Interim Report
January 1 to September 30, 2004

Deutsche Post World Net

MAIL EXPRESS LOGISTICS FINANCE

The first nine months of 2004

- Group increases revenue by 9.7% to €31,714 million
- LOGISTICS and FINANCIAL SERVICES the main drivers of 10.7% earnings rise to €2,257 million
- Net debt (Postbank at equity) falls to €332 million
- Additional expenditure approved for express business in USA
- Measures implemented under STAR contribute €296 million to earnings; program has generated a total of €719 million since launch in November 2002
- Group earnings forecasts for 2004 and 2005 confirmed

Financial highlights

		Jan. 1 – Sept. 30, 2003	Jan. 1 – Sept. 30, 2004	Change in %
Revenue	in €m	28,903	31,714	9.7
thereof international revenue	in €m	11,912	15,125	27.0
Profit from operating activities (EBITA)	in €m	2,039	2,257	10.7
Consolidated net profit	in €m	869	890	2.4
Operating cash flow (Postbank at equity)[1]	in €m	1,865	1,915	2.7
Earnings per share	in €	0.78	0.80	2.6

[1] Prior-period amount restated: the effect of changes in exchange rates on cash and cash equivalents is now presented separately

Selected indicators for net assets (Postbank at equity)

		Dec. 31, 2003	Sept. 30, 2004	Change in %
Net debt	in €m	2,044	332	–83.8
Net gearing	in %	25.1	4.9	

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You can find up-to-date news regarding the Group as well as our stock, bonds and investor events on our website at **http://investorrelations.dpwn.com.** All the documents can be also be downloaded from there.

Report by the Board of Management

Economic environment

Global recovery has tailed off somewhat, especially in the USA and China, where it had been the strongest. Part of the explanation for the weakening of the **global economic situation** stems from the tightening of the previously expansionary economic policy. The sharp increase in crude oil prices was also a contributing factor. The price of a barrel (159 liters) of Brent crude even passed the US$50 mark for the first time in October 2004.

Corporate demand also provided vital economic support in the **USA** in Q3/2004. However, the recovery there has weakened since the beginning of the year, with the decline in purchasing power driven by the price of oil holding back private consumption. In addition, the US Federal Reserve tightened monetary policy slightly and raised key rates to 1.75% in its third interest rate hike this year.

The economy in **Japan** is continuing to recover. The expansion of output and demand in **China** slowed in the period under review, following a range of restrictive administrative measures imposed by the government in the past year.

The moderate economic expansion in the **euro zone** continued, although there were significant differences between the countries. Domestic demand increased only slightly in Germany, Italy and the Netherlands, while private consumption in particular picked up in Spain and France. Exports increased throughout the euro zone.

Export growth was particularly strong in **Germany,** where the competitive position of domestic producers improved due to lower inflation. However, this only partly cushioned the continuing weak development in domestic demand. The Ifo business climate index most recently moved sideways. There has also been no improvement in the situation on the labor market. Overall, economic research institutes believe that Germany lacks the momentum that it showed in previous upturns.

Business developments

In the first nine months of the current fiscal year, the Group increased its **revenue** by 9.7% to €31,714 million (previous year: €28,903 million). As at the mid-year point, the EXPRESS and LOGISTICS Corporate Divisions proved to be the growth drivers. The MAIL Corporate Division also continued to grow. Reflecting our growing internationalization, the **proportion of consolidated revenue generated abroad** rose again, to 47.7%, from 41.2% in the first nine months of the previous year. This increase was driven forward in particular by the acquisition of Airborne, Inc. in 2003.

The materials expense rose by 14.3% to €14,933 million (previous year: €13,070 million) in the period under review, which was due largely to acquisitions. At 7%, staff costs increased at a slower rate than revenue, amounting to €10,554 million as compared with €9,865 million in the previous year.

The **profit from operating activities (EBITA)** increased in the period under review, largely on the back of healthy business development in the LOGISTICS and FINANCIAL SERVICES Corporate Divisions, rising 10.7% to €2,257 million (previous year: €2,039 million). This also includes net income (EBITA) of around €75 million resulting from Postbank's IPO in June 2004.

Goodwill amortization rose as planned by 29.8% in the period under review to €279 million (previous year: €215 million). A substantial proportion of this was due to the acquisition of Airborne, Inc.

Net finance costs amounted to €595 million for the first nine months of 2004, compared with €545 million in the prior-year period. The change is due largely to higher interest costs on discounted provisions.

At a tax rate of around 30%, we are reporting a **consolidated net profit** of €890 million for the period January to September 2004, compared with €869 million in the prior-year period. The **minority interest** rose from €23 million to €79 million following Postbank's IPO. As a result, **earnings per share** improved only slightly from €0.78 to €0.80.

Operating cash flow for the period under review in the "Postbank at equity" scenario amounted to €1,915 million (previous year: €1,865 million).

The proceeds from Postbank's IPO contributed approximately €1.6 billion to **net cash from investing activities** (Postbank at equity), which amounted to €562 million. In the previous year, we recorded net cash used in investing activities of €2,369 million.

In July 2004, the Group also received proceeds of around €1 billion from the exchangeable bond on Postbank stock and the greenshoe. This is reflected in the item "Proceeds from issue of financial liabilities". **Net cash used in financing activities** (Postbank at equity) totaled €300 million in the period under review (previous year: €639 million).

As of September 30, 2004 **cash and cash equivalents** (Postbank at equity) amounted to €4,553 million (previous year: €846 million).

This substantial increase in cash lowered the Group's **net debt** (Postbank at equity), from €2,044 million as of December 31, 2003 to €332 million as of September 30, 2004. **Net gearing** in the "Postbank at equity" scenario fell correspondingly from 25.1% at the end of 2003 to 4.9% at September 30, 2004.

The Group's **capex**, i.e. investments in property, plant and equipment, and intangible assets (excluding goodwill), increased by 13.1% to €995 million in the period under review (previous year: €880 million). This reflects investments in the MAIL Corporate Division, particularly in vehicles and technical equipment. We have also improved our network structures in the EXPRESS Corporate Division, and invested in the expansion of the data center in Prague and the integration of Airborne, Inc. in the USA.

Risk report

The following report details material risks that have arisen since the publication of the 2003 Annual Report. You can find a detailed description of the significant opportunities and risks for the Group starting on page 82 of the 2003 Annual Report.

According to a press release on October 20, 2004, the European Commission announced that it had ruled against the Federal Republic of Germany, finding that the relevant provisions of the *Postgesetz* (German Postal Act) are not consistent with EU law. This ruling related to downstream access to Deutsche Post's networks by mail consolidators (companies that collect letters from several senders, bundle them and hand them over to Deutsche Post AG at a discount). The Federal Republic of Germany is now obliged to inform the European Commission within two months of the measures it has taken to satisfy EU law.

The *Bundeskartellamt* (German Federal Antitrust Authority) has initiated proceedings to this effect against Deutsche Post AG, and is expected to rule shortly that Deutsche Post AG is required to grant mail consolidators downstream access to its networks.

If the rulings result in such an obligation, this could lead to revenue losses in each of the coming years of no more than the low hundreds of millions. In our view, the *Postgesetz* and the scope of the exclusive license comply with Community and competition law. Granting downstream access to our networks to mail consolidators for shipments within the limits of the reserved area would in particular breach Deutsche Post AG's exclusive license.

An allegation from the *Monopolkommission* (German Monopoly Commission) is the subject of a request for information by the European Commission to the German Federal Government in response to a complaint by a third party on October 11, 2004. The allegation is that Deutsche Post AG contravenes the prohibition on state aid enshrined in the EU Treaty by allowing Deutsche Postbank AG to use Deutsche Post outlets at below market rates. Deutsche Post AG continues to maintain that the allegation is inaccurate and that the fee charged to Deutsche Postbank AG complies with the provisions on competition and state aid laid down in European law.

The European Commission's request for information also includes questions relating to the sale by the German Federal Government of the complete interest in Deutsche Postbank AG to Deutsche Post AG on January 1, 1999. However, the European Commission had already investigated the allegation of a sale at below market price as part of the state aid proceedings concluded by a ruling dated June 19, 2002. At the time, it explicitly concluded that "the acquisition of Postbank involved no grant of state aid". Nevertheless, it cannot be ruled out that the European Commission will again review this allegation.

With regard to both allegations relating to the request for information, it cannot be ruled out that the European Commission will find that the facts of the case constitute state aid.

There are risks in the area of information technology, primarily relating to the integration of DHL's global activities: the centralization of the IT infrastructure at three global locations generally means a higher susceptibility to business interruptions, such as natural disasters or human error. We take preventative action against the occurrence of risks using a specially developed IT risk management system incorporating numerous security measures.

To safeguard against fuel price risks, we are levying surcharges in our express business that are calculated according to the development of crude oil prices. Our surcharges could increase and our services could therefore become more expensive as a result of a further price increase in aviation fuel and diesel fuel. This may lead to a drop in demand and thus to revenue losses.

Other information

As a service provider, Deutsche Post World Net does not undertake any **research and development** activities in the narrower sense, and thus does not report significant expenses.

The economic conditions for the Group have not changed significantly since the end of the period under review.

Significant events

DHL opens new freight center in Hong Kong

The new central transshipment hub at Hong Kong International Airport began operating on schedule: DHL has invested around €90 million in this key infrastructure measure. The freight center is the largest and most modern of its kind in the region, and is a major component in our Asia strategy.

Deutsche Post expands presence on Spanish mail market

Deutsche Post is continuing its strategy of entering national mail markets abroad by acquiring around 38% of the shares in the Spanish company Unipost. The country's largest private postal service provider reaches at least 70% of the Spanish population with over two million shipments a day.

Deutsche Post expands its network in Latin America

Deutsche Post World Net has entered into a strategic partnership with the Mexican postal service SePoMex in the area of international mail services. This agreement means that we can offer cost-effective, fast and efficient shipping solutions to and from Latin America.

Postbank shares admitted to stock market indices

Just under three months after its IPO, Deutsche Postbank AG's shares were admitted to the MDAX and Dow Jones STOXX 600 indices on September 20, 2004.

After September 30, 2004

New brand for international mail services

In October 2004, Deutsche Post World Net will begin bundling its international mail services outside Germany under a new umbrella brand: in future, the name DHL Global Mail will symbolize our global one-stop shopping concept.

Overview of significant events

In Q3/2004	
August 10	New freight and logistics center opens in Hong Kong
August 12	DHL awarded logistics contract by Samsung in Eastern Europe
September 20	Postbank admitted to MDAX
September 24	DHL's new European data center opens in Prague
September 28	Deutsche Post acquires an interest in the Spanish company Unipost
September 30	Deutsche Post enters into strategic partnership in Mexico

After September 30, 2004	
October 7	Launch of new brand for international mail services – DHL Global Mail
October 12	Lufthansa Cargo and Deutsche Post expand their cooperation in international airmail services
October 22	Listing of previously untraded Deutsche Post stock

The STAR value creation and integration program

DHL completes its IT infrastructure

As planned, we opened a new regional data center in Prague. Together with its existing locations in Scottsdale, USA, and Kuala Lumpur, Malaysia, the express and logistics service provider DHL now has three centers in different time zones that enable it to provide technical support for and safeguard its global business activities around the clock. Around 800 employees are expected to be working in Prague by spring 2005. Deutsche Post is investing €500 million in the project over a period of five years.

DHL relies on its own airfreight capacity

Both DHL Danzas Air & Ocean and DHL Global Mail are increasingly using DHL aircraft instead of purchasing airfreight space externally. This enables us to increase our capacity utilization, cut costs and improve the Group's cash flow position by reducing cash flows to third parties.

Increased efficiency at Group headquarters

The Corporate Center & Overhead sub-program was successfully completed after around 30 months. Its goal was to improve the efficiency of the work performed by Group headquarters and internal service providers. The program succeeded in doing this by refocusing the content and organization of central functions, defining service portfolios for 15 internal service providers and establishing productivity goals. By the end of 2005, we expect these measures to lead to substantial improvements in results mainly due to a reduction in consulting, IT and marketing expenses and staff costs.

Bundled purchasing activities cut costs

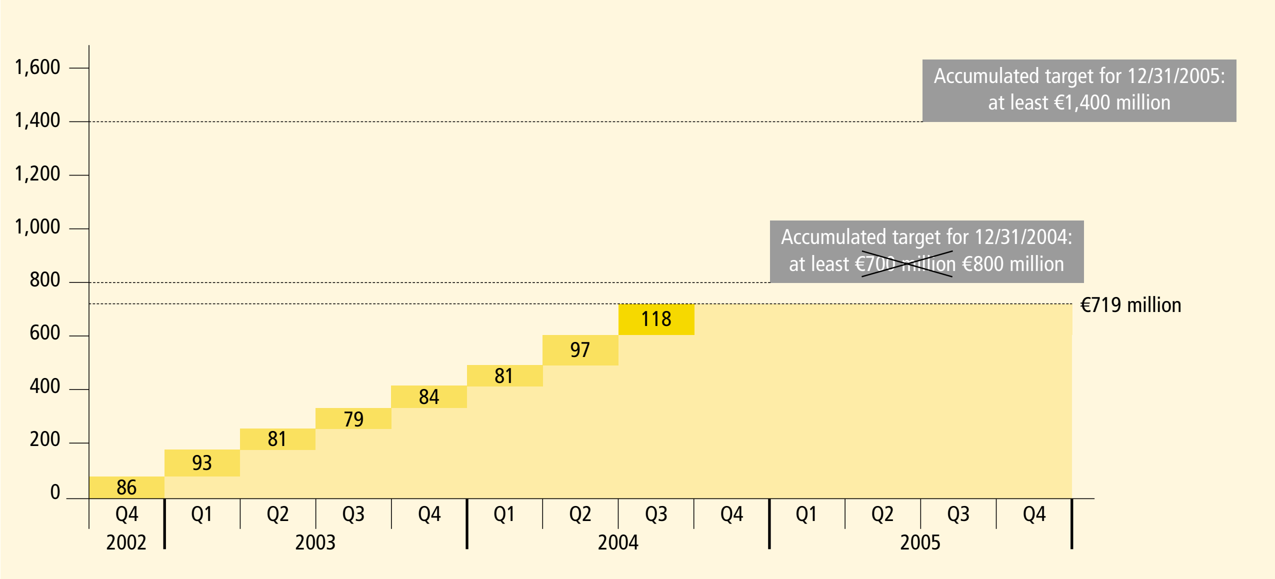
We are bundling the Group's purchasing activities in a large number of subprojects. Two concrete examples of this are as follows:

- We have standardized the packaging used by business customers worldwide. Following its acquisition of Airborne, Inc., this allows DHL to present a single face to customers right down to the product level. We can now bundle demand for packaging materials across our divisions and purchase from a pool of manufacturers.
- We have meanwhile established standardized Group-wide guidelines for the procurement of uniforms and protective clothing. At the same time, we have reduced the number of suppliers from more than 1,000 to around 20 internationally renowned companies. We are cutting costs across the Group by consolidating volumes and simplifying procurement processes.

Contribution to earnings from the STAR program

A series of key projects such as Group-wide procurement have produced results more rapidly than originally planned. Thus in the first nine months of the current fiscal year, we were able to generate an earnings contribution of €296 million from the STAR value creation program. Since the beginning of the program in November 2002, STAR has made an accumulated earnings contribution of €719 million.

Accumulated earnings contribution from STAR since November 2002
in €m



Outlook

The expansion of macroeconomic production in the industrialized nations is set to continue throughout the remainder of this year and in 2005, although not at the same rate. Economics institutes expect only a gradual fall in the price of oil, plus a decline in the stimuli offered by monetary and financial policies. Nonetheless, the economic upswing appears to have consolidated enough to ensure that the **world economy** does not slide into recession.

Economic expansion in the **USA** will continue to slow down somewhat. **China** is likely to succeed in achieving a soft landing for its boiling economy over the rest of the year. Chinese demand for imports will therefore increase at a slower rate next year, although it will still provide a significant stimulus for the world economy. **Japan** in particular will feel the effects of the slower rise in demand in China; however, the domestic economy is likely to firm up.

Economic growth in the **euro zone** is expected to slow down slightly, and is not forecast to pick up in 2005 either. Economic experts believe that the ECB is considering increasing interest rates in the coming year.

Investment by companies in **Germany** is expected to pick up over the rest of the year as a result of improved corporate earnings forecasts, thus boosting domestic demand. Consumer spending is also showing the first positive signs of an upturn, which should increase further next year if the labor market improves. The positive overall economic outlook is currently only marred by the high oil price.

On October 20, 2004 we submitted our annual application to the *Regulierungsbehörde für Telekomunikation und Post* (RegTP – Regulatory Authority for Telecommunications and Posts) for approval of the prices of key mail products applicable from January 1 to December 31, 2005. As in previous years, letter prices will be approved on the basis of regulations set down in 2002 by the RegTP (known as the price-cap procedure). Due to the low rate of inflation for 2005, we will lower the remuneration level of all baskets containing services requiring approval by an average of up to 0.7%. This will also see letter prices cut as from January 1, 2005.

We continue to expect that the **MAIL** Corporate Division will generate full-year EBITA on a par with those reported in 2003.

In the USA, additional expenses are aimed at securing DHL's long-term positive development after its acquisition of Airborne, Inc. Among other things, we intend to expand our internal transport network in America to include additional bases on the west and east coasts, to intensify marketing and to improve service quality. As a result of these additional expenses, the loss expected for the Americas region for the entire year will increase from €300 million to up to €500 million. A loss of up to €300 million is anticipated for the coming year, which means that we will not break even here until Q4/2006, rather than 2005 as planned.

Given this situation, we no longer expect the **EXPRESS** Corporate Division's EBITA to increase by at least 20% compared with the figure reported last year; instead, we are now predicting that it will decrease by a maximum of this amount.

We expect the **LOGISTICS** Corporate Division to continue its positive development over the rest of 2004. As a result, we can lift our guidance for the year as a whole, and expect an increase in EBITA of at least 25% as against the figure reported for 2003.

We are confirming our current forecast that the **FINANCIAL SERVICES** Corporate Division can achieve at least a 15% increase in earnings compared with the figure reported in 2003.

Our earnings forecasts for the Group remain unaffected by the changed timetable for our US business: we continue to expect that **EBITA** for the current fiscal year will increase by between 7.5% and 12.5% as against the figure reported in 2003, and we anticipate a figure of at least €3.6 billion for 2005. The Group is in a position to offset its additional expenses in the Americas region for the current fiscal year of around €200 million thanks to good operating results in other regions and corporate divisions; in particular, we would highlight the Asia/Pacific region and the LOGISTICS Corporate Division.

In addition, the STAR value creation program will generate a contribution to earnings of over €800 million in the current year – more than €100 million greater than previously expected.

In light of this, we intend to pass this positive overall development on to our shareholders in the form of a dividend increase.

To our Shareholders

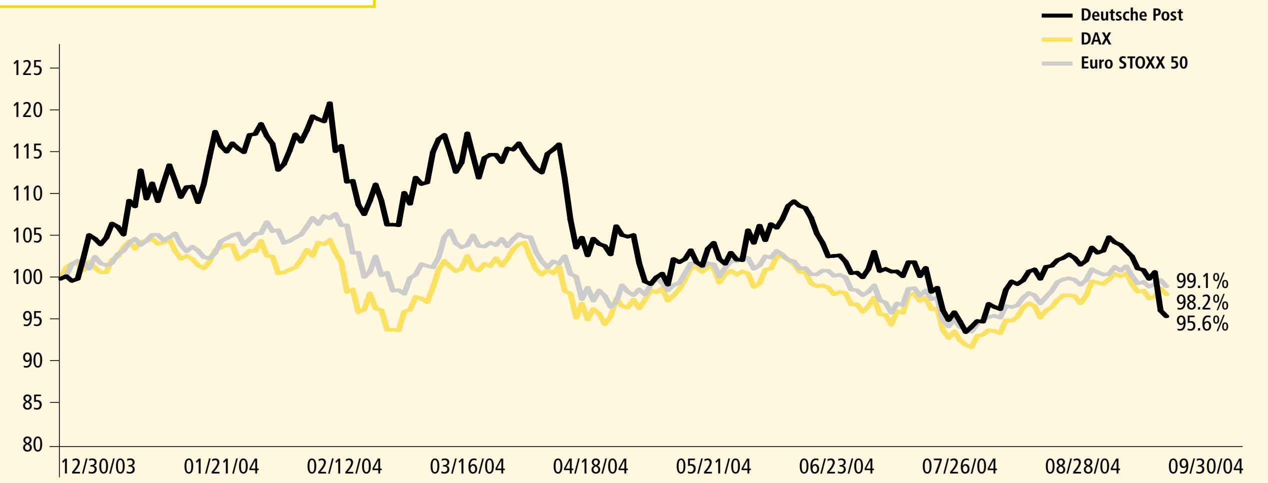
Deutsche Post stock and bonds

Deutsche Post stock under pressure

The stock markets continued to suffer in Q3 from the sustained threat of terrorism and a further rise in the price of oil. The DAX lost around 2% and the Euro STOXX just under 1% in the period under review. Although our stock managed to buck this negative trend in the first half of the year, this was no longer possible in Q3. In the period under review, Deutsche Post stock therefore recorded a loss of around 4% as compared to the 2003 annual closing price. Its closing price as of September 30, 2004 was €15.63.

In addition to the market factors mentioned above, this development was also due to our disclosure of September 28, 2004, in which we predicted that a successful long-term commitment to the American domestic express market would require further investment, and that DHL would therefore not break even in the Americas region until 2006. We comment in more detail about this on page 9.

Deutsche Post share price development
in %



Source: Bloomberg

Our stock data

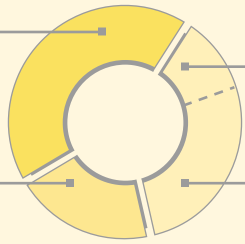
		Jan. 1 – Sept. 30, 2003	Jan. 1 – Sept. 30, 2004	Change in %
Closing price on September 30	in €	14.67	15.63	6.5
High	in €	15.82	19.81	25.2
Low	in €	8.57	15.18	77.1
Number of shares	shares	1,112,800,000	1,112,800,000	
Market capitalization	in €m	16,325	17,393	6.5
Earnings per share	in €	0.78	0.80	2.6

Current shareholder structure

On October 22, 2004 the Frankfurt Stock Exchange admitted the remaining 556,400,026 Deutsche Post AG shares to trading on all German stock markets.

At the time of our IPO in November 2000, we were obliged by law to guarantee that the Federal Republic of Germany would remain the main shareholder in Deutsche Post. For this reason, only 50% minus 26 shares were admitted to free trading. The legal requirements have now changed; the German Federal Government and KfW Bankengruppe have announced further steps to privatize Deutsche Post, although no concrete dates have been set as yet. We expressly welcome further privatization, as it will enable us to extend our investor base, achieve a stronger weighting in the relevant stock market indices, and increase the liquidity of our shares. The current shareholder structure is displayed in the diagram below.

Shareholder structure



Source: Deutsche Post AG, as of September 30, 2004

Ratings upgraded

The rating agency Standard & Poor's upgraded the outlook for Deutsche Post to "stable" in September. This was due to the announcement of the Group's intention to continue to strengthen its financial structure, and to use part of the net income generated by Postbank's IPO to reduce pension obligations, and hence net debt. Moody's also lifted its rating outlook to "stable" in October.

Deutsche Post World Net ratings

Rating	Moody's Investors Service	Standard & Poor's	Fitch Ratings
Long-term	**A1**	**A**	**A+**
Outlook	Stable	Stable	Stable
Short-term	**P-1**	**A-1**	**F1**
Last change	October 7, 2004	September, 14 2004	August 1, 2004

You can view up-to-date information on our corporate bonds and the development of the spreads on the Internet.

Investor relations

Another Capital Markets Day was held on September 6, 2004. The focus was on the EXPRESS (Americas and Asia/ Pacific regions) and LOGISTICS Corporate Divisions. Members of the Group's Board of Management and the regional management presented the results to date and the long-term strategies in their fields, and answered analysts' questions.

The investor relations team visited investors and analysts in six roadshows, in Italy, Ireland, the United Kingdom, Luxembourg, Germany, the USA and Canada during Q3/2004. They also represented our company at four conferences in Germany and abroad, and answered questions from interested private investors at the *Internationale Anlegermesse* (International Investors' Fair) in Düsseldorf.

In August, our website was named the best investor relations website of all the companies in the DAX by the independent management consultancy SirValuse. The key assessment criteria were: the extent and accessibility of the information on offer, topicality and user-friendliness.

Corporate governance

The following changes to the shareholder representatives on the Supervisory Board of Deutsche Post World Net are the only corporate governance topic to have changed as against the information provided in the interim report dated June 30, 2004:

Personnel changes on the Supervisory Board

Outgoing members	
As of July 31, 2004	Jürgen Sengera
As of August 15, 2004	Ulrike Staake
As of September 30, 2004	Dr. Manfred Overhaus

New members	
As of September 10, 2004	Roland Oetker Managing Partner ROI Verwaltungsgesellschaft mbH President of the Deutsche Schutzvereinigung für Wertpapierbesitz e. V.
As of September 10, 2004	Hans Reich Spokesman of the Board of Management of KfW Bankengruppe
As of October 11, 2004	Gerd Ehlers State Secretary, Federal Ministry of Finance

The Corporate Divisions

The segments at a glance

- MAIL increases revenue by further expanding international mail services
- EXPRESS lifts operating revenue in all regions, and earnings are up overall despite the impact of integration costs in the USA
- LOGISTICS continues its positive trend and substantially increases revenue and earnings
- FINANCIAL SERVICES maintains stable EBITA growth

Segments by corporate division for the period January 1 to September 30
in €m

	MAIL[1), 2)]		EXPRESS[1), 4)]		LOGISTICS		FINANCIAL SERVICES[1)]		Other/ Consolidation[1), 2), 4)]		Group	
	Jan. 1 – Sept. 30,		Jan. 1 – Sept. 30,		Jan. 1 – Sept. 30,		Jan. 1 – Sept. 30,		Jan. 1 – Sept. 30,		Jan. 1 – Sept. 30,	
	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004
External revenue	8,801	8,936	10,250	12,869	4,258	4,844	5,513	5,013	81	52	28,903	31,714
Internal revenue	396	471	132	115	51	79	466	477	–1,045	–1,142	0	0
Total revenue	9,197	9,407	10,382	12,984	4,309	4,923	5,979	5,490	–964	–1,090	28,903	31,714
Profit or loss from operating activities before goodwill amortization (EBITA)	1,566	1,541	131	148	135	197	356	500	–149	–129	2,039	2,257
Goodwill amortization	9	10	137	194	68	74	1	1	0	0	215	279
Profit or loss from operating activities after goodwill amortization (EBIT)	1,557	1,531	–6	–46	67	123	355	499	–149	–129	1,824	1,978
Net income from associates	0	0	–29	4	0	0	0	0	0	0	–29	4
Segment assets[5)]	4,055 [3)]	4,317	11,814	12,351	2,910	3,324	131,080	137,894	–469 [3)]	–733	149,390	157,153
Investments in associates[5)]	0	0	63	52	16	11	0	0	0	–3	79	60
Segment liabilities including non-interest-bearing provisions[5)]	2,040 [3)]	2,254	3,678	3,693	1,074	1,147	124,194	130,341	319 [3)]	534	131,305	137,969
Segment investments	232	631	968	803	227	128	125	113	–21	–1	1,531	1,674
Depreciation, amortization and write-downs	306	335	556	620	111	128	199	187	35	46	1,207	1,316
Other non-cash expenses	105	111	82	83	71	10	179	192	70	44	507	440
Employees[6)]	136,028 [3)]	135,079	129,045	139,233	31,296	30,451	33,490	32,183	10,119 [3)]	10,493	339,978	347,439

1) Prior-period amounts restated due to restructuring of Mail International Business Division and other product portfolio optimization measures
2) Prior-period amounts restated due to the allocation of Deutsche Post Com GmbH from Other/Consolidation to the MAIL Corporate Division
3) Prior-period amounts restated due to the allocation of interServ Gesellschaft für Personal- und Beraterdienstleistungen mbH from the MAIL Corporate Division to Other/Consolidation
4) Prior-period amounts restated due to the allocation in July 2003 of DHL Fulfilment GmbH from Other/Consolidation to the EXPRESS Corporate Division
5) Segment assets, investments in associates and segment liabilities are reported as of the balance sheet dates December 31, 2003 and September 30, 2004; the remaining items are reported for the periods ended September 30, 2003 and September 30, 2004
6) Number of employees calculated as averages for fiscal years 2003 and 2004 (FTEs)

Segments by region for the period January 1 to September 30
in €m

	Germany		Europe excluding Germany		Americas		Asia/Pacific		Other regions		Group	
	Jan. 1 – Sept. 30,		Jan. 1 – Sept. 30,		Jan. 1 – Sept. 30,		Jan. 1 – Sept. 30,		Jan. 1 – Sept. 30,		Jan. 1 – Sept. 30,	
	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004
External revenue	16,991	16,589	7,587	8,006	2,497	4,810	1,466	1,781	362	528	28,903	31,714
Segment assets[1)]	126,253	135,039	15,306	13,901	6,445	6,939	819	1,004	567	270	149,390	157,153
Segment investments	355	399	751	505	284	648	62	109	79	13	1,531	1,674

1) Segment assets are reported as of the balance sheet dates December 31, 2003 and September 30, 2004; the remaining items are reported for the periods ended September 30, 2003 and September 30, 2004

Segments by corporate division for Q3
in €m

	MAIL[1, 2]		EXPRESS[1, 3]		LOGISTICS		FINANCIAL SERVICES[1]		Other/ Consolidation[1, 2, 3]		Group	
		Q3		Q3		Q3		Q3		Q3		Q3
	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004
External revenue	2,856	2,965	3,481	4,296	1,521	1,707	1,798	1,689	52	12	9,708	10,669
Internal revenue	147	152	49	37	17	32	155	154	–368	–375	0	0
Total revenue	3,003	3,117	3,530	4,333	1,538	1,739	1,953	1,843	–316	–363	9,708	10,669
Profit or loss from operating activities before goodwill amortization (EBITA)	404	373	28	9	58	81	128	171	–48	–59	570	575
Goodwill amortization	3	4	52	62	23	24	1	1	0	0	79	91
Profit or loss from operating activities after goodwill amortization (EBIT)	401	369	–24	–53	35	57	127	170	–48	–59	491	484
Net income from associates	0	0	–7	–1	0	0	0	0	0	0	–7	–1
Segment investments	96	475	395	329	65	45	48	40	–10	–12	594	877
Depreciation, amortization and write-downs	100	113	193	208	37	42	67	60	10	36	407	459
Other non-cash expenses	70	34	27	29	26	6	55	54	–21	34	157	157

1) Prior-period amounts restated due to restructuring of Mail International Business Division and other product portfolio optimization measures
2) Prior-period amounts restated due to the allocation of Deutsche Post Com GmbH from Other/Consolidation to the MAIL Corporate Division
3) Prior-period amounts restated due to the allocation in July 2003 of DHL Fulfilment GmbH from Other/Consolidation to the EXPRESS Corporate Division

Segments by region for Q3
in €m

	Germany		Europe excluding Germany		Americas		Asia/Pacific		Other regions		Group	
		Q3		Q3		Q3		Q3		Q3		Q3
	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004
External revenue	5,571	5,409	2,614	2,660	758	1,755	593	643	172	202	9,708	10,669
Segment investments	168	166	350	217	45	439	26	51	5	4	594	877

MAIL Corporate Division

MAIL

		Jan. 1 – Sept. 30, 2003[1]	Jan. 1 – Sept. 30, 2004	Change in %	Q3 2003[1]	Q3 2004	Change in %
Total revenue	in €m	9,197	9,407	2.3	3,003	3,117	3.8
Profit from operating activities before goodwill amortization (EBITA)	in €m	1,566	1,541	–1.6	404	373	–7.7
Return on sales[2]	in %	17.0	16.4		13.5	12.0	

[1] Prior-period amounts restated due to restructuring of Mail International Business Division and other product portfolio optimization measures
[2] EBITA/revenue

The reporting structure in the MAIL Corporate Division has changed in comparison with the previous year: since 2003, we have been presenting our international mail services in the Mail International Business Division, rather than in the EXPRESS Corporate Division. Mail International also includes the activities previously reported in the Foreign Domestic International Business Division. We are presenting comparative figures for the previous year, which have therefore been restated accordingly.

The corporate division increased its **revenue** by 2.3% year-on-year to €9,407 million. In addition to the growth recorded by Mail International, the Direct Marketing Business Division made a key contribution to this increase. The positive development of revenues in these business divisions substantially overcompensated for the declines in the Mail Communication Business Division.

As we reported during the year, the **Mail Communication** Business Division includes a one-time effect from the previous year that is estimated at around €80 million. Price cuts announced in 2002 for the beginning of 2003 meant that, at the time, business customers postponed mailings from the end of 2002 to the beginning of 2003. This is the main reason why revenue in the Mail Communication Business Division fell by 2.5% in the first nine months of 2004 to €5,010 million (previous year: €5,141 million).

Revenue by business division
in €m

	Jan. 1 – Sept. 30, 2003[1]	Jan. 1 – Sept. 30, 2004	Change in %	Q3 2003[1]	Q3 2004	Change in %
Mail Communication	5,141	5,010	–2.5	1,654	1,596	–3.5
Direct Marketing	1,970	2,054	4.3	650	670	3.1
Press Distribution	593	590	–0.5	194	189	–2.6
Mail International/Value-added Services	1,097	1,282	16.9	358	510	42.5
Internal revenue	396	471	18.9	147	152	3.4
Total	**9,197**	**9,407**	**2.3**	**3,003**	**3,117**	**3.8**

[1] Prior-period amounts restated due to restructuring of Mail International Business Division and other product portfolio optimization measures

Mail Communication (Deutsche Post AG share)
mail items (millions)

	Jan. 1 – Sept. 30, 2003[1]	Jan. 1 – Sept. 30, 2004	Change in %	Q3 2003[1]	Q3 2004	Change in %
Business customer letters	5,753	5,572	–3.1	1,844	1,776	–3.7
Private customer letters	1,032	1,038	0.6	338	335	–0.9
Total	**6,785**	**6,610**	**–2.6**	**2,182**	**2,111**	**–3.3**

[1] Prior-period amounts restated due to restructuring of Mail International Business Division and other product portfolio optimization measures

Direct Marketing (Deutsche Post AG share)
mail items (millions)

	Jan. 1 – Sept. 30, 2003[1]	Jan. 1 – Sept. 30, 2004	Change in %	Q3 2003[1]	Q3 2004	Change in %
Infopost/Infobrief (addressed advertising mail)	4,737	4,954	4.6	1,577	1,625	3.0
Postwurfsendung/Postwurf Spezial (unaddressed/partly addressed advertising mail)	2,569	2,824	9.9	834	851	2.0
Total	**7,306**	**7,778**	**6.5**	**2,411**	**2,476**	**2.7**

[1] Prior-period amounts restated due to restructuring of Mail International Business Division and other product portfolio optimization measures

Revenue in the **Direct Marketing** Business Division is continuing to develop healthily, increasing by 4.3% in the period under review from €1,970 million to €2,054 million. The Infopost product (addressed advertising mail) as well as *Postwurfsendungen* (unaddressed advertising mail) profited from greater targeting of customers by mail order companies. The dispatch of election documents for state and local elections resulted in additional growth in Infopost.

At €590 million, the revenue generated by the **Press Distribution** Business Division in the first nine months of 2004 was on a par with the prior-year period (€593 million).

With revenue growth totaling 16.9%, the substantial increases in the **Mail International** and **Value-added Services** Business Divisions were primarily due to acquisitions. We consolidated the British company Speedmail for the first time as of February 1, 2004, as well as the US companies SmartMail and QuikPak as of September 30, 2004, retroactively effective June 1 and July 1, 2004 respectively.

The expansion of the Mail International Business Division is continuing apace. As we reported under "Significant events" on page 6, in September we agreed to acquire a 38% interest in the Spanish mail service provider, Unipost. This enabled us to further expand our international mail activities beyond our existing presence in the national mail markets of the Netherlands, the United Kingdom and the USA.

The **profit from operating activities (EBITA)** amounted to €1,541 million in the period under review – down slightly on the previous year's figure of €1,566 million.

As a result, the **return on sales** fell from 17.0% to 16.4%.

EXPRESS Corporate Division

EXPRESS

		Jan. 1 – Sept. 30, 2003[1]	Jan. 1 – Sept. 30, 2004	Change in %	Q3 2003[1]	Q3 2004	Change in %
Total revenue	in €m	10,382	12,984	25.1	3,530	4,333	22.7
Profit from operating activities before goodwill amortization (EBITA)	in €m	131	148	13.0	28	9	–67.9
Return on sales[2]	in %	1.3	1.1		0.8	0.2	

[1] Prior-period amounts restated due to restructuring of Mail International Business Division and other product portfolio optimization measures
[2] EBITA/revenue

Since 2003, we have reported our international mail services under the MAIL Corporate Division, and have restated the prior-year figures accordingly.

In the first nine months of 2004, the EXPRESS Corporate Division lifted its **revenue** by 25.1% to €12,984 million (previous year: €10,382 million). The majority of this substantial growth was provided by acquisitions (€2,443 million), in particular that of Airborne, Inc. in 2003. All regions recorded increases in operating revenue. However, negative currency effects mainly in the Americas region reduced revenue by €377 million in the period under review.

Revenue in the **Europe** region grew by 5.0% in the period under review to €8,522 million (previous year: €8,120 million). Acquisitions, primarily that of the British company Securicor as of July 1, 2003, increased revenue by €224 million for the period January to September 2004. Germany, the Iberian Peninsula and the Benelux countries in particular made positive contributions to revenue development in the first nine months. In the third quarter of 2004, revenue fell by 1.5% year-on-year to €2,765 million (previous year: €2,807 million). For the most part, this is due to the sale of Danzas Chemicals.

In the **Americas** region, we substantially increased revenue in the period under review from €1,350 million to €3,246 million. The key reasons for this were the first-time consolidation of Airborne, Inc. in the USA as of December 31, 2003, retroactively effective August 15, 2003, as well as the inclusion of Loomis in Canada as of February 1, 2003. Overall, our acquisitions led to an increase in revenue of €2,068 million. Negative currency effects amounted to €285 million in the period under review.

Our integration work following our acquisition of Airborne, Inc. in the USA has brought us initial successes in the Americas region, although operating performance is currently below our expectations and has not improved year-on-year. There is potential for improvement in our product offering, in brand awareness and service quality. Integration costs here totaled €127 million in the period under review, impacting the loss from operating activities (EBITA) for the Americas region, which amounted to €384 million.

In the period under review, the **Asia/Pacific** region profited from the Southeast Asian economies that are continuing to boom, in particular China, South Korea and Indonesia. Revenue rose by 25.2% to €1,442 million (previous year: €1,152 million). The Asia/Pacific region also accounted for acquisition effects totaling €150 million that mainly related to the first-time and full consolidation of DHL Sinotrans Express Limited, China, and DHL Korea Limited, Korea, as of June 30, 2004, retroactively effective January 1. This was offset by further negative exchange rate effects amounting to €78 million.

The **Emerging Markets (EMA)** continued their positive trend, recording revenue growth of 20.5% in the period under review to €652 million (previous year: €541 million). We profited from an increase in the volumes transported to this region, in particular to the Gulf.

Overall, the corporate division generated a **profit from operating activities (EBITA)** in the period under review of €148 million – 13.0% up on the previous year (€131 million).

The **return on sales** for the express business outside the Americas region was 5.5%.

Revenue by region
in €m

	Jan. 1 – Sept. 30, 2003[1)]	Jan. 1 – Sept. 30, 2004	Change in %	Q3 2003[1)]	Q3 2004	Change in %
Europe	8,120	8,522	5.0	2,807	2,765	–1.5
Americas	1,350	3,246	140.4	463	1,097	136.9
Asia/Pacific	1,152	1,442	25.2	397	538	35.5
Emerging Markets (EMA)	541	652	20.5	197	226	14.7
Reconciliation	–781	–878	–12.4	–334	–293	12.3
Total	**10,382**	**12,984**	**25.1**	**3,530**	**4,333**	**22.7**

1) Prior-period amounts restated due to restructuring of Mail International Business Division, other product portfolio optimization measures, and break-down by region of revenue generated through third parties

LOGISTICS Corporate Division

LOGISTICS

		Jan. 1 – Sept. 30, 2003	Jan. 1 – Sept. 30, 2004	Change in %	Q3 2003	Q3 2004	Change in %
Total revenue	in €m	4,309	4,923	14.2	1,538	1,739	13.1
Profit from operating activities before goodwill amortization (EBITA)	in €m	135	197	45.9	58	81	39.7
Return on sales[1]	in %	3.1	4.0		3.8	4.7	

[1] EBITA/revenue

The LOGISTICS Corporate Division is continuing to develop positively: in the first nine months of 2004, **revenue** increased by 14.2% to €4,923 million (previous year: €4,309 million). Both business divisions improved their operating performance, and we were largely able to offset negative exchange rate effects of €97 million as a result of acquisitions.

In the **DHL Solutions** Business Division, revenue rose by 8.5% in the first nine months of 2004 to €1,309 million (previous year: €1,207 million). Growth was boosted primarily by increased volumes in the electronics/telecommunications and fast moving consumer goods sectors.

In the period under review, the **DHL Danzas Air & Ocean** Business Division achieved another significant increase in revenue, by 16.4% to €3,619 million (previous year: €3,108 million). In operational terms, this growth resulted from greater volumes in both air and ocean freight. Some of these freight rates increased, but because they are also traded in Europe in US dollars, they came under pressure due to the sustained weakness of the dollar.

The strong operating performance of both business divisions substantially improved the corporate division's earnings in the first nine months of 2004: the **profit from operating activities (EBITA)** increased by 45.9% to €197 million (previous year: €135 million).

The **return on sales** therefore improved by 0.9 percentage points to 4.0% (previous year: 3.1%).

Revenue by business division
in €m

	Jan. 1 – Sept. 30, 2003	Jan. 1 – Sept. 30, 2004	Change in %	Q3 2003	Q3 2004	Change in %
DHL Solutions	1,207	1,309	8.5	410	467	13.9
DHL Danzas Air & Ocean	3,108	3,619	16.4	1,129	1,273	12.8
Reconciliation	–6	–5	16.7	–1	–1	0.0
Total	**4,309**	**4,923**	**14.2**	**1,538**	**1,739**	**13.1**

DHL Solutions: revenue by sector
in €m

	Jan. 1 – Sept. 30, 2003	Jan. 1 – Sept. 30, 2004	Change in %	Q3 2003	Q3 2004	Change in %
Automotive	63	66	4.8	16	28	75.0
Pharma/healthcare	52	34	–34.6	19	16	–15.8
Electronics/telecommunications	447	540	20.8	143	177	23.8
Fast moving consumer goods	405	449	10.9	131	164	25.2
Textiles/fashion	192	185	–3.6	72	68	–5.6
Other	48	35	–27.1	29	14	–51.7
Total	**1,207**	**1,309**	**8.5**	**410**	**467**	**13.9**

FINANCIAL SERVICES Corporate Division

FINANCIAL SERVICES

		Jan. 1 – Sept. 30, 2003[1]	Jan. 1 – Sept. 30, 2004	Change in %	Q3 2003[1]	Q3 2004	Change in %
Income	in €m	5,979	5,490	–8.2	1,953	1,843	–5.6
Profit from operating activities before goodwill amortization (EBITA)	in €m	356	500	40.4	128	171	33.6

[1] Prior-period amounts restated due to product portfolio optimization measures

The FINANCIAL SERVICES Corporate Division includes Postbank, the Pension Service and the retail outlet network.

The corporate division's **income** fell from €5,979 million in the previous year to €5,490 million, mainly due to the drop in interest income recorded by Postbank. For Postbank's business development, please refer to its interim report as of September 30, 2004 to be published on November 3, 2004.

Revenue from the retail outlet network was down slightly on the previous year. As we reported after the first six months, the main reason for this was the decline in the purchase of telephone cards. Instead of buying these cards, our customers now top up the credit of their mobile phones at the terminal in the retail outlet, which merely results in a top-up fee being recorded as revenue.

The corporate division's **profit from operating activities (EBITA)** increased by 40.4% in the first nine months of 2004 to €500 million (previous year: €356 million).

Income Statement

For the period January 1 to September 30
in €m

	Deutsche Post World Net Jan. 1 – Sept. 30, 2003	Deutsche Post World Net Jan. 1 – Sept. 30, 2004	Deutsche Post World Net Q3 2003	Deutsche Post World Net Q3 2004
Revenue and income from banking transactions	28,903	31,714	9,708	10,669
Other operating income	597	844	123	256
Total operating income	**29,500**	**32,558**	**9,831**	**10,925**
Materials expense and expenses from banking transactions	–13,070	–14,933	–4,471	–5,071
Staff costs	–9,865	–10,554	–3,304	–3,559
Depreciation and amortization expense excluding goodwill amortization	–992	–1,037	–328	–368
Other operating expenses	–3,534	–3,777	–1,158	–1,352
Total operating expenses excluding goodwill amortization	**–27,461**	**–30,301**	**–9,261**	**–10,350**
Profit from operating activities before goodwill amortization (EBITA)	**2,039**	**2,257**	**570**	**575**
Goodwill amortization	–215	–279	–79	–91
Profit from operating activities (EBIT)	**1,824**	**1,978**	**491**	**484**
Net income from associates	–29	4	–7	–1
Net other finance costs	–516	–599	–156	–173
Net finance costs	**–545**	**–595**	**–163**	**–174**
Profit from ordinary activities	**1,279**	**1,383**	**328**	**310**
Income tax expense	–387	–414	–102	–93
Net profit for the period before minority interest	**892**	**969**	**226**	**217**
Minority interest	–23	–79	–7	–48
Consolidated net profit for the period	**869**	**890**	**219**	**169**
	€	**€**	**€**	**€**
Basic earnings per share	**0.78**	**0.80**	**0.20**	**0.15**
Diluted earnings per share	**0.78**	**0.80**	**0.20**	**0.15**

Balance Sheet

As of September 30, 2004
in €m

	Deutsche Post World Net Dec. 31, 2003	Deutsche Post World Net Sept. 30, 2004
ASSETS		
Noncurrent assets		
Intangible assets	6,404	6,581
Property, plant and equipment	8,818	8,596
Noncurrent financial assets		
Investments in associates	79	60
Other noncurrent financial assets	656	1,003
	735	1,063
	15,957	**16,240**
Current assets		
Inventories	218	250
Receivables and other assets	5,484	6,481
Receivables and other securities from financial services	128,928	135,807
Current financial instruments	75	177
Cash and cash equivalents	3,355	4,625
	138,060	**147,340**
Deferred tax assets	**916**	**768**
Total assets	**154,933**	**164,348**
EQUITY AND LIABILITIES		
Equity		
Issued capital	1,113	1,113
Reserves	3,684	4,493
Consolidated net profit	1,309	890
	6,106	**6,496**
Minority interest	**59**	**1,595**
Provisions		
Provisions for pensions and other employee benefits	6,351	6,465
Tax provisions	1,491	1,631
Other provisions	4,831	4,942
	12,673	**13,038**
Liabilities		
Financial liabilities	4,749	5,381
Trade payables	2,755	2,923
Liabilities from financial services	123,317	129,335
Other liabilities	5,274	5,580
	136,095	**143,219**
Total equity and liabilities	**154,933**	**164,348**

Cash Flow Statement

For the period January 1 to September 30
in €m

	Deutsche Post World Net Jan. 1 – Sept. 30, 2003	Deutsche Post World Net Jan. 1 – Sept. 30, 2004
Net profit before taxes	**1,279**	**1,383**
Net interest income	538	597
Depreciation and amortization expense	1,202	1,313
Gains/losses on disposal of noncurrent assets	2	–21
Non-cash income and expense	–342 [1]	–24
Provisions	–228	–514
Taxes paid	–46	–60
Net profit before changes in working capital	**2,405**	**2,674**
Changes in working capital		
Inventories	–17	–31
Receivables and other assets	317 [1]	–776
Receivables/liabilities from financial services	336	–678
Liabilities and other items	404	407
Extraordinary expense from EU state aid proceedings	–907	0
Net cash from operating activities	**2,538**	**1,596**
Proceeds from disposal of noncurrent assets		
Divestitures	17	1,535
Other noncurrent assets	196	156
	213	**1,691**
Cash paid to acquire noncurrent assets		
Investments in companies	–1,479	–762
Other noncurrent assets	–1,311	–1,018
	–2,790	**–1,780**
Interest and dividends received	39	87
Current financial instruments	0	–101
Net cash used in investing activities	**–2,538**	**–103**
Proceeds from issue of financial liabilities	740	1,363
Repayment of financial liabilities	–783	–829
Dividends and other payments to owners	–445	–490
Interest paid	–189	–310
Net cash used in financing activities	**–677**	**–266**
Net change in cash and cash equivalents	–677	1,227
Effect of changes in exchange rates on cash and cash equivalents	–37 [1]	0
Change in cash and cash equivalents due to changes in consolidated group	4	43
Cash and cash equivalents at January 1	2,835	3,355
Cash and cash equivalents at September 30	**2,125**	**4,625**

[1] Prior-period amounts restated: the effect of changes in exchange rates on cash and cash equivalents is now presented separately

Statement of Changes in Equity

For the period January 1 to September 30
in €m

	Issued capital	Reserves: Capital reserves	Reserves: Retained earnings	Reserves: IAS 39 reserves	Consolidated net profit	Total equity
Balance at January 1, 2003	**1,113**	**356**	**3,499**	**–532**	**659**	**5,095**
Capital transactions with owner						
Capital contribution from retained earnings						
Dividend					–445	–445
Other changes in equity not recognized in income						
Currency translation differences			–213			–213
Other changes			16	166		182
Changes in equity recognized in income						
Appropriation to retained earnings			214		–214	0
Consolidated net profit					869	869
Balance at September 30, 2003	**1,113**	**356**	**3,516**	**–366**	**869**	**5,488**
Balance at January 1, 2004	**1,113**	**377**	**3,615**	**–308**	**1,309**	**6,106**
Capital transactions with owner						
Capital contribution from retained earnings						
Dividend					–490	–490
Other changes in equity not recognized in income						
Currency translation differences			49			49
Other changes		24	–23	–60		–59
Changes in equity recognized in income						
Appropriation to retained earnings			819		–819	0
Consolidated net profit					890	890
Balance at September 30, 2004	**1,113**	**401**	**4,460**	**–368**	**890**	**6,496**

Notes to the Deutsche Post AG Consolidated Interim Report as of September 30, 2004

1. Basis of accounting

The consolidated interim financial report of Deutsche Post AG as of September 30, 2004 was prepared in accordance with the International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB), and with the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), required to be applied as of the reporting date.

The accounting policies, as well as the explanations and disclosures, are generally based on the same accounting policies used in the 2003 consolidated financial statements.

For further information on the accounting policies applied, please refer to the consolidated financial statements for the period ended December 31, 2003 on which this interim report is based.

2. Consolidated group

The number of companies included in the consolidated group, in addition to Deutsche Post AG as the parent company, is shown in the table below.

SmartMail, USA, and QuikPak Inc., USA, (asset deal) were fully consolidated as of September 30, 2004.

Consolidated group

	Dec. 31, 2003	March 31, 2004	June 30, 2004	Sept. 30, 2004
Number of fully consolidated companies				
German	114	117	119	122
Foreign	569	560	557	555
Number of proportionately consolidated companies				
German	2	2	2	2
Foreign	6	6	5	6
Number of companies accounted for at equity				
German	5	5	5	5
Foreign	35	36	34	34

3. Treasury shares and stock options

The number of stock options on shares of Deutsche Post AG granted to executives in Group management levels 1 to 3 changed as follows as against December 31, 2003:

Stock options
number of shares

	Tranche 2001	Tranche 2002	Tranche 2003	Tranche 2004
Outstanding stock options at January 1, 2004	4,399,842	8,300,814	13,000,602	0
Outstanding SARs at January 1, 2004	232,416	342,816	731,736	0
Options granted	0	0	0	9,328,296
SARs granted	0	0	0	1,116,374
Options exercised	0	0	0	0
SARs exercised	0	0	0	0
Options lapsed	3,685,154	309,402	413,238	0
SARs lapsed	194,573	8,862	7,998	0
Outstanding stock options at September 30, 2004	714,688 [1]	7,991,412	12,587,364	9,328,296
Outstanding SARs at September 30, 2004	37,843 [1]	333,954	723,738	1,116,374

[1] Number at the end of the lock-up period at March 14, 2004: 4,346,593 stock options; 231,523 SARs

On July 1, 2004, executives in levels 1 to 3 received additional options under the Stock Option Plan 2003 (Tranche 2004). The issue price was €17.00.

Deutsche Post AG did not hold any treasury shares as of September 30, 2004. Deutsche Postbank AG reported treasury shares in the amount of €2.3 million in its equity as of September 30. This represents 80,054 shares.

4. Contingent liabilities

The Group's contingent liabilities amounted to €1,855 million as of September 30, 2004. €1,506 million of this relates to guarantee obligations of Deutsche Postbank group. In addition to these contingent liabilities, the Postbank group has irrevocable loan commitments amounting to €14,761 million.

5. Other operating income and expenses

Other operating income is composed of the following items:

Other operating income
in €m

	Sept. 30, 2003	Sept. 30, 2004
Income from investment securities and insurance business (financial services)	48	178
Income from Deutsche Postbank AG IPO	0	92
Income from the reversal of provisions	48	85
Rental and lease income	69	70
Insurance income	46	69
Gains on disposal of noncurrent assets	56	47
Income from currency translation differences	104	43
Income from the derecognition of liabilities	51	41
Income from prior-period billings	36	27
Income from fees and reimbursements	15	25
Income from vehicle center services	14	17
Income from loss compensation	23	15
Income from housing management cost equalization	7	7
Income from work performed and capitalized	8	5
Reversals of impairment losses on receivables and other assets	14	4
Miscellaneous	58	119
Total	**597**	**844**

Other operating expenses are composed of the following items:

Other operating expenses
in €m

	Sept. 30, 2003	Sept. 30, 2004
Rental and lease expenses	1,067	1,156
Public relations expenses	336	385
Legal, consulting and audit costs	305	321
Travel and training costs	243	277
Telecommunication costs	181	205
Insurance costs	163	202
Other business taxes	113	160
Cost of purchased cleaning, transportation and security services	131	157
Allowance for losses on loans and advances (financial services)	107	126
Write-downs of current assets	54	80
Addition to provisions	98	77
Prior-period expenses	48	74
Entertainment and corporate hospitality expenses	51	64
Services provided by Bundesanstalt für Post und Telekommunikation	76	54
Refunds and compensation payments	51	53
Voluntary social benefits	51	51
Commissions paid	22	43
Warranty expenses	30	33
Other property-related expenses	19	28
Losses on disposal of noncurrent assets	29	25
Contributions and fees	22	19
Monetary transaction costs	14	18
Expenses from Deutsche Postbank AG IPO	0	17
Donations	10	10
Miscellaneous	313	142
Total	**3,534**	**3,777**

6. Miscellaneous

In accordance with the resolution adopted by the Annual General Meeting on May 6, 2004, the Board of Management was authorized to issue convertible bonds and/or bonds with warrants and to disapply pre-emptive rights and create contingent capital in the amount of €56,000,000.00 (Contingent Capital III).

The exchangeable bond amounting to €1,082 million (including greenshoe) relating to Deutsche Postbank AG's IPO was recorded in the balance sheet on July 2, 2004. In accordance with IAS 39, the bond and the conversion right were reported separately under financial liabilities and other liabilities. As the substitute debtor of the exchangeable bond issued by Deutsche Post Finance B. V. in Amsterdam on July 2 this year, Deutsche Post AG assumed all the issuer's obligations arising from the issue of the bonds with effect from September 14, 2004.

The third quarter of 2004 saw a partial buy-back of the bonds issued by Deutsche Post Finance B. V., the Netherlands, by Deutsche Post AG. The volume concerned is shown in the table below.

Please refer also to the more detailed disclosures in the notes to the consolidated financial statements contained in the 2003 Annual Report.

Buy-back of bonds
in €m

	Nominal value	Fair value
Bond 2007	114	118
Bond 2012	71	75
Bond 2014	74	76
	259	**269**

Income Statement (Postbank at Equity)

For the period January 1 to September 30
in €m

	Deutsche Post World Net Jan. 1 – Sept. 30, 2003	Deutsche Post World Net Jan. 1 – Sept. 30, 2004	Deutsche Post World Net Q3 2003	Deutsche Post World Net Q3 2004
Revenue	24,074	27,374	8,146	9,210
Other operating income	573	663	116	200
Total operating income	**24,647**	**28,037**	**8,262**	**9,410**
Materials expense	–9,445	–11,789	–3,289	–4,064
Staff costs	–9,425	–10,120	–3,170	–3,399
Depreciation and amortization expense excluding goodwill amortization	–912	–948	–302	–339
Other operating expenses	–3,168	–3,384	–1,047	–1,193
Total operating expenses excluding goodwill amortization	**–22,950**	**–26,241**	**–7,808**	**–8,995**
Profit from operating activities before goodwill amortization (EBITA)	**1,697**	**1,796**	**454**	**415**
Goodwill amortization	–215	–278	–79	–90
Profit from operating activities (EBIT)	**1,482**	**1,518**	**375**	**325**
Net income from associates	–29	4	–7	–1
Net income from measurement of Deutsche Postbank group at equity	190	233	58	66
Net other finance costs	–494	–579	–146	–170
Net finance costs	**–333**	**–342**	**–95**	**–105**
Profit from ordinary activities	**1,149**	**1,176**	**280**	**220**
Income tax expense	–258	–257	–54	–37
Net profit for the period before minority interest	**891**	**919**	**226**	**183**
Minority interest	–22	–29	–7	–14
Consolidated net profit for the period	**869**	**890**	**219**	**169**

Balance Sheet (Postbank at Equity)

As of September 30, 2004
in €m

	Deutsche Post World Net Dec. 31, 2003	Deutsche Post World Net Sept. 30, 2004
ASSETS		
Noncurrent assets		
Intangible assets	6,236	6,420
Property, plant and equipment	7,857	7,662
Noncurrent financial assets		
Investments in associates	79	60
Investments in Deutsche Postbank group	4,876	2,991
Other noncurrent financial assets	624	897
	5,579	3,948
	19,672	**18,030**
Current assets		
Inventories	215	247
Receivables and other assets	5,298	6,162
Current financial instruments	75	175
Cash and cash equivalents	2,333	4,553
	7,921	**11,137**
Deferred tax assets	**352**	**232**
Total assets	**27,945**	**29,399**
EQUITY AND LIABILITIES		
Equity		
Issued capital	1,113	1,113
Reserves	3,684	4,404
Consolidated net profit	1,309	890
	6,106	**6,407**
Minority interest	**45**	**86**
Provisions		
Provisions for pensions and other employee benefits	5,779	5,826
Tax provisions	618	670
Other provisions	4,573	4,538
	10,970	**11,034**
Liabilities		
Financial liabilities	4,808	5,417
Trade payables	2,667	2,796
Other liabilities	3,349	3,659
	10,824	**11,872**
Total equity and liabilities	**27,945**	**29,399**

Cash Flow Statement (Postbank at Equity)

For the period January 1 to September 30
in €m

	Deutsche Post World Net Jan. 1 – Sept. 30, 2003	Deutsche Post World Net Jan. 1 – Sept. 30, 2004
Net profit before taxes	**1,149**	**1,176**
Net interest income	512	575
Depreciation and amortization expense	1,123	1,225
Gains/losses on disposal of noncurrent assets	2	–23
Non-cash income and expense	30 [1]	95
Net income from measurement at equity	–190	–233
Provisions	–249	–500
Taxes paid	–31	–30
Net profit before changes in working capital	**2,346**	**2,285**
Changes in working capital		
Inventories	–15	–31
Receivables and other assets	457 [1]	–726
Receivables/liabilities from financial services	0	0
Liabilities and other items	–16	387
Extraordinary expense from EU state aid proceedings	–907	0
Net cash from operating activities	**1,865**	**1,915**
Proceeds from disposal of noncurrent assets		
Divestitures	8	1,535
Other noncurrent assets	195	153
	203	**1,688**
Cash paid to acquire noncurrent assets		
Investments in companies	–1,476	–739
Other noncurrent assets	–1,234	–972
	–2,710	**–1,711**
Interest and dividends received	39	95
Postbank dividend	99	589
Current financial instruments	0	–99
Net cash from (previous year: used in) investing activities	**–2,369**	**562**
Proceeds from issue of financial liabilities	778	1,363
Repayment of financial liabilities	–783	–851
Dividends and other payments to owners	–445	–490
Interest paid	–189	–322
Net cash used in financing activities	**–639**	**–300**
Net change in cash and cash equivalents	–1,143	2,177
Change in cash and cash equivalents due to changes in consolidated group	4	43
Effect of changes in exchange rates on cash and cash equivalents	–37 [1]	0
Cash and cash equivalents at January 1	2,022	2,333
Cash and cash equivalents at September 30	**846**	**4,553**

[1] Prior-period amounts restated: the effect of changes in exchange rates on cash and cash equivalents is now presented separately

Financial calendar

March 22, 2005	Publication of the 2004 Annual Report, financials press conference and analyst conference call[1] on fiscal year 2004
May 9, 2005	Publication of the interim report on the first quarter of 2005, analyst conference call[1]
May 18, 2005	Annual General Meeting[2]
May 19, 2005	Dividend payment
July 28, 2005	Publication of the interim report on the first half of 2005, press conference and analyst conference call[1]
November 10, 2005	Publication of the interim report on the first nine months of 2005, analyst conference call[1]

[1] ⓘ and **live Internet broadcast** of the entire conference

[2] ⓘ and **live Internet broadcast** of the speeches by the Chairman of the Board of Management and the Chairman of the Supervisory Board

Subject to correction; changes may be made at short notice

Published by:
Deutsche Post AG
Headquarters
Corporate Department Investor Relations
53250 Bonn
Germany

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November 2004
Mat. No. 675-200-165

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English translation by:
Deutsche Post Foreign Language Service et al.

This interim report was published in German and English on November 4, 2004.

This interim report contains forward-looking statements that relate to the business, financial performance and results of operations of Deutsche Post AG. Forward-looking statements are not historical facts, and may be identified by words such as "believes", "expects," "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. As these statements are based on current plans, estimates and projections, they are subject to risks and uncertainties that could cause actual results to be materially different from the future development, performance or results expressly or implicitly assumed in the forward-looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this presentation. Deutsche Post AG does not intend or assume any obligation to update these forward-looking statements to reflect events or circumstances after the date of this interim report.

Deutsche Post World Net

MAIL EXPRESS LOGISTICS FINANCE