

Dear Shareholders,



Dr Jürgen Weber, Chairman

In financial year 2007, Deutsche Post World Net consolidated its position as the world's leading logistics group and remains well-placed to tackle whatever challenges the future may bring. As a market leader in virtually all its business units, the Group is now focused on consolidation, organic growth and ensuring that shareholders participate in our added value.

We are confident that the Roadmap to Value programme launched in November 2007 will bring about a lasting improvement in our going concern value. Through organic growth, we aim to improve earnings power, focus on generating cash and give shareholders a larger stake in this positive development. We are keen to ensure that investors and analysts receive all the data needed to allow them to make an informed assessment of the Group's performance. In addition, the First Choice programme rolled out Group-wide in early 2007 is designed to enhance customer satisfaction, further improve the performance of each and every one of our 530,000 employees and promote profitable growth.

Supervisory Board continually advises and oversees the Board of Management

In financial year 2007, the Supervisory Board devoted close attention to the Group's strategic focus and business development in all areas. Key topics under debate in 2007 included the Roadmap to Value programme, the business development of the EXPRESS Division in the USA, the impact of the credit crisis, changes in the German mail market due to its complete liberalisation, the modified price regulation system, the exemption from value-added tax for providers of a universal service and the minimum wage.

All major decisions affecting the company were discussed in detail with the Board of Management, which informed us in a timely and comprehensive manner on all key issues relating to planning and business development. We received regular reports on the risk situation and risk management, major business transactions and projects in the individual divisions, as well as on strategic measures and the company's future direction. In particular, all measures requiring the consent of the Supervisory Board were discussed in depth. The members of the Board of Management presented their reports on the basis of the related rules of procedure agreed with the Board of Management. The Board of Management kept the chairman of the Supervisory Board continuously updated on all key transactions and major impending decisions, also between Supervisory Board meetings. We prepared our approval for business measures in the relevant committees. The chairs of the committees reported regularly on the committees' work at Supervisory Board meetings.

Contents of the meetings

Two Supervisory Board meetings were held in the first half of the year and three in the second half. No member of the Supervisory Board was absent from more than half of the meetings. At all of its meetings, the Supervisory Board concerned itself with issues of corporate strategy, the business performance of the divisions and risk management.

At the financial statements meeting on 13 March 2007, the Supervisory Board discussed and approved the annual and consolidated financial statements for 2006, following in-depth discussions with the auditors by the Finance and Audit Committee and the chairman of the Supervisory Board. We also approved the joint report by the Board of Management and Supervisory Board on corporate governance, as well as the agenda and proposed resolutions for the 2007 Annual General Meeting (AGM). In addition and as in recent years, all Supervisory Board members completed a revised questionnaire that formed the basis of the recommended efficiency review of the Supervisory Board's work. The meeting also addressed the retirement from office of Prof. Dr Wulf von Schimmelmann and the appointment of Dr Wolfgang Klein to the Board of Management of Deutsche Post AG, as well as the efficiency review of our activities and the remuneration system for the Board of Management. At the same meeting, we also approved two investments attributable to DHL Express.

At the meeting on 8 May 2007, which immediately preceded the AGM, Andrea Kocsis was elected - subject to her appointment by court order, which followed on 29 May - deputy chair of the Supervisory Board, deputy chair of the Executive Committee and chair of the Personnel Committee. Rolf Büttner gave up his seat on the Supervisory Board and all associated duties with effect from the end of the AGM. Following the resignation of Dr Hans-Dieter Petram from his seat on the Board of Management, the duties of the individual Board members were re-allocated accordingly as at 1 July 2007, and Jürgen Gerdes was appointed as a new member of the Board of Management. The MAIL board department was sub-divided into MAIL and PARCEL Germany, headed by Jürgen Gerdes, and MAIL International, under the leadership of Dr Frank Appel, who also assumed responsibility for Corporate Regulation Management. We also consented to the acquisition of two holdings attributable to DHL Logistics.

In July, the Supervisory Board, voting under the circular procedure, approved the sale of all shares in PB Versicherung AG, PB Lebensversicherung AG, BHW Lebensversicherung AG and BHW Pensionskasse AG held by the Postbank Group.

At the meeting on 14 September 2007, the new allocation of duties in the Board of Management was discussed and approved following Prof. Dr Edgar Ernst's retirement from office. John Allan was appointed CFO effective 1 October 2007, and was also placed in charge of Global Business Services, which combines a number of cross-divisional functions such as IT, Procurement, Real Estate and Legal Affairs. Mr Allan was succeeded in his previous role as Board member responsible for the LOGISTICS Division by Dr Frank Appel. The Supervisory Board also discussed a possible joint venture between Deutsche Post World Net and Deutsche Lufthansa AG to create a freight airline.

On 7 November 2007, in an extraordinary meeting, the Supervisory Board debated at length the new capital markets programme presented to the general public on 8 November 2007.

At its final meeting on 13 December 2007, the Supervisory Board approved the business plan for the period 2008 to 2010, apart from EXPRESS Americas. The Finance and Audit Committee, which was given delegated powers, approved this sub-segment of the business plan at its meeting on 23 January 2008. The Supervisory Board also approved the sale of shares in BHW Bank AG. Finally, we also adopted the Declaration of Conformity with the German Corporate Governance Code 2007. Following the Code's recommendations, we created a Nomination Committee which proposes suitable candidates for Supervisory Board nominations to the AGM. The Supervisory Board also adopted a resolution giving global authorisation for the award of loans to Board members by Postbank.

Supervisory Board committees operate efficiently

The Executive Committee met four times during the year under review. Agenda items included Board of Management and Supervisory Board business, as well as the further development of the company's corporate governance.

The Personnel Committee met three times and focused on a number of pivotal issues, including the mentoring programme, employee surveys, value management and leadership culture, as well as the Group's demographic development.

The Finance and Audit Committee met five times, with meetings chaired by Prof. Dr Ralf Krüger. The committee discussed the acquisitions and disposals of companies, which were also addressed in the plenary sessions of the Supervisory Board, as well as the Group's business plan for the period 2008 to 2010. It also examined and approved the annual and consolidated financial statements, discussed the interim reports and dealt with the review of the interim report on the first half of the year. The auditors attended the committee's financial statements meeting. Accounting and risk monitoring, as well as co-operation with the auditors, were also discussed in detail. Additionally, a number of real estate transactions were approved. Furthermore, individual Board of Management members gave presentations on the business performance of their respective divisions for discussion by the committee. Key topics included the express business in the United States, the mail business in Germany as well as the impact of the sub-prime credit crisis on Postbank. The committee also deliberated on the organisation of compliance activities and the compliance tools applied in the Group.

The Nomination Committee created in December 2007 did not meet during the year under review. Once again, the Mediation Committee, which must be formed pursuant to Section 27(3) of the *Mitbestimmungsgesetz* (German co-determination act), did not have to meet in the year under review.

Annual financial statements and dependent company report audited

The auditors appointed by the AGM, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PwC), Düsseldorf, audited the annual and consolidated financial statements for financial year 2007, including the respective management reports, and issued unqualified audit opinions.

Following a detailed preliminary assessment by the Finance and Audit Committee, the Supervisory Board reviewed the annual and consolidated financial statements and the management reports for the financial year 2007 in the financial statements meeting. The auditors' reports were made available to all Supervisory Board members and were discussed intensively at the meeting with the Board of Management and the auditors in attendance. The audit included a review of the Board of Management's proposal for the appropriation of the unappropriated surplus. The Supervisory Board concurred with the results of the audit of the annual and consolidated financial statements and the management reports, and approved the annual and consolidated financial statements for the financial year 2007 after detailed discussion with the Board of Management and the auditor's representative at today's meeting. Based on the final outcome of the examination of the annual and consolidated financial statements, the management reports and the proposal for the appropriation of the unappropriated surplus by the Supervisory Board and the Finance and Audit Committee, there are no objections to be raised. The Supervisory Board endorses the Board of Management's proposal for the appropriation of the unappropriated surplus and the payment of a dividend of €0.90 per share.

PwC also audited the Board of Management's report disclosing relations with affiliated companies (dependent company report) as required by Section 312 of the *Aktien-gesetz* (German stock corporation act) and issued the following auditor's opinion: "On completion of our audit in accordance with professional standards, we confirm that the factual statements made in the report are correct."

The dependent company report required for the period from 1 January 2007 to 8 January 2007 was audited in terms of completeness and accuracy. The Board of Management exercised due care in identifying the affiliated companies. It has taken the necessary precautions in recording legal transactions and other measures which the company undertook or refrained from undertaking during the financial year under review either with, at the instigation of or in the interests of the German federal government as the controlling entity, or other companies affiliated with the federal government. According to the findings of the audit, there are no grounds to suggest that legal transactions or measures have not been recorded in full. The Supervisory Board therefore endorses the auditor's findings. No objections are to be raised against the Board of Management's declaration at the end of the report.

Changes on the Supervisory Board and the Board of Management

The following changes occurred in the Supervisory Board of Deutsche Post AG in 2007: Rolf Büttner left the Board with effect from the end of the AGM on 8 May 2007. Andrea Kocsis was appointed by court order to the Supervisory Board as an employee representative on 29 May 2007. Dr Hubertus von Grünberg retired from office on 27 July 2007. On 6 August 2007, Prof. Dr Wulf von Schimmelmann was appointed to the Supervisory Board by court order as a shareholder representative. The appointment will be submitted to the shareholders for ratification at the AGM on 6 May 2008. Ingrid Matthäus-Maier was elected as a shareholder representative for a five-year term at the 2007 AGM.

Helmut Jurke and Franz Schierer retired from the Supervisory Board as at 31 December 2007, whilst Helmut Jurke also resigned from his positions as deputy chairman of the Finance and Audit Committee and member of the Executive Committee. A court order of 18 February 2008 appointed Rolf Bauermeister and Wolfgang Abel to the Supervisory Board as employee representatives.

The following changes occurred in the company's Board of Management: Prof. Dr Wulf von Schimmelfmann and Dr Hans-Dieter Petram retired from office as at 30 June 2007. On 1 July 2007, Dr Wolfgang Klein took over FINANCIAL SERVICES and was also appointed chairman of the Management Board of Deutsche Postbank AG. Since 1 July 2007, Jürgen Gerdes has been responsible for MAIL and PARCEL Germany. After Prof. Dr Edgar Ernst had resigned from his seat on the Board of Management with effect from 30 September 2007, John Allan assumed responsibility for Finance and Global Business Services. On 1 October 2007, Dr Frank Appel took charge of the LOGISTICS Division, MAIL International, Corporate Regulation Management, Global Customer Solutions and the First Choice programme. On 18 February 2008, Dr Klaus Zumwinkel resigned from office. The Supervisory Board accepted his resignation and, on the same day, unanimously appointed Dr Frank Appel as new chairman of the Board of Management. In addition to his previous duties, Dr Frank Appel also assumed responsibility for the chairman's board department.

Company in compliance with all recommendations of the German Corporate Governance Code

In December 2007, the Board of Management and the Supervisory Board submitted an updated Declaration of Conformity pursuant to Section 161 of the *Aktiengesetz* and published it on the company's website. The previous declarations can also be viewed on this website. Deutsche Post AG is in compliance with all recommendations of the German Corporate Governance Code in the version dated 14 June 2007. Further information on corporate governance within the company, including the remuneration of the Board of Management and the Supervisory Board members, is contained in the Corporate Governance Report on page 112.

We would like to thank the Board of Management and all the employees of the Group for their commitment and successful efforts in the financial year 2007.

In particular, the Supervisory Board expresses its thanks to Dr Klaus Zumwinkel for his outstanding work during the past eighteen years in transforming Deutsche Post AG into a global company and into the number one in the logistics industry.

Bonn, 4 March 2008
The Supervisory Board



Yours sincerely,
Dr Jürgen Weber
Chairman

Supervisory Board

Shareholder representatives

- **Dr Jürgen Weber**
Chairman
 - Chairman of the Supervisory Board, Deutsche Lufthansa AG
- **Willem G. van Agtmael**
 - Managing Partner, E. Breuninger GmbH & Co.
- **Hero Brahms**
 - Management Consultant
- **Werner Gatzler**
 - State Secretary, Federal Ministry of Finance
- **Prof. Dr Ralf Krüger**
 - Management Consultant
- **Ingrid Matthäus-Maier**
 - Chair of the Board of Managing Directors, KfW Bankengruppe
- **Roland Oetker**
 - Managing Partner, ROI Verwaltungsgesellschaft mbH
 - President of Deutsche Schutzvereinigung für Wertpapierbesitz e.V.
- **Harry Roels**
 - President and CEO, RWE AG (until 30 September 2007)
- **Prof. Dr Wulf von Schimmelmann**
(since 6 August 2007)
 - Management Consultant
- **Elmar Toime**
 - Managing Director, E Toime Consulting Ltd.

Left in 2007

- **Dr Hubertus von Grünberg**
(until 27 July 2007)
 - Chairman of the Supervisory Board, Continental AG

Employee representatives

- **Andrea Kocsis**
(since 29 May 2007)
Deputy Chair
 - Deputy Chair of the ver.di National Executive Board and Head of the Postal Services, Forwarding Companies and Logistics section, ver.di National Executive Board
- **Frank von Alten-Bockum**
 - Managing Director, Deutsche Post AG
- **Marion Deutsch**
 - Deputy Chair of Works Council, Deutsche Post AG, Mail Branch, Saarbrücken
- **Annette Harms**
 - Deputy Chair of Works Council, Deutsche Postbank AG, Hamburg
- **Dirk Marx**
 - Chair of Deutsche Post World Net's Group Works Council
- **Silke Oualla-Weiß**
 - Chair of Works Council, DHL Express Betriebs GmbH, Düsseldorf (Dortmund office)
- **Stefanie Weckesser**
 - Member of Works Council, parcel delegate, Mail Branch, Augsburg
- **Margrit Wendt**
 - Chair of European Works Council Forum
 - Chair of Deutsche Post World Net Forum

Left in 2007

- **Rolf Büttner**
(until 8 May 2007)
Deputy Chair
 - Member of the ver.di National Executive Board (until 31 January 2007)
- **Helmut Jurke**
(until 31 December 2007)
 - Head of the Company and Business Policy/ Co-determination/Youth section, ver.di National Executive Board (until 31 August 2007)
- **Franz Schierer**
(until 31 December 2007)
 - Deputy ver.di Regional District Head, Regional District of Baden-Württemberg (until 27 April 2007)
 - Project Manager, Postal Services, Forwarding Companies and Logistics section, ver.di Regional District of Baden-Württemberg (since 28 April 2007)

Committees

- **Executive Committee**
 - Dr Jürgen Weber, Chair
 - Andrea Kocsis, Deputy Chair (since 29 May 2007)
 - Rolf Büttner, Deputy Chair (until 8 May 2007)
 - Hero Brahms
 - Werner Gatzler
 - Helmut Jurke (until 31 December 2007)
 - Margrit Wendt
- **Personnel Committee**
 - Andrea Kocsis, Chair (since 29 May 2007)
 - Rolf Büttner, Chair (until 8 May 2007)
 - Dr Jürgen Weber, Deputy Chair
 - Hero Brahms
 - Dirk Marx
- **Finance and Audit Committee**
 - Prof. Dr Ralf Krüger, Chair
 - Helmut Jurke, Deputy Chair (until 31 December 2007)
 - Werner Gatzler
 - Roland Oetker
 - Dirk Marx
 - Margrit Wendt
- **Mediation Committee**
(in accordance with Section 27(3) *Mitbestimmungsgesetz*)
 - Dr Jürgen Weber, Chair
 - Andrea Kocsis, Deputy Chair (since 29 May 2007)
 - Rolf Büttner, Deputy Chair (until 8 May 2007)
 - Hero Brahms
 - Margrit Wendt
- **Nomination Committee**
(formed on 13 December 2007)
 - Dr Jürgen Weber, Chair
 - Hero Brahms
 - Werner Gatzler



Top left to bottom right: Dr Frank Appel,
John Allan, Jürgen Gerdes, Dr Wolfgang Klein,
John P. Mullen, Walter Scheurle

Board of Management

Dr Frank Appel

Chairman and Board member for LOGISTICS, MAIL International

Born in 1961, member of the Board of Management since 2002, appointed until October 2012, responsible for the LOGISTICS Division, the MAIL International unit within the MAIL Division, Corporate Regulation Management, as well as operational management of the Group-wide First Choice programme. In addition to his previous duties, he was appointed chairman on 18 February 2008 and thus assumed responsibility for Corporate Executives, Corporate Communications, Corporate Development, the Corporate Office, Corporate Organisation, as well as Corporate Public Policy and Sustainability.

John Allan

Finance, Global Business Services

Born in 1948, member of the Board of Management since 2006, appointed until December 2010, responsible for Finance including Controlling, Corporate Accounting and Reporting, Investor Relations, Corporate Finance, Corporate Internal Audit/Security, Taxes, as well as Global Business Services

Jürgen Gerdes

MAIL and PARCEL Germany

Born in 1964, member of the Board of Management since 1 July 2007, appointed until June 2010, responsible for the MAIL and PARCEL Germany units within the MAIL Division.

Dr Wolfgang Klein

FINANCIAL SERVICES

Also chairman of the Management Board of Deutsche Postbank AG, born in 1964, member of the Board of Management since 1 July 2007, appointed until June 2012, responsible for the FINANCIAL SERVICES Division.

John P. Mullen

EXPRESS

Born in 1955, member of the Board of Management since 2005, appointed until December 2010, responsible for the EXPRESS Division.

Walter Scheurle

Personnel

Born in 1952, member of the Board of Management since 2000, appointed until March 2010, responsible for Personnel including Corporate Compensation Policies/Labour Law, Human Resources Services and Human Resources Development.

Financial year 2007

- **Dr Klaus Zumwinkel**
Chairman
(until 18 February 2008)
 - **John Allan**
Finance, Global Business Services
(since 1 October 2007)
LOGISTICS
(until 30 September 2007)
 - **Dr Frank Appel**
LOGISTICS, MAIL International
(since 1 October 2007)
Global Business Services
(until 30 September 2007)
 - **Prof. Dr Edgar Ernst**
Finance (until 30 September 2007)
 - **Jürgen Gerdes**
MAIL and PARCEL Germany
(since 1 July 2007)
 - **Dr Wolfgang Klein**
FINANCIAL SERVICES
(since 1 July 2007)
 - **John P. Mullen**
EXPRESS
 - **Dr Hans-Dieter Petram**
MAIL (until 30 June 2007)
 - **Walter Scheurle**
Personnel
 - **Prof. Dr Wulf von Schimmelmann**
FINANCIAL SERVICES
(until 30 June 2007)
-

Mandates held by the Board of Management

■ Dr Frank Appel

(Chair since 18 February 2008)

- Deutsche Postbank AG¹⁾
(Member since 19 February 2008, chair since 3 March 2008)
- Williams Lea Holdings Plc
(Board of Directors),
since 18 September 2007¹⁾
- Williams Lea Group Limited
(Board of Directors),
since 18 September 2007¹⁾
- Exel Investments Limited
(Board of Directors),
since 12 October 2007¹⁾
- Exel Limited
(Board of Directors)¹⁾,
since 12 October 2007
- Tibbett & Britten Group Limited
(Board of Directors)¹⁾,
since 12 October 2007

■ John Allan

- National Grid plc (Non-Executive Director)
- Samsonite Corporation
(Non-Executive Director),
from 1 January 2007 to 24 October 2007
- Danzas Holding AG¹⁾
(Switzerland, Board of Directors),
until 16 April 2007

■ Dr Wolfgang Klein (since 1 July 2007)

- PB Lebensversicherung AG¹⁾ (Chair),
until 30 September 2007
- PB Versicherung AG¹⁾ (Chair),
until 30 September 2007
- BHW Holding AG¹⁾ (Chair)
- BHW Bausparkasse AG¹⁾ (Chair)
- Postbank Filialvertrieb AG¹⁾ (Chair)
- Postbank Finanzberatung AG¹⁾ (Chair)
- Comma Soft AG (Chair)
- Deutsche Postbank Financial Services
GmbH¹⁾ (Supervisory Board, Deputy Chair)
- PB Capital Corp.¹⁾
(Board of Directors, Chair)
- PB (USA) Holdings Inc.¹⁾
(Board of Directors, Chair)
- Bundesverband deutscher Banken e. V.
(Berlin, Board of Directors)

■ John P. Mullen

- DHL Distribution Holdings Ltd.¹⁾
(UK, Board of Directors),
until 5 February 2007
- Embarq Corp.
(USA, Non-Executive Director)

■ Walter Scheurle

- Bundesanstalt für Post und
Telekommunikation (Administrative Board)
- Deutsche BKK (Administrative Board),
until 13 November 2007

■ Dr Klaus Zumwinkel

(Chair until 18 February 2008)

- Deutsche Postbank AG¹⁾ (Chair),
until 19 February 2008
- Deutsche Lufthansa AG
- Deutsche Telekom AG (Chair),
until 27 February 2008
- KarstadtQuelle AG
- Morgan Stanley (Board of Directors)

Left in 2007

■ Prof. Dr Edgar Ernst

(until 30 September 2007)

- Deutsche Postbank AG¹⁾
- Allianz Versicherungs-AG

■ Dr Hans-Dieter Petram

(until 30 June 2007)

- Deutsche Postbank AG¹⁾
- HDI Industrie Versicherung AG,
until 1 January 2007
- HDI Privat Versicherung AG,
until 1 January 2007
- HDI Service AG,
until 1 January 2007
- Talanx AG
- Williams Lea Holdings Plc¹⁾
(Chairman of the Board of Directors),
until 30 June 2007
- Williams Lea Group Ltd.¹⁾
(Board of Directors),
until 30 June 2007

■ Prof. Dr Wulf von Schimmelmann

(until 30 June 2007)

- PB Lebensversicherung AG¹⁾ (Chair),
until 30 June 2007
- PB Versicherung AG¹⁾ (Chair),
until 30 June 2007
- Maxingvest AG, previously
Tchibo Holding AG
- BHW Holding AG¹⁾ (Chair),
until 26 June 2007
- BHW Bausparkasse AG¹⁾ (Chair),
until 26 June 2007
- Postbank Filialvertrieb AG¹⁾ (Chair),
until 30 June 2007
- Deutsche Telekom AG
- Postbank Finanzberatung AG¹⁾ (Chair),
until 30 June 2007
- Deutsche Postbank Financial
Services GmbH¹⁾
(Supervisory Board, Deputy Chair),
until 30 June 2007

- PB Capital Corp.¹⁾
(Board of Directors, Chair),
until 30 June 2007
- PB (USA) Holdings Inc.¹⁾
(Board of Directors, Chair),
until 30 June 2007
- accenture Corp. (USA, Board of Directors)
- ALTADIS S. A.
(Spain, Board of Directors)
- Bundesverband deutscher Banken e. V.
(Berlin, Board of Directors),
until 30 June 2007

• Membership of supervisory boards required by law
• Membership of comparable supervisory bodies of German and foreign companies

1) Group company

Mandates held by the Supervisory Board

Shareholder representatives

- **Dr Jürgen Weber**
Chair
 - Allianz Lebensversicherungs-AG
 - Bayer AG
 - Deutsche Bank AG
 - Deutsche Lufthansa AG (Chair)
 - Voith AG
 - Willy Bogner GmbH & Co. KG
 - LP Holding GmbH (Supervisory Board, Chair)
 - Tetra Laval Group (Switzerland, Board)

- **Willem G. van Agtmael**
 - Energie Baden-Württemberg AG (Advisory Board)
 - Landesbank Baden-Württemberg (Advisory Board)
 - L-Bank (Advisory Board)

- **Hero Brahms**
 - Georgsmarienhütte Holding GmbH (Deputy Chair)
 - Arcandor AG (Chair) – previously KarstadtQuelle AG
 - Wincor Nixdorf AG
 - Live Holding AG (since 24 September 2007)
 - M. M. Warburg & CO KGaA (Shareholders' Committee)

- **Werner Gatzler**
 - Bundesanstalt für Immobilienaufgaben (Administrative Board, Chair)
 - g.e.b.b. mbH (Supervisory Board)

- **Prof. Dr Ralf Krüger**
 - Deutsche Postbank AG
 - DIAMOS AG (Chair)
 - KMS AG (Chair)
 - KMS Asset Management AG (Chair)
 - SIREO REAL ESTATE ASSET MANAGEMENT GmbH (Advisory Board)

- **Ingrid Matthäus-Maier**
 - Deutsche Telekom AG
 - RAG Aktiengesellschaft
 - Evonik Industries AG – previously RAG Beteiligungs-AG, until 30 November 2007
 - Deutsche Steinkohle AG, since 30 November 2007
 - Salzgitter Mannesmann Handel GmbH
 - KfW IPEX-Bank GmbH (Supervisory Board), since 11 December 2007

- **Roland Oetker**
 - IKB Deutsche Industriebank AG
 - Mulligan BioCapital AG (Chair), until 28 November 2007
 - Volkswagen AG
 - Dr August Oetker-Gruppe (Advisory Board)

- **Harry Roels**
 - RWE Energy AG (Chair), until 30 September 2007
 - RWE Power AG (Chair), until 30 September 2007
 - RWE Npower Holdings plc (Chairman, Board of Directors), until 30 September 2007
 - RWE Trading GmbH (Chair, Advisory Board), until 30 September 2007
 - Allianz AG (Advisory Board)
 - Investitions-Bank NRW (Advisory Board)

- **Prof. Dr Wulf von Schimmelmann** (since 6 August 2007)
 - Maxingvest AG – previously Tchibo Holding AG
 - Deutsche Telekom AG
 - Accenture Corp., USA (Board of Directors)
 - ALTADIS S.A., Spain (Board of Directors)
 - BAWAG P.S.K., Austria (Supervisory Board, Chair)

- **Elmar Toime**
 - Blackbay Ltd., United Kingdom (Non-Executive Director)
 - SKYCITY Entertainment Group Ltd., New Zealand (Non-Executive Director)

Left in 2007

- **Dr Hubertus von Grünberg** (until 27 July 2007)
 - Continental AG (Chair)
 - Allianz Versicherungs-AG
 - Deutsche Telekom AG
 - MAN Aktiengesellschaft
- Schindler Holding AG, Switzerland (Board of Directors)
- ABB Ltd., Zurich (Board of Directors, President), since 3 May 2007

Employee representatives

- **Frank von Alten-Bockum**
 - Stadtwerke Bonn GmbH
 - VPV Lebensversicherungs-AG
 - Energie- und Wasserversorgung Bonn/Rhein-Sieg (Supervisory Board)
- **Annette Harms**
 - Deutsche Postbank AG
- **Dirk Marx**
 - Bundesanstalt für Post und Telekommunikation (Administrative Board)


Left in 2007


- **Rolf Büttner (until 8 May 2007)**
 - ADLER Versicherungs-AG
 - Vereinigte Postversicherung VVaG
 - Vereinigte Postversicherung Lebensversicherungs-AG
- **Helmut Jurke (until 31 December 2007)**
 - Postbank Filialvertrieb AG
- **Franz Schierer (until 31 December 2007)**
 - PSD-Bank RheinNeckarSaar eG
 - Input Consulting GmbH


Corporate Governance Report

 investors.dpwn.com

Unqualified Declaration of Conformity issued once again

On 13 December 2007, the Board of Management and Supervisory Board issued a  Declaration of Conformity for the sixth consecutive year. It confirms that since the previous Declaration of Conformity was issued on 14 December 2006, Deutsche Post complied with the recommendations of the German Corporate Governance Code in the version dated 12 June 2006. In future, we will also comply with the recommendations of the Government Commission on the German Corporate Governance Code in the current version dated 14 June 2007. The electronic forwarding of information to the shareholders requires the prior approval of the Annual General Meeting (AGM). Approval shall therefore be recommended to the 2008 AGM. Based on this resolution, the convention documents for the 2009 AGM could also be sent electronically upon request by the shareholder.

 postbank.com

On 30 November 2007, our listed subsidiary Deutsche Postbank AG issued its own unqualified  Declaration of Conformity.

Dual management and supervisory structure

As a German public limited company, Deutsche Post operates a dual management system. The Board of Management is responsible for the management of the company, and is appointed, overseen and advised by the Supervisory Board. Following the departure of Board members Dr Hans-Dieter Petram and Prof. Dr Wulf von Schimmelmann as at 30 June 2007, Jürgen Gerdes and Dr Wolfgang Klein were appointed as their successors with effect from 1 July 2007. Prof. Dr Edgar Ernst resigned from the Board of Management as at 30 September 2007. On 18 February 2008, Dr Klaus Zumwinkel resigned from office. The Supervisory Board accepted his resignation and, on the same day, unanimously appointed Dr Frank Appel as new chairman of the Board of Management.

The duties of individual members have been reallocated to reflect these changes: The MAIL board department has been sub-divided into MAIL and PARCEL Germany, headed by Jürgen Gerdes, and MAIL International, under the management of Dr Frank Appel. John Allan, previously in charge of the LOGISTICS Division, is now responsible for Global Business Services (focusing on cross-divisional functions) and Finance as of 1 October 2007. Dr Frank Appel has also been responsible for the LOGISTICS Division and Corporate Regulation Management since the same date. Moreover, on 18 February 2008, Dr Frank Appel assumed responsibility for the chairman's board department in addition to his previous duties.

The Supervisory Board comprises twenty members, who are listed on page 107. Ten shareholder representatives are elected by the AGM, whilst a further ten are elected by the workforce in accordance with the provisions of the *Mitbestimmungsgesetz* (German co-determination act). Information about additional mandates held by Board of Management and Supervisory Board members in the supervisory bodies of other companies may be found on pages 110 and 111. The Supervisory Board's report on its activities in financial year 2007 is published on page 102.

At the AGM on 8 May 2007, Ingrid Matthäus-Maier was elected to the Supervisory Board for a five-year term on an individual basis, following the retirement from office of Dr Hubertus von Grünberg as at 27 July 2007. Prof. Dr Wulf von Schimmelmann was appointed to the Supervisory Board by court order on 6 August 2007. His election will feature on the agenda at this year's AGM. Rolf Büttner also retired from office with effect from the end of the AGM on 8 May 2007. Andrea Kocsis was appointed as his successor by court order on 29 May 2007. On 31 December 2007, Helmut Jurke and Franz Schierer stepped down as members of the Supervisory Board. At the same time, Helmut Jurke also retired from his roles as deputy chairman of the Finance and Audit Committee and member of the Executive Committee. By court order of 18 February 2008, Rolf Bauermeister and Wolfgang Abel were appointed to the Supervisory Board as employee representatives. The fact that the majority of its Supervisory Board members are independent means that Deutsche Post AG complies with the corresponding recommendation in the Code.

Five committees formed

The Supervisory Board has formed a total of five committees. In addition to the Mediation Committee required by the *Mitbestimmungsgesetz*, these include the Executive Committee, the Finance and Audit Committee, the Personnel Committee and, new for 2007, the Nomination Committee, as per the Code's recommendation. The composition of these committees may be found on page 107. The Supervisory Board's report on the committees' activities in the year under review is published on page 104.

Transparent communications

We are committed to open communication with our shareholders. All dates that might be of interest are displayed on our  website, including the dates on which the annual report and interim reports are published. The website also contains up-to-date information about our shares and share price movements, as well as announcements regarding the purchase and sale of company shares and related financial instruments pursuant to Article 15a of the *Wertpapierhandelsgesetz* (German securities trading act).

 investors.dpwn.com

Members of the Board of Management and Supervisory Board are required to disclose immediately any potential conflicts of interest to the Supervisory Board. Outside activities pursued by members of the Board of Management are subject to the approval of the Supervisory Board.

Compliance with statutory and internal regulations

The Group expects all its employees to base their actions and decisions on compliance with statutory and internal regulations. Based on the company's corporate values, the Board of Management has therefore introduced a Code of Conduct for the employees which all executives are required to sign. As part of our Group-wide compliance system, we have set up a Global Values Office and Regional Values Offices to provide advice on and monitor implementation of the various compliance processes. Employees can also report any violations to the "whistle-blowing hotline".

In case of infringements, suitable measures will be taken, which can include action under labour and disciplinary law if appropriate. Compliance with the Code of Conduct is an issue regularly addressed by the Internal Audit department, which is part of the Finance board department. The subject of compliance is discussed at regular intervals by the Supervisory Board's Finance and Audit Committee.

Risk management, accounting and auditing

Our opportunity and risk management system ensures that any risks are identified early on. The system is continuously refined and updated to reflect the latest developments. Further details can be found in our risk report starting on page 85.

The Group accounts are prepared in accordance with International Financial Reporting Standards (IFRSs). PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PwC), Düsseldorf, was appointed by the AGM as the auditor of the annual and consolidated financial statements for the 2007 financial year, and to review the half-year financial report. Before engaging the auditors, the Supervisory Board took steps to ensure that the existing relationships between the auditors and the company or its executive and controlling bodies did not call into question the auditors' independence.

Remuneration Report

The following remuneration report also forms part of the Notes.

Board of Management remuneration

The total remuneration of the Board of Management members is determined by the Executive Committee, which is headed by the chairman of the Supervisory Board. The Supervisory Board discusses the structure of the remuneration system based on the recommendation submitted by the Executive Committee and reviews it regularly. The remuneration of the Board of Management reflects the size and global reach of the company, its economic and financial situation and the roles fulfilled by the individual members. It is set to ensure competitiveness with comparable German and international companies, thus incentivising the Board of Management members to deliver maximum performance and achieve results. The Supervisory Board conducts regular reviews to determine whether the remuneration of the Board of Management is appropriate, taking into account the company's results, the industry in which it operates and its future prospects.

The remuneration of the Board of Management is performance-based and comprises fixed and variable elements as well as long-term incentives.

Components not linked to performance are the basic salary, fringe benefits and pension commitments. The basic salary is paid monthly. Fringe benefits are comprised mainly of the use of company cars, the reimbursement of travel expenses, a telephone allowance, supplements for insurance premiums as well as special allowances and benefits for assignments outside Germany.

The variable, performance-linked element is the annual bonus. The Executive Committee of the Supervisory Board exercises its due discretion to determine the annual bonus on the basis of the company's performance. The amount of the bonus reflects the extent to which predefined targets are achieved or exceeded. Achievement of the upper target for the financial year is rewarded with the maximum annual bonus. The maximum annual bonus opportunity is 100% of the annual basic salary. In addition, the Supervisory Board can elect to award an appropriate special bonus for extraordinary achievement.

As a variable remuneration component with long-term incentive effect, the Board of Management members receive stock appreciation rights (SARs) issued on the basis of a long-term incentive plan.

The remuneration paid to active members of the Board of Management in the financial year 2007 totalled €15.70 million (previous year: €18.50 million). This amount comprised €8.68 million in non-performance-related components (previous year: €9.65 million) and €7.02 million in bonuses (previous year: €8.85 million). The members of the Board of Management were granted a total of 1,375,000 SARs in financial year 2007 with a total value of €6.37 million (previous year: €6.38 million) at the time of issue (1 July 2007).

The table below presents an individual breakdown of the remuneration paid and covers all activities of the members of the Board of Management within the Group:

Remuneration of the Group's Board of Management in financial year 2007

€	Components not linked to performance		Performance-related components		Components with long-term incentive effect	
	Basic salary	Fringe benefits	Bonus	Total	Number of SARs	Value of SARs on 1 July 2007
Dr Klaus Zumwinkel, Chairman	1,499,558	57,084	1,226,639	2,783,281	330,000	1,527,900
John Allan	860,000	436,312	781,740	2,078,052	55,000	254,650
Dr Frank Appel	867,167	31,527	709,342	1,608,036	220,000	1,018,600
Prof. Dr Edgar Ernst (until 30 September 2007)	711,113	22,829	711,113	1,445,055	220,000	1,018,600
Jürgen Gerdes (since 1 July 2007)	357,500	18,728	292,435	668,663	110,000	509,300
Dr Wolfgang Klein (since 1 July 2007)	437,500	24,947	397,688	860,135	0	0
John P. Mullen	860,000	521,443	877,836	2,259,279	220,000	1,018,600
Dr Hans-Dieter Petram (until 30 June 2007)	497,779	13,548	497,779	1,009,106	0	0
Walter Scheurle	860,000	25,865	703,480	1,589,345	220,000	1,018,600
Prof. Dr Wulf von Schimmelmann (until 30 June 2007)	555,000	14,960	825,000	1,394,960	0	0
Total	7,505,617	1,167,243	7,023,052	15,695,912	1,375,000	6,366,250

Share-based remuneration

In 2006, the Executive Committee of the Supervisory Board adopted the long-term incentive plan 2006 (LTIP 2006) based closely on the lapsed stock option plan 2003 (SOP 2003). On 1 July 2006, the members of the Board of Management were for the first time awarded SARs under this plan instead of the stock options granted in previous years.

Each SAR entitles the holder to receive a cash settlement equal to the difference between the issue price of the SAR and the closing price of the Deutsche Post share on the last trading day before the exercise date. As in the past, the members of the Board of Management must each invest 10% of their annual target salary in Deutsche Post shares. The number of SARs to be issued to the members of the Board of Management is determined by the Executive Committee of the Supervisory Board as each tranche is issued. The other essential features of the previous stock option plan have been retained. Following a three-year lock-up period that begins on the date of issue, the SARs, like the stock options, can be wholly or partially exercised within a period of two years only if an absolute or relative performance target is achieved. Any SARs not exercised during this two-year period expire.


To determine how many – if any – of the SARs granted can be exercised, the average share price or the average index is compared for the reference period and for the performance period. The reference period, as in the past, comprises the last twenty consecutive trading days before the issue date. The performance period is the last sixty trading days before the end of the lock-up period. The average share price (closing price) is calculated as the average of the closing rates of the Deutsche Post share in the Deutsche Börse AG's Xetra electronic trading system.

As in the past, the absolute performance target is achieved if the closing price of the Deutsche Post share is at least 10%, 15%, 20% or 25% above the issue price. The relative performance target is tied to the performance of the share in relation to the performance of the Dow Jones STOXX 600 Index (Bloomberg SXXP Index; ISIN EU0009658202). It is met if the share price is not outperformed by the index during the performance period or if it outperforms the index by at least 10%.

A maximum of four out of every six SARs can be “earned” via the absolute performance target and a maximum of two via the relative performance target. If neither an absolute or relative performance target is met by the end of the lock-up period, the SARs of the related tranche will expire and no replacement or compensation of any kind will be provided. The table below presents further details of the tranches of the LTIP 2006:

LTIP 2006

	Tranche 2006	Tranche 2007
Issue date	1 July 2006	1 July 2007
Issue price	€20.70	€24.02
Expiry of lock-up period	30 June 2009	30 June 2010

The value attributable to the financial year 2007 for stock options issued in previous years amounted to €241,615.62 for Dr Klaus Zumwinkel, €161,075.58 for Dr Frank Appel, €161,075.58 for Walter Scheurle and €106,270.08 for John P. Mullen. The options granted to Jürgen Gerdes in previous financial years have a value for the period from 1 July 2007 of €11,366.19. The pro rata value up to 30 June 2007 of options granted to Dr Hans-Dieter Petram and Prof. Dr Wulf von Schimmelmann is €117,656.04 each. The pro rata value of the options granted to Prof. Dr Edgar Ernst up to 30 September 2007 is €139,365.81. The table below provides detailed information on the individual tranches of the expired  stock option plans:

 Note 35.5

Stock options

	SOP 2000		SOP 2003		
	Tranche 2001	Tranche 2002	Tranche 2003	Tranche 2004	Tranche 2005
Issue date	15 March 2001	1 July 2002	1 August 2003	1 July 2004	1 July 2005
Exercise price	€23.05	€14.10	€12.40	€17.00	€19.33
Expiry of lock-up period	14 March 2004	30 June 2005	31 July 2006	30 June 2007	30 June 2008
	Exercisable at 1/6	Exercisable at 6/6	Exercisable at 6/6	Exercisable at 4/6	
Expiry of exercise period	14 March 2006	30 June 2007	31 July 2008	30 June 2009	30 June 2010

Any options of Tranche 2002 that had not been exercised expired on 1 July 2007 at the end of the exercise period, with no replacement or compensation provided.

Pension commitments

The members of the Board of Management have direct pension commitments on the basis of their individual contracts, providing for benefits in case of permanent disability, death or retirement. If the contract of a member ends after at least five years of service on the Board of Management, the entitlements he has acquired will vest. Members become entitled to benefits due to permanent disability after at least five years of service. Eligibility for retirement benefits begins at the earliest at the age of 55, or 60 years of age in the case of John P. Mullen and 62 years of age for Jürgen Gerdes. The members of the Board of Management can choose between ongoing pension payments and a lump sum. The amount of benefits depends on the pensionable income and the number of years of service.

Pensionable income consists of the annual basic salary based on the average salary of the last twelve months of employment. Members of the Board of Management appointed for the first time after 2001 attain a pension level of 25% after five years of service on the Board of Management. The maximum pension level (50%) is attained after ten years of service. The maximum pension levels of members of the Board of Management appointed before 2002 are 60% and 75% respectively. The graduated increase in the pension level based on individual contractual arrangements depends either on the period of service or the periods of appointment on the Board of Management. Subsequent pension benefits will be adjusted (increased or decreased) to reflect changes in the consumer price index in Germany.

Pension commitments: individual breakdown

Pension commitments for the Board of Management

	Pension commitments		
	Pension level on 31 Dec. 2007	Maximum pension level	Service cost for pension obligation Financial year 2007 €
	%	%	
Dr Klaus Zumwinkel, Chairman	75	75	0 ¹⁾
Dr Frank Appel	25	50	334,558
Prof. Dr Edgar Ernst ²⁾	75	75	566,584
Jürgen Gerdes ^{3),4)}	0	50	76,011
Dr Wolfgang Klein ^{3),5)}	60	60	184,414
John P. Mullen	35	50	652,498
Dr Hans-Dieter Petram ⁶⁾		75	0 ¹⁾
Walter Scheurle	30	60	627,516
Prof. Dr Wulf von Schimmelmänn ^{5),6)}		75	1,623,938

1) Ongoing financing complete.

2) Member of the Board of Management until 30 September 2007.

3) Member of the Board of Management since 1 July 2007.

4) Minimum period not yet complete. In the event of immediate entitlement, the provisions of the existing pension plan apply.

5) The pension commitment is owed by Deutsche Postbank AG. The service cost is for the whole year.

6) Member of the Board of Management until 30 June 2007 (retirement).

The pension commitment made to Dr Wolfgang Klein relates to his function as chairman of the Management Board of Deutsche Postbank AG and is therefore owed in its entirety by Deutsche Postbank AG. The commitment therefore varies in certain respects from the arrangements discussed above at Deutsche Post AG; the basic structure is, however, identical. The benefit amount depends on the pensionable income and the pension level derived from the years of service. Dr Wolfgang Klein has already attained the maximum pension level of 60%. According to his contract, retirement benefits are generally paid from the age of 62 or, if the employment contract is not renewed, after reaching the age of 55. A bridge allowance will be paid for a two-year period in addition to the retirement benefits if he leaves the employ of the company upon reaching the age limit of 62 or due to permanent disability. Subsequent adjustments of the retirement benefits will be based on the percentage change in the highest pay scale group in the collective agreement covering the Association of German Public Sector Banks.

Upon his appointment to the Board of Management, John Allan was not included in the pension scheme for members of the Board of Management. Due to his past contractual relationship with Exel, he will receive a taxable annual lump-sum payment of €363,017, in addition to the remuneration paid, that he can use to secure his own pension coverage. This amount is contained in the individual breakdown of fringe benefits.

The remuneration of former members of the Board of Management or their surviving dependants amounted to €13.58 million. The defined benefit obligations (DBOs) for current pensions calculated under IFRSs amount to €27.0 million.

Miscellaneous

Dr Frank Appel, John Allan and John P. Mullen will receive their contractual remuneration until the end of the ordinary term of their contracts if the contract as a member of the Board of Management is terminated prematurely by Deutsche Post AG for good cause, provided this cause is not related to a serious breach of duty. The Board of Management contract of John Allan contains a non-compete clause for two years after the end of the contract. For this two-year period, he receives 50% of his basic salary. Any other income exceeding half of the basic salary will be credited against it.

Supervisory Board remuneration

In accordance with Article 17 of the Articles of Association of Deutsche Post AG as adopted by the AGM, the annual remuneration of the members of the Supervisory Board comprises a fixed component, a short-term performance-related component and a performance-related component with a long-term incentive effect.

The fixed component amounts to €20,000, the short-term performance-related component to €300 for every €0.03 by which the consolidated net profit per share exceeds the amount of €0.50 in the financial year in question. In 2007, the consolidated net profit per share was €1.15 and therefore exceeded the amount of €0.50 by $21.67 \times €0.03$. The short-term performance-related remuneration came to 21.62% of the total remuneration of all the members of the Supervisory Board. For financial year 2007, the members of the Supervisory Board are entitled to annual performance-related remuneration with a long-term incentive effect of €300 for every 3% by which the consolidated net profit per share for financial year 2009 exceeds the consolidated net profit per share of financial year 2006. The remuneration falls due for payment at the end of the 2010 AGM. Taken individually, the two variable remuneration components may not exceed the amount of the fixed remuneration of €20,000.

The chairman of the Supervisory Board receives double the remuneration, his deputy one and half times the remuneration. The chairman of a Supervisory Board committee also receives double the remuneration, whilst a member of a committee receives one and a half times the remuneration. This does not apply for membership of the Mediation and Nomination Committee. Persons who only belong to the Supervisory Board and its committees for part of the year receive corresponding compensation on a pro rata basis. The members of the Supervisory Board are entitled to claim out-of-pocket expenses incurred in the exercise of their office. Any value-added tax on the Supervisory Board remuneration and out-of-pocket expenses is reimbursed. In addition, each member of the Supervisory Board attending a meeting receives an attendance allowance of €500 for each plenary meeting of the Supervisory Board or committee meeting. In financial year 2007, the total remuneration of the Supervisory Board, excluding the long-term performance-related remuneration, amounted to approximately €0.9 million (previous year: €1 million). The table below provides a breakdown of the remuneration:

Supervisory Board remuneration

€	Fixed component	Short-term performance-related remuneration	Attendance allowance	Total	Value of long-term performance-related remuneration claim ¹⁾
Current members					
Dr Jürgen Weber (Chair)	70,000.00	22,050.00	6,500.00	98,550.00	0.00
Rolf Büttner (Deputy Chair until 8 May 2007)	22,500.00	7,087.50	3,500.00	33,087.50	0.00
Andrea Kocsis (Deputy Chair since 29 May 2007)	37,500.00	11,812.50	3,000.00	52,312.50	0.00
Willem G. van Agtmael	20,000.00	6,300.00	3,000.00	29,300.00	0.00
Frank von Alten-Bockum	20,000.00	6,300.00	3,000.00	29,300.00	0.00
Hero Brahms	40,000.00	12,600.00	6,500.00	59,100.00	0.00
Marion Deutsch	20,000.00	6,300.00	3,000.00	29,300.00	0.00
Werner Gatzler	40,000.00	12,600.00	7,500.00	60,100.00	0.00
Dr Hubertus von Grünberg (until 27 July 2007)	11,666.67	3,675.00	1,500.00	16,841.67	0.00
Annette Harms	20,000.00	6,300.00	3,000.00	29,300.00	0.00
Helmut Jurke (until 31 December 2007)	40,000.00	12,600.00	7,000.00	59,600.00	0.00
Prof. Dr Ralf Krüger	40,000.00	12,600.00	5,500.00	58,100.00	0.00
Dirk Marx	40,000.00	12,600.00	7,000.00	59,600.00	0.00
Ingrid Matthäus-Maier	20,000.00	6,300.00	2,500.00	28,800.00	0.00
Roland Oetker	30,000.00	9,450.00	5,500.00	44,950.00	0.00
Silke Oualla-Weiß	20,000.00	6,300.00	2,000.00	28,300.00	0.00
Harry Roels	20,000.00	6,300.00	3,000.00	29,300.00	0.00
Franz Schierer (until 31 December 2007)	20,000.00	6,300.00	2,500.00	28,800.00	0.00
Prof. Dr Wulf von Schimmelmann (since 6 August 2007)	8,333.33	2,625.00	1,500.00	12,458.33	0.00
Elmar Toime	20,000.00	6,300.00	2,000.00	28,300.00	0.00
Stefanie Weckesser	20,000.00	6,300.00	3,000.00	29,300.00	0.00
Margrit Wendt	40,000.00	12,600.00	6,000.00	58,600.00	0.00
Total	620,000.00	195,300.00	88,000.00	903,300.00	0.00

¹⁾ The basis for the measurement of the long-term performance-related remuneration claim is the provision that needs to be recognised for this purpose. A provision was not recognised in 2007 because the profit per share was lower than the previous year.

Shareholdings of the Board of Management and Supervisory Board

Effective 31 December 2007, shares held by the Board of Management and Supervisory Board of Deutsche Post AG amounted to less than 1% of the company's share capital.