

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