



Edition: 1/2009

Dear subscriber,

We have today, 10 March 2009, published our annual report 2008. We have summarised the most important information from the report for you in the first Investor Relations newsletter of the year. You can read the complete report online on our website and save a PDF copy onto your computer. Please order printed copies via our website. We shall send out copies from 16 March 2009.

Online Annual Report 2008 [▶ more](#)

Order form [▶ more](#)

Please note:

- Please do not reply to this e-mail! If you would like to contact the Investor Relations Team, please send an e-mail to ir@deutschepost.de.
- Are your contact details up to date? Please use our online address form, to change your contact details. [▶ more](#)
- If you no longer wish to receive this newsletter, please use the following link. [▶ more](#)

Kind regards,

Your
Investor Relations Team
Deutsche Post World Net

Content

-
- **Overview**
 - **Milestones**
 - **Letter to our Shareholders**
 - **Revenue and earnings development in financial year 2008**
 - **Dividend**
 - **Outlook**
 - **Roadmap to Value - Advances**
 - **Our Share**
 - **Events**

Overview

At a glance

What we achieved in 2008:

We have agreed to sell shares in Deutsche Postbank to Deutsche Bank and we began to reorganise our US express business. We have consistently implemented the initiatives set forth in our Roadmap to Value capital markets programme and ran a tight cost management system. Thanks not least to these efforts, we met our adjusted target for the period. Earnings from operating activities (excluding Postbank) were just above our target of €2.4 billion.

What we plan to achieve in 2009:

The economic downturn has impacted the entire logistics industry. Yet we remain convinced that our strong brands - Deutsche Post and DHL - and our global reach make us well-equipped for difficult times. To mitigate adverse effects from materially lower business volumes, we plan to make fewer investments and to lower indirect costs by €1 billion by 2010 in a Group-wide cost-cutting drive.

[▲ back to the top](#)

Milestones

Milestones 2008

CHANGES TO GROUP BOARD OF MANAGEMENT

FEBRUARY/MARCH +++ Dr Frank Appel is appointed as new chairman of the Board of Management. The LOGISTICS Division is dissolved and split between two board departments. Bruce Edwards becomes the new Board member in charge of the SUPPLY CHAIN/CIS Division and Hermann Ude the new Board member in charge of the GLOBAL FORWARDING/FREIGHT Division. +++

SALE OF REAL ESTATE PORTFOLIO

APRIL +++ The Group sells a portfolio of approximately 1,300 properties located mainly in Germany to US investor Lone Star for € 1 billion in cash. +++

GROUP SETS CLIMATE PROTECTION TARGET

APRIL +++ Deutsche Post World Net - the largest player in its industry - sets itself a measurable climate protection target. For every letter posted, every container shipped and every square metre of space used, the Group aims to reduce its carbon footprint by 30 % below 2007 levels by 2020. +++

WAGE AGREEMENT REACHED

APRIL +++ During their collective-bargaining negotiations, Deutsche Post AG and the service trade union Verdi agree on an extended job security pact, a pay increase for staff covered by the collective-bargaining agreement and additional weekly working hours for about 130,000 company employees. The collective agreement will end on 30 June 2010. +++

DIVIDEND DISTRIBUTED

MAY +++ A dividend per share of € 0.90 for financial year 2007 is distributed. The total dividend amounts to € 1,087 million. +++

DHL OPENS EUROPEAN AIR FREIGHT HUB

MAY +++ European air freight hub at Leipzig/Halle Airport launches operations. The Group invested around € 300 million in the facility where approximately 1,500 tonnes of freight are transhipped each working day. +++

EUROPEAN COURT AWARDS DEUTSCHE POST REPAYMENT

JULY/AUGUST +++ The European Court of First Instance annuls a decision by the European Commission, which had ordered Deutsche Post to repay purported state aid. As a result, the German government repaid the sum of € 1,067 million to Deutsche Post. +++

STEPS INITIATED TO SELL POSTBANK

SEPTEMBER +++ Deutsche Post agreed to sell a minority stake in Postbank to Deutsche Bank. The sale of the first tranche of the shareholding will be completed in the first quarter of 2009. +++

RESTRUCTURING OF THE US EXPRESS BUSINESS

NOVEMBER +++ Deutsche Post World Net announces that it will exit the domestic express business in the USA by the beginning of 2009. The international express offering in the United States will be maintained. +++

Further information can be found on our website:

▶ [Annual Report 2008](#)

▲ [back to the top](#)

Letter to our Shareholders



Dear Shareholders,

One year into my chairmanship of the Board of Management, the Group has carved out a clear path for continued success. We have initiated steps to sell Postbank and to restructure the US express business, consistently implemented the Roadmap to Value and prepared ourselves for the impacts of the global economic crisis.

For Postbank, we have found the perfect partner in Deutsche Bank. Our thorough analyses and sound decision-making processes have paid off, and we established attractive conditions for the transaction despite the difficult market climate.

The second decision of great consequence concerned our US express business. In May, we began to restructure the business from the ground up in order to minimise losses that were no longer acceptable. Nevertheless, the weak US economy and declining shipment volumes have since then forced us to take even more drastic measures. In November, we decided to focus our express business in the US on our international offering and to exit the domestic business. This was certainly one of the most difficult decisions I have had to take in my management career to date.

The current economic crisis has taught us that we must do more to safeguard the future of our Group. With our Roadmap to Value capital markets programme, we are already well underway. As a result of the programme's initiatives, we have achieved encouraging growth rates in the emerging economies, cut costs and made operational improvements. We increased our reporting transparency by now reporting the logistics business units separately and our financial position is stable. Net cash from operating activities increased significantly, whilst working capital declined.

Thanks to these efforts, we have met our adjusted target for the period. Earnings from operating activities before non-recurring items (excluding Postbank) were just above our target of €2.4 billion. However, non-recurring items impacted our earnings. The repayment from the German government awarded as a result of the state aid proceedings boosted earnings, whilst the restructuring costs for the US express business and a write-down on the goodwill of SUPPLY CHAIN/CIS undermined our bottom line. Adjusted for non-recurring items, we are reporting a loss. EBIT (excluding Postbank) declined to €-567 million; the Group generated a consolidated net loss for the period of €1.98 billion.

The economic downturn has impacted the entire logistics industry appreciably and, in turn, our business. Trading volumes continued to weaken in most of our business units, especially in the fourth quarter. We have seen that this trend has continued and even intensified in the first weeks of the new financial year.

Yet we are taking action. In keeping with our Roadmap to Value, we intend to cut costs further - an additional €1 billion by the end of 2010. We are setting strict standards for investments and acquisitions and further tightening our working capital. The restructuring in the US is progressing according to plan. We intend to minimise losses there to US \$ 400 million (annualised) by the last quarter of 2009.

Management is setting a clear example: The Board of Management and the Supervisory Board will not receive any performance-based bonuses for the past financial year.

I am thoroughly convinced that we will come out of the recession in a stronger position. Since we are the market leader with a global network and a comprehensive portfolio, we are able to respond more flexibly than competitors to our customers' changing requirements.

Now that we have boldly and systematically set a clear course, it is time to take up our strategy for the future. We want to maintain our position as "Die Post für Deutschland" (the postal service for Germany) whilst making optimum use of the global strength of our logistics business.

Together with our around 500,000 employees, we are creating a corporate culture marked by a focus on results and mutual respect. We intend not only to meet the expectations of our customers and shareholders in the future but to exceed them.

I would like to sincerely thank our employees for their hard work in an extremely challenging year and I thank you for your trust in our company. We would like to show our appreciation by proposing a dividend of €0.60 per share this year.

Bonn, 25 February 2009

Yours faithfully,

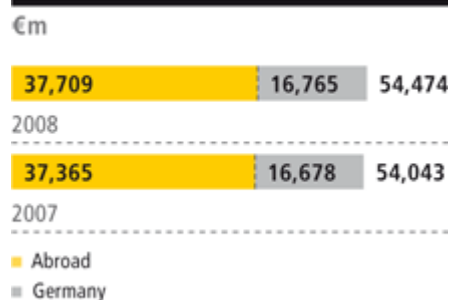
Dr Frank Appel
Chairman of the Board of Management

Revenue and earnings development in financial year 2008

Revenue

Consolidated revenue from continuing operations increased by 0.8 % to €54,474 million in financial year 2008 (previous year: €54,043 million). However, this figure was reduced by negative currency effects of €2,168 million. As a globally operating logistics group, we generated, with 59.2 %, the majority of our revenue out-side of Germany, an increase of 0.1% over the previous year.

Consolidated revenue for continuing operations



Profit or loss from operating activities (EBIT)

Profit or loss from operating activities (EBIT) from continuing operations fell by €2,700 million from the previous year's figure of €2,133 million to €-567 million.

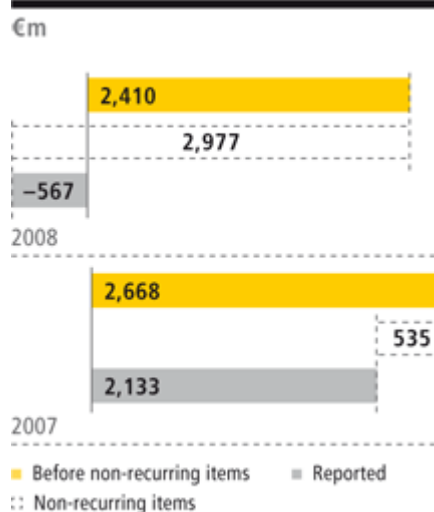
In the reporting period, EBIT from continuing operations contained income of €572 million from the state aid proceedings, restructuring costs of

€2,557 million and impairment losses of €992 million. The prior-year figure included non-recurring income of €59 million from the sale of Vfw AG and an impairment loss of €594 million on the express business in the Americas region. Adjusted for these items, EBIT fell by 9.7 % to €2,410 million.

Net finance costs improved by €446 million to €499 million (previous year: €945 million). This was due in particular to the interest component of the repayment we received from the state aid proceedings.

Profit or loss before income taxes from continuing operations declined by 189.7 % to €-1,066 million. However, income tax increased from €173 million to €200 million. Profit or loss from continuing operations thus amounted to €-1,266 million, a decline of 224.7 % on the previous year.

Consolidated EBIT for continuing operations



Consolidated net profit

Combining profit or loss from continuing and discontinued operations results in a consolidated net loss of €1,979 million, or €3,852 million less than in 2007. Of this figure,

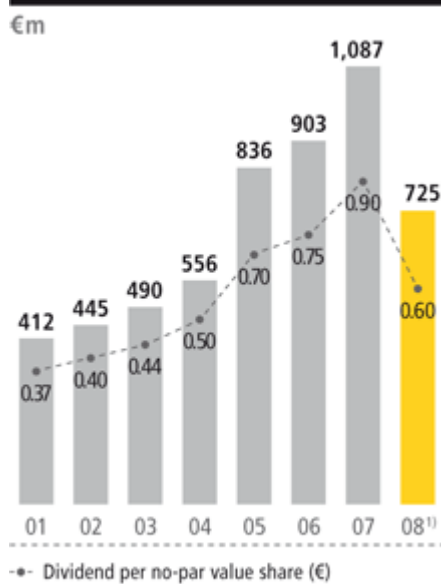
€-1,688 million is attributable to Deutsche Post shareholders - a decrease of €3,071 million - whilst minority interests fell from €490 million to €-291 million. This significant decline was primarily the result of Deutsche Post's share in Postbank losses. Basic and diluted earnings per share fell from €1.15 to €-1.40. Earnings per share from continuing operations fell from

€0.79 in the prior year to €-1.10, and earnings per share from discontinued operations dropped from €0.36 to €-0.30.

Dividend

A proposal will be made for the payment of a dividend per share of € 0.60 (previous year: € 0.90) at the Annual General Meeting on 21 April 2009. The total dividend will amount to € 725 million. Based on the year-end closing price of Deutsche Post shares, the net dividend yield is 5.0 %. The dividend will be distributed on 22 April 2009 and is tax-free for shareholders resident in Germany.

Total dividend and dividend per no-par value share



1) Proposal.

Further information can be found on our website:

- ▶ [Annual Report 2008](#)
- ▶ [Investors' conference call 26 Feb. 2009](#)

▶ [back to the top](#)

Outlook

Business development expectations

Since the fourth quarter of 2008 global economic conditions have deteriorated in an unprecedented way across all industries and regions. We are preparing our businesses to cope with this downturn, the length of which is difficult to determine.

To mitigate adverse effects from materially lower business volumes our initiatives aim at reducing operating costs and also all indirect and overhead costs. We will also continue to rigorously manage the business to maintain a solid cash position by applying a tight policy on capex and M&A as well as further improving our working capital position.

The restructuring of our US express business is being executed according to plan. At this point in time, we have no reason to deviate from our target of reducing the loss of that business on an annualised basis to no more than US \$ 400 million by the final quarter of the year 2009.

At the time of preparing the Group Management Report, economic visibility is currently limited, which makes it difficult to provide reliable guidance for the Group and its divisions. We will issue fresh guidance when economic prospects become clearer.

Further information can be found on our website:

- ▶ [Outlook](#)

▶ [back to the top](#)

Capital markets programme taking effect

In November 2007, we initiated an extensive capital markets programme geared towards achieving a sustained increase in enterprise value. On the basis of organic growth, the Group aims to improve profitability, increase cash generation and give shareholders a larger stake in the resulting benefits. Investors and analysts are provided with extensive information so that they can reliably assess the Group's performance.

Progress on the Roadmap to Value

Goal		Outcome
1 Profitability	----▶	<ul style="list-style-type: none">• Operational improvement initiatives achieve €0.5 billion.• Additional €1 billion cost reduction programme launched for 2009 and 2010.• Restructuring of US express activities decided and started.
2 Cash generation	----▶	<ul style="list-style-type: none">• Real estate disposals amount to €1.35 billion versus €1 billion target.• Working capital increased.• New performance metric adopted: EBIT after asset charge.• Capital expenditure fell considerably below the prior-year level.
3 Payout to shareholders	----▶	<ul style="list-style-type: none">• €0.90 per share dividend for 2007 proposed, approved and distributed.
4 Transparency	----▶	<ul style="list-style-type: none">• SERVICES segment unbundled.• Cash flow and capital expenditure disclosed by division.• Volumes disclosed for express activities.• Postbank reported under "discontinued operations".
5 Organic growth	----▶	<ul style="list-style-type: none">• DHL attaining strong growth in developing regions.• Healthy growth rates on business with customers served by Global Customer Solutions.

Further information can be found on our website:

- ▶ [Group Strategy](#)
- ▶ [Group Management](#)

[▲ back to the top](#)

Our Share

Stock markets suffer heavy losses

2008 was a hard year for the international stock markets. The US subprime crisis, a faltering US economy and rising oil prices sent prices into steep decline right from the first half of the year. The stock markets were dominated by fears that the economic slowdown in the United States would spread to Asia and most of all to Europe. The DAX shed a fifth of its value in the first half-year alone. The situation worsened dramatically with the insolvency of the US investment bank Lehman Brothers in September. More major banks began to struggle from then on. Governments around the world found themselves forced to put together rescue packages, especially as the crisis began to affect other parts of the economy. The stock exchanges suffered heavily: Over the course of the year, the DAX lost 40.4 % of its value, the Dow Jones 33.8 % and the EURO STOXX 50 44.4 %.

Deutsche Post share price falls further than market

Our share price twice escaped the downtrend in the first half of the year: after publication of the preliminary results for 2007 on 23 January and after publication of the results for the first quarter of 2008 on 13 May. Following the announcement of the programme to realign our US express activities on 28 May, however, the share price fell continuously, as the candlestick graph shows. Indeed, our shares performed markedly worse over the rest of the year than the applicable indices and the share prices of our competitors. Deutsche Post shares closed the year at € 11.91, a 49.3 % drop in value. The average number of shares traded on Xetra was 7.7 million, representing a 12 % increase on the previous year.

Peer group comparison¹⁾

		2007	2008	+/- %
Deutsche Post	€	23.51	11.91	-49.3
TNT	€	28.25	13.76	-51.3
FedEx	US\$	89.17	64.15	-28.1
UPS	US\$	70.72	55.16	-22.0
Kuehne + Nagel	CHF	104.61	67.55	-35.4

1) Closing prices on last trading day.

Further information can be found on our website:

- ▶ [Shares Information](#)
- ▶ [Key figures to our shares](#)
- ▶ [Shareholder structure](#)
- ▶ [Dividend](#)
- ▶ [Analysts recommendations](#)
- ▶ [Analysts estimates](#)

▶ [back to the top](#)

Events

Financial calendar

21 April 2009	Annual General Meeting
22 April 2009	Dividend payment
6 May 2009	Interim Report Q1 2009, Investors' conference call
23 July 2009	Financials press conference and Investors' conference
31 July 2009	Interim Report H1 2009

For more information on other events, updates and details of live webcasts please visit
▶ [our website](#).

Would you like to be notified of upcoming events by e-mail? If so, please ▶ [subscribe](#).

▶ [back to the top](#)

If you do NOT wish to receive this newsletter, please click the ▶ [following link](#).