

## Report of the Supervisory Board



Prof. Dr. Wulf von Schimmelmann, Chairman

Dear shareholders,

The Group continued to expand its leading position in nearly all areas of business and is well equipped for the future.

The reporting year was marked by two decisions that represent a turning point in our history. In September 2008, Deutsche Post agreed to gradually sell its stake in Postbank to Deutsche Bank. In the future, the Group plans to concentrate on mail, express and logistics activities and to exit the financial services sector. We also decided to restructure the us express business, making the final decision in November 2008 after having begun weighing our options in May. We discontinued domestic air and ground transport operations in the us express segment as at 30 January 2009. However, we will continue offering international express services in the United States.

Our strategic corporate initiatives – Roadmap to Value, First Choice and GoGreen – have been well received. These programmes have already led to encouraging progress in increasing enterprise value, customer satisfaction and environmental protection.

### **Advising and overseeing the Board of Management**

The Supervisory Board again devoted close attention to the strategic focus and business performance of the Group in all areas in 2008. We discussed in detail the restructuring of the us express business and the sale of Deutsche Postbank AG. Other topics of particular significance were the effects of the financial crisis on the company's transactions, the company's participation in the capital increase of Deutsche Postbank AG, the progress made by our Roadmap to Value capital markets programme and personnel changes in the management of Deutsche Post AG.

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 Board of Management kept the chairman of the Supervisory Board continuously updated on all key transactions and major impending decisions, both at the Supervisory Board meetings and between meetings. We prepared our approval for business measures in the relevant committees. The chairs of the committees reported regularly on the committees' work at the Supervisory Board meetings.

### **Nine meetings during the reporting period**

Five meetings were held in the first half of the year and four 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.

In a special meeting held on 18 February 2008, the Supervisory Board accepted the resignation of Dr Klaus Zumwinkel from his post as Chairman of the Board of Management and appointed Dr Frank Appel as the new Chairman of the Board of Management.

At the financial statements meeting held on 4 March 2008, we discussed and approved the annual and consolidated financial statements for 2007, following in-depth discussions between the auditors and the Finance and Audit Committee and the chairman of the Supervisory Board. We also reviewed the efficiency of the Supervisory Board's work based on an updated questionnaire. Further topics involved the new appointments of Bruce Edwards and Hermann Ude as members of the Board of Management and the related adjustment of business responsibilities. The LOGISTICS Division was split into Global Forwarding, Freight, headed by Hermann Ude, and Supply Chain, Corporate Information Solutions, headed by Bruce Edwards. Responsibility for Global Mail was transferred to the MAIL Division, which is headed by Jürgen Gerdes. We also approved an increase in our stake in Williams Lea at this meeting.

At the meeting on 5 May 2008, we dealt in detail with the situation of the us express business.

The terms of office of the employee representatives appointed to the Supervisory Board by the assembly of delegates pursuant to the *Mitbestimmungsgesetz* (MitbestG – German co-determination act) commenced upon the close of the AGM of Deutsche Post AG on 6 May 2008. At the Supervisory Board meeting directly following the AGM, Andrea Kocsis was re-elected deputy chair of the Supervisory Board, deputy chair of the Executive Committee and chair of the Personnel Committee. Wolfgang Abel was appointed member and deputy chair of the Finance and Audit Committee, Thomas Koczelnik and Helga Thiel were appointed members of the Finance and Audit Committee, Rolf Bauermeister and Stefanie Weckesser were appointed members of the Executive Committee, Thomas Koczelnik was appointed member of the Personnel Committee and Rolf Bauermeister was additionally appointed member of the Mediation Committee of the Supervisory Board of Deutsche Post AG by the employee representatives.

In another special meeting on 28 May 2008, we approved the restructuring of the us express business following extensive discussions.

In June 2008 we approved in a written resolution the request of Dr Wolfgang Klein to step down temporarily as member of the Board of Management of Deutsche Post AG in order to avoid any potential conflicts of interest that might arise during a possible reorganisation of the shareholder structure of Deutsche Post AG. The duties of the Board of Management members were reallocated to allow Dr Frank Appel to assume responsibility for the FINANCIAL SERVICES Division in addition to his position as chairman of the Board of Management for the time during which Dr Klein had ceased active participation.

In the Supervisory Board meeting of 12 September 2008, we dealt in detail with the situation of the express business in the us. We also approved the gradual sale of the shares in Postbank to Deutsche Bank. The contracting parties subsequently negotiated a contract that best serves the interests of both sides. The new contract stipulates that Deutsche Post will receive the entire proceeds from the transaction on the closing date – i.e., three years earlier than originally anticipated – including the proceeds from the Postbank shares that will not be transferred until a later date. This has not increased overall transaction risk. We approved the changes in the transaction structure on 14 January 2009.

In another special meeting on 26 October 2008, the Supervisory Board addressed in detail the proposed share purchase to ensue from a possible capital increase of Deutsche Postbank AG and approved the subscription of 100% of the shares issued.

In a special meeting that followed on 10 November 2008, we approved our exit from the domestic us express business, including the costs that this will entail. In the future, Deutsche Post World Net will focus on its international core competencies in the us express market. The exit from the market occurred as planned in January 2009. As a

result, costs arising from the express business in the US will decrease by more than 80%, whilst competitive standing will improve substantially given that 71% of all international deliveries from US metropolitan areas will be able to be processed more quickly. We also accepted Dr Wolfgang Klein's resignation from the Board of Management and approved the related adaptation of the bylaws.

In the last meeting of the Supervisory Board on 16 December 2008, we approved the business plan for 2009 and agreed to focus on an updated plan in February 2009. We also took note of the plan for 2010 and 2011. At the same meeting Dr Jürgen Weber announced his resignation, effective 31 December 2008. Prof. Dr Wulf von Schimmelmann was elected unanimously as Dr Weber's successor. Furthermore, we submitted the Declaration of Compliance with the 2008 German Corporate Governance Code and passed a resolution giving global authorisation for the award of loans by Postbank.

#### **Meticulous work by the committees**

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

The Personnel Committee met twice and concentrated primarily on the First Choice and GoGreen programmes and the Group's involvement in educational initiatives.

The Finance and Audit Committee met ten times, with meetings chaired by Prof. Dr Ralf Krüger. The committee discussed the acquisition and disposal of companies, which was subsequently also addressed in the plenary sessions of the Supervisory Board, as well as the Group's business plan for the period from 2009 to 2011. It also examined the annual and consolidated financial statements, discussed the interim reports and dealt with the review of the interim financial reports for 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 US express business, the mail business in Germany and the transaction involving Postbank. The committee also deliberated on the organisation of compliance activities and the compliance tools applied in the Group.

The Nomination Committee met three times during the year under review. At its meetings, the committee resolved to recommend Prof. Dr Wulf von Schimmelmann as a suitable candidate for the Supervisory Board's nomination to the 2008 AGM.

It was not necessary for the Mediation Committee, which must be formed pursuant to Section 27 (3) of the *Mitbestimmungsgesetz*, to meet in the year under review.

### **Changed Supervisory Board and Board of Management composition**

The following changes were made to the Supervisory Board of Deutsche Post AG in 2008: Effective 6 May 2008, employee representatives Frank von Alten-Bockum, Marion Deutsch, Dirk Marx, Silke Oualla-Weiß and Margrit Wendt left the Supervisory Board, Heinrich Josef Busch, Thomas Koczelnik, Anke Kufalt, Andreas Schädler and Helga Thiel were newly elected and Wolfgang Abel, Rolf Bauermeister, Annette Harms, Andrea Kocsis and Stefanie Weckesser were re-elected. Prof. Dr Wulf von Schimmelmann was appointed member of the Supervisory Board by the court on 6 August 2007 and on 6 May 2008 was appointed shareholder representative for five years by the 2008 AGM. At the Supervisory Board meeting on 16 December 2008, he was elected chairman of the Supervisory Board effective 1 January 2009 and Andrea Kocsis was confirmed as deputy chair. Ingrid Matthäus-Maier resigned her seat effective 31 August 2008. On 1 September, Dr Ulrich Schröder was appointed to the Supervisory Board by the court as a shareholder representative. The appointment will be submitted to the shareholders for ratification at the AGM on 21 April, 2009. Dr Jürgen Weber resigned his seat on the Supervisory Board and thus his position as chairman as at 31 December 2008.

The following changes occurred on the company's Board of Management: 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. Dr Frank Appel initially assumed responsibility for the chairman's board department in addition to his previous duties. Bruce Edwards and Hermann Ude were appointed members of the Board of Management effective 4 March 2008. Dr Wolfgang Klein stepped down from his position on the Board of Management of Deutsche Post until further notice effective 25 June 2008, and Dr Frank Appel assumed responsibility for the FINANCIAL SERVICES Division for this period in addition to his other duties as chairman of the Board of Management. On 10 November 2008, Dr Wolfgang Klein resigned his seat on the Board of Management of Deutsche Post AG.

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

In December 2008, the Board of Management and the Supervisory Board submitted an updated Declaration of Conformity pursuant to Section 161 of the *Aktiengesetz* (Germany stock corporation act) and published it on the company's website. The previous declarations can also be viewed on this website. In financial year 2008, Deutsche Post AG complied with all recommendations of the German Corporate Governance Code as amended on 14 June 2007. The company plans to continue complying with the recommendations of the Code as amended on 6 June 2008. 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 114.

**Annual and consolidated financial statements audited**

The auditors appointed by the AGM, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PwC), Düsseldorf, audited the annual and consolidated financial statements for financial year 2008, 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 financial year 2008 in the financial statements meeting on 25 February 2009. The auditors' reports were made available to all Supervisory Board members and were discussed in detail 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 at today's meeting approved the annual and consolidated financial statements for financial year 2008 after detailed discussion with the Board of Management and the auditor's representative. 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 €0.60 per share.

We would like to thank the Board of Management and all the employees of the Group for their commitment and successful efforts throughout 2008. The Supervisory Board would particularly like to thank Dr Klaus Zumwinkel for his extraordinary service for the Group.

Bonn, 25 February 2009

The Supervisory Board



Prof. Dr Wulf von Schimmelmann  
Chairman