

# Condensed Consolidated Interim Financial Statements

## Income Statement

1 January to 30 September

€m	9M		Q3	
	2007 restated <sup>1)</sup>	2008	2007 restated <sup>1)</sup>	2008
<b>Continuing operations</b>				
Revenue	39,545	40,454	13,258	13,801
Other operating income	1,373	1,979	557	942
<b>Total operating income</b>	<b>40,918</b>	<b>42,433</b>	<b>13,815</b>	<b>14,743</b>
Materials expense	-22,135	-23,253	-7,565	-8,023
Staff costs	-13,050	-12,838	-4,323	-4,267
Depreciation, amortisation and impairment losses	-1,187	-1,100	-410	-378
Other operating expenses	-2,863	-3,111	-1,048	-1,113
<b>Total operating expenses</b>	<b>-39,235</b>	<b>-40,302</b>	<b>-13,346</b>	<b>-13,781</b>
<b>Profit from operating activities (EBIT)</b>	<b>1,683</b>	<b>2,131</b>	<b>469</b>	<b>962</b>
Net income from associates	3	2	3	0
Other financial income	90	572	32	523
Other finance costs	-804	-811	-279	-244
Net other finance costs/net other financial income	-714	-239	-247	279
<b>Net finance costs/net financial income</b>	<b>-711</b>	<b>-237</b>	<b>-244</b>	<b>279</b>
<b>Profit before income taxes</b>	<b>972</b>	<b>1,894</b>	<b>225</b>	<b>1,241</b>
Income tax expense	-143	-329	-60	-247
<b>Profit from continuing operations</b>	<b>829</b>	<b>1,565</b>	<b>165</b>	<b>994</b>
<b>Discontinued operations</b>				
<b>Profit/loss from discontinued operations</b>	<b>700</b>	<b>-106</b>	<b>404</b>	<b>-341</b>
<b>Consolidated net profit for the period</b>	<b>1,529</b>	<b>1,459</b>	<b>569</b>	<b>653</b>
attributable to				
Deutsche Post AG shareholders	1,134	1,466	350	805
Minorities	395	-7	219	-152
	€	€	€	€
<b>Basic earnings per share</b>	<b>0.94</b>	<b>1.21</b>	<b>0.29</b>	<b>0.66</b>
of which from continuing operations	0.65	1.25	0.12	0.80
of which from discontinued operations	0.29	-0.04	0.17	-0.14
<b>Diluted earnings per share</b>	<b>0.94</b>	<b>1.21</b>	<b>0.29</b>	<b>0.66</b>
of which from continuing operations	0.65	1.25	0.12	0.80
of which from discontinued operations	0.29	-0.04	0.17	-0.14

1) See Notes 1 and 10.

## Balance Sheet

as at 30 September 2008

€m	31 Dec. 2007	30 Sep. 2008
<b>ASSETS</b>		
Intangible assets	14,226	12,895
Property, plant and equipment	8,754	6,933
Investment property	187	30
Investments in associates	203	190
Other non-current financial assets	857	585
Non-current financial assets	1,060	775
Other non-current assets	497	538
Deferred tax assets	1,020	371
<b>Non-current assets</b>	<b>25,744</b>	<b>21,542</b>
Inventories	248	275
Income tax assets	312	213
Receivables and other assets	9,806	10,397
Receivables and other securities from financial services	193,986	0
Financial instruments	72	154
Cash and cash equivalents	4,683	1,245
Assets held for sale	615	217,700
<b>Current assets</b>	<b>209,722</b>	<b>229,984</b>
<b>Total assets</b>	<b>235,466</b>	<b>251,526</b>
<b>EQUITY AND LIABILITIES</b>		
Issued capital	1,207	1,209
Other reserves	875	205
Retained earnings	8,976	9,355
Equity attributable to Deutsche Post AG shareholders	<b>11,058</b>	<b>10,769</b>
Minority interest	2,801	1,942
<b>Equity</b>	<b>13,859</b>	<b>12,711</b>
Provisions for pensions and other employee benefits	5,989	4,747
Deferred tax liabilities	1,569	430
Other non-current provisions	3,015	1,866
<b>Non-current provisions</b>	<b>10,573</b>	<b>7,043</b>
Non-current financial liabilities	8,625	3,385
Other non-current liabilities	361	314
<b>Non-current liabilities</b>	<b>8,986</b>	<b>3,699</b>
<b>Non-current provisions and liabilities</b>	<b>19,559</b>	<b>10,742</b>
Income tax provisions	334	235
Other current provisions	1,703	1,701
<b>Current provisions</b>	<b>2,037</b>	<b>1,936</b>
Current financial liabilities	1,556	1,082
Trade payables	5,384	5,134
Liabilities from financial services	187,787	0
Income tax liabilities	139	102
Other current liabilities	5,101	4,785
Liabilities associated with assets held for sale	44	215,034
<b>Current liabilities</b>	<b>200,011</b>	<b>226,137</b>
<b>Current provisions and liabilities</b>	<b>202,048</b>	<b>228,073</b>
<b>Total equity and liabilities</b>	<b>235,466</b>	<b>251,526</b>

# Cash Flow Statement

## 1 January to 30 September

€m	9M		Q3	
	2007 restated <sup>1)</sup>	2008	2007 restated <sup>1)</sup>	2008
<b>Net profit before taxes</b>	<b>1,322</b>	<b>1,841</b>	<b>427</b>	<b>1,070</b>
Net finance costs/net financial income	361	290	42	-108
<b>Profit from operating activities (EBIT)</b>	<b>1,683</b>	<b>2,131</b>	<b>469</b>	<b>962</b>
Depreciation/amortisation of non-current assets	1,187	1,100	410	378
Net income from disposal of non-current assets	-107	-48	-13	-7
Non-cash income and expense	71	82	10	12
Change in provisions	-446	-760	-128	-191
Change in other assets and liabilities	-107	-4	-6	25
Taxes paid	-217	-237	-76	-53
<b>Net cash from operating activities before changes in working capital</b>	<b>2,064</b>	<b>2,264</b>	<b>666</b>	<b>1,126</b>
Changes in working capital				
Inventories	10	-29	-11	12
Receivables and other assets	-988	-480	-359	42
Receivables/liabilities from financial services	0	0	0	0
Liabilities and other items	205	166	206	118
<b>Net cash from operating activities due to continuing operations</b>	<b>1,291</b>	<b>1,921</b>	<b>502</b>	<b>1,298</b>
Net cash from/used in operating activities due to discontinued operations	2,308	-662	1,208	1,990
<b>Total net cash from operating activities</b>	<b>3,599</b>	<b>1,259</b>	<b>1,710</b>	<b>3,288</b>
Proceeds from disposal of non-current assets				
Divestitures	50	1	0	1
Other non-current assets	376	804	71	72
	<b>426</b>	<b>805</b>	<b>71</b>	<b>73</b>
Cash paid to acquire non-current assets				
Investments in companies	-298	-452	-3	-32
Other non-current assets	-1,254	-1,210	-463	-428
	<b>-1,552</b>	<b>-1,662</b>	<b>-466</b>	<b>-460</b>
Interest received	87	544	39	516
Postbank dividend	103	103	0	0
Current financial instruments	2	-59	2	-64
<b>Net cash used in/from investing activities due to continuing operations</b>	<b>-934</b>	<b>-269</b>	<b>-354</b>	<b>65</b>
Net cash used in/from investing activities due to discontinued operations	-67	517	-24	-5
<b>Total net cash used in/from investing activities</b>	<b>-1,001</b>	<b>248</b>	<b>-378</b>	<b>60</b>
Change in financial liabilities	273	-355	-23	-1,158
Other financing activities	19	29	15	-39
Dividend paid to Deutsche Post AG shareholders	-903	-1,087	0	0
Dividend paid to other shareholders	-30	-49	-24	-16
Issuance of shares under stock option plan	50	21	20	3
Interest paid	-256	-304	-71	-61
<b>Net cash used in financing activities due to continuing operations</b>	<b>-847</b>	<b>-1,745</b>	<b>-83</b>	<b>-1,271</b>
Net cash from financing activities due to discontinued operations	378	245	75	448
<b>Total net cash used in financing activities</b>	<b>-469</b>	<b>-1,500</b>	<b>-8</b>	<b>-823</b>
Net change in cash and cash equivalents	2,129	7	1,324	2,525
Effect of changes in exchange rates on cash and cash equivalents	-28	-3	-25	33
Changes in cash and cash equivalents associated with assets held for sale	-22	0	0	0
Changes in cash and cash equivalents due to changes in consolidated group	24	2	0	0
Cash and cash equivalents at beginning of reporting period	2,391	4,683	3,195	2,131
<b>Total cash and cash equivalents at end of reporting period</b>	<b>4,494</b>	<b>4,689</b>	<b>4,494</b>	<b>4,689</b>
Less cash and cash equivalents at end of reporting period due to discontinued operations	3,247	3,486	3,247	3,486
Plus cash and cash equivalents of continuing operations at Deutsche Postbank AG at end of reporting period	20	42	20	42
<b>Cash and cash equivalents at end of reporting period due to continuing operations</b>	<b>1,267</b>	<b>1,245</b>	<b>1,267</b>	<b>1,245</b>

1) Prior-year figures restated, see Notes 1 and 10 and 2007 Annual Report, Note 47.

## Statement of Changes in Equity

### 1 January to 30 September

€m	Other reserves					Retained earnings	Equity attributable to Deutsche Post AG shareholders	Minority interest	Total equity
	Issued capital	Capital reserves	IAS 39 reserves	Revaluation reserve	Currency translation reserve				
<b>Balance at 1 January 2007</b>	<b>1,202</b>	<b>2,037</b>	<b>-58</b>	<b>0</b>	<b>-451</b>	<b>8,490</b>	<b>11,220</b>	<b>2,732</b>	<b>13,952</b>
<b>Capital transactions with owner</b>									
Capital contribution from retained earnings							0		0
Dividend						-903	-903	-148	-1,051
Stock option plans (exercise)	4	46					50		50
Stock option plans (issuance)		10					10		10
							<b>-843</b>	<b>-148</b>	<b>-991</b>
<b>Other changes in equity not recognised in income</b>									
Currency translation differences					-251		-251	-16	-267
Other changes			-177			12	-165	-158	-323
							<b>-416</b>	<b>-174</b>	<b>-590</b>
<b>Changes in equity recognised in income</b>									
Consolidated net profit						1,134	1,134	395	1,529
<b>Total changes in equity recognised in income and not recognised in income</b>							<b>718</b>	<b>221</b>	<b>939</b>
<b>Balance at 30 September 2007</b>	<b>1,206</b>	<b>2,093</b>	<b>-235</b>	<b>0</b>	<b>-702</b>	<b>8,733</b>	<b>11,095</b>	<b>2,805</b>	<b>13,900</b>
<b>Balance at 1 January 2008</b>	<b>1,207</b>	<b>2,119</b>	<b>-347</b>	<b>0</b>	<b>-897</b>	<b>8,976</b>	<b>11,058</b>	<b>2,801</b>	<b>13,859</b>
<b>Capital transactions with owner</b>									
Capital contribution from retained earnings							0		0
Dividend						-1,087	-1,087	-152	-1,239
Stock option plans (exercise)	2	19					21		21
Stock option plans (issuance)		4					4		4
							<b>-1,062</b>	<b>-152</b>	<b>-1,214</b>
<b>Other changes in equity not recognised in income</b>									
Currency translation differences					-25		-25	-2	-27
Other changes			-676	8			-668	-698	-1,366
							<b>-693</b>	<b>-700</b>	<b>-1,393</b>
<b>Changes in equity recognised in income</b>									
Consolidated net profit						1,466	1,466	-7	1,459
<b>Total changes in equity recognised in income and not recognised in income</b>							<b>773</b>	<b>-707</b>	<b>66</b>
<b>Balance at 30 September 2008</b>	<b>1,209</b>	<b>2,142</b>	<b>-1,023</b>	<b>8</b>	<b>-922</b>	<b>9,355</b>	<b>10,769</b>	<b>1,942</b>	<b>12,711</b>

# Segment Reporting

## 1 January to 30 September

### Segments by division

€m	MAIL <sup>1)</sup>		EXPRESS <sup>1)</sup>		FORWARDING/ FREIGHT <sup>1)</sup>		SUPPLY CHAIN/ CIS <sup>1)</sup>		Corporate Center/ Other <sup>1)</sup>		Continuing operations		Discontinued operations	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
	External revenue	10,287	10,340	9,766	9,976	8,933	10,005	10,491	10,063	68	70	39,545	40,454	7,670
Internal revenue	207	158	351	379	586	563	123	120	-1,267	-1,220	0	0	0	0
Total revenue	10,494	10,498	10,117	10,355	9,519	10,568	10,614	10,183	-1,199	-1,150	39,545	40,454	7,670	8,560
Profit or loss from operating activities (EBIT)	1,270	1,762	165	50	253	310	387	337	-392	-328	1,683	2,131	859	-54
Net income from associates	0	0	3	2	0	0	0	0	0	0	3	2	0	0
Segment assets <sup>2)</sup>	4,819	4,490	9,160	9,234	7,078	7,399	8,779	8,302	431	1,012	30,267	30,437	197,440	212,747
Investments in associates <sup>2)</sup>	22	22	174	161	6	6	0	0	1	1	203	190	0	0
Segment liabilities including non-interest-bearing provisions <sup>2)</sup>	2,352	2,324	3,520	2,396	2,344	2,659	3,115	3,028	-433	845	10,898	11,252	188,676	205,861
Segment investments	206	185	668	650	69	169	613	368	63	116	1,619	1,488	74	60
Depreciation, amortisation and write-downs	323	253	329	334	73	75	275	244	187	194	1,187	1,100	115	99
Other non-cash expenses	105	159	63	95	35	21	95	64	28	57	326	396	400	406
Employees <sup>3)</sup>	149,602	146,339	108,655	113,107	39,651	41,496	134,110	139,775	15,608	15,454	447,626	456,171	22,497	22,150

### Segments by region

€m	Germany <sup>1)</sup>		Europe excluding Germany <sup>1)</sup>		Americas <sup>1)</sup>		Asia Pacific <sup>1)</sup>		Other regions		Continuing operations		Discontinued operations	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
	External revenue	12,148	12,276	14,083	14,422	7,789	7,673	4,250	4,649	1,275	1,434	39,545	40,454	7,670
Segment assets <sup>2)</sup>	6,146	6,063	13,926	13,630	5,855	5,865	3,823	4,191	517	688	30,267	30,437	197,440	212,747
Segment investments	399	466	648	460	363	246	157	262	52	54	1,619	1,488	74	60

## Q3

### Segments by division

€m	MAIL <sup>1)</sup>		EXPRESS <sup>1)</sup>		FORWARDING/ FREIGHT <sup>1)</sup>		SUPPLY CHAIN/ CIS <sup>1)</sup>		Corporate Center/ Other <sup>1)</sup>		Continuing operations		Discontinued operations	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
	External revenue	3,338	3,362	3,240	3,357	3,084	3,619	3,573	3,439	23	24	13,258	13,801	2,622
Internal revenue	68	47	123	118	189	182	44	42	-424	-389	0	0	0	0
Total revenue	3,406	3,409	3,363	3,475	3,273	3,801	3,617	3,481	-401	-365	13,258	13,801	2,622	2,838
Profit or loss from operating activities (EBIT)	305	844	69	-2	102	116	113	113	-120	-109	469	962	372	-420
Net income from associates	0	0	3	0	0	0	0	0	0	0	3	0	0	0
Segment investments	87	55	162	210	17	39	156	94	31	61	453	459	28	17
Depreciation, amortisation and write-downs	111	80	114	113	27	28	102	81	56	76	410	378	37	29
Other non-cash expenses	19	122	31	27	13	10	25	20	-7	-3	81	176	131	159

### Segments by region

€m	Germany <sup>1)</sup>		Europe excluding Germany <sup>1)</sup>		Americas <sup>1)</sup>		Asia Pacific <sup>1)</sup>		Other regions		Continuing operations		Discontinued operations	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
	External revenue	3,984	4,026	4,476	4,869	2,623	2,646	1,482	1,717	693	543	13,258	13,801	2,622
Segment investments	169	192	134	129	109	64	22	59	19	15	453	459	28	17

1) Prior-year figures restated, see Note 9.

2) As at 31 December 2007 and 30 September 2008.

3) Average FTEs.

## Selected Explanatory Notes

### 1 Basis of accounting

The accompanying condensed consolidated interim financial statements as at 30 September 2008 were prepared in accordance with the International Financial Reporting Standards (IFRSs) and related interpretations issued by the International Accounting Standards Board (IASB) for interim financial reporting, as adopted by the European Union. These interim financial statements thus include all information and disclosures required by IFRSs to be presented in condensed interim financial statements.

Preparation of the condensed consolidated interim financial statements for interim financial reporting in accordance with IAS 34 requires the Board of Management to exercise judgement and make estimates and assumptions that affect the application of accounting policies in the Group and the presentation of assets, liabilities, income and expenses. Actual amounts may differ from these estimates. The results obtained thus far in financial year 2008 are not necessarily an indication of the further development of the course of business.

The accounting policies applied to the condensed consolidated interim financial statements are generally based on the same accounting policies used in the consolidated financial statements for financial year 2007. For further information on the accounting policies applied, please refer to the consolidated financial statements for the period ended 31 December 2007 on which these interim financial statements are based.

This interim report has not been audited.

In accordance with IAS 1.35, the effects of foreign currency hedging are reported under net finance costs/net financial income on a net basis, as this better reflects the economic substance of the transactions. The cash flow statement shows “other financing activities”. This caption primarily includes the cash flows from foreign currency derivatives. The prior-year figures were restated accordingly.

The following exchange rates were applied for foreign currency translation:

#### Currency translation

Currency	Country	Closing rates (1 EUR =)	
		30 Sep. 2007	30 Sep. 2008
USD	USA	1.4188	1.43055
CHF	Switzerland	1.66049	1.57818
GBP	United Kingdom	0.69857	0.79165

## 2 Consolidated group

In addition to Deutsche Post AG as the Group parent, the consolidated group generally includes all German and foreign entities in which Deutsche Post AG directly or indirectly holds a majority of voting rights, or whose activities it is otherwise able to control.

### Consolidated group

	31 Dec. 2007	30 Sep. 2008
Number of fully consolidated companies (subsidiaries)		
German	113	111
Foreign	857	854
Number of proportionately consolidated joint ventures		
German	1	1
Foreign	12	18
Number of companies accounted for at equity (associates)		
German	3	3
Foreign	18	15

In the second quarter of 2008, Deutsche Post Beteiligungen Holding GmbH, Germany, increased its stake in Williams Lea Holdings plc, UK, from 66% to 96% for a purchase price of €220 million. The financial liability for the remaining outstanding shares fell to €30 million.

In April 2008, DHL Exel Supply Chain Hong Kong acquired from Sinotrans Air Transportation Development, China, the remaining 50% of the shares in their joint venture, Exel-Sinotrans Freight Forwarding Co. Ltd., China, for €61 million and has since been the sole owner. The company was previously accounted for in the consolidated financial statements as a proportionately consolidated joint venture. Goodwill of €31 million arose on its full consolidation. The purchased remaining 50% of the shares of the company contributed €59 million to consolidated revenue. The company has significant service relationships with the Group. The purchase price allocation is as follows:

### Measurement of goodwill

€m	1 April 2008
Cost of the investment (second tranche)	61
Less proportionate net assets measured at fair value	-30
<b>Goodwill</b>	<b>31</b>

**Net assets**

€m	Carrying amount	Adjustments <sup>1)</sup>	Fair value
Intangible assets	33	24	57
of which customer list	32	24	56
Property, plant and equipment	6	0	6
Current assets and cash and cash equivalents	94	0	94
Current liabilities	-81	0	-81
Deferred taxes	-10	-7	-17
<b>Total net assets (100%)</b>	<b>42</b>	<b>17</b>	<b>59</b>
<b>Proportionate net assets acquired</b>	<b>21</b>	<b>9</b>	<b>30</b>

1) Adjustments to customer relationships of €12 million and adjustments to deferred taxes of €4 million relate to the 50% interest held previously. These amounts were recognised in the revaluation reserve.

On 31 December 2007, FC (Flying Cargo) International Transportation Ltd., Israel, was acquired for €85 million. Flying Cargo is the Israeli market leader in air and ocean freight. In the first quarter of 2008, the former shareholders were paid the equivalent of €65 million, of which €45 million related to the first tranche of the purchase price and €20 million to the repayment of loans from former shareholders. The remainder of the purchase price is expected to be paid in 2010. Goodwill of €74 million arose on the company's initial consolidation. The purchase price allocation is as follows:

**Measurement of goodwill**

€m	31 Dec. 2007
Acquisition costs	85
Less net assets measured at fair value	11
<b>Goodwill</b>	<b>74</b>

**Net assets**

€m	Carrying amount	Adjustments	Fair value
Intangible assets	1	13	14
of which software and licences	1	0	1
of which customer list	0	11	11
of which brand	0	2	2
Property, plant and equipment	1	0	1
Current assets and cash and cash equivalents	40	0	40
Current liabilities	-36	0	-36
Deferred taxes	-5	-3	-8
<b>Net assets acquired</b>	<b>1</b>	<b>10</b>	<b>11</b>

In February 2008, Deutsche Post Beteiligungen Holding GmbH, Germany, formed Express Couriers Australia Pty Ltd., Australia, with a view to entering into a 50/50 joint venture with New Zealand Post, New Zealand. By 30 June, the joint venture had taken over business units from DHL Global Forwarding, Australia. At the same time, New Zealand Post acquired a 50% interest in the company. At the beginning of July, the joint venture acquired New Zealand Post Australia Pty Ltd. and its subsidiaries for €55 million. A further €23 million was spent to acquire the assets and operations of Hills Transport Pty Ltd., Hills Express Pty Ltd., Aufast Couriers Pty Ltd. and VFCC Services Pty Ltd.

In the second quarter of 2008, UK company Exel Holdings Ltd. increased its stake in procurement solutions company 4C Associates Ltd., UK, from 24.4% to 52% for €7 million. The purchase price allocation will be presented in a later set of financial statements, as not all the necessary information is available at the present time. Goodwill for the purchased shares is provisionally estimated to be €4 million.

In the period ended 30 September 2008, the Group also made further acquisitions which neither individually nor in the aggregate had a significant effect on the Group's net assets, financial position and results of operations.

#### Insignificant acquisitions

€m	Fair value at the date of acquisition <sup>1)</sup>
<b>ASSETS</b>	
Property, plant and equipment	5
Current assets excluding cash and cash equivalents	5
Cash and cash equivalents	15
	<b>25</b>
<b>EQUITY AND LIABILITIES</b>	
Provisions	-1
Trade payables	-1
Other liabilities	-1
	<b>-3</b>
Acquisition costs	46
Goodwill	24

1) Corresponds to the carrying amount.

The insignificant acquisitions contributed a total of €27 million to consolidated revenue and €-1 million to consolidated EBIT.

In the period ended 30 September 2008, €395 million was spent on acquiring subsidiaries, less the cash and cash equivalents acquired (previous year: €241 million). The purchase prices of the acquired companies were paid by transferring cash and cash equivalents.

### 3 Significant transactions

In September, Deutsche Post AG resolved to sell a 29.75% minority stake in the Deutsche Postbank Group to Deutsche Bank AG. Further details can be found in Note 10.

On 1 July 2008, the European Court of First Instance in Luxembourg annulled the European Commission's state aid ruling of 2002. At the time, the Commission had ordered Deutsche Post AG to repay purported state aid and interest amounting to €907 million to the Federal Republic of Germany. The Commission had ruled that, between 1994 and 1998, Deutsche Post AG misused state aid intended to finance the universal service as a cross-subsidy to cover its costs in the competitive market segment where it carries parcels for business customers. Deutsche Post AG appealed against the ruling in the same year. In August 2008, Deutsche Post AG received €1,067 million back from the German federal government on the basis of this ruling.

The sale of Deutsche Post AG real estate to US investor Lone Star took economic effect on 1 July 2008. This real estate comprised around 1,300 properties located mainly in Germany. An initial payment of €250 million was made towards the purchase price in June 2008. The remainder of the purchase price is expected to be paid by the end of 2008. Deutsche Post World Net will lease back the majority of the properties under operating leases. In the course of the period, the properties were reported as assets held for sale. The impairment losses of €28 million arising from their measurement under IFRS 5 were reported under other operating expenses.

On 28 May 2008, the Supervisory Board and Board of Management of Deutsche Post World Net approved an extensive restructuring programme for the DHL express business in the USA. By the end of the reporting period, expenses of €86 million had been recognised from the planned restructuring intentions. Further explanations can be found in Note 11.

In the period ended 30 September 2008, impairment losses of €31 million were recognised on the non-current assets of the American express business.

IT Services in Germany intends to consolidate its activities and employees at two locations. The other nine locations are to be closed. The purpose of consolidating the IT unit is both substantial proximity to the customer as well as increased productivity and efficiency. The restructuring provision was €21 million as at 30 September 2008.

The following table gives an overview of the significant non-recurring effects on the income statement:

<b>Significant non-recurring effects</b>	
€m	1 Jan. – 30 Sep. 2008
<b>Profit from operating activities (EBIT) before non-recurring effects</b>	<b>1,645</b>
Repayment of state aid	+572
Restructuring expenses Express Americas	-86
<b>Profit from operating activities (EBIT) after non-recurring effects</b>	<b>2,131</b>
Net finance costs before non-recurring effects	-732
Repayment of state aid (interest component)	+495
<b>Net finance costs after non-recurring effects</b>	<b>-237</b>

#### **4 Share-based remuneration**

The number of stock options and stock appreciation rights (SARs) under the 2003 Stock Option Plan changed as follows:

**Stock options**

Number	SOP 2003		
	Tranche 2003	Tranche 2004	Tranche 2005
Outstanding options as at 1 January 2008	1,197,538	3,170,940	8,816,004
Outstanding SARs as at 1 January 2008	117,124	267,980	695,076
Options lapsed	64,086	32,458	8,816,004
SARs lapsed	0	3,948	695,076
Options exercised	1,133,452	411,824	0
SARs exercised	117,124	18,752	0
Outstanding options as at 30 September 2008	0	2,726,658	0
Outstanding SARs as at 30 September 2008	0	245,280	0

As at 30 September 2008, provisions for the 2006 SAR Plan and the 2006 Long-Term Incentive Plan (2006 LTIP for the Board of Management) amounted to €18 million (31 December 2007: €41 million). The issued capital increased from €1,207 million to €1,209 million following the servicing of the stock options from the 2003 and 2004 tranches. It is now composed of 1,209,015,874 no-par value registered shares.

**5 Earnings per share**

Basic earnings per share in the period under review were €1.21.

**Basic earnings per share**

	9M	
	2007	2008
Consolidated net profit for the period attributable to Deutsche Post AG shareholders (€m)	1,134	1,466
Weighted average number of shares outstanding	1,204,570,530	1,208,485,299
<b>Basic earnings per share (€)</b>	<b>0.94</b>	<b>1.21</b>
of which from continuing operations	0.65	1.25
of which from discontinued operations	0.29	-0.04

Diluted earnings per share in the period under review were €1.21. There were 2,726,658 stock options for executives at the reporting date, 294,697 of which were dilutive.

**Diluted earnings per share**

	9M	
	2007	2008
Consolidated net profit for the period attributable to Deutsche Post AG shareholders (€m)	1,134	1,466
Weighted average number of shares outstanding	1,204,570,530	1,208,485,299
Potentially dilutive shares	3,172,980	294,697
Weighted average number of shares for diluted earnings	1,207,743,510	1,208,779,996
<b>Diluted earnings per share (€)</b>	<b>0.94</b>	<b>1.21</b>
of which from continuing operations	0.65	1.25
of which from discontinued operations	0.29	-0.04

## 6 Related party disclosures

There have been no material changes in related party disclosures as against 31 December 2007; see Note 52 in the i 2007 Annual Report. In the course of the period, eight members were elected or appointed by the courts to the Supervisory Board. One Supervisory Board member is a member of either the management board or the supervisory board at companies that are engaged in business transactions with Deutsche Post AG which, individually or in the aggregate, are insignificant. These transactions primarily relate to services provided between the parties.

## 7 Contingent liabilities

The Group's contingent liabilities have not changed significantly compared with 31 December 2007.

## 8 Other operating income and expenses

### Other operating income

€m	9M	
	2007 restated <sup>1)</sup>	2008
Income from prior-period billings	55	610
Income from currency translation differences	156	151
Income from the reversal of provisions	57	147
Rental and lease income	117	134
Insurance income	136	133
Income from work performed and capitalised	94	110
Income from fees and reimbursements	100	82
Income from the derecognition of liabilities	33	80
Gains on disposal of non-current assets	80	77
Commission income	51	63
Reversals of impairment losses on receivables and other assets	47	49
Income from derivatives	6	48
Income from loss compensation	20	17
Recoveries on receivables previously written off	14	6
Subsidies	7	5
Income from the sale of Vfw AG, Germany	59	0
Miscellaneous	341	267
<b>Other operating income</b>	<b>1,373</b>	<b>1,979</b>

1) For details of the change in the presentation of the Deutsche Postbank Group, see Note 10.

The €572 million increase in income from prior-period billings relates to the operating component of the state-aid repayment. In June 2008, the provision for the funding of shortfalls in the Postal Civil Service Health Insurance Fund was reversed in the amount of €61 million.

Miscellaneous other operating income includes a number of smaller individual items.

**Other operating expenses**

€m	9M	
	2007 restated <sup>1)</sup>	2008
Travel and training costs	350	332
Public relations expenses	318	286
Warranty expenses, refunds and compensation payments	278	259
Other business taxes	274	253
Cost of purchased cleaning, transport and security services	221	223
Telecommunication costs	224	201
Write-downs of current assets	168	193
Consulting costs	178	189
Expenses from currency translation differences	154	152
Office supplies	162	152
Entertainment and corporate hospitality expenses	117	117
Voluntary social benefits	96	111
Legal costs	53	65
Prior-period other operating expenses	38	62
Services provided by the Federal Posts and Telecommunications Agency	53	52
Commissions paid	45	48
Expenses from derivatives	3	46
Losses on disposal of assets	29	33
Monetary transaction costs	25	27
Audit costs	25	25
Donations	16	18
Tax advisory costs	8	10
Addition to provisions	12	3
Miscellaneous	16	254
<b>Other operating expenses</b>	<b>2,863</b>	<b>3,111</b>

1) For details of the change in the presentation of the Deutsche Postbank Group, see Note 10.

Miscellaneous other operating expenses include a number of smaller individual items.

**9 Segment reporting disclosures**

As announced in November 2007 as part of the Roadmap to Value capital markets programme, segment reporting was restructured with effect from 1 January 2008. The costs of Global Business Services were allocated in full to the operating divisions. Deutsche Post AG's retail outlets were transferred to the MAIL segment. As the services area did not retain any significant opportunities and risks, it was no longer a segment within the meaning of IAS 14. The SERVICES segment was therefore dissolved. The remaining items of this segment and the entire Corporate Center are now reported in the Corporate Center/Other column, which also includes the consolidation of intersegment transactions.

In addition, the LOGISTICS Division was restructured and allocated between two board departments in March 2008. The new structure is reflected in the segment reporting. The LOGISTICS Division was dissolved and replaced by two new segments:

#### New reporting structure

Segment	FORWARDING/FREIGHT	SUPPLY CHAIN/CIS
Business unit	DHL Global Forwarding DHL Freight	DHL Exel Supply Chain Corporate Information Solutions <sup>1)</sup>

1) The Corporate Information Solutions Business Unit was previously allocated to the MAIL segment.

Due to the new reporting structure, the goodwill attributable to the former LOGISTICS segment was allocated to the new logistics segments. Goodwill amounts to €263 million for the FORWARDING/FREIGHT segment and to €198 million for the SUPPLY CHAIN/CIS segment. The new reporting structure reflects the increasing business volume and the different business models. The prior-year figures were restated accordingly.

With effect from 30 September 2008, the Pension Service was transferred from the FINANCIAL SERVICES segment to the MAIL segment due to a regulatory environment that is almost the same. The Deutsche Postbank Group remains in the FINANCIAL SERVICES segment and is presented separately under discontinued operations. The prior-year figures were restated accordingly.

#### 10 Assets held for sale, liabilities associated with assets held for sale and discontinued operations

The amounts reported as assets held for sale and liabilities associated with assets held for sale in accordance with IFRS 5 relate primarily to the planned sale of the minority stake in the Deutsche Postbank Group:

€m	Assets		Liabilities	
	31 Dec. 2007	30 Sep. 2008	31 Dec. 2007	30 Sep. 2008
Deutsche Postbank Group	0	217,667	0	215,034
Deutsche Postbank Group – credit card and sales financing business (BHW Bank AG)	565	0	44	0
Other	50	33	0	0
<b>Assets held for sale, liabilities associated with assets held for sale</b>	<b>615</b>	<b>217,700</b>	<b>44</b>	<b>215,034</b>

In September 2008, steps were initiated to sell the Deutsche Postbank Group following the decision taken by management on 12 September 2008. Deutsche Post AG plans to sell a 29.75% minority stake in Deutsche Postbank AG to Deutsche Bank AG for €2.79 billion or €57.25 per share. The sale of the shareholding is subject to approval by the relevant regulatory and competition authorities and the German federal government and will be completed in the first quarter of 2009. Furthermore, mutual call/put options for additional shares in Deutsche Postbank AG have been agreed. Deutsche

Post AG has granted Deutsche Bank AG the option of acquiring an additional 18.0% of the shares of Deutsche Postbank AG for €55.00 per share. This option can be exercised between 12 and 36 months after the acquisition of the 29.75% has been completed. At the same time, Deutsche Post AG has been granted a put option to sell its remaining stake of 20.25% plus one share in the Deutsche Postbank Group to Deutsche Bank AG for €42.80 per share. Deutsche Post AG can exercise its option between 21 and 36 months after the sale of its minority stake to Deutsche Bank has been completed. In addition, Deutsche Post AG has granted Deutsche Bank AG a right of first refusal for its remaining shares in the Deutsche Postbank Group. Deutsche Bank can pay for the stakes from both options in cash or fully or partially with its own shares.

The Deutsche Postbank Group, part of the FINANCIAL SERVICES segment, is presented in these financial statements under discontinued operations. The assets and liabilities of the Deutsche Postbank Group are presented as discontinued operations in accordance with IFRS 5.

#### Deutsche Postbank Group

€m	30 September 2008
<b>ASSETS</b>	
Intangible assets	1,418
Property, plant and equipment	897
Investment property	73
Non-current financial assets	96
Deferred tax assets	869
Income tax assets	188
Current receivables and other assets	882
Receivables and other securities from financial services	209,758
Cash and cash equivalents	3,486
<b>Total assets</b>	<b>217,667</b>
<b>EQUITY AND LIABILITIES</b>	
Non-current provisions	2,096
Non-current financial liabilities	5,263
Deferred tax liabilities	964
Current provisions	26
Income tax provisions	169
Current financial liabilities	585
Current liabilities	612
Liabilities from financial services	205,319
<b>Total equity and liabilities</b>	<b>215,034</b>

#### Cumulative income and expenses recognised in equity

€m	Equity attributable to Deutsche Post AG shareholders	Minority interest	Total equity
IAS 39 revaluation reserve	-947	-947	-1,894
Currency translation reserve	-77	-77	-154
	<b>-1,024</b>	<b>-1,024</b>	<b>-2,048</b>

In preparing its interim financial statements, the Deutsche Postbank Group made use of the option to reclassify with effect from 1 July 2008 certain financial assets having met the necessary criteria. This option was made available to the Deutsche Postbank Group by virtue of the amendments to IAS 39 and IFRS 7 (Reclassification of Financial Assets) issued by the IASB on 13 October 2008. These amendments were transposed into European law by the Commission of the European Communities by virtue of Commission Regulation (EC) No 1004/2008 dated 15 October 2008, and entered into effect on 17 October 2008.

The Deutsche Postbank Group has altered its intention to hold a portion of the bonds in its portfolio as available for sale, and now intends to hold them for the foreseeable future. It therefore reclassified foreign currency bonds with a principal amount of €1,596 million out of the available-for-sale category to the loans-and-receivables category at a fair value of €1,463 million with retroactive effect from 1 July 2008 in accordance with IAS 39.50E. As at 30 September 2008, these bonds had a fair value of €1,543 million and, after adjustment for foreign currency effects, a carrying amount of €1,612 million. Prior to their reclassification, the changes in fair value recognised in the revaluation reserve for the bonds that were reclassified amounted to €-81 million (previous year: €-30 million). Had the Deutsche Postbank Group not changed its intention to hold the bonds, the fair value loss would have increased by a further €69 million in the third quarter of 2008. Given a nominal weighting of the reclassified bonds, the effective interest rate calculated on the basis of their restated cost as at the date of reclassification was 5.48%. The expected cash flows that Postbank hopes to recover as at the date of the reclassification amount to €2,130 million. As at 30 September 2008, there was no impairment charged to the reclassified bonds. No bonds were sold during the reporting period.

#### Result from discontinued operations

€m	30 Sep. 2007	30 Sep. 2008
Revenue and operating income	8,071	8,143
Operating expenses	-7,212	-8,197
<b>Profit/loss from operating activities (EBIT)</b>	<b>859</b>	<b>-54</b>
Net finance costs	-53	-50
<b>Profit/loss before taxes from discontinued operations</b>	<b>806</b>	<b>-104</b>
Attributable tax expense	-106	-2
<b>Profit/loss after taxes from discontinued operations</b>	<b>700</b>	<b>-106</b>
Gain/loss on remeasurement of assets held for sale	0	0
<b>Profit/loss from discontinued operations</b>	<b>700</b>	<b>-106</b>

In financial year 2008, the crisis on the financial markets mainly impacted net trading income, net income from investment securities and the allowance for losses on loans and advances. Amongst other things, the Deutsche Postbank Group recognised write-downs of €364 million on its exposure to Lehman Brothers, the US investment bank granted creditor protection, and of €31 million on its exposure to Icelandic banks. In addition, impairment losses of €75 million on the Deutsche Postbank Group's

portfolio of shares and investment fund shares and of €137 million on structured credit products impacted earnings. Charges of €398 million were also recognised in relation to the remeasurement of embedded derivatives from the structured credit substitute business.

The Deutsche Postbank Group had irrevocable loan commitments amounting to €22,742 million (31 December 2007: €23,480 million).

The Deutsche Postbank Group's sale of the credit card and financing business of BHW Bank AG was completed in the first quarter of 2008. The acquirer was Landesbank Berlin. In the third quarter, the IT equipment reported in the course of the period as assets held for sale was reclassified as property, plant and equipment. At the end of July, it was announced that efforts to outsource the IT infrastructure to Hewlett-Packard Services had been discontinued.

#### **11 Other disclosures/events after the balance sheet date**

The Supervisory Board of Deutsche Post AG has approved that Deutsche Post AG, as the majority shareholder of Deutsche Postbank AG, will participate with up to 100% in the bank's planned capital increase. Deutsche Post AG has committed to subscribe to the planned rights issue of 54.8 million shares at the subscription price according to its stake of 50% plus one share in Postbank. As far as the subscription price does not exceed €18.25, Deutsche Post AG has also committed to subscribe to all shares that are not taken up by the market at the subscription price. The maximum commitment by Deutsche Post AG thus would not exceed €1 billion.

As a result of this measure, Deutsche Post's stake in Postbank would initially increase to a maximum of 62.52%. The September agreement with Deutsche Bank AG, under which it will – upon antitrust and regulatory approvals – acquire a 29.75% stake in Postbank from Deutsche Post in the first quarter of 2009, remains in place. The agreement provides that Deutsche Bank will assume 29.75% of the newly issued shares from Deutsche Post at the subscription price when the transaction is completed in the first quarter of 2009. The prices for the old shares remain as agreed on.

Deutsche Post World Net announced on 10 November 2008 that it will exit the domestic express business in the USA at the start of 2009. The international express offering in the US will be maintained on today's level. Total costs for restructuring the US express business are now at €3 billion, of which the majority will be recorded in the current year.

Due to increasing restructuring costs of €3 billion for the express business in the USA, one-off charges between €400 million and €500 million in other businesses and possible write-downs in the SUPPLY CHAIN/CIS Division, the Group will probably see a full-year reported net loss for 2008.

## 12 Additional information: Consolidated interim financial statements including the Deutsche Postbank Group at equity

In addition to the consolidated interim financial statements in which the Deutsche Postbank Group is fully consolidated, consolidated interim financial statements have been prepared with the Deutsche Postbank Group included at equity, as the activities of the Deutsche Postbank Group differ substantially from the ordinary activities of the other companies in Deutsche Post World Net. The Deutsche Postbank Group was excluded from full consolidation in the accompanying consolidated interim financial statements for the period ended 30 September 2008. The Deutsche Postbank Group is accounted for in these financial statements only as a financial investment carried at equity.

The accounting treatment in these additional financial statements differs from the standards required by the IFRSs to the extent that the Deutsche Postbank Group was not fully consolidated, as required by IAS 27, but was accounted for at equity.

### 12.1 Additional information: Income statement (Postbank at equity)

1 January to 30 September

€m	9M		Q3	
	2007 restated <sup>1)</sup>	2008	2007 restated <sup>1)</sup>	2008
Revenue	39,545	40,454	13,258	13,801
Other operating income	1,373	1,979	557	942
<b>Total operating income</b>	<b>40,918</b>	<b>42,433</b>	<b>13,815</b>	<b>14,743</b>
Materials expense	-22,135	-23,253	-7,565	-8,023
Staff costs	-13,050	-12,838	-4,323	-4,267
Depreciation, amortisation and impairment losses	-1,187	-1,100	-410	-378
Other operating expenses	-2,863	-3,111	-1,048	-1,113
<b>Total operating expenses</b>	<b>-39,235</b>	<b>-40,302</b>	<b>-13,346</b>	<b>-13,781</b>
<b>Profit from operating activities (EBIT)</b>	<b>1,683</b>	<b>2,131</b>	<b>469</b>	<b>962</b>
Net income from associates	3	2	3	0
Net income from measurement of Deutsche Postbank Group at equity	350	-53	202	-171
Other financial income	90	572	32	523
Other finance costs	-804	-811	-279	-244
Net other finance costs/net other financial income	-714	-239	-247	279
<b>Net finance costs/net financial income</b>	<b>-361</b>	<b>-290</b>	<b>-42</b>	<b>108</b>
<b>Profit before income taxes</b>	<b>1,322</b>	<b>1,841</b>	<b>427</b>	<b>1,070</b>
Income tax expense	-143	-329	-60	-247
<b>Consolidated net profit for the period</b>	<b>1,179</b>	<b>1,512</b>	<b>367</b>	<b>823</b>
attributable to				
Deutsche Post AG shareholders	1,134	1,466	350	805
Minorities	45	46	17	18

1) See Note 1.

## 12.2 Additional information: Balance sheet (Postbank at equity)

as at 30 September 2008

€m	31 Dec. 2007	30 Sep. 2008
<b>ASSETS</b>		
Intangible assets	12,792	12,895
Property, plant and equipment	7,826	6,933
Investment property	115	30
Investments in associates	203	190
Investments in Deutsche Postbank Group	1,662	820
Other non-current financial assets	754	585
Non-current financial assets	2,619	1,595
Other non-current assets	497	538
Deferred tax assets	537	371
<b>Non-current assets</b>	<b>24,386</b>	<b>22,362</b>
Inventories	248	275
Income tax assets	195	213
Receivables and other assets	9,377	10,397
Financial instruments	74	154
Cash and cash equivalents	1,339	1,245
Assets held for sale	50	33
<b>Current assets</b>	<b>11,283</b>	<b>12,317</b>
<b>Total assets</b>	<b>35,669</b>	<b>34,679</b>
<b>EQUITY AND LIABILITIES</b>		
Issued capital	1,207	1,209
Other reserves	875	205
Retained earnings	8,976	9,355
Equity attributable to Deutsche Post AG shareholders	<b>11,058</b>	<b>10,769</b>
Minority interest	146	129
<b>Equity</b>	<b>11,204</b>	<b>10,898</b>
Provisions for pensions and other employee benefits	4,846	4,747
Deferred tax liabilities	467	430
Other non-current provisions	2,073	1,866
<b>Non-current provisions</b>	<b>7,386</b>	<b>7,043</b>
Non-current financial liabilities	3,822	3,385
Other non-current liabilities	365	314
<b>Non-current liabilities</b>	<b>4,187</b>	<b>3,699</b>
<b>Non-current provisions and liabilities</b>	<b>11,573</b>	<b>10,742</b>
Income tax provisions	213	235
Other current provisions	1,680	1,701
<b>Current provisions</b>	<b>1,893</b>	<b>1,936</b>
Current financial liabilities	1,156	1,082
Trade payables	5,211	5,134
Income tax liabilities	139	102
Other current liabilities	4,493	4,785
Liabilities associated with assets held for sale	0	0
<b>Current liabilities</b>	<b>10,999</b>	<b>11,103</b>
<b>Current provisions and liabilities</b>	<b>12,892</b>	<b>13,039</b>
<b>Total equity and liabilities</b>	<b>35,669</b>	<b>34,679</b>

### 12.3 Additional information: Cash flow statement (Postbank at equity)

#### 1 January to 30 September

€m	9M		Q3	
	2007 restated <sup>1)</sup>	2008	2007 restated <sup>1)</sup>	2008
<b>Net profit before taxes</b>	<b>1,322</b>	<b>1,841</b>	<b>427</b>	<b>1,070</b>
Net finance costs/net financial income excluding net income from measurement at equity	711	237	244	-279
Net income from measurement at equity	-350	53	-202	171
<b>Profit from operating activities (EBIT)</b>	<b>1,683</b>	<b>2,131</b>	<b>469</b>	<b>962</b>
Depreciation/amortisation of non-current assets	1,187	1,100	410	378
Net income from disposal of non-current assets	-107	-48	-13	-7
Non-cash income and expense	71	82	10	12
Change in provisions	-446	-760	-128	-191
Change in other assets and liabilities	-107	-4	-6	25
Taxes paid	-217	-237	-76	-53
<b>Net cash from operating activities before changes in working capital</b>	<b>2,064</b>	<b>2,264</b>	<b>666</b>	<b>1,126</b>
Changes in working capital				
Inventories	10	-29	-11	12
Receivables and other assets	-988	-480	-359	42
Liabilities and other items	205	166	206	118
<b>Net cash from operating activities</b>	<b>1,291</b>	<b>1,921</b>	<b>502</b>	<b>1,298</b>
Proceeds from disposal of non-current assets				
Divestitures	50	1	0	1
Other non-current assets	376	804	71	72
	<b>426</b>	<b>805</b>	<b>71</b>	<b>73</b>
Cash paid to acquire non-current assets				
Investments in companies	-298	-452	-3	-32
Other non-current assets	-1,254	-1,210	-463	-428
	<b>-1,552</b>	<b>-1,662</b>	<b>-466</b>	<b>-460</b>
Interest received	87	544	39	516
Postbank dividend	103	103	0	0
Current financial instruments	2	-59	2	-64
<b>Net cash used in/from investing activities</b>	<b>-934</b>	<b>-269</b>	<b>-354</b>	<b>65</b>
Change in financial liabilities	273	-355	-23	-1,158
Other financing activities	19	29	15	-39
Dividend paid to Deutsche Post AG shareholders	-903	-1,087	0	0
Dividend paid to other shareholders	-30	-49	-24	-16
Issuance of shares under stock option plan	50	21	20	3
Interest paid	-256	-304	-71	-61
<b>Net cash used in financing activities</b>	<b>-847</b>	<b>-1,745</b>	<b>-83</b>	<b>-1,271</b>
Net change in cash and cash equivalents	-490	-93	65	92
Effect of changes in exchange rates on cash and cash equivalents	-28	-3	-25	33
Changes in cash and cash equivalents due to changes in consolidated group	24	2	0	0
Cash and cash equivalents at beginning of reporting period	1,761	1,339	1,227	1,120
<b>Cash and cash equivalents at end of reporting period</b>	<b>1,267</b>	<b>1,245</b>	<b>1,267</b>	<b>1,245</b>

1) See Note 1.