Interim Report

January to September 2006

Deutsche Post World Net

MAIL EXPRESS LOGISTICS FINANCE

Key figures		9M			Q3		
		2005 restated	**2006**	+/– %	**2005** restated	**2006**	+/– %
The Group							
Revenue	€m	32,512	44,190	35.9	11,028	14,887	35.0
Profit from operating activities (EBIT)	€m	2,407	2,588	7.5	735	1,030	40.1
Return on sales[1]	%	7.4	5.9		6.7	6.9	
MAIL							
Revenue	€m	9,425	9,640	2.3	3,074	3,181	3.5
Profit from operating activities (EBIT)	€m	1,501	1,452	–3.3	399	428	7.3
Return on sales[1]	%	15.9	15.1		13.0	13.5	
EXPRESS							
Revenue	€m	12,655	12,964	2.4	3,863	3,755	–2.8
Profit from operating activities (EBIT)	€m	217	91	–58.1	–20	86	n/a
Return on sales[1]	%	1.7	0.7		–0.5	2.3	
LOGISTICS							
Revenue	€m	6,595	16,007	142.7	3,035	6,089	100.6
Profit from operating activities (EBIT)	€m	244	513	110.2	111	189	70.3
Return on sales[1]	%	3.7	3.2		3.7	3.1	
FINANCIAL SERVICES							
Revenue and income from banking transactions	€m	5,240	7,090	35.3	1,791	2,517	40.5
Profit from operating activities (EBIT)	€m	668	702	5.1	236	238	0.8
SERVICES							
Revenue	€m	3,258	3,449	5.9	522	541	3.6
Profit or loss from operating activities (EBIT)	€m	–146	–134	8.2	55	125	127.3
Consolidation							
Revenue	€m	–4,661	–4,960	–6.4	–1,257	–1,196	4.9
Loss from operating activities (EBIT)	€m	–77	–36	53.2	–46	–36	21.7
Other key figures							
Consolidated net profit for the period[2]	€m	1,359	1,273	–6.3	412	537	30.3
Operating cash flow (Postbank at equity)	€m	1,437	1,079	–24.9	525	760	44.8
Net debt (Postbank at equity)[3]	€m	3,959	4,225	6.7	n/a	n/a	
Basic earnings per share	€	1.22	1.07	–12.3	0.37	0.45	21.6
Diluted earnings per share[4]	€	1.22	1.06	–13.1	0.37	0.45	21.6
Number of employees[5]		347,607	459,895	32.3	n/a	n/a	

1) EBIT/revenue
2) Consolidated net profit excluding minorities
3) As of December 31, adjusted for financial liabilities to Williams Lea minority shareholders
4) Calculation, see note 4
5) Average FTEs

Deutsche Post World Net
is the global market leader in terms of logistics. Our Deutsche Post, DHL and Postbank brands stand for a broad range of services for managing and transporting mail, goods and information. About 500,000 employees in more than 220 countries and territories on all five continents provide superior logistics services to help our customers be even more successful in their markets.

What we have delivered in the first nine months of 2006:
The Group improved its operating performance, with revenue up 36% to €44 billion and profit up 7.5% to €2.6 billion. Since the integration of Exel is proceeding extremely well, we have bundled our entire air and ocean freight and road transport businesses within the LOGISTICS Corporate Division, focused EXPRESS more strongly on our growing international business, and assigned the two segments a single central management each. We are achieving a turnaround in the second half of the year in the Americas region of our express business.

What we want to deliver by the end of 2006:
We shall align our international express business rapidly and smoothly with our new global management structure. We aim to conclude the integration of Exel just as successfully as our progress has been to date. The Group continues to expect revenue of around a good €60 billion for the year as a whole. In the period up to the end of the year, we aim to prepare for the global implementation of our First Choice program in 2007.

Contents

Milestones

In Q3 2006	
July 3	Deutsche Post calls exchangeable bond on Postbank stock prior to maturity
July 12	KfW sells Deutsche Post AG shares
September 5	DHL wins 10-year contract with UK Department of Health
September 5	Postbank included in DAX
September 20	DHL acquires remaining shares in Blue Dart Express
September 22	Group's global management structure streamlined
September 28	Deutsche Post World Net expands international mail logistics

After September 30, 2006	
October 4	Postbank concludes official integration program for BHW and branches ahead of schedule
October 16	DHL forms strategic partnership with Polar Air Cargo

DHL wins 10-year contract with UK Department of Health

DHL has been commissioned by the UK Department of Health to provide logistics services. The £1.6 billion (€2.3 billion) contract has a term of ten years. During that time, a total of £22 billion (€32 billion) in goods and services will be handled. DHL will run a division called NHS Supply Chain on behalf of the National Health Service; this will assume responsibility for the procurement of 500,000 products and provide logistics services, to support 600 NHS hospitals and health providers. During the term of the contract, the goal is to protect existing jobs and create more than 1,000 new positions. The cooperation started on October 1, 2006 and has been progressing smoothly from the beginning.

Deutsche Post World Net streamlines global management structure

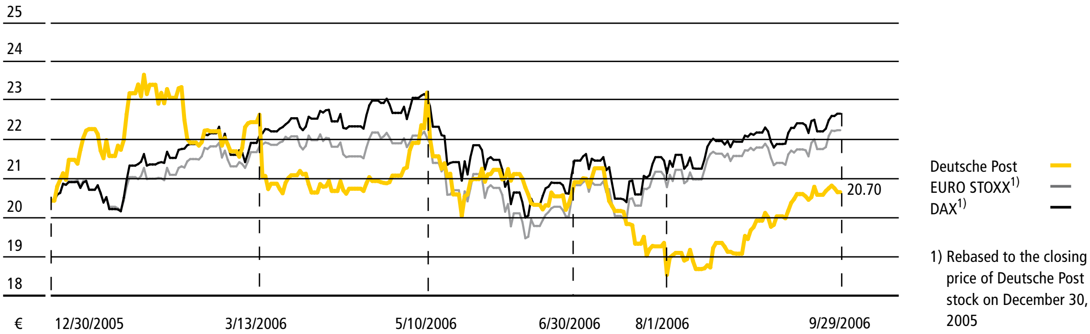
With the integration of Exel progressing extremely well, the Group has combined all its air and ocean freight and road transport business activities: the road transport business was transferred from the EXPRESS Corporate Division to the LOGISTICS Corporate Division as an independent business division, DHL Freight. Centralized management allows us to realize additional revenue potential and strengthen DHL's market position. Board of Management member John Allan is responsible for the expanded LOGISTICS Corporate Division. The EXPRESS Corporate Division will be aligned even more closely with the growing international business, and will leverage synergies from the global networks. The entire express business will be managed going forward by member of the Board of Management John Mullen.

DHL forms strategic partnership with Polar Air Cargo

DHL is investing US$150 million in a minority stake in Polar Air Cargo Worldwide. The subsidiary of Atlas Air Worldwide Holdings is a leading air freight service provider. The agreement with a term of up to 20 years guarantees DHL long-term access to air freight capacities on routes linking both sides of the Pacific. This will enable us to shorten transit times between the key markets Asia and the United States and to increase delivery reliability.

Deutsche Post stock

Share price



Closing prices on the last trading day

		Dec. 30, 2005	Sep. 30, 2006	+/– %
Deutsche Post	€	20.48	20.70	1.1
TNT	€	26.40	29.91	13.3
FedEx	US$	103.39	108.68	5.1
UPS	US$	75.15	71.94	–4.3

Source: Bloomberg

Improved mood on the stock markets

After the stock markets trended downwards towards the middle of Q2, erasing the positive performance up to that point, the situation took a turn for the better during the third quarter. Ongoing good macroeconomic performance and positive stimuli from the employment market lifted the mood: the DAX again broke through the 6,000-point barrier, closing up 11% at 6,004 points. The EURO STOXX 50 recorded its peak for the year (3,899 points) on September 30, for a total increase of 9%.

Our share price initially ran counter to the market trend, hitting its low for the year of €18.55 on publication of our half-yearly results on August 1. After this, however, a recovery set in. Deutsche Post stock closed September at €20.70. This corresponds to a 1.1% increase in value since the beginning of the year.

Our stock data

		Dec. 30, 2005	Sep. 30, 2006
Number of shares[1)]	millions	1,192.6	1,198.9
Closing price	€	20.48	20.70
Market capitalization	€m	24,424	24,817

		9M 2005	9M 2006
High	€	21.23	23.85
Low	€	16.48	18.46
Average trading volume per day	shares	3,573,844	5,266,646

1) Increase due to the exercise of stock options, see note 4

Report by the Board of Management

Economic environment

Global economy remains on solid growth course

The global economy got off to a dynamic start at the beginning of 2006. However, from spring onwards some regions began showing signs of economic slowdown, while others experienced an accelerated upswing. On balance, the global economy remained on a solid growth course, although the pace of momentum declined slightly.

In the United States, the rise in domestic demand remained muted in the third quarter. For this reason, the Federal Reserve abstained from further key rate increases from mid-year onwards despite continuing inflation risks.

The Japanese economy continued its robust upward trend. Companies continued their extremely active investments, while consumer spending kept on growing. Since the risk of another deflationary period also declined, the Bank of Japan discontinued its zero-interest rate policy, raising its key rate to 0.25% in July. In China, the GDP growth rate increased again.

In the euro zone, the economy experienced a strong pickup during the first half year. Domestic demand, and in particular investments, increasingly provided momentum. Since inflation risks also persisted, the European Central Bank raised its key interest rate by half a percentage point in total in August and October, to 3.25%.

In Germany, too, economic growth continued to gain in strength in the first half of the year. Industry performed particularly positively, increasing production in the year to date by nearly 5%. The ongoing high scores recorded by the ifo business climate index point to a continued upturn, despite a slight slowdown in momentum.

Business developments

Changes in reporting

Deutsche Post World Net acquired a 100% interest in the logistics company Exel plc, Bracknell, UK, (Exel) in December 2005. Exel was provisionally included in the consolidated financial statements as of December 31, 2005 at its IFRS carrying amounts. As a result of the purchase price allocation of Exel, the amounts in the consolidated balance sheet changed as of December 31, 2005. Note 3

A further adjustment to the prior-year figures resulted from the establishment of a new segment in the year under review: cross-segment service functions are reported separately in the SERVICES Corporate Division, to improve their management and ensure their transparent presentation. In addition, the EXPRESS and LOGISTICS Corporate Divisions were restructured with effect from July 1, 2006 as a result of the transfer of DHL Freight. Note 7

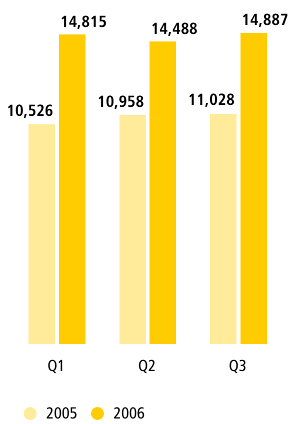
Revenue

Consolidated revenue and income from banking transactions rose by 35.9% during the period under review to €44,190 million (previous year: €32,512 million). The increase is largely due to the first-time inclusion in revenue of the Exel group in fiscal year 2006. The proportion of consolidated revenue generated abroad rose from 49.8% in the first nine months of the previous year to 59.0%. Acquisition effects contained in revenue and income from banking transactions amounted to €10,249 million. These were due mainly to Exel and BHW, as well as Williams Lea, which was acquired in March 2006. Negative currency effects impacted revenue by €29 million.

Revenue development in the corporate divisions is presented and discussed in detail in the segment reporting starting on page 8.

Consolidated revenue

€m



Income and expenses

Other operating income amounted to €1,928 million (previous year: €1,651 million). This includes €276 million in income from the exercise of the exchangeable bond on Postbank stock and the related sale of shares in the Deutsche Postbank group. Furthermore, income of €89 million (net) was recorded as a result of the positive outcome of arbitration proceedings with Deutsche Telekom in the period under review, and €10 million from the sale of McPaper AG. This contrasts with income of €369 million (net) recorded in the previous year from the reversal of a VAT provision.

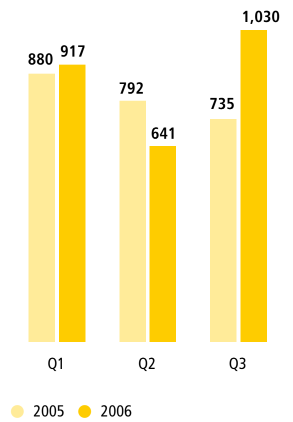
Note 4

At €3,386 million, other operating expenses exceeded the prior-year figure by €190 million, due mainly to Exel.

Materials expense and expenses from banking transactions increased by €7,996 million to €25,119 million. This significant jump is largely due to Exel and relates in particular to purchased transport services. In addition, expenses from banking transactions increased by €1,475 million, largely as a result of the acquisition of BHW. These acquisitions also had a material effect on staff costs. At €13,794 million, these were €3,308 million up on the prior-year period. In addition, the reduction in pension provisions in the previous year led to a one-time decline in staff costs of €462 million. Depreciation, amortization and impairment losses also increased in the period under review as a result of the acquisitions, by €280 million to €1,231 million.

Group EBIT

€m



Earnings

Overall, business developments in the first nine months of 2006 led to a profit from operating activities (EBIT) of €2,588 million. This represents a year-on-year rise of 7.5%.

Net finance costs widened from €522 million to €742 million. This increase is primarily due to the finance costs resulting from the initial consolidation of Exel. Additionally, net income from associates in the previous year included proceeds from the sale of trans-o-flex.

As a result, the profit from ordinary activities declined slightly by €39 million to €1,846 million (previous year: €1,885 million). Income tax expense for the period amounted to €364 million (previous year: €369 million). At 19.7%, the tax rate was on a level with the previous year.

Overall, consolidated net profit for the period amounted to €1,482 million (previous year: €1,516 million). €1,273 million of this was attributable to Deutsche Post AG shareholders and €209 million to minorities. Their proportion increased as a result of the sale of the Postbank shares. Basic earnings per share amounted to €1.07, as against €1.22 the previous year; diluted earnings per share were €1.06.

Note 4

Earnings per share (diluted)

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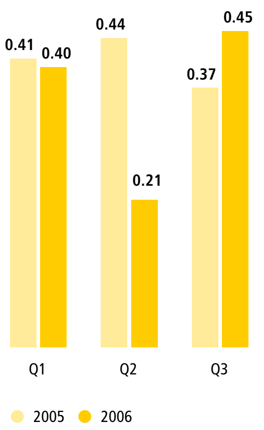


Financial position

Operating cash flow (Postbank at equity) fell by €358 million as against the previous year to €1,079 million. This decline was mainly due to higher net cash used in working capital as a result of an increase in receivables and other assets. At €1,818 million, net cash from operating activities before changes in working capital was down €158 million year-on-year. Reasons for this included the decline in net profit before taxes and a decrease in provisions due to utilizations.

Net cash used in investing activities (Postbank at equity) totaled €927 million, after €1,093 million in the previous year. This includes payments for acquisitions (including Williams Lea) amounting to €406 million, plus payments for other noncurrent assets amounting to €1,291 million. These were partly offset by cash inflows of €560 million, primarily from the disposal of noncurrent assets.

These changes in cash flows resulted in a free cash flow of €152 million in the first nine months of 2006 (previous year: €344 million).

In the “Postbank at equity” scenario, net cash used in financing activities amounted to €92 million (previous year: €850 million). Cash inflows amounting to €973 million from the increase in financial liabilities were chiefly attributable to borrowings by Deutsche Post AG. They were partially offset by dividend payments to Deutsche Post AG shareholders in the amount of €836 million and interest expenses. The reduction in financial liabilities as a result of the exercise of the exchangeable bond on Postbank stock did not result in a cash outflow.

Cash and cash equivalents (Postbank at equity) increased from €1,384 million to €1,418 million in the first nine months of 2006.

Compared with December 31, 2005, net debt (Postbank at equity) grew from €3,959 million to €4,225 million as of September 30, 2006. Financial liabilities to Williams Lea minority shareholders were not included in net debt. As a result, net gearing (Postbank at equity) rose from 26.8% at December 31, 2005 to 28.0% at September 30, 2006.

Note 3

Investments

Aggregate capital expenditure (capex) as of September 2006 amounted to €1,346 million. €1,043 million of this figure related to investments in property, plant and equipment and €303 million to intangible assets (excluding goodwill), as can be seen from the diagram on the right comparing the current and previous years. Capital expenditure focused on our international network structures and customer-specific transport and warehousing solutions. Overall Group capital expenditure remained stable year-on-year.

In the MAIL Corporate Division, we improved the technical facilities at our domestic mail centers and made replacement investments in relation to mail network operations.

In the EXPRESS Corporate Division, we invested in technical facilities at our express centers in Germany and installed additional Packstations. In addition, we acquired hand scanners to support and facilitate the distribution of the express products. In Europe, we continued to expand our network infrastructure and renewed our vehicle fleet in certain countries. In the United States, we invested in the construction of hubs in Allentown, Pennsylvania, and Riverside, California, as well as in the expansion of our Pick Up & Delivery facilities. In the Asia Pacific region, our investments in the construction of our new headquarters in Beijing and in the expansion of our air hub at Hong Kong International Airport deserve particular mention.

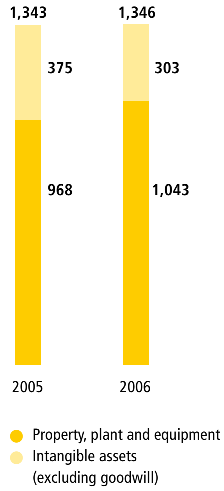
In the LOGISTICS Corporate Division, the focus of our capital expenditure was on customer-specific transport and warehousing solutions and the construction of warehousing infrastructure. We also made additional investments in the course of the integration of Exel.

Postbank's primary investments were in connection with the integration of BHW.

At a cross-divisional level, we renewed our vehicle fleet in Germany and improved the IT infrastructure at our global data centers.

Investments

€m as of September 30



Segment reporting

Segments by corporate division January 1 to September 30, 2006

€m	MAIL	EXPRESS	LOGISTICS	FINANCIAL SERVICES	SERVICES	Consolidation	Group
External revenue	9,108	12,611	15,673	6,664	134	0	44,190
Internal revenue	532	353	334	426	3,315	–4,960	0
Total revenue	9,640	12,964	16,007	7,090	3,449	–4,960	44,190
Profit or loss from operating activities (EBIT)	1,452	91	513	702	–134	–36	2,588
Net income from associates	0	4	1	0	0	0	5
Segment assets[4]	4,688	11,146	14,291	180,574	1,946	–1,032	211,613
Investments in associates[4]	22	62	6	0	1	0	91
Segment liabilities including non-interest-bearing provisions[4]	2,132	3,014	4,835	167,958	1,261	–987	178,213
Segment investments	906	623	327	1,542	293	–35	3,656
Depreciation, amortization and write-downs	229	291	278	115	318	0	1,231
Other non-cash expenses	50	162	128	359	75	0	774
Employees[5]	131,191	125,204	156,266	23,003	24,231	0	459,895

Segments by corporate division January 1 to September 30, 2005

€m	MAIL	EXPRESS[1]	LOGISTICS[1]	FINANCIAL SERVICES[1]	SERVICES[1]	Consolidation[1]	Group
External revenue	8,907	12,258	6,337	4,882	128	0	32,512
Internal revenue	518	397	258	358	3,130	–4,661	0
Total revenue	9,425	12,655	6,595	5,240	3,258	–4,661	32,512
Profit or loss from operating activities (EBIT)	1,501	217	244	668[3]	–146	–77	2,407[3]
Net income from associates	0	57	11	0	0	0	68
Segment assets[4]	3,664	11,254	14,564[2]	138,787	2,354	–2,966	167,657[2]
Investments in associates[4]	22	36	23	0	–3	0	78
Segment liabilities including non-interest-bearing provisions[4]	1,926	3,370	4,713[2]	129,136	2,819	–2,744	139,220[2]
Segment investments	149	811	146	130	516	–95	1,657
Depreciation, amortization and write-downs	232	264	83	106	266	0	951
Other non-cash expenses	84	108	24	195	351	0	762
Employees[5]	129,200	120,862	46,880	22,169	28,496	0	347,607

Segments by region January 1 to September 30

	Germany		Europe excluding Germany		Americas		Asia Pacific		Other regions		Group	
€m	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
External revenue	16,330	18,136	8,107	12,958	4,966	8,302	2,553	4,021	556	773	32,512	44,190
Segment assets[2), 4)]	132,932	166,961	19,767	29,356	10,495	11,037	3,978	3,868	485	391	167,657	211,613
Segment investments	509	1,961	430	1,169	443	399	260	105	15	22	1,657	3,656

1) Prior-period amounts restated, see note 7
2) Prior-period amounts restated, see note 3
3) Prior-period amounts restated due to a change in an accounting policy in accordance with IAS 8.22 (see statement of changes in equity)
4) As of December 31, 2005, and September 30, 2006
5) Average FTEs

Segments by corporate division Q3 2006

€m	MAIL	EXPRESS	LOGISTICS	FINANCIAL SERVICES	SERVICES	Consolidation	Group
External revenue	3,003	3,680	5,822	2,375	7	0	14,887
Internal revenue	178	75	267	142	534	–1,196	0
Total revenue	3,181	3,755	6,089	2,517	541	–1,196	14,887
Profit or loss from operating activities (EBIT)	428	86	189	238	125	–36	1,030
Net income from associates	0	2	0	0	0	0	2
Segment investments	65	283	69	4	84	2	507
Depreciation, amortization and write-downs	80	115	92	37	88	0	412
Other non-cash expenses	1	48	51	116	27	0	243

Segments by corporate division Q3 2005

€m	MAIL	EXPRESS[1]	LOGISTICS[1]	FINANCIAL SERVICES[1]	SERVICES[1]	Consolidation[1]	Group
External revenue	2,899	3,617	2,842	1,670	0	0	11,028
Internal revenue	175	246	193	121	522	–1,257	0
Total revenue	3,074	3,863	3,035	1,791	522	–1,257	11,028
Profit or loss from operating activities (EBIT)	399	–20	111	236[2]	55	–46	735[2]
Net income from associates	0	2	11	0	0	0	13
Segment investments	62	280	74	40	146	–1	601
Depreciation, amortization and write-downs	77	114	28	34	66	0	319
Other non-cash expenses	18	44	14	57	290	0	423

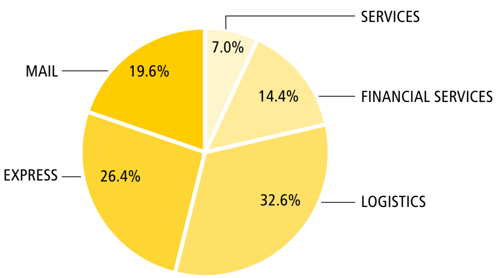
Segments by region Q3

	Germany		Europe excluding Germany		Americas		Asia Pacific		Other regions		Group	
€m	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
External revenue	5,461	6,180	2,706	4,265	1,706	2,897	1,014	1,235	141	310	11,028	14,887
Segment investments	245	146	174	286	161	51	15	17	6	7	601	507

1) Prior-period amounts restated, see note 7
2) Prior-period amounts restated due to a change in an accounting policy in accordance with IAS 8.22 (see statement of changes in equity)

Revenue by corporate division[1)]

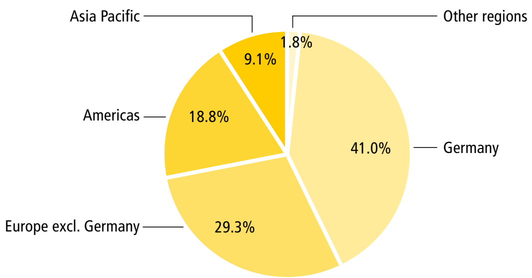
9M 2006



1) Excluding consolidation

Revenue by region[1)]

9M 2006



MAIL Corporate Division

MAIL		9M		+/– %	Q3		+/– %
		2005	2006		2005	2006	
Revenue	€m	9,425	9,640	2.3	3,074	3,181	3.5
of which Mail Communication	€m	4,762	4,532	–4.8	1,547	1,448	–6.4
Direct Marketing	€m	2,042	1,993	–2.4	663	645	–2.7
Press Distribution	€m	594	605	1.9	190	192	1.1
Mail International/ Value-added Services	€m	1,509	1,978	31.1	499	718	43.9
Internal revenue	€m	518	532	2.7	175	178	1.7
Profit from operating activities (EBIT)	€m	1,501	1,452	–3.3	399	428	7.3
Return on sales[1)]	%	15.9	15.1		13.0	13.5	

1) EBIT/revenue

In the first nine months of 2006, the MAIL Corporate Division lifted its revenue by 2.3% to €9,640 million (previous year: €9,425 million). Our international mail business was more than able to offset the expected decline in revenue within Germany. Since April 1, 2006, we have included the mail and document service provider Williams Lea in the Mail International and Value-added Services Business Divisions. Once again, currency effects were insignificant.

In the Mail Communication Business Division, revenue for the period was €4,532 million, down on the figure for the previous year (€4,762 million). Our key sectors and markets were unable to benefit as yet from the upturn in the domestic economy. Moreover, we are feeling the effects of increasing electronic communication and of intensive competition. Volumes continued to decline in Q3; furthermore, there was one working day less in comparison with the previous year. In the first nine months of the year, we additionally experienced a negative impact of around €29 million on revenue from our *Kompaktbrief* product, where we were obliged to cut prices by 5 cents in 2006 under the price-cap procedure. By contrast, we were able to substantially reduce expenses thanks to strict cost management.

Mail Communication (Deutsche Post AG share)	9M		+/– %	Q3		+/– %
mail items (millions)	2005	2006		2005	2006	
Business customer letters	5,372	5,189	–3.4	1,736	1,652	–4.8
Private customer letters	988	961	–2.7	320	314	–1.9
Total	**6,360**	**6,150**	**–3.3**	**2,056**	**1,966**	**–4.4**

In the Direct Marketing Business Division, we profited in the previous year from the increased advertising connected with the federal elections and the elections to the governing bodies of social security institutions. Without this effect, revenue in the first nine months of 2006, at €1,993 million, was down only slightly on the previous year.

Direct Marketing (Deutsche Post AG share)

	9M		+/– %	Q3		+/– %
mail items (millions)	**2005**	**2006**		**2005**	**2006**	
Infopost/Infobrief (addressed advertising mail)	4,964	4,780	–3.7	1,621	1,545	–4.7
Postwurfsendung/Postwurf Spezial (unaddressed/partially addressed advertising mail)	2,886	2,773	–3.9	927	764	–17.6
Total	**7,850**	**7,553**	**–3.8**	**2,548**	**2,309**	**–9.4**

We again increased revenue in the Press Distribution Business Division, lifting it by 1.9% year-on-year to €605 million (previous year: €594 million).

Once again, our international business recorded the strongest increase in revenue: nine-month revenue in 2006 in the Mail International and Value-added Services Business Divisions rose by 31.1% to €1,978 million (previous year: €1,509 million). This primarily reflects the initial inclusion of Williams Lea as of April 1, 2006. In addition to external revenue growth of €395 million, we also achieved organic growth in this area. The two business divisions now account for 20.5% of the corporate division's revenue.

Profit from operating activities (EBIT) fell by 3.3%, from €1,501 million in the previous year to €1,452 million. The return on sales was 15.1%.

EXPRESS Corporate Division

EXPRESS		9M		+/– %	Q3		+/– %
		2005 restated	2006		2005 restated	2006	
Revenue	€m	12,655	12,964	2.4	3,863	3,755	–2.8
of which Europe	€m	7,719	7,766	0.6	2,012	1,950	–3.1
Americas	€m	3,303	3,280	–0.7	1,113	1,103	–0.9
Asia Pacific	€m	1,554	1,796	15.6	568	621	9.3
Emerging Markets (EMA)	€m	610	700	14.8	208	234	12.5
Consolidation	€m	–531	–578	–9.0	–38	–153	–302.6
Profit or loss from operating activities (EBIT)	€m	217	91	–58.1	–20	86	n/a
Return on sales[1]	%	1.7	0.7		–0.5	2.3	

1) EBIT/revenue

In the EXPRESS Corporate Division, various adjustments were made to the prior-year figures: we have reported cross-segment service functions in a separate corporate division since the beginning of the year. In addition, we changed the method of transfer pricing between the regions, which is reflected in a reduction of internal revenue in the segment. As of July 1, 2006, the road transport business was transferred from the EXPRESS Corporate Division to the LOGISTICS Corporate Division as DHL Freight. As part of the reorganization of our global express network, which is now managed as a single unit worldwide, hubs and global network aviation were transferred from the SERVICES segment to the EXPRESS Corporate Division.

In the first nine months of 2006, the corporate division increased its revenue by 2.4% to €12,964 million (previous year: €12,655 million). All regions made a positive contribution to this, with the exception of the Americas region, which was down slightly year-on-year. Positive currency effects amounting to €6 million were recorded in the period under review.

Revenue in the Europe region was impacted by the disposals in the previous year, including Fuelserv in the United Kingdom and the Scandinavian Fulco group. In Germany we recorded increases in revenue for international express products, while competitive pressure in the domestic parcel business continued. We reacted to this by cutting prices, as already explained in our report on the first six months. We also increased revenue from international express products in other European countries. Total revenue in the region amounted to €7,766 million, up 0.6% from the prior-year figure of €7,719 million.

In the Americas region, revenue fell as expected in the first nine months, by 0.7% to €3,279 million (previous year: €3,303 million). However, improvements are evident: revenue has stabilized in the course of 2006 and, at €1,102 million for the third quarter (which is usually weak due to seasonal factors), in fact surpassed the second-quarter figure (€1,068 million) by 3.2%. Since we have established a high level of service quality, we are now increasingly able to acquire new business at better conditions. Overall, the situation in Q3 has improved significantly compared with the previous quarters.

We again recorded double-digit growth rates in the Asia Pacific region. Revenue climbed 15.6% to €1,796 million (previous year: €1,554 million). Our strong operating growth in China is continuing.

The Emerging Markets (EMA) also continued to grow. During the first nine months, revenue rose by 14.8% to €700 million (previous year: €610 million). Business in Russia and in the Middle East developed particularly positively.

Profit from operating activities (EBIT) for the corporate division fell from €217 million in the previous year to €91 million. In the third quarter we recorded a €106 million improvement year-on-year and a €44 million increase as against Q2 2006. The return on sales amounted to 0.7% in the first nine months and 2.3% in Q3 2006. The Americas region continued its positive trend from the second quarter into the third quarter.

LOGISTICS Corporate Division

LOGISTICS		9M 2005 restated	9M 2006	+/– %	Q3 2005 restated	Q3 2006	+/– %
Revenue	€m	6,595	16,007	142.7	3,035	6,089	100.6
of which DHL Global Forwarding	€m	4,129	6,875	66.5	1,526	2,417	58.4
DHL Freight[1]	€m	902	968	7.3	902	968	7.3
DHL Exel Supply Chain	€m	1,581	8,538	440.0	618	2,876	365.4
Consolidation/other	€m	–17	–374	n/a	–11	–172	n/a
Profit from operating activities (EBIT)	€m	244	513	110.2	111	189	70.3
Return on sales[2]	%	3.7	3.2		3.7	3.1	

1) Included as of July 1, 2006
2) EBIT/revenue

In the LOGISTICS Corporate Division, the prior-year figures were restated because we transferred our road transport business from the EXPRESS Corporate Division to the LOGISTICS Corporate Division as DHL Freight as of July 1, 2006.

The logistics business is continuing to develop favorably in terms of integration, performance and growth. Revenue in the first nine months of 2006 was €16,007 million (previous year: €6,595 million). All three business divisions contributed to this with sustainable organic growth. Acquisition effects totaled €8,608 million, most of which related to the purchase of Exel. We recorded negative currency effects amounting to €37 million.

DHL Global Forwarding continued its positive development, as shown in the following table. Overall, revenue increased – both organically and as a result of acquisitions – by 66.5% to €6,875 million (previous year: €4,129 million).

DHL Global Forwarding: revenue by area

€m	9M 2005	9M 2006	+/– %	Q3 2005	Q3 2006	+/– %
Air freight	2,068	3,638	75.9	783	1,192	52.2
Ocean freight	1,382	1,983	43.5	484	736	52.1
Other[1]	679	1,254	84.7	259	489	88.8
Total	**4,129**	**6,875**	**66.5**	**1,526**	**2,417**	58.4

1) Previously reported under Projects/other

DHL Global Forwarding: volumes

thousands		9M 2005	9M 2006	+/– %	Q3 2005	Q3 2006	+/– %
Air freight	Tonnage	1,675	2,982	78.0	589	1,083	83.9
Ocean freight	TEUs[1]	920	1,612	75.2	315	574	82.2

1) Twenty-foot equivalent units

Fuel and security surcharges continued to raise revenue as in the previous quarters. However, lower freight rates had the opposite effect. Both air and ocean freight were able to gain new business, thus adding organic growth above market to the acquisition effect.

In the third quarter of 2006, the DHL Freight Business Division generated revenue in the amount of €968 million (previous year: €902 million). This represents a 7.3% growth rate.

The DHL Exel Supply Chain Business Division recorded organic growth and generated revenue of €8,538 million, clearly exceeding the prior-year figure (€1,581 million). Contract logistics revenue increased in all sectors, as illustrated in the following table. Since Exel is a market leader in the key fast moving consumer goods markets, the business division achieved its highest absolute growth in this sector.

DHL Exel Supply Chain: revenue by sector

	9M		+/– %	Q3		+/– %
€m	**2005**	**2006**		**2005[1)]**	**2006**	
Automotive	64	1,161	n/a	24	407	n/a
Pharma/healthcare	46	286	521.7	17	93	447.1
Electronics/telecommunications	533	917	72.0	185	306	65.4
Fast moving consumer goods	576	4,116	614.6	259	1,357	423.9
Textiles/fashion	297	844	184.2	104	307	195.2
Other	65	1,214	n/a	29	406	n/a
Total	**1,581**	**8,538**	**440.0**	**618**	**2,876**	**365.4**

1) Prior-year figures adjusted due to changed allocation to industry sectors as part of the Exel integration

Profit from operating activities (EBIT) was €513 million in the first nine months of 2006 (previous year: €244 million). The doubling of this figure is due to both organic growth and in particular to the acquisition of Exel. As part of the integration, the accounting treatment applied to pensions was adjusted, resulting in an overall effect of €164 million. Profit from operating activities also includes amortization of intangible assets arising from i purchase price allocation, as well as integration expenses. The return on sales amounted to 3.2% in the period under review.

i Note 3

FINANCIAL SERVICES Corporate Division

FINANCIAL SERVICES	9M		+/– %	Q3		+/– %
	2005	2006		2005	2006	
€m	restated			restated		
Revenue and income from banking transactions	5,240	7,090	35.3	1,791	2,517	40.5
Profit from operating activities (EBIT)	668	702	5.1	236	238	0.8

The FINANCIAL SERVICES Corporate Division consists primarily of Postbank as well as the Pension Service. Following Postbank's acquisition of 850 retail outlets from Deutsche Post AG at the beginning of the year, we now report the remaining outlets in the SERVICES Corporate Division. We have restated the prior-period amounts accordingly.

Postbank completed the official program to integrate Postbank, BHW and the Deutsche Post retail outlets as of October 1, 2006. This enabled it to lay the key foundations for the new group three months faster than originally scheduled. These measures included merging the mobile sales forces and IT systems, as well as restructuring branch sales activities.

http://ir.postbank.com

Deutsche Postbank AG describes its business development in the first nine months of 2006 in its own interim report, published on November 7, 2006.

In the period under review, the FINANCIAL SERVICES Corporate Division generated revenue and income from banking transactions of €7,090 million – up 35.3% on the prior-year figure of €5,240 million. In the banking business, income from interest, fees and commissions, net trading income and net income from investment securities are equivalent to an industrial company's revenue. Postbank increased its income year-on-year, among other things, as a result of acquisitions. The purchase of BHW shares resulted in acquisition effects in relation to revenue and income from banking transactions totaling €1,422 million.

Despite expenses arising from this acquisition, the corporate division again improved its results: in the first nine months, FINANCIAL SERVICES lifted its profit from operating activities (EBIT) by 5.1% from €668 million in the previous year to €702 million. In the third quarter, the corporate division increased its EBIT by 0.8% or €2 million.

SERVICES Corporate Division

SERVICES	9M		+/– %	Q3		+/– %
€m	2005 restated	2006		2005 restated	2006	
Revenue	3,258	3,449	5.9	522	541	3.6
Profit or loss from operating activities (EBIT)	–146	–134	8.2	55	125	127.3

Since the beginning of the year, the Group has bundled internal services in the SERVICES segment, with the goal of enhancing service quality and cutting costs. The new division includes the company's Global Business Services with the following areas: legal, insurance, procurement, finance operations, IT services, real estate, fleet management, global customer solutions and business consulting. Other components are the Corporate Center and the retail outlets that still belong to Deutsche Post. SERVICES also reports income and expenses recorded by Deutsche Post AG that cannot be allocated to an individual corporate division. We report the services provided by internal service providers as internal revenue. The prior-period amounts were restated accordingly.

As part of the reorganization of our global express network, hubs and global network aviation were transferred from the SERVICES segment to the EXPRESS Corporate Division as of July 1, 2006.

In the first nine months of 2006, revenue increased by 5.9% to €3,449 million (previous year: €3,258 million).

At €134 million, the loss from operating activities (EBIT) in the period under review narrowed by 8.2% as against the prior-year figure (loss of €146 million). The corporate division profited from the following extraordinary factors in particular: income of €276 million generated by calling the exchangeable bond on Postbank stock prior to maturity, as well as income of €89 million from the positive outcome of arbitration proceedings with Deutsche Telekom.

Organization

In September, we implemented major structural changes in the Group and bundled all air and ocean freight and road transport business in the LOGISTICS Corporate Division. Board of Management member John Allan is responsible for this area.

The EXPRESS Corporate Division, which was previously divided into two Board departments, will now be managed by one Board member, John Mullen, instead of two. Dr. Peter Kruse, who up to now was responsible for EXPRESS Germany and Europe, retired from the Board of Management by mutual agreement and on the best of terms and has assumed a new role in the Group as the CEO's special representative.

Employees

The number of employees increased from 347,607 to 459,895 in the period under review. This is mainly due to the acquisition of Exel, which added 110,392 full-time equivalents to Deutsche Post World Net's headcount.

Our health management policy received its second award in October, when we came top in a study commissioned by the German newspaper *Handelsblatt*. Germany's major companies were assessed, among other things, on how they integrate their staff into health management, whether it is actively supported by executives, how healthcare measures are integrated with corporate values, whether the necessary resources are available and whether the measures are regularly reviewed.

Risks

The Group operates an opportunity and risk management system that is integrated with its controlling processes. This enables us to identify, evaluate, manage and monitor risks associated with our business activities. Information on the system and the Group's risk situation can be found in the ↗ 2005 Annual Report, beginning on page 68.

↗ http://investors.dpwn.com

For information on Postbank's risks, please refer to Deutsche Postbank AG's ↗ 2005 Annual Report.

↗ http://ir.postbank.com

Legal and regulatory risks

In the course of our business activities, we are exposed to opportunities and risks that result from the regulatory environment for the European postal markets. On October 18, 2006, the European Commission resolved a draft directive that proposes opening up Europe's postal markets in January 2009. The key issue is the opening up of the market for mail weighing less than 50 grams, which has yet to be implemented in many countries. In Germany, Deutsche Post's exclusive license is scheduled to expire as early as the end of 2007. The EU's proposal provides that the regulations on the scope of universal services should remain unchanged. It will now be submitted to the Council and the European Parliament, which will decide on the draft directive using the codecision procedure.

For Deutsche Post AG, the liberalization of the market will result in risks due to greater competition in Germany, but will also offer opportunities on Europe's other postal markets. As mentioned in the 2005 Annual Report, the MAIL Corporate Division has extensively modernized its technical equipment, realigned its products and services and established a foothold in major international mail markets.

The extent to which postal services are subject to VAT continues to be debated in the EU. In our reports on the first and second quarters of 2006, we referred to the infringement proceedings opened by the European Commission against the Federal Republic of Germany by way of a letter dated April 10, 2006, which relate to the VAT exemption for postal universal services provided by Deutsche Post AG. However, the Federal Republic of Germany believes that this VAT exemption is in line with existing law and has replied to the European Commission to this effect. The proceedings continue to date.

If VAT were to be applied, the resulting risk would be cushioned by price increases. The regulatory authority is also of the opinion that the prices approved by it do not include VAT and are therefore net prices. VAT could thus be added to the approved prices.

Macroeconomic risks

The macroeconomic situation in individual countries and their trade relations with each other could affect our business activities. We do not consider the Group as a whole to be exposed to any significant macroeconomic risks at present.

Overall risk for the company

Compared with the opportunities and risks presented in detail in the 2005 Annual Report, no significant additional risks arose for the Group in the first nine months of 2006. There are currently no identifiable risks that, individually or collectively, could endanger the continued existence of the company.

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 in this area.

The economic conditions for the Group have not changed significantly in the period under review.

Outlook

Global economy will grow more slowly

The positive development of the global economy is likely to continue until the end of 2006 and beyond, although the pace of growth should decline somewhat. The US economy has already begun to slow. Nevertheless, GDP growth will remain robust this year at around 3.3%. The Japanese economy is on a firm footing, although export growth is likely to fall slightly due to the expected moderate slowdown in the global economy. There are currently no signs of China's growth weakening.

The positive economic trend in the euro zone should continue until the end of 2006. At 2.6%, the euro zone is expected to record its highest GDP growth in six years. In Germany, consumer spending should profit from the fact that consumers are pulling forward purchases into this year due to the forthcoming VAT increase. An economic slowdown is therefore not expected in the period up to the end of the year. GDP growth of 2.4% for 2006 is realistic.

International trade flows increase

According to Global Insight, world trade will grow slightly faster than in 2005. The euro zone economies have effectively sustained consumer demand for imported goods, primarily from Asia. Although troubled with huge foreign trade and government budget deficits, the United States remains the world's largest importer. China surpassed Germany to become the world's largest exporter measured in 1997 commodity prices. As a result, the trends on the markets for express and logistics services remain positive.

According to a recent survey by the UK consulting firm Triangle, customers in Germany expect muted price increases for parcel and express services. In addition, quality is now a more important factor than price in the selection of a service provider. The national mail market is experiencing an increase in competition, while the market for direct marketing is flat despite the healthy business climate. According to rating agency Standard & Poor's, the German banking market peaked in the first half of 2006, and is expected to slow in the second half of the year and in 2007.

Future management

We will in future manage our business in the EXPRESS Corporate Division primarily by products and secondarily by regions.

Adjusted expectations of business developments

For the current year, the Group expects consolidated revenue of a good €60 billion and EBIT of around €3.9 billion, the exact level of which depends on the EXPRESS Corporate Division's contribution to earnings. Group EBIT will include substantial one-time expenses for the integration of Exel and BHW.

For the MAIL Corporate Division, we are continuing to expect stable to slightly increasing revenue, and are forecasting EBIT of around €2 billion.

For the EXPRESS Corporate Division, we are predicting single-digit percentage revenue growth. Excluding the road transport business, we are expecting EBIT of between €300 million and €400 million. This EBIT figure includes, among other things, the option to recognize one-time expenses for network optimization in Europe, which is currently being examined by the new global management.

We are expecting the LOGISTICS Corporate Division, including its DHL Freight Business Division, to generate revenue of well over €20 billion. Against the background of the hitherto successful integration of Exel we are now forecasting EBIT of at least €750 million for 2006.

As reported, Postbank concluded the official integration program for BHW and branches in October ahead of schedule. Against this background, revenue and income from banking transactions in the FINANCIAL SERVICES Corporate Division is expected to increase. We are now predicting double-digit percentage growth in operating profit to at least €950 million for the corporate division.

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.

Consolidated Interim Financial Statements

Income statement

January 1 to September 30	9M 2005 restated	9M 2006	Q3 2005 restated	Q3 2006
€m				
Revenue and income from banking transactions	32,512	44,190	11,028	14,887
Other operating income	1,651	1,928	425	872
Total operating income	**34,163**	**46,118**	**11,453**	**15,759**
Materials expense and expenses from banking transactions	–17,123[1)]	–25,119	–5,931[1)]	–8,655
Staff costs	–10,486	–13,794	–3,330	–4,540
Depreciation, amortization and impairment losses	–951	–1,231	–319	–412
Other operating expenses	–3,196[1)]	–3,386	–1,138[1)]	–1,122
Total operating expenses	**–31,756**	**–43,530**	**–10,718**	**–14,729**
Profit from operating activities (EBIT)	**2,407**	**2,588**	**735**	**1,030**
Net income from associates	68	5	13	2
Net other finance costs	–590	–747	–174	–254
Net finance costs	**–522**	**–742**	**–161**	**–252**
Profit from ordinary activities	**1,885**	**1,846**	**574**	**778**
Income tax expense	–369[1)]	–364	–112[1)]	–151
Consolidated net profit for the period	**1,516**	**1,482**	**462**	**627**
attributable to				
Deutsche Post AG shareholders	1,359	1,273	412	537
Minorities	157[1)]	209	50[1)]	90
€				
Basic earnings per share	**1.22**	**1.07**	**0.37**	**0.45**
Diluted earnings per share	**1.22**	**1.06**	**0.37**	**0.45**

1) Prior-period amounts restated, see note 3

Balance sheet
as of September 30, 2006

€m	Dec. 31, 2005 restated	Sep. 30, 2006
ASSETS		
Intangible assets	13,026[1]	14,668
Property, plant and equipment	9,674[1]	9,653
Investments in associates	78	91
Investment property	107	94
Other noncurrent financial assets	776	982
Noncurrent financial assets	**961**	**1,167**
Other noncurrent assets	373	441
Deferred tax assets	955[1]	941
Noncurrent assets	**24,989**	**26,870**
Inventories	282	291
Noncurrent assets held for sale	28	1,116
Tax receivables	576	730
Receivables and other assets	8,199[1]	9,061
Receivables and other securities from financial services	136,213	176,563
Financial instruments	35	39
Cash and cash equivalents	2,084	2,363
Current assets	**147,417**	**190,163**
Total assets	**172,406**	**217,033**
EQUITY AND LIABILITIES		
Issued capital	1,193	1,199
Other reserves	2,021	1,600
Retained earnings	7,493	7,928
Equity attributable to Deutsche Post AG shareholders	**10,707**	**10,727**
Minority interest	1,833	2,646
Equity	**12,540**	**13,373**
Provisions for pensions and other employee benefits	5,756[1]	6,301
Deferred tax liabilities	1,438[1]	1,779
Other noncurrent provisions	2,517[1]	4,766
Noncurrent provisions	**9,711**	**12,846**
Noncurrent financial liabilities	4,811	3,940
Other noncurrent liabilities	3,989	5,345
Noncurrent liabilities	**8,800**	**9,285**
Noncurrent provisions and liabilities	**18,511**	**22,131**
Current tax provisions	625	529
Other current provisions	1,825	1,432
Current provisions	**2,450**	**1,961**
Current financial liabilities	855	2,373
Trade payables	4,952	4,641
Liabilities from financial services	128,568	166,469
Current tax liabilities	655	816
Current liabilities associated with noncurrent assets held for sale	20	1,045
Other current liabilities	3,855[1]	4,224
Current liabilities	**138,905**	**179,568**
Current provisions and liabilities	**141,355**	**181,529**
Total equity and liabilities	**172,406**	**217,033**

1) Prior-period amounts restated, see note 3

Cash flow statement

January 1 to September 30

€m	2005 restated	2006
Net profit before taxes	**1,885[1]**	**1,846**
Net finance costs	522	742
Depreciation/amortization of noncurrent assets	951	1,231
Gains on disposal of noncurrent assets	–45	–54
Non-cash income and expense	376	47
Change in provisions	–750	–482
Taxes paid	–235	–234
Net cash from operating activities before changes in working capital	**2,704**	**3,096**
Changes in working capital		
Inventories	9	–3
Receivables and other assets	–834	–945
Receivables/liabilities from financial services	899[1]	610
Liabilities and other items	628	488
Net cash from operating activities	**3,406**	**3,246**
Proceeds from disposal of noncurrent assets		
Divestitures	102	236
Other noncurrent assets	317	342
	419	**578**
Cash paid to acquire noncurrent assets		
Investments in companies	–246	–2,060
Other noncurrent assets	–1,385	–1,388
	–1,631	**–3,448**
Interest received	138	74
Current financial instruments	–188	–1
Net cash used in investing activities	**–1,262**	**–2,797**
Change in financial liabilities	–82	1,043
Dividend paid to Deutsche Post AG shareholders	–557	–836
Dividend paid to other shareholders	–72	–96
Issuance of shares under stock option plan	59	80
Interest paid	–249	–276
Net cash used in financing activities	**–901**	**–85**
Net change in cash and cash equivalents	1,243	364
Effect of changes in exchange rates on cash and cash equivalents	–39	–26
Change in cash and cash equivalents associated with noncurrent assets held for sale	0	–59
Cash and cash equivalents at January 1	4,845	2,084
Cash and cash equivalents at September 30	**6,049**	**2,363**

1) Prior-period amounts restated, see note 3

Statement of changes in equity

January 1 to September 30

€m	Issued capital	Other reserves: Capital reserves	Other reserves: IAS 39 reserves	Other reserves: Currency translation reserve	Retained earnings	Equity attributable to Deutsche Post AG shareholders	Minority interest	Total equity
Balance at January 1, 2005 before adjustment	1,113	408	–343	–150	6,189	7,217	1,611	8,828
Adjustments	0	0	401	0	–376	25	12	37
Balance at January 1, 2005 after adjustment[1)]	**1,113**	**408**	**58**	**–150**	**5,813**	**7,242**	**1,623**	**8,865**
Capital transactions with owner								
Capital contribution from retained earnings						0		0
Dividend					–556	–556	–75	–631
Other changes in equity not recognized in income								
Currency translation differences				90		90	20	110
Stock option plans (exercise)	4	55				59		59
Other changes			212		6	218	85	303
Changes in equity recognized in income								
Consolidated net profit					1,359	1,359	157	1,516
Stock option plans (issuance)		30				30		30
Balance at September 30, 2005 after adjustment	**1,117**	**493**	**270**	**–60**	**6,622**	**8,442**	**1,810**	**10,252**
Balance at January 1, 2006	**1,193**	**1,893**	**169**	**–41**	**7,493**	**10,707**	**1,833**	**12,540**
Capital transactions with owner								
Capital contribution from retained earnings						0		0
Dividend					–836	–836	–96	–932
Other changes in equity not recognized in income								
Currency translation differences				–277		–277	–28	–305
Stock option plans (exercise)	6	74				80		80
Other changes			–241		–2	–243	728	485
Changes in equity recognized in income								
Consolidated net profit					1,273	1,273	209	1,482
Stock option plans (issuance)		23				23		23
Balance at September 30, 2006	**1,199**	**1,990**	**–72**	**–318**	**7,928**	**10,727**	**2,646**	**13,373**

1) The retrospective initial adjustment according to IAS 39 (rev. 2003) produces a cumulative impairment of shares in the amount of €430 million, which results in a reduction in retained earnings and an increase in IAS 39 reserves (revaluation reserve). The reclassification of financial assets also results in a reduction in the revaluation reserve of €29 million and in minority interest of €15 million. The change in accounting policy in accordance with IAS 8.22, whereby the expenses from the arrangement of mortgages are deferred according to the duration of the mortgage and not immediately recognized as an expense, leads to an increase in retained earnings of €54 million and in minority interest of €27 million.

Notes to the consolidated interim financial statements

1 Basis of accounting

As a listed company, Deutsche Post AG prepared its consolidated financial statements for the period ended September 30, 2006 in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU.

The accounting policies, as well as the explanations and disclosures, are generally based on the same accounting policies used in the 2005 consolidated financial statements.

http://investors.dpwn.com

For further information on the accounting policies applied, please refer to the consolidated financial statements for the period ended December 31, 2005 on which this interim report is based.

2 Consolidated group

The companies listed in the table below are consolidated in addition to the parent company Deutsche Post AG.

Consolidated group	Dec. 31, 2005	Sep. 30, 2006
Number of fully consolidated companies (subsidiaries)		
German	101	133
Foreign	521	919
Number of proportionately consolidated joint ventures		
German	2	2
Foreign	3	3
Number of equity method-accounted companies (associates)		
German	4	4
Foreign	29	39

The increase in the number of fully consolidated companies is attributable primarily to the fact that the Exel group was included in the consolidated financial statements for the first quarter on the basis of the individual Exel companies.

The Williams Lea group, with seven subsidiaries, was included in the consolidated financial statements in the second quarter of 2006.

The disposal of the German company McPaper AG, Berlin, in the first quarter of 2006 resulted in a deconsolidation gain of €10 million, which is reported in other operating income.

3 Purchase price allocation and adjustment of balance sheet and income statement carrying amounts

Purchase price allocation for Williams Lea

Deutsche Post World Net acquired 66.15% of the shares of the international mail and document service provider Williams Lea Group Ltd., London, United Kingdom, (Williams Lea) on March 24, 2006. The purchase price increased by €4 million to €326 million due to subsequent acquisition costs. Since the minority shareholders (33.85% of the shares) were granted a put option, the minority interests are reported as noncurrent financial liabilities in accordance with IAS 32. The put option may be exercised after no earlier than three years.

Williams Lea is a leading provider of value-added mail and document services and offers an extensive range of print, mailroom and document management products, as well as direct marketing services. The allocation of the purchase price to the identifiable assets, liabilities and contingent liabilities at their fair values used purchase price allocation in accordance with IFRS 3.

Purchase price allocation resulted in the following adjustments to assets and liabilities:

Adjustments to assets and liabilities	Mar. 31, 2006
€m	
Brand name	26
Customer list (excluding USA)	136
Customer list USA	89
Land	4
Pension obligations	–2
Current provisions	–7
Deferred taxes, net	–86
	160

A useful life of 18 years was defined for the customer list. The following table shows the measurement of goodwill:

Measurement of goodwill	Mar. 31, 2006
€m	
Purchase price (66.15% interest)	316
Transaction costs	6
Subsequent acquisition costs	4
Total purchase price	**326**
Financial liability to minority interest (33.85% interest)	229
Less identifiable net assets at fair value	–56
Goodwill	**499**

Net assets acquired
as of March 31, 2006

€m	Carrying amounts	Adjustments	Fair value
Intangible assets	7	251	258
Property, plant and equipment	16	4	20
Noncurrent financial assets	26	0	26
Current receivables, other current assets, and cash and cash equivalents	182	0	182
Noncurrent liabilities and provisions	–18	–2	–20
Current liabilities and provisions	–317	–7	–324
Deferred taxes, net	0	–86	–86
Net assets acquired	**–104**	**160**	**56**

In the period from the acquisition date to September 30, 2006, Williams Lea generated revenue of €364 million and profit from operating activities (EBIT) of €16 million. If this company had already been included in the consolidated financial statements as of January 1, 2006, it would have contributed €542 million to consolidated revenue and €9 million to consolidated EBIT.

Purchase price allocation for BHW

Following completion of the share purchase agreement entered into with the previous majority shareholders of BHW Holding AG, namely BGAG Beteiligungsgesellschaft der Gewerkschaften AG, BGAG Beteiligungsverwaltungsgesellschaft mbH, NH-Beteiligungsverwaltungsgesellschaft mbH and Deutscher Beamtenwirtschaftsbund (BWB) GmbH, on October 25, 2005, Deutsche Postbank AG acquired 137,581,212 BHW shares on January 2, 2006. Taking the capital reduction through retirement of BHW Holding AG's own shares on December 31, 2005 into account, this corresponds to 82.9% of the share capital and voting rights of BHW Holding AG. The purchase increased Deutsche Postbank AG's shareholding in BHW Holding AG to 91.04% of the share capital and voting rights, and Deutsche Postbank AG thus acquired a controlling interest in BHW Holding AG in accordance with IAS 27.

On January 26, 2006, Deutsche Postbank AG made a mandatory offer in accordance with section 35(2) of the *Wertpapiererwerbs- und Übernahmegesetz* (WpÜG – German Securities Acquisition and Takeover Act). The object of the mandatory offer is the acquisition of all no-par value shares of BHW Holding AG. Deutsche Postbank AG has held an interest of 98.43% since the mandatory offer. The purchase price for the 98.43% interest amounts to €1,734 million plus the transaction costs of €19 million incurred. The allocation of the purchase price to the identifiable assets, liabilities and contingent liabilities at their fair values uses purchase price allocation in accordance with IFRS 3.

Measurement of goodwill	Dec. 31, 2005
€m	
Purchase price	1,734
Costs directly attributable to the purchase	19
Total purchase price	**1,753**
Less identifiable net assets at fair value	–1,276
Goodwill	**477**

Net assets acquired

€m	Carrying amounts	Adjustments	Fair value
Receivables and other securities from financial services	39,748	714	40,462
Property, plant and equipment	245	–37	208
Deferred taxes	384	0	384
Cash and cash equivalents	99	0	99
Other assets	250	550	800
TOTAL ASSETS	40,726		41,953
Liabilities from financial services	36,543	320	36,863
Noncurrent provisions	2,009	287	2,296
Deferred taxes	383	211	594
Current liabilities	204	0	204
Noncurrent liabilities	640	59	699
EQUITY AND LIABILITIES less equity	39,779		40,656
Net assets	947		1,297
Less minority interest	n/a		–21
Net assets acquired			**1,276**

Purchase price allocation for Exel

Purchase price allocation for Exel plc., Bracknell, UK, (Exel) was completed in the second quarter of 2006. Further details can be found in the interim report on the first half of 2006.

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Adjustments to consolidated balance sheet

The following adjustments to the carrying amounts in the consolidated balance sheet as of December 31, 2005 arose from the purchase price allocation of Exel:

Adjusted consolidated balance sheet

as of December 31

€m	2005	Adjustments	2005 restated
ASSETS			
Intangible assets	12,749	277	13,026
Property, plant and equipment	9,505	169	9,674
Deferred tax assets	883	72	955
Receivables and other assets	8,204	–5	8,199
EQUITY AND LIABILITIES			
Noncurrent provisions			
Provisions for pensions and other employee benefits	5,780	–24	5,756
Deferred tax liabilities	1,080	358	1,438
Other provisions	2,361	156	2,517
Current liabilities			
Other liabilities	3,832	23	3,855

Adjustments to income statement

The income statement items as of September 30, 2005 have changed as a result of the Deutsche Postbank group's change in accounting policy for the deferral of expenses relating to sales activities for mortgage loans. There were also reclassifications between materials expense and other operating expenses due to adjustments to the chart of accounts.

Adjusted income statement

January 1 to September 30

€m	2005	Adjustments	2005 restated
Materials expense	–17,146	23	–17,123
Other operating expenses	–3,208	12	–3,196
Income tax expense	–357	–12	–369
Consolidated net profit for the period	1,493	23	1,516
attributable to Deutsche Post AG shareholders	1,344	15	1,359
attributable to minorities	149	8	157

4 Shares, stock options, equity

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, 2005:

Stock options

	SOP 2000		SOP 2003		
Number	Tranche 2001	Tranche 2002	Tranche 2003	Tranche 2004	Tranche 2005
Outstanding options at January 1, 2006	662,789	2,946,797	11,571,618	8,605,470	9,999,180
Outstanding SARs at January 1, 2006	27,040	148,558	577,770	680,318	1,191,264
Options lapsed	627,215	0	370,968	419,730	366,336
SARs lapsed	25,924	0	71,982	67,362	402,048
Options exercised	35,574	1,549,401	4,644,978	0	0
SARs exercised	1,116	18,922	213,506	0	0
Outstanding options at September 30, 2006	**0**	**1,397,396**	**6,555,672**	**8,185,740**	**9,632,844**
Outstanding SARs at September 30, 2006	**0**	**129,636**	**292,282**	**612,956**	**789,216**

As of July 3, 2006, selected executives received stock appreciation rights (SARs) under the new 2006 SAR plan. This gives executives the chance to receive a cash payment within a defined period in the amount of the difference between the respective market price of Deutsche Post stock and a fixed issue price, if demanding performance targets are met. This plan supersedes the Stock Option Plan 2003, under which options were last issued in 2005.

A successor plan was also launched for members of the Board of Management: under the 2006 Long Term Incentive Plan (LTIP) for the Board of Management, members were granted SARs for the first time as of July 1, 2006. The new plan is largely identical in nature to the previous stock option plan. The main difference is that it is paid out in cash and therefore no longer leads to dilution to the detriment of the shareholders. As previously, members of the Board of Management must invest in Deutsche Post shares to receive SARs. As with the former stock option plan, SARs may only be paid out under the LTIP at the earliest after the three-year lock-up period if the demanding performance targets agreed have been met.

The fair value of the SARs was determined using a stochastic simulation model. This led to an expense of €4.5 million at September 30, 2006, which was recorded in provisions.

The issued capital increased from €1,193 million to €1,199 million in the third quarter of 2006. It is now composed of 1,198,863,692 no-par value registered shares. The increase in issued capital is attributable to the servicing of stock options from the Stock Option Plans 2000 and 2003.

On July 3, 2006, Deutsche Post AG as the debtor exercised its option under the terms and conditions of the bond to call the exchangeable bond on Postbank stock prior to maturity effective July 31, 2006. Following this transaction, Deutsche Post AG holds an interest in the Deutsche Postbank group of 50% plus one share. The gain on deconsolidation amounted to €276 million, which was reported in other operating income.

Basic earnings per share were €1.07. Diluted earnings per share for the period from January 1 to September 30, 2006 were €1.06. There were 25,771,652 stock options for executives at the reporting date, 4,289,031 of which were dilutive.

5 Contingent liabilities

The Group's contingent liabilities have not changed significantly compared with December 31, 2005. In addition, the Deutsche Postbank group had irrevocable loan commitments amounting to €19,922 million.

6 Other operating income and expenses

Other operating income January 1 to September 30 €m	2005	2006
Gains on disposal of noncurrent assets	74	367
Income from the reversal of provisions	519	302
Income from investment securities and insurance business (financial services)	175	204
Income from currency translation differences	173	161
Income from work performed and capitalized	138	134
Insurance income	83	110
Income from fees and reimbursements	28	86
Income from prior-period billings	95	80
Reversal of impairment losses on receivables and other assets	11	72
Rental and lease income	69	64
Income from the derecognition of liabilities	55	59
Income from non-hedging derivatives	85	27
Commission income	10	26
Income from loss compensation	14	19
Change in inventories	0	9
Subsidies	7	8
Income from housing management cost equalization	4	3
Miscellaneous	111	197
	1,651	**1,928**

The increase in gains on disposal of noncurrent assets relates to the exercise of the exchangeable bond on Postbank stock.

Miscellaneous other operating income includes a number of individual items.

Other operating expenses January 1 to September 30 €m	2005	2006
Public relations expenses	369	406
Travel and training costs	288	337
Legal, consulting and audit costs	331	317
Allowance for losses on loans and advances (financial services)	155	234
Telecommunication costs	221	229
Other business taxes	345	219
Warranty expenses, refunds and compensation payments	174	201
Write-downs of current assets	214	188
Cost of purchased cleaning, transportation and security services	118	178
Office supplies	140	173
Expenses from currency translation differences	184	171
Addition to provisions	86	111
Entertainment and corporate hospitality expenses	85	108
Insurance costs	96	99
Voluntary social benefits	30	80
Commissions paid	69	59
Services provided by Bundesanstalt für Post und Telekommunikation	53	58
Losses on disposal of assets	39	45
Contributions and fees	38	34
Expenses from non-hedging derivatives	56	28
Property-related expenses	12	23
Monetary transaction costs	15	21
Donations	11	11
Prior-period other operating expenses	8	11
Miscellaneous	59	45
	3,196	**3,386**

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

7 Segment reporting

To manage cross-segment service functions such as IT services, a fifth corporate division SERVICES was established, which is presented as a separate segment starting in fiscal year 2006. The prior-period amounts were restated accordingly. In addition, the retail outlets of Deutsche Post Retail GmbH transferred to Deutsche Post AG are reported in this segment. The expenses relating to the IT service centers that cannot be allocated to the segments are also reported in the SERVICES Corporate Division.

Deutsche Post World Net's global management structure was streamlined in September 2006. As a result, all air and ocean freight and road transport business was bundled in the LOGISTICS Corporate Division. The road transport business, which generates revenue of around €4 billion, was removed from the EXPRESS Corporate Division as of July 1, 2006 and transferred to the LOGISTICS Corporate Division as a separate business division called DHL Freight.

8 Noncurrent assets held for sale

The amounts of €1,116 million and €1,045 million reported as assets and liabilities associated with noncurrent assets held for sale relate to the following companies:

Companies		
€m	Assets	Liabilities
Modra Pyramida	1,055	1,023
Vfw AG, Cologne, Germany	41	19
Exel Logistics Property Ltd., Bracknell, UK (property sale)	13	0
Vfw Thermomed GmbH & Co. KG, Cologne, Germany	5	3
Other	2	0
	1,116	**1,045**

BHW Holding AG sold its 50% interest in the Czech building society Modra Pyramida Stavebni Sporitelna, a.s. The transaction was completed in October 2006.

Deutsche Post World Net sold its 100% stake in the German company Vfw Thermomed GmbH & Co. KG, Cologne. The Group acquired this interest due to its acquisition of Exel. The completion of the transaction is subject to approval by the German antitrust authorities. Deutsche Post AG also aims to dispose of its interest in the Cologne-based collection systems provider Vfw AG. The sale is scheduled for 2007.

9 Other disclosures

Deutsche Post World Net intends to acquire the remaining shares of the Indian express service provider Blue Dart Express Ltd. DHL currently holds an 81.03% interest in Blue Dart via its subsidiary DHL Express (Singapore) Pte Ltd.

Consolidated interim financial statements (Postbank at equity)

Income statement (Postbank at equity)

January 1 to September 30	9M		Q3	
	2005 restated	2006	2005 restated	2006
€m				
Revenue	28,296	37,822	9,596	12,608
Other operating income	1,476	1,488	356	541
Total operating income	**29,772**	**39,310**	**9,952**	**13,149**
Materials expense	–14,258[1)]	–21,123	–4,944[1)]	–7,173
Staff costs	–10,028	–12,806	–3,180	–4,212
Depreciation, amortization and impairment losses	–874	–1,117	–294	–375
Other operating expenses	–2,787[1)]	–2,641	–1,004[1)]	–873
Total operating expenses	**–27,947**	**–37,687**	**–9,422**	**–12,633**
Profit from operating activities (EBIT)	**1,825**	**1,623**	**530**	**516**
Net income from associates	68	5	13	2
Net income from measurement of Deutsche Postbank group at equity	243[1)]	527	89[1)]	343
Net other finance costs	–561	–701	–166	–233
Net finance costs	**–250**	**–169**	**–64**	**112**
Profit from ordinary activities	**1,575**	**1,454**	**466**	**628**
Income tax expense	–176[1)]	–136	–44[1)]	–74
Consolidated net profit for the period	**1,399**	**1,318**	**422**	**554**
attributable to				
Deutsche Post AG shareholders	1,359	1,273	412	537
Minorities	40	45	10	17

1) Prior-period amounts restated in accordance with the consolidated financial statements

Balance sheet (Postbank at equity)
as of September 30, 2006

€m	Dec. 31, 2005 restated	Sep. 30, 2006
ASSETS		
Intangible assets	12,804[1]	13,243
Property, plant and equipment	8,921[1]	8,704
Investments in associates	78	91
Investments in Deutsche Postbank group	3,473	1,540
Investment property	35	22
Other noncurrent financial assets	718	827
Noncurrent financial assets	**4,304**	**2,480**
Other noncurrent assets	373	441
Deferred tax assets	521[1]	447
Noncurrent assets	**26,923**	**25,315**
Inventories	279	291
Noncurrent assets held for sale	28	61
Tax receivables	526	666
Receivables and other assets	7,883[1]	8,562
Financial instruments	35	39
Cash and cash equivalents	1,384	1,418
Current assets	**10,135**	**11,037**
Total assets	**37,058**	**36,352**
EQUITY AND LIABILITIES		
Issued capital	1,193	1,199
Other reserves	2,021	1,600
Retained earnings	7,493	7,928
Equity attributable to Deutsche Post AG shareholders	**10,707**	**10,727**
Minority interest	110	118
Equity	**10,817**	**10,845**
Provisions for pensions and other employee benefits	5,171[1]	5,218
Deferred tax liabilities	483[1]	486
Other noncurrent provisions	2,145[1]	2,173
Noncurrent provisions	**7,799**	**7,877**
Noncurrent financial liabilities	4,811	3,901
Other noncurrent liabilities	233	260
Noncurrent liabilities	**5,044**	**4,161**
Noncurrent provisions and liabilities	**12,843**	**12,038**
Current tax provisions	550	443
Other current provisions	1,813	1,412
Current provisions	**2,363**	**1,855**
Current financial liabilities	930	2,373
Trade payables	4,869	4,569
Current tax liabilities	558	804
Current liabilities associated with noncurrent assets held for sale	20	23
Other current liabilities	4,658[1]	3,845
Current liabilities	**11,035**	**11,614**
Current provisions and liabilities	**13,398**	**13,469**
Total equity and liabilities	**37,058**	**36,352**

1) Prior-period amounts restated in accordance with the consolidated financial statements

Cash flow statement (Postbank at equity)

January 1 to September 30

€m	2005 restated	2006
Net profit before taxes	**1,575[1]**	**1,454**
Net finance costs excluding net income from measurement at equity	493	696
Depreciation/amortization of noncurrent assets	874	1,117
Gains on disposal of noncurrent assets	–39	–49
Non-cash income and expense	223	86
Net income from measurement at equity	–243[1]	–527
Change in provisions	–691	–779
Taxes paid	–216	–180
Net cash from operating activities before changes in working capital	**1,976**	**1,818**
Changes in working capital		
Inventories	9	–6
Receivables and other assets	–784	–942
Liabilities and other items	236	209
Net cash from operating activities	**1,437**	**1,079**
Proceeds from disposal of noncurrent assets		
Divestitures	102	236
Other noncurrent assets	245	324
	347	**560**
Cash paid to acquire noncurrent assets		
Investments in companies	–246	–406
Other noncurrent assets	–1,296	–1,291
	–1,542	**–1,697**
Interest received	153	74
Postbank dividend	137	137
Current financial instruments	–188	–1
Net cash used in investing activities	**–1,093**	**–927**
Change in financial liabilities	–87	973
Dividend paid to Deutsche Post AG shareholders	–557	–836
Dividend paid to other shareholders	–4	–28
Issuance of shares under stock option plan	59	80
Interest paid	–261	–281
Net cash used in financing activities	**–850**	**–92**
Net change in cash and cash equivalents	–506	60
Effect of changes in exchange rates on cash and cash equivalents	–39	–26
Change in cash and cash equivalents associated with noncurrent assets held for sale	0	0
Cash and cash equivalents at January 1	4,781	1,384
Cash and cash equivalents at September 30	**4,236**	**1,418**

1) Prior-period amounts restated in accordance with the consolidated financial statements

Events and contacts

Financial calendar

March 20, 2007	2006 Annual Report, financials press conference and analyst conference
May 8, 2007	Annual General Meeting
May 9, 2007	Dividend payment
May 15, 2007	Interim report on the first quarter of 2007, analysts' conference call
August 3, 2007	Interim report on the first half of 2007, financials press conference and analysts' conference call
November 8, 2007	Interim report on the first nine months of 2007, analysts' conference call

Investor events

November 14, 2006	Nomura German Investor Conference (Tokyo)
November 16, 2006	WestLB Deutschland Conference (Frankfurt am Main)
December 5, 2006	Capital Markets Day EXPRESS (New York)
December 11, 2006	Capital Markets Day LOGISTICS (Frankfurt am Main)

Further events, updates and information on live Internet broadcasts at http://investors.dpwn.com.

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