assets and operations of Hills Transport Pty Ltd., Hills Express Pty Ltd., Aufast Couriers Pty Ltd. and VFCC Services Pty Ltd.

In the second quarter of 2008, UK company Exel Holdings Ltd. increased its stake in procurement solutions company 4C Associates Ltd., UK, from 24.4% to 52% for €7 million. The purchase price allocation will be presented in a later set of financial statements, as not all the necessary information is available at the present time. Goodwill for the purchased shares is provisionally estimated to be €4 million.

In the period ended 30 September 2008, the Group also made further acquisitions which neither individually nor in the aggregate had a significant effect on the Group's net assets, financial position and results of operations.

Insignificant acquisitions

€m	Fair value at the date of acquisition[1]
ASSETS	
Property, plant and equipment	5
Current assets excluding cash and cash equivalents	5
Cash and cash equivalents	15
	25
EQUITY AND LIABILITIES	
Provisions	–1
Trade payables	–1
Other liabilities	–1
	–3
Acquisition costs	46
Goodwill	24

1) Corresponds to the carrying amount.

The insignificant acquisitions contributed a total of €27 million to consolidated revenue and €–1 million to consolidated EBIT.

In the period ended 30 September 2008, €395 million was spent on acquiring subsidiaries, less the cash and cash equivalents acquired (previous year: €241 million). The purchase prices of the acquired companies were paid by transferring cash and cash equivalents.

3 Significant transactions

In September, Deutsche Post AG resolved to sell a 29.75% minority stake in the Deutsche Postbank Group to Deutsche Bank AG. Further details can be found in Note 10.

On 1 July 2008, the European Court of First Instance in Luxembourg annulled the European Commission's state aid ruling of 2002. At the time, the Commission had ordered Deutsche Post AG to repay purported state aid and interest amounting to €907 million to the Federal Republic of Germany. The Commission had ruled that, between 1994 and 1998, Deutsche Post AG misused state aid intended to finance the universal service as a cross-subsidy to cover its costs in the competitive market segment where it carries parcels for business customers. Deutsche Post AG appealed against the ruling in the same year. In August 2008, Deutsche Post AG received €1,067 million back from the German federal government on the basis of this ruling.

The sale of Deutsche Post AG real estate to US investor Lone Star took economic effect on 1 July 2008. This real estate comprised around 1,300 properties located mainly in Germany. An initial payment of €250 million was made towards the purchase price in June 2008. The remainder of the purchase price is expected to be paid by the end of 2008. Deutsche Post World Net will lease back the majority of the properties under operating leases. In the course of the period, the properties were reported as assets held for sale. The impairment losses of €28 million arising from their measurement under IFRS 5 were reported under other operating expenses.

On 28 May 2008, the Supervisory Board and Board of Management of Deutsche Post World Net approved an extensive restructuring programme for the DHL express business in the USA. By the end of the reporting period, expenses of €86 million had been recognised from the planned restructuring intentions. Further explanations can be found in Note 11.

In the period ended 30 September 2008, impairment losses of €31 million were recognised on the non-current assets of the American express business.

IT Services in Germany intends to consolidate its activities and employees at two locations. The other nine locations are to be closed. The purpose of consolidating the IT unit is both substantial proximity to the customer as well as increased productivity and efficiency. The restructuring provision was €21 million as at 30 September 2008.

The following table gives an overview of the significant non-recurring effects on the income statement:

Significant non-recurring effects

€m	1 Jan. – 30 Sep. 2008
Profit from operating activities (EBIT) before non-recurring effects	**1,645**
Repayment of state aid	+572
Restructuring expenses Express Americas	–86
Profit from operating activities (EBIT) after non-recurring effects	**2,131**
Net finance costs before non-recurring effects	–732
Repayment of state aid (interest component)	+495
Net finance costs after non-recurring effects	**–237**

4 Share-based remuneration

The number of stock options and stock appreciation rights (SARs) under the 2003 Stock Option Plan changed as follows:

Stock options

Number	SOP 2003		
	Tranche 2003	Tranche 2004	Tranche 2005
Outstanding options as at 1 January 2008	1,197,538	3,170,940	8,816,004
Outstanding SARs as at 1 January 2008	117,124	267,980	695,076
Options lapsed	64,086	32,458	8,816,004
SARs lapsed	0	3,948	695,076
Options exercised	1,133,452	411,824	0
SARs exercised	117,124	18,752	0
Outstanding options as at 30 September 2008	0	2,726,658	0
Outstanding SARs as at 30 September 2008	0	245,280	0

As at 30 September 2008, provisions for the 2006 SAR Plan and the 2006 Long-Term Incentive Plan (2006 LTIP for the Board of Management) amounted to €18 million (31 December 2007: €41 million). The issued capital increased from €1,207 million to €1,209 million following the servicing of the stock options from the 2003 and 2004 tranches. It is now composed of 1,209,015,874 no-par value registered shares.

5 Earnings per share

Basic earnings per share in the period under review were €1.21.

Basic earnings per share

	9M	
	2007	**2008**
Consolidated net profit for the period attributable to Deutsche Post AG shareholders (€m)	1,134	1,466
Weighted average number of shares outstanding	1,204,570,530	1,208,485,299
Basic earnings per share (€)	**0.94**	**1.21**
of which from continuing operations	0.65	1.25
of which from discontinued operations	0.29	–0.04

Diluted earnings per share in the period under review were €1.21. There were 2,726,658 stock options for executives at the reporting date, 294,697 of which were dilutive.

Diluted earnings per share

	9M	
	2007	**2008**
Consolidated net profit for the period attributable to Deutsche Post AG shareholders (€m)	1,134	1,466
Weighted average number of shares outstanding	1,204,570,530	1,208,485,299
Potentially dilutive shares	3,172,980	294,697
Weighted average number of shares for diluted earnings	1,207,743,510	1,208,779,996
Diluted earnings per share (€)	**0.94**	**1.21**
of which from continuing operations	0.65	1.25
of which from discontinued operations	0.29	–0.04

6 Related party disclosures

There have been no material changes in related party disclosures as against 31 December 2007; see Note 52 in the 2007 Annual Report. In the course of the period, eight members were elected or appointed by the courts to the Supervisory Board. One Supervisory Board member is a member of either the management board or the supervisory board at companies that are engaged in business transactions with Deutsche Post AG which, individually or in the aggregate, are insignificant. These transactions primarily relate to services provided between the parties.

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7 Contingent liabilities

The Group's contingent liabilities have not changed significantly compared with 31 December 2007.

8 Other operating income and expenses

Other operating income

€m	9M	
	2007 restated[1]	2008
Income from prior-period billings	55	610
Income from currency translation differences	156	151
Income from the reversal of provisions	57	147
Rental and lease income	117	134
Insurance income	136	133
Income from work performed and capitalised	94	110
Income from fees and reimbursements	100	82
Income from the derecognition of liabilities	33	80
Gains on disposal of non-current assets	80	77
Commission income	51	63
Reversals of impairment losses on receivables and other assets	47	49
Income from derivatives	6	48
Income from loss compensation	20	17
Recoveries on receivables previously written off	14	6
Subsidies	7	5
Income from the sale of Vfw AG, Germany	59	0
Miscellaneous	341	267
Other operating income	**1,373**	**1,979**

1) For details of the change in the presentation of the Deutsche Postbank Group, see Note 10.

The €572 million increase in income from prior-period billings relates to the operating component of the state-aid repayment. In June 2008, the provision for the funding of shortfalls in the Postal Civil Service Health Insurance Fund was reversed in the amount of €61 million.

Miscellaneous other operating income includes a number of smaller individual items.

Other operating expenses

€m	9M	
	2007 restated[1]	**2008**
Travel and training costs	350	332
Public relations expenses	318	286
Warranty expenses, refunds and compensation payments	278	259
Other business taxes	274	253
Cost of purchased cleaning, transport and security services	221	223
Telecommunication costs	224	201
Write-downs of current assets	168	193
Consulting costs	178	189
Expenses from currency translation differences	154	152
Office supplies	162	152
Entertainment and corporate hospitality expenses	117	117
Voluntary social benefits	96	111
Legal costs	53	65
Prior-period other operating expenses	38	62
Services provided by the Federal Posts and Telecommunications Agency	53	52
Commissions paid	45	48
Expenses from derivatives	3	46
Losses on disposal of assets	29	33
Monetary transaction costs	25	27
Audit costs	25	25
Donations	16	18
Tax advisory costs	8	10
Addition to provisions	12	3
Miscellaneous	16	254
Other operating expenses	**2,863**	**3,111**

1) For details of the change in the presentation of the Deutsche Postbank Group, see Note 10.

Miscellaneous other operating expenses include a number of smaller individual items.

9 Segment reporting disclosures

As announced in November 2007 as part of the Roadmap to Value capital markets programme, segment reporting was restructured with effect from 1 January 2008. The costs of Global Business Services were allocated in full to the operating divisions. Deutsche Post AG's retail outlets were transferred to the MAIL segment. As the services area did not retain any significant opportunities and risks, it was no longer a segment within the meaning of IAS 14. The SERVICES segment was therefore dissolved. The remaining items of this segment and the entire Corporate Center are now reported in the Corporate Center/Other column, which also includes the consolidation of intersegment transactions.

In addition, the LOGISTICS Division was restructured and allocated between two board departments in March 2008. The new structure is reflected in the segment reporting. The LOGISTICS Division was dissolved and replaced by two new segments:

New reporting structure

Segment	FORWARDING/FREIGHT	SUPPLY CHAIN/CIS
Business unit	DHL Global Forwarding	DHL Exel Supply Chain
	DHL Freight	Corporate Information Solutions[1]

1) The Corporate Information Solutions Business Unit was previously allocated to the MAIL segment.

Due to the new reporting structure, the goodwill attributable to the former LOGISTICS segment was allocated to the new logistics segments. Goodwill amounts to €263 million for the FORWARDING/FREIGHT segment and to €198 million for the SUPPLY CHAIN/CIS segment. The new reporting structure reflects the increasing business volume and the different business models. The prior-year figures were restated accordingly.

With effect from 30 September 2008, the Pension Service was transferred from the FINANCIAL SERVICES segment to the MAIL segment due to a regulatory environment that is almost the same. The Deutsche Postbank Group remains in the FINANCIAL SERVICES segment and is presented separately under discontinued operations. The prior-year figures were restated accordingly.

10 Assets held for sale, liabilities associated with assets held for sale and discontinued operations

The amounts reported as assets held for sale and liabilities associated with assets held for sale in accordance with IFRS 5 relate primarily to the planned sale of the minority stake in the Deutsche Postbank Group:

€m	Assets		Liabilities	
	31 Dec. 2007	**30 Sep. 2008**	**31 Dec. 2007**	**30 Sep. 2008**
Deutsche Postbank Group	0	217,667	0	215,034
Deutsche Postbank Group – credit card and sales financing business (BHW Bank AG)	565	0	44	0
Other	50	33	0	0
Assets held for sale, liabilities associated with assets held for sale	**615**	**217,700**	**44**	**215,034**

In September 2008, steps were initiated to sell the Deutsche Postbank Group following the decision taken by management on 12 September 2008. Deutsche Post AG plans to sell a 29.75% minority stake in Deutsche Postbank AG to Deutsche Bank AG for €2.79 billion or €57.25 per share. The sale of the shareholding is subject to approval by the relevant regulatory and competition authorities and the German federal government and will be completed in the first quarter of 2009. Furthermore, mutual call/put options for additional shares in Deutsche Postbank AG have been agreed. Deutsche

Post AG has granted Deutsche Bank AG the option of acquiring an additional 18.0% of the shares of Deutsche Postbank AG for €55.00 per share. This option can be exercised between 12 and 36 months after the acquisition of the 29.75% has been completed. At the same time, Deutsche Post AG has been granted a put option to sell its remaining stake of 20.25% plus one share in the Deutsche Postbank Group to Deutsche Bank AG for €42.80 per share. Deutsche Post AG can exercise its option between 21 and 36 months after the sale of its minority stake to Deutsche Bank has been completed. In addition, Deutsche Post AG has granted Deutsche Bank AG a right of first refusal for its remaining shares in the Deutsche Postbank Group. Deutsche Bank can pay for the stakes from both options in cash or fully or partially with its own shares.

The Deutsche Postbank Group, part of the FINANCIAL SERVICES segment, is presented in these financial statements under discontinued operations. The assets and liabilities of the Deutsche Postbank Group are presented as discontinued operations in accordance with IFRS 5.

Deutsche Postbank Group

€m	30 September 2008
ASSETS	
Intangible assets	1,418
Property, plant and equipment	897
Investment property	73
Non-current financial assets	96
Deferred tax assets	869
Income tax assets	188
Current receivables and other assets	882
Receivables and other securities from financial services	209,758
Cash and cash equivalents	3,486
Total assets	**217,667**
EQUITY AND LIABILITIES	
Non-current provisions	2,096
Non-current financial liabilities	5,263
Deferred tax liabilities	964
Current provisions	26
Income tax provisions	169
Current financial liabilities	585
Current liabilities	612
Liabilities from financial services	205,319
Total equity and liabilities	**215,034**

Cumulative income and expenses recognised in equity

€m	Equity attributable to Deutsche Post AG shareholders	Minority interest	Total equity
IAS 39 revaluation reserve	–947	–947	–1,894
Currency translation reserve	–77	–77	–154
	–1,024	**–1,024**	**–2,048**

In preparing its interim financial statements, the Deutsche Postbank Group made use of the option to reclassify with effect from 1 July 2008 certain financial assets having met the necessary criteria. This option was made available to the Deutsche Postbank Group by virtue of the amendments to IAS 39 and IFRS 7 (Reclassification of Financial Assets) issued by the IASB on 13 October 2008. These amendments were transposed into European law by the Commission of the European Communities by virtue of Commission Regulation (EC) No 1004/2008 dated 15 October 2008, and entered into effect on 17 October 2008.

The Deutsche Postbank Group has altered its intention to hold a portion of the bonds in its portfolio as available for sale, and now intends to hold them for the foreseeable future. It therefore reclassified foreign currency bonds with a principal amount of €1,596 million out of the available-for-sale category to the loans-and-receivables category at a fair value of €1,463 million with retroactive effect from 1 July 2008 in accordance with IAS 39.50E. As at 30 September 2008, these bonds had a fair value of €1,543 million and, after adjustment for foreign currency effects, a carrying amount of €1,612 million. Prior to their reclassification, the changes in fair value recognised in the revaluation reserve for the bonds that were reclassified amounted to €–81 million (previous year: €–30 million). Had the Deutsche Postbank Group not changed its intention to hold the bonds, the fair value loss would have increased by a further €69 million in the third quarter of 2008. Given a nominal weighting of the reclassified bonds, the effective interest rate calculated on the basis of their restated cost as at the date of reclassification was 5.48%. The expected cash flows that Postbank hopes to recover as at the date of the reclassification amount to €2,130 million. As at 30 September 2008, there was no impairment charged to the reclassified bonds. No bonds were sold during the reporting period.

Result from discontinued operations

€m	30 Sep. 2007	30 Sep. 2008
Revenue and operating income	8,071	8,143
Operating expenses	–7,212	–8,197
Profit/loss from operating activities (EBIT)	**859**	**–54**
Net finance costs	–53	–50
Profit/loss before taxes from discontinued operations	**806**	**–104**
Attributable tax expense	–106	–2
Profit/loss after taxes from discontinued operations	**700**	**–106**
Gain/loss on remeasurement of assets held for sale	0	0
Profit/loss from discontinued operations	**700**	**–106**

In financial year 2008, the crisis on the financial markets mainly impacted net trading income, net income from investment securities and the allowance for losses on loans and advances. Amongst other things, the Deutsche Postbank Group recognised write-downs of €364 million on its exposure to Lehman Brothers, the US investment bank granted creditor protection, and of €31 million on its exposure to Icelandic banks. In addition, impairment losses of €75 million on the Deutsche Postbank Group's portfolio of shares and investment fund shares and of €137 million on structured credit products impacted earnings. Charges of €398 million were also recognised in relation to the remeasurement of embedded derivatives from the structured credit substitute business.

The Deutsche Postbank Group had irrevocable loan commitments amounting to €22,742 million (31 December 2007: €23,480 million).

The Deutsche Postbank Group's sale of the credit card and financing business of BHW Bank AG was completed in the first quarter of 2008. The acquirer was Landesbank Berlin. In the third quarter, the IT equipment reported in the course of the period as assets held for sale was reclassified as property, plant and equipment. At the end of July, it was announced that efforts to outsource the IT infrastructure to Hewlett-Packard Services had been discontinued.

11 Other disclosures/events after the balance sheet date

The Supervisory Board of Deutsche Post AG has approved that Deutsche Post AG, as the majority shareholder of Deutsche Postbank AG, will participate with up to 100% in the bank's planned capital increase. Deutsche Post AG has committed to subscribe to the planned rights issue of 54.8 million shares at the subscription price according to its stake of 50% plus one share in Postbank. As far as the subscription price does not exceed €18.25, Deutsche Post AG has also committed to subscribe to all shares that are not taken up by the market at the subscription price. The maximum commitment by Deutsche Post AG thus would not exceed €1 billion.

As a result of this measure, Deutsche Post's stake in Postbank would initially increase to a maximum of 62.52%. The September agreement with Deutsche Bank AG, under which it will – upon antitrust and regulatory approvals – acquire a 29.75% stake in Postbank from Deutsche Post in the first quarter of 2009, remains in place. The agreement provides that Deutsche Bank will assume 29.75% of the newly issued shares from Deutsche Post at the subscription price when the transaction is completed in the first quarter of 2009. The prices for the old shares remain as agreed on.

Deutsche Post World Net announced on 10 November 2008 that it will exit the domestic express business in the USA at the start of 2009. The international express offering in the US will be maintained on today's level. Total costs for restructuring the US express business are now at €3 billion, of which the majority will be recorded in the current year.

Due to increasing restructuring costs of €3 billion for the express business in the USA, one-off charges between €400 million and €500 million in other businesses and possible write-downs in the SUPPLY CHAIN/CIS Division, the Group will probably see a full-year reported net loss for 2008.

12 Additional information: Consolidated interim financial statements including the Deutsche Postbank Group at equity

In addition to the consolidated interim financial statements in which the Deutsche Postbank Group is fully consolidated, consolidated interim financial statements have been prepared with the Deutsche Postbank Group included at equity, as the activities of the Deutsche Postbank Group differ substantially from the ordinary activities of the other companies in Deutsche Post World Net. The Deutsche Postbank Group was excluded from full consolidation in the accompanying consolidated interim financial statements for the period ended 30 September 2008. The Deutsche Postbank Group is accounted for in these financial statements only as a financial investment carried at equity.

The accounting treatment in these additional financial statements differs from the standards required by the IFRSs to the extent that the Deutsche Postbank Group was not fully consolidated, as required by IAS 27, but was accounted for at equity.

12.1 Additional information: Income statement (Postbank at equity)

1 January to 30 September

€m	9M		Q3	
	2007 restated[1]	**2008**	**2007** restated[1]	**2008**
Revenue	39,545	40,454	13,258	13,801
Other operating income	1,373	1,979	557	942
Total operating income	**40,918**	**42,433**	**13,815**	**14,743**
Materials expense	–22,135	–23,253	–7,565	–8,023
Staff costs	–13,050	–12,838	–4,323	–4,267
Depreciation, amortisation and impairment losses	–1,187	–1,100	–410	–378
Other operating expenses	–2,863	–3,111	–1,048	–1,113
Total operating expenses	**–39,235**	**–40,302**	**–13,346**	**–13,781**
Profit from operating activities (EBIT)	**1,683**	**2,131**	**469**	**962**
Net income from associates	3	2	3	0
Net income from measurement of Deutsche Postbank Group at equity	350	–53	202	–171
Other financial income	90	572	32	523
Other finance costs	–804	–811	–279	–244
Net other finance costs/net other financial income	–714	–239	–247	279
Net finance costs/net financial income	**–361**	**–290**	**–42**	**108**
Profit before income taxes	**1,322**	**1,841**	**427**	**1,070**
Income tax expense	–143	–329	–60	–247
Consolidated net profit for the period	**1,179**	**1,512**	**367**	**823**
attributable to				
Deutsche Post AG shareholders	1,134	1,466	350	805
Minorities	45	46	17	18

1) See Note 1.

12.2 Additional information: Balance sheet (Postbank at equity)

as at 30 September 2008

€m	31 Dec. 2007	30 Sep. 2008
ASSETS		
Intangible assets	12,792	12,895
Property, plant and equipment	7,826	6,933
Investment property	115	30
Investments in associates	203	190
Investments in Deutsche Postbank Group	1,662	820
Other non-current financial assets	754	585
Non-current financial assets	2,619	1,595
Other non-current assets	497	538
Deferred tax assets	537	371
Non-current assets	**24,386**	**22,362**
Inventories	248	275
Income tax assets	195	213
Receivables and other assets	9,377	10,397
Financial instruments	74	154
Cash and cash equivalents	1,339	1,245
Assets held for sale	50	33
Current assets	**11,283**	**12,317**
Total assets	**35,669**	**34,679**
EQUITY AND LIABILITIES		
Issued capital	1,207	1,209
Other reserves	875	205
Retained earnings	8,976	9,355
Equity attributable to Deutsche Post AG shareholders	**11,058**	**10,769**
Minority interest	146	129
Equity	**11,204**	**10,898**
Provisions for pensions and other employee benefits	4,846	4,747
Deferred tax liabilities	467	430
Other non-current provisions	2,073	1,866
Non-current provisions	**7,386**	**7,043**
Non-current financial liabilities	3,822	3,385
Other non-current liabilities	365	314
Non-current liabilities	**4,187**	**3,699**
Non-current provisions and liabilities	**11,573**	**10,742**
Income tax provisions	213	235
Other current provisions	1,680	1,701
Current provisions	**1,893**	**1,936**
Current financial liabilities	1,156	1,082
Trade payables	5,211	5,134
Income tax liabilities	139	102
Other current liabilities	4,493	4,785
Liabilities associated with assets held for sale	0	0
Current liabilities	**10,999**	**11,103**
Current provisions and liabilities	**12,892**	**13,039**
Total equity and liabilities	**35,669**	**34,679**

12.3 Additional information: Cash flow statement (Postbank at equity)

1 January to 30 September

€m	9M		Q3	
	2007 restated[1]	**2008**	**2007** restated[1]	**2008**
Net profit before taxes	**1,322**	**1,841**	**427**	**1,070**
Net finance costs/net financial income excluding net income from measurement at equity	711	237	244	–279
Net income from measurement at equity	–350	53	–202	171
Profit from operating activities (EBIT)	**1,683**	**2,131**	**469**	**962**
Depreciation/amortisation of non-current assets	1,187	1,100	410	378
Net income from disposal of non-current assets	–107	–48	–13	–7
Non-cash income and expense	71	82	10	12
Change in provisions	–446	–760	–128	–191
Change in other assets and liabilities	–107	–4	–6	25
Taxes paid	–217	–237	–76	–53
Net cash from operating activities before changes in working capital	**2,064**	**2,264**	**666**	**1,126**
Changes in working capital				
Inventories	10	–29	–11	12
Receivables and other assets	–988	–480	–359	42
Liabilities and other items	205	166	206	118
Net cash from operating activities	**1,291**	**1,921**	**502**	**1,298**
Proceeds from disposal of non-current assets				
Divestitures	50	1	0	1
Other non-current assets	376	804	71	72
	426	**805**	**71**	**73**
Cash paid to acquire non-current assets				
Investments in companies	–298	–452	–3	–32
Other non-current assets	–1,254	–1,210	–463	–428
	–1,552	**–1,662**	**–466**	**–460**
Interest received	87	544	39	516
Postbank dividend	103	103	0	0
Current financial instruments	2	–59	2	–64
Net cash used in/from investing activities	**–934**	**–269**	**–354**	**65**
Change in financial liabilities	273	–355	–23	–1,158
Other financing activities	19	29	15	–39
Dividend paid to Deutsche Post AG shareholders	–903	–1,087	0	0
Dividend paid to other shareholders	–30	–49	–24	–16
Issuance of shares under stock option plan	50	21	20	3
Interest paid	–256	–304	–71	–61
Net cash used in financing activities	**–847**	**–1,745**	**–83**	**–1,271**
Net change in cash and cash equivalents	–490	–93	65	92
Effect of changes in exchange rates on cash and cash equivalents	–28	–3	–25	33
Changes in cash and cash equivalents due to changes in consolidated group	24	2	0	0
Cash and cash equivalents at beginning of reporting period	1,761	1,339	1,227	1,120
Cash and cash equivalents at end of reporting period	**1,267**	**1,245**	**1,267**	**1,245**

1) See Note 1.

Events and Contacts

Financial calendar[1]

26 February 2009	Financials press conference and investors conference
10 March 2009	Annual Report 2008
21 April 2009	Annual General Meeting
6 May 2009	Interim report on the first quarter of 2009, investors conference call
23 July 2009	Press conference and investors conference on the first half of 2009
31 July 2009	Interim report on the first half of 2009
5 November 2009	Interim report on the first nine months of 2009, investors conference call

1) For more information on other events, updates and details of live webcasts, please visit investors.dpwn.com.

Investor events

12 November 2008	WestLB Deutschland Conference (Frankfurt)
17 November 2008	Sal Oppenheim Forum (San Francisco)
18 November 2008	Citi's Transport Conference (New York)
19 November 2008	Nomura German/Swiss IR Conference 2008 (Tokyo)

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