

Title

The Roadmap to Value capital markets programme ushers in a new phase in our corporate development, in which we aim to focus the entire Group on value growth.

Key Figures

		2006 restated	2007	+/- %
Group				
Revenue	€m	60,545	63,512	4.9
Profit from operating activities (EBIT)	€m	3,872	3,202	-17.3
Return on sales ¹⁾	%	6.4	5.0	
Consolidated net profit ²⁾	€m	1,916	1,389	-27.5
Operating cash flow (Postbank at equity)	€m	2,178	2,808	28.9
Net debt (Postbank at equity) ³⁾	€m	3,083	2,858	-7.3
Return on equity before taxes	%	21.6	15.8	
Earnings per share	€	1.60	1.15	-28.1
Dividend per share	€	0.75	0.90 ⁴⁾	20.0
Number of employees ⁵⁾		461,222	470,123	1.9
Segments				
MAIL				
Revenue	€m	15,290	15,484	1.3
Profit from operating activities (EBIT)	€m	2,094	2,003	-4.3
Return on sales ¹⁾	%	13.7	12.9	
EXPRESS				
Revenue	€m	13,463	13,874	3.1
Profit or loss from operating activities (EBIT)	€m	288	-174	-160.4
Return on sales ¹⁾	%	2.1	-1.3	
LOGISTICS				
Revenue	€m	24,405	25,739	5.5
Profit from operating activities (EBIT)	€m	751	957	27.4
Return on sales ¹⁾	%	3.1	3.7	
FINANCIAL SERVICES				
Revenue	€m	9,593	10,426	8.7
Profit from operating activities (EBIT)	€m	1,004	1,076	7.2
SERVICES				
Revenue	€m	2,201	2,357	7.1
Loss from operating activities (EBIT)	€m	-229	-660	-188.2
Consolidation				
Revenue	€m	-4,407	-4,368	0.9
Profit from operating activities (EBIT)	€m	-36	0	100.0

1) EBIT/revenue.

2) Consolidated net profit excluding minorities.

3) Adjusted for financial liabilities to Williams Lea minority shareholders.

4) Proposal.

5) Average FTEs.

Revenue by segment^{1), 2)}

€m

MAIL	15,484	15,290
EXPRESS	13,874	13,463
LOGISTICS	25,739	24,405
FINANCIAL SERVICES	10,426	9,593
SERVICES	2,357	2,201

■ 2007 ■ 2006 restated

Revenue by region¹⁾

€m

Germany	25,028	24,829
Rest of Europe	20,161	18,072
Americas	10,813	11,130
Asia Pacific	5,765	5,580
Other regions	1,745	934

■ 2007 ■ 2006 restated

1) Excluding Consolidation.

2) Note 8.1.

1) Note 8.2.

At a Glance

The Group

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, informa-

tion and payments. Over 520,000 employees in more than 220 countries and territories make us the world's sixth largest employer and provide superior logistics services to help our customers be even more successful in their markets.

Deutsche Post  World Net

MAIL EXPRESS LOGISTICS FINANCE

www.dpwn.com

MAIL

Deutsche Post delivers mail and parcels in Germany. It is an expert provider of dialogue marketing and press distribution services as well as corporate communications solutions. We operate a nationwide transport and delivery network in Germany. At the heart of this network are 82 mail centres

processing around 70 million items per working day, and 33 parcel centres whose handling volume on six days a week exceeds 2.5 million units. An annual volume of around seven billion items makes us the cross-border mail market leader and Europe's largest postal company.

Deutsche Post 

www.deutschepost.com

EXPRESS/LOGISTICS

DHL delivers time-critical shipments as well as goods and merchandise by road, rail, air or sea. We transport courier and express shipments via one of the world's most extensive networks – our gateway to more than 220 countries and territories. DHL is the international market leader in the air

and ocean freight and contract logistics segments. To satisfy our customers' needs, we draw on our geographic coverage, multi-modal capabilities and specific skills in numerous sectors.



www.dhl.com

FINANCIAL SERVICES

As the largest single retail bank in Germany, Postbank serves 14.5 million customers, has around 21,000 staff and employs more than 4,200 mobile financial advisers. With its 855 own branches and several thousand outlets of Deutsche Post, it has the most extensive branch network of any bank in

Germany. Postbank's wide range of standardised banking products is designed to meet the typical needs of private and business customers. Along with traditional savings and current account offerings, Postbank primarily provides private real estate financing and home loan savings products.



www.postbank.com

■ What we achieved in 2007:

With EBIT before non-recurring effects of €3.76 billion, we have met our forecast. Revenue rose 4.9% to €63.5 billion, driven above all by the LOGISTICS Division and Postbank's dynamic new customer business. On the liberalised German mail market, a basis for dependable planning with regard to social standards and price structure up to the year 2011 is now in place. With our Roadmap to Value, we have initiated an extensive capital markets programme.

■ What we plan to achieve in 2008:

We anticipate making good headway towards attaining our goal of EBIT before non-recurring effects of around €4.2 billion. We aim to rapidly improve the results situation in our US EXPRESS business which remains flawed. With our Roadmap to Value initiative, we are seeking to achieve sustained value growth. At the same time, we are committed to systematically gearing our efforts to meeting customers' needs as well as intensifying collaboration between divisions and throughout the Group.

The Group

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Dear Shareholders,

It is my pleasure as new chairman of the Board of Management to present to you the results of our business. On 18 February 2008, the Supervisory Board accepted Dr Klaus Zumwinkel's resignation from office as chairman of the Board of Management and appointed me as his successor.

Klaus Zumwinkel achieved great things over the past eighteen years and we wish to thank him for his business achievements, his strong commitment and the passion with which he made Deutsche Post the world's leading logistics service provider.

The past year saw a number of changes on the Board of Management. John Allan succeeded Edgar Ernst as Chief Financial Officer, Wolfgang Klein took over the helm of Postbank from Wulf von Schimmelmann and Jürgen Gerdes assumed responsibility for the MAIL Division, which was previously headed by Hans-Dieter Petram. On behalf of the Board of Management, I wish to thank our former colleagues on the Board for their contribution to our business success.

The fact that we are right on course in all of the Group's divisions is reflected in the annual results. With EBIT before non-recurring effects of €3.76 billion, we met our earnings target and closed the year with a solid performance. Your company is well equipped to face the future. I will now join with my fellow Board members in building on this solid fundament as a strong team.

I am particularly gratified that Chief Financial Officer John Allan has agreed to extend his contract for another two years up to the end of 2010. For he embodies at once a commitment to continuity and the courage to innovate. Both are vital to carving out a clear path to the future.

Back in November, the Roadmap to Value ushered in a new phase in the company's evolution. Our goal is ambitious. We want to make your company the most attractive investment in the industry. We are seeking to generate a bigger profit, distribute a larger portion of it to you, our shareholders, and sustain our organic growth.

The generally favourable response from amongst your ranks and the pattern traced by the share price confirm that we are on the right track. Between 8 November, when we announced the programme, and the end of the year, our share price climbed by 16.10% to €23.51.

The second milestone was the First Choice programme. Alongside our employees, it is our customers who are at the fore as their loyalty is a prerequisite of our profitable organic growth. The First Choice initiative gives us a frame of reference for systematically meeting customers' needs and will, I am convinced, bring about a shift in our management and corporate culture.



Dr Frank Appel,
Chairman of the
Board of Management

In our business activities, we are facing four major challenges:

First: The German mail market was fully liberalised on 1 January 2008. The good thing is that since last year we have had a sound basis for dependable planning with regard to social standards and price structure up to the year 2011. A statutory minimum wage for mail carriers has been stipulated, postage rates have remained stable and, as the only provider of a nationwide universal service, we are exempt from value-added tax. Overall, this is a good basis for ensuring that quality and reliability decide the field in competition. As the undisputed quality leader, we are very well equipped to welcome other providers into the marketplace.

Second: The express business in the United States remains flawed. The improvements made at the start of 2007 were undone as the economy faltered at the year-end. We have already adopted measures to improve performance. However – and I say this in all openness – the situation as it stands is unacceptable. The problem needs to be resolved. I promise you we will very soon be initiating all steps necessary to achieving a rapid improvement in results.

Third: In our logistics business, we aim to grow faster than the industry. With the integration of DHL and Exel, we executed the largest project of its kind in the industry to date, rapidly and with resounding success. However our ambition does not stop there. When I look ahead, I see the image of an integrated logistics service provider. By intensifying our collaboration between divisions and throughout the Group, we intend to substantially speed up the process of integration, thereby boosting the company's growth and profitability.

And fourth: Our subsidiary Postbank needs clear prospects for future development. With its successful business strategy, Germany's leading retail bank has long been attracting covetous interest. In the coming months, I will be joined by my colleague on the Board of Management, Wolfgang Klein, in paving the way for Postbank to play an active part in the consolidation of the sector as a whole.

Dear shareholders, you followed the development of your company with interest in 2007. We want to give you a greater share in its success than ever before. The Board of Management and the Supervisory Board will be proposing a dividend of €0.90 per share at the Annual General Meeting. Marking a substantial 20% year-on-year rise, the proposed dividend represents a payout ratio of around 50% of our net profit before non-recurring effects.

On a personal note, I am delighted at the fascinating new challenge I am undertaking and wish to thank the Supervisory Board for their trust, my fellow Board members for their support and our 520,000 employees around the globe for their loyalty.

Those who know me also know that I embrace a culture of openness. Let us work together in a spirit of open, honest partnership. My pledge to you is that I will listen carefully, will at all times take your criticisms very seriously and will make clear-cut decisions.

We are aware of the challenges facing us in the coming years and we will overcome them. With our Roadmap to Value and First Choice initiative, we have embarked on a course that will help us become the most attractive investment in the industry and the preferred provider for customers throughout the world.

Bonn, 29 February 2008



Yours sincerely,

Dr Frank Appel

Chairman of the Board of Management

Deutsche Post Shares

Further gains on stock markets

The growth of the German economy in 2007 prompted an upturn on the German stock market. Although negative repercussions from the Far East prompted some brief worries in February, the German DAX index regained impetus around mid-year and reached its 2007 high of 8,106 points on 16 July. Later in the summer, the sub-prime mortgage crisis in the United States brought the positive trend to a halt. Investors became less willing to purchase, which had a global impact on the major stock markets. The true effects of the crisis did not become apparent until towards the end of the year, however, by which time a short-lived recovery had occurred. Despite these influences, the DAX closed the year at 8,067 points. This represents an increase of 22.3% over the year. The EURO STOXX 50, on the other hand, grew by only 6.9%.

Our share data

		2004	2005	2006	2007	+/- %
Year-end closing price	€	16.90	20.48	22.84	23.51	2.9
High	€	19.80	21.23	23.75	25.65	8.0
Low	€	14.92	16.48	18.55	19.95	7.5
Number of shares	millions	1,112.8	1,193.9	1,204.0 ¹⁾	1,207.5 ¹⁾	0.3
Market capitalisation	€m	18,840	24,425	27,461	28,388	3.4
Average trading volume per day	shares	2,412,703	3,757,876	5,287,529	6,907,270	30.6
Annual performance with dividend	%	6.4	24.1	14.9	6.9	
Annual performance excluding dividend	%	3.4	21.2	11.5	2.9	
Beta factor ²⁾		0.84	0.75	0.80	0.68	
Earnings per share ³⁾	€	1.44	1.99	1.60	1.15	-28.1
Cash flow per share ⁴⁾	€	2.10	3.23	3.28	4.27	30.2
Price/earnings ratio ⁵⁾		11.7	10.3	14.3	20.4	
Price/cash flow ratio ^{4),6)}		8.1	6.4	7.0	5.5	
Dividend	€m	556	836	903	1,087 ⁷⁾	20.4
Payout ratio	%	34.8	37.4	47.1	78.2	
Dividend per share	€	0.50	0.70	0.75	0.90 ⁷⁾	20.0
Dividend yield	%	3.0	3.4	3.3	3.8	

1) Increase due to exercise of stock options, see Note 35.

2) From 2006: Beta 3 years; source: Bloomberg.

3) Based on consolidated net profit excluding minorities, see Note 21.

4) Cash flow from operating activities.

5) Year-end closing price/earnings per share.

6) Year-end closing price/cash flow per share.

7) Proposal.

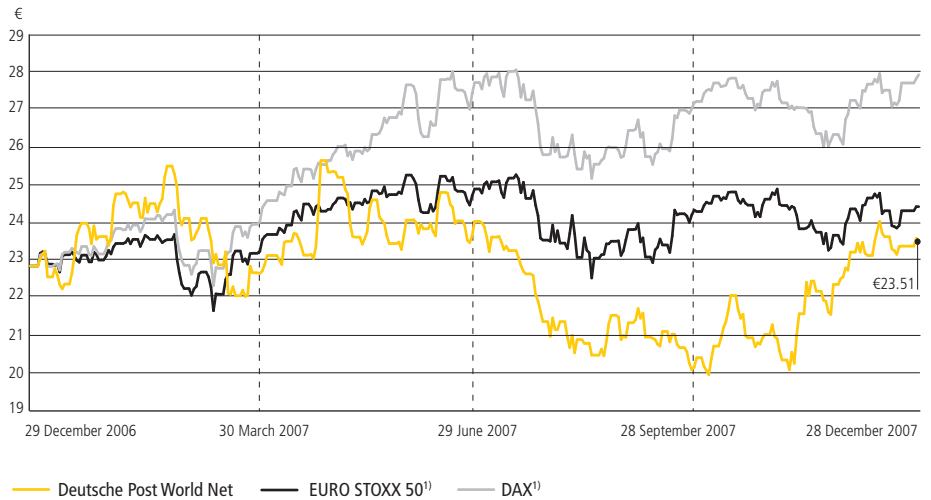
Share price benefits from capital markets programme

At the beginning of the year, our share price initially made favourable progress before mirroring the negative performance of the DAX. In the second quarter, it continued to track the leading German share price index as it rose. The price peaked at €25.65 on 27 April. Thereafter, the share price followed the negative market pattern, reaching its low of €19.95 on 3 October. The upward trend then resumed, fuelled in particular by

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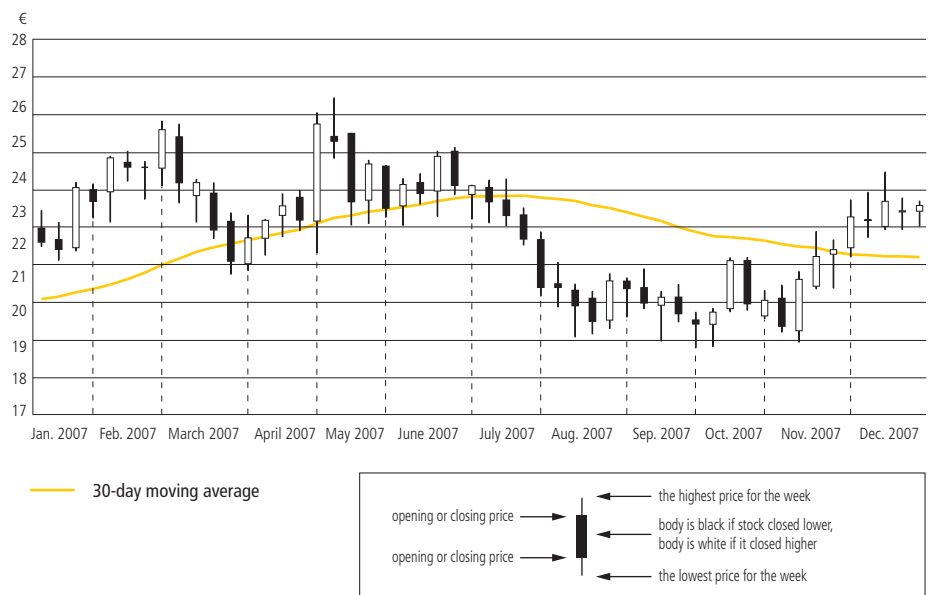
the launch of our ❶ capital markets programme, Roadmap to Value, on 8 November 2007. In the course of the year, the share price thus gained ground on both the DAX and our competitors' stock. It closed the year at €23.51, representing a gain of 2.9%. The average number of shares traded on market days was 6,907,270, or 30.6% more than in 2006. Our shareholders reaped the rewards of the higher liquidity.

Share price performance



1) Rebased on the closing price of Deutsche Post shares on 29 December 2006.

Candlestick graph/30-day moving average



Peer group comparison¹⁾

		2006	2007	+/- %
Deutsche Post	EUR	22.84	23.51	2.9
TNT	EUR	32.58	28.25	-13.3
FedEx	USD	108.62	89.17	-17.9
UPS	USD	74.98	70.72	-5.7
Kühne + Nagel	CHF	88.65	108.50	22.4

1) Closing prices on the last trading day.

Growing shareholder base in the United States

The regional distribution of our shareholders changed again in the course of the year. The number of shares held in the USA increased by five percentage points, whilst the percentage attributable to German shareholders fell. The interest of our largest individual shareholder, KfW Bankengruppe, remained constant, representing 30.5% of the share capital.

Buy recommendations of analysts prevail

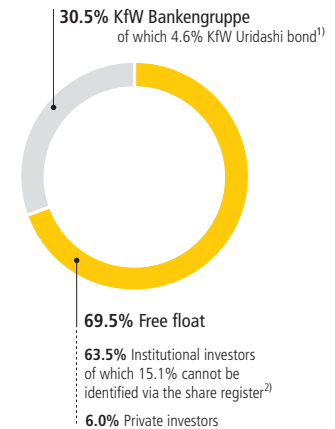
At the end of the year, 22 analysts advised investors to buy, seven to hold and only two to sell our shares.

Communications focus

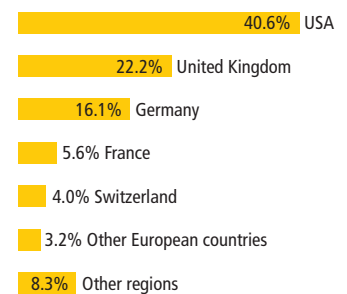
Of particular interest to investors were the liberalisation of the German mail market on 1 January 2008 and its effects on our company, as well as the situation of the express business in the USA. In the spring, we conducted an extensive survey amongst investors. We wished to establish how they perceive our company and what they want and expect from us in the future. Their responses formed the basis of a catalogue of measures, which we presented in November together with the capital markets programme, Roadmap to Value. By way of the envisaged action, we are seeking to make the company more attractive to investors.

Shareholder structure

31 December 2007



- 1) In 2005 KfW issued a convertible bond in Japan for private investors (volume: 55.6 million shares). Investors can convert this bond until January 2010.
2) Some institutional investors are not entered directly in the share register but listed via a depository bank.

Regional distribution of identified institutional investors¹⁾

- 1) The chart refers to institutional investors named in the share register. Their share of the free float was 50.9% on the reporting date.

Source: Thomson Financial
As at December 2007



Milestones of the Year

Acquisitions and disposals

January Williams Lea buys the UK company The Stationery Office, the public-sector leader in printing services and document management.

June Deutsche Post World Net acquires a 49% stake in the US air transport company ASTAR Air Cargo.

Deutsche Post World Net acquires a 49% interest in US company Polar Air Cargo.

September Postbank sells BHW Lebensversicherung AG as well as its interest in PB Versicherung AG and PB Lebensversicherung AG to Talanx AG.

Products and services

January DHL is the first international logistics service provider to offer a domestic air freight service in China.

February DHL announces plans to substantially expand capacities in Dubai where the first fully integrated logistics platform and the world's largest airport are taking shape.

June Deutsche Post plans to open around 600 outlets in the new Postpoint format in Germany.

October Williams Lea takes over Deutsche Post's document management business with over 2,500 employees in Germany.

November Germany's federal network agency approves Deutsche Post's pricing proposal. Prices for the domestic and international dispatch of letters and postcards will remain unchanged in 2008.

DHL is building a new US\$175 million north Asian hub in Shanghai with a view to serving China and other north Asian markets beginning in 2010.

Photographs (from top left to bottom right):
The new air freight carrier of DHL and Lufthansa,
the DHL Innovation Center, Deutsche Post mail carrier,
CFO John Allan presents the Roadmap to Value.

Partnerships and joint ventures

May DHL expands its joint venture with India's Lemuir Group, thereby consolidating its leading position on the Indian logistics market.

September DHL Express and Lufthansa Cargo set up the joint air freight carrier AeroLogic, with flight operations set to begin in April 2009.

December DHL Exel Supply Chain concludes a five-year contract worth over €200 million with UK furniture and fittings retailer MFI.

Group milestones

March The DHL Innovation Center is opened in Troisdorf near Bonn, Germany. It is here that the Group brings together all entities entrusted with managing technical innovations.

May The Annual General Meeting approves a dividend of €0.75 per share for 2006, which represents a 7.1% increase on the previous year.

July Dr Hans-Dieter Petram and Prof. Dr Wulf von Schimmelmann retire from office. New to the Board of Management are Jürgen Gerdes, responsible for the mail and parcel business in Germany, and Dr Wolfgang Klein, who is also chairman of the Board of Management at Postbank.

October John Allan becomes Chief Financial Officer, Dr Frank Appel Board member responsible for the LOGISTICS Division.

The European Council passes a resolution to liberalise the European mail markets. In Germany, the market will already open up fully on 1 January 2008.

November With its Roadmap to Value, the Group presents an elaborate capital markets programme.

December The German Bundestag and Bundesrat stipulate a minimum wage for mail carriers, which comes into effect on 1 January 2008.