ANNUAL REPORT 2010

Deutsche Post DHL

01 THE GROUP

Deutsche Post DHL

Deutsche Post | DHL

Deutsche Post DHL is the world's leading mail and logistics services group. The Deutsche Post and DHL corporate brands offer a one-of-a-kind portfolio of logistics (DHL) and communications (Deutsche Post) services. The Group provides its customers with both easy-to-use standardised products as well as innovative and tailored solutions ranging from dialogue marketing to industrial supply chains. About 470,000 employees in more than 220 countries and territories form a global network focused on service, quality and sustainability. With programmes in the areas of climate protection, disaster relief and education, the Group is committed to social responsibility.

The postal service for Germany. The logistics company for the world.

dp-dhl.com

01.1 Selected key figures (continuing operations)

		2009	2010	+/–%	Q4 2009	Q4 2010	+/–%
Profit from operating activities (EBIT) before non-recurring items	€m	1,473	2,205	49.7	526	593	12.7
Non-recurring items	€m	1,242	370	–70.2	662	68	–89.7
Profit/loss from operating activities (EBIT)	€m	231	1,835	> 100	–136	525	–
Revenue	€m	46,201	51,481	11.4	12,389	13,871	12.0
Return on sales[1]	%	0.5	3.6	–	–1.1	3.8	–
Consolidated net profit/loss[2]	€m	644	2,541	> 100	–283	487	–
Operating cash flow	€m	1,244	1,927	54.9	974	1,025	5.2
Net liquidity (–)/net debt (+)[3]	€m	–1,690	–1,382	–18.2	–	–	–
Return on equity before taxes	%	3.0	29.8	–	–	–	
Earnings per share[4]	€	0.53	2.10	> 100	–0.24	0.40	–
Dividend per share	€	0.60	0.65[5]	8.3	–	–	–
Number of employees[6]		436,651	421,274	–3.5	–	–	–

1) EBIT/revenue. 2) Excluding non-controlling interests, including Postbank. 3) For the calculation please refer to page 49 of the Group Management Report.
4) Including Postbank. 5) Proposal. 6) Average FTEs.

MAIL | EXPRESS | GLOBAL FORWARDING, FREIGHT | SUPPLY CHAIN

BEING YOUR CHOICE

Our Strategy 2015 has gained a foothold and we are on course to becoming the provider, investment and employer of choice. In all of our divisions, we offer customers services that make their lives easier and have lasting value. Investors can rely on our transparency, improved profitability and organic growth and our employees receive attractive career development opportunities, a safe and healthy working environment and an inspiring exchange of ideas. We strive to be your choice on all counts.

- X Provider of choice
- X Investment of choice
- X Employer of choice

WWW.DP-DHL.COM/EN/INVESTORS.HTML

02 GROUP STRUCTURE

Deutsche Post DHL

Corporate Center

Board department	Chief Executive Officer	Finance, Global Business Services	Personnel
Board member	Dr Frank Appel	Lawrence Rosen	Walter Scheurle
Functions	Corporate Office Corporate Legal Corporate Executives Corporate Communications Corporate Development Corporate Regulation Management Corporate First Choice Corporate Public Policy and Responsibility Global Customer Solutions (GCS) HR DHL International DHL Solutions & Innovations (DSI)	Corporate Controlling Corporate Accounting and Reporting Investor Relations Corporate Finance Corporate Internal Audit/ Security Taxes Global Business Services (Group-wide services: Procurement, Real Estate, Finance Operations etc.)	HR Standards Germany HR Guidelines Personnel and Labour Management HR MAIL

Divisions

Board department	MAIL		EXPRESS	GLOBAL FORWARDING, FREIGHT	SUPPLY CHAIN
Board member	Jürgen Gerdes		Ken Allen	Hermann Ude	Bruce Edwards
Brand	Deutsche Post	DHL	DHL	DHL	DHL
Business units/regions	Mail Communication Dialogue Marketing Press Services Value-Added Services Retail Outlets Pension Service	Global Mail Parcel Germany	Europe Americas Asia Pacific EEMEA (Eastern Europe, the Middle East and Africa)	Global Forwarding Freight	Supply Chain Williams Lea

03 TARGET-PERFORMANCE COMPARISON

2010 GOALS	2010 RESULTS	2011 GOALS
EBIT before non-recurring items[1]	**EBIT before non-recurring items**	**EBIT**
Group: €2.0 billion to €2.1 billion. MAIL division: €1.1 billion to €1.2 billion. DHL divisions: over €1.3 billion. Corporate Center/Other: approximately €–0.4 billion.	Group: €2.2 billion. MAIL division: €1.15 billion. DHL divisions: €1.45 billion. Corporate Center/Other: approximately €–0.4 billion. ✓	Group: €2.2 billion to €2.4 billion. MAIL division: €1.0 billion to €1.1 billion. DHL divisions: €1.6 billion to €1.7 billion. Corporate Center/Other: approximately €–0.4 billion.
Consolidated net profit	**Consolidated net profit**	**Consolidated net profit**
Improved net profit excluding non-controlling interests compared with the previous year (€644 million).	Net profit excluding non-controlling interests: €2.54 billion. ✓	Continue to improve net profit before effects from the measurement of the Postbank instruments, in line with operating business.
Capital expenditure (capex)	**Capital expenditure (capex)**	**Capital expenditure (capex)**
Increase investments from €1.17 billion (2009) to no more than €1.3 billion.	Invested: €1.26 billion. ✓	Increase to no more than €1.6 billion.
Restructuring	**Restructuring**	**Revenue**
Cash outflow due to measures implemented in 2009 of approximately €1 billion.	Cash outflow due to measures implemented in the previous year: €0.8 billion. ✓	Revenue, particularly that of the DHL divisions, to increase by our expected mid-term growth rate of approximately 7% to 9%.

1) Forecast increased over the course of the year.

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The company of my choice
Y
HOICE


Leadership
Allianz Versicherungs-Aktiengesellschaft
Allianz
www.allianz.de
Ms A. Sample
Sample Street 12
12345 Sample Town
Sample Bank AG
Your support team:
Main Representative Office
Sample Insurance Agent
Ms B. Sample
Allianz Versich
www.allianz.de
P. 2
Insurance matters

Provider of choice

MAIL COMMUNICATION, THE FUTURE RESHAPED

The 66 million mail items delivered each working day in Germany make Deutsche Post the largest postal company in Europe. Every day, we win over customers with reliable quality, a formidable network, decades of experience and proximity. Innovative products round off our portfolio.

The E-Postbrief product, which we launched successfully in 2010 in Germany, is one of these innovations. The E-Postbrief brings secure, confidential and reliable communication to the internet.

Being your choice because of:

- Security
- Trust
- Reliability

Provided your mobile phone has Quick Recognition software, you can photograph this code to directly access further information on our website.

FURTHER INFORMATION: WWW.DP-DHL.COM/EN/MEDIA_RELATIONS/EVENTS/PRESS_CONFERENCE_E-POSTBRIEF_LAUNCH.HTML

Your choice – a case study

MY CHOICE, FOR GOOD REASON.

The situation:
A consumer wishes to accept an offer from her insurance company and purchase household insurance.

Our solution:
She sends an E-Postbrief online to the insurance company.

The benefit:
By using E-Postbrief, the insurance company can be absolutely certain of the customer's identity. Both parties save time and benefit from simplified handling processes.

Even consumers use the E-Postbrief product to send documents quickly, securely, confidentially and reliably.


Deutsche Post
E-POSTBRIEF
Briefkasten
Kontakte
MY
CHOICE
Date: January 20, 2011
Dear Sir or Madam,
Thank you for your offer.
I am writing to confirm that I would like to take
out a household insurance policy.


IVECO

Provider of choice

LOGISTICS SOLUTIONS THAT TRANSCEND BORDERS

As the world's leading logistics company, DHL streamlines complex processes, making our customers' lives easier. We're the world's largest provider of air freight and the number two in ocean freight and we work to ensure that all kinds of shipments are transported from the factory to the shop floor by air or sea.

In the freight forwarding business, we develop customised transport solutions, provide capacity and co-ordinate the transport of goods and information for our customers in more than 150 countries. All this requires a global network, a dedicated workforce and innovative transport solutions.

Being your choice because of:

- X Customer proximity
- X Dedication
- X Innovation

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FURTHER INFORMATION: WWW.DHL.COM/EN.HTML

Your choice – a case study

MY CHOICE, FOR GOOD REASON.

The situation:

A European retail chain wants to import electronic parts from Asia. It needs transit times shorter than what ocean freight can deliver but wants to avoid high air freight costs.

The solution:

A multimodal solution that combines ocean and air freight is developed using DHL SEAIR, which offers lower transport costs with faster transit times.

The benefit:

Importers gain a considerable competitive edge with this reliable and cost-effective solution and reduce CO_2 emissions compared with pure air transport.

Business customers find personal dedication and tailored logistics solutions at DHL that are all-around satisfying.


MY
CHOICE

Investment of choice

RELIABILITY THAT CREATES VALUE

Deutsche Post DHL is striving to be an attractive investment and therefore to become the industry's profitability leader. With this in mind, we took extensive action to increase our efficiency over the past few years. We are now setting our sights on organic growth in revenue and earnings.

We have optimised our business portfolio and placed the changing needs of our customers more at the centre of our business. We are also helping the different areas in the Group meet their targets for growth and drawing attention to the future potential of an investment in Deutsche Post DHL by nurturing a transparent leadership culture and investing significantly in the development of our business model.

Being your choice because of:

- ✕ Profitability
- ✕ Growth
- ✕ Future potential

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FURTHER INFORMATION: WWW.DP-DHL.COM/EN/INVESTORS.HTML

Your choice – a case study

MY CHOICE, FOR GOOD REASON.

The situation:
Deutsche Post DHL wants to be an attractive investment to investors that offers solid potential return.

The solution:
The company streamlined its portfolio, set clear strategic goals and developed a new finance strategy. One of Deutsche Post DHL's goals is to pay dividends equal to 40% to 60% of net profits.

The benefit:
Investors enjoy a high level of reliability and continuity and expected dividends are more predictable.

Sustainable investing requires an open dialogue between investors, analysts and Deutsche Post DHL. This mutual trust is based on a prompt, comprehensive and continuous flow of information for investors.


Deutsche Post DHL
MY
CHOICE


Deutsche Post DHL
Deutsche Post
DHL

Employer of choice

DEVELOPMENT THAT UNLOCKS POTENTIAL

With some 470,000 employees in more than 220 countries and territories, Deutsche Post DHL is one of the largest employers in the world. Qualified and dedicated employees are essential to long-term success. Our People Strategy therefore aims to position the Group as the employer of choice.

To achieve this goal, we invest in training and professional development, make efforts to provide for a safe and healthy working environment and promote both diversity and the international exchange of ideas. The results of our annual employee opinion survey are an indicator of the progress we are making on our way to becoming the employer of choice.

Being your choice because of:

- ☒ Training and professional development
- ☒ Health and safety
- ☒ Diversity and creativity

Provided your mobile phone has Quick Recognition software, you can photograph this code to directly access further information on our website.

FURTHER INFORMATION: WWW.DP-DHL.COM/EN/CAREER.HTML

Your choice – a case study

MY CHOICE, FOR GOOD REASON.

The situation:
A student studying business administration would like to work for a diverse, international company upon graduation.

The solution:
She applies to participate in the Group's graduate trainee programme for potential future leaders at Deutsche Post DHL.

The benefit:
Young people are given responsibility and have the opportunity to apply their strengths right from the start in an international company with many career options.

We attract young people for specialist and leadership positions with our Graduate Opportunities Worldwide programme. The class of 2010 completed a challenging and multifaceted development programme that opened a wide range of opportunities at one of the world's largest employers.


MY
CHOICE

DR FRANK APPEL
Chief Executive Officer

1 March 2011
Financial year 2010

Dear Shareholders,

Dr Frank Appel

Chief Executive Officer
Deutsche Post AG

Deutsche Post DHL

1 March 2011
Financial year 2010

Dear Shareholders,

To become the company of choice for customers, employees and investors is a logical but also an ambitious goal. That's why I'm quite pleased that we have made good progress towards this goal.

In 2010, the economy in many parts of the world saw a notable recovery. Transport volumes and the demand for logistics services grew noticeably. By taking strategic and operating measures, we made clear progress in nearly all divisions, taking full advantage of the economic recovery, something I never doubted.

Our consolidated revenue saw double-digit growth, rising by 11.4% to €51.5 billion. The savings generated in the previous year improved profitability in almost all divisions, coupled in some cases with significantly higher margins. Over the course of the year we raised our original forecast for earnings before non-recurring items twice. In the end, we exceeded our expectations by €100 million, closing the year at €2.2 billion. With substantial net liquidity, we find ourselves in a very stable financial position.

In our mail business, we have been required to apply value added tax to revenues generated with business customers since mid-2010. Revenue and earnings in the second half of the year suffered as a result. By contrast, our parcel business performed particularly well due to the brisk e-commerce market, which allowed us to more than compensate for the loss of the Quelle business.

Our DHL divisions are growing, especially in booming markets such as Asia. Restructuring in these divisions is now largely complete. For the first time the DHL divisions made the largest contribution to consolidated net profit.

Overall, your company achieved all the financial targets we had set for financial year 2010. I'd like to thank you, our shareholders, again for your trust in me and my colleagues on the Board of Management. Based on this year's earnings, we shall propose to the Annual General Meeting an increase in the dividend to €0.65 per share.

I'd like to sincerely thank our around 470,000 employees, who received a special bonus at the end of the year in appreciation for their service.

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The Mail & Logistics Group

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Delivery address
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Platz der Deutschen Post
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www.dp-dhl.com

Our Strategy 2015 has three objectives: we want to become the provider of choice for customers, the investment of choice for investors and as an employer our ambition is to attract and retain an exceptional number of highly qualified employees.

We strive to offer our customers solutions that make their lives easier. One of the best examples of this is our E-Postbrief. With the introduction of this product, we successfully launched a secure, confidential and reliable form of electronic communication onto the market. At DHL, we are getting better and better at developing integrated solutions for regions, industries and customer groups.

The results of our annual employee opinion survey indicate that we have made great progress along the path to becoming the employer of choice. This is one of my primary concerns. At 79%, the response rate for the last survey was very high. Improvements were achieved in all areas.

After talking with many of you, I know that as investors you count above all on reliability and continuity in addition to profitability and returns. Our finance strategy calls for distributing 40% to 60% of our net profits as dividends and for making our reporting more transparent in the future. Now that our restructuring is largely complete, we shall no longer report earnings adjusted for non-recurring items starting in the first quarter of 2011.

We anticipate that consolidated EBIT will reach between €2.2 billion and €2.4 billion in the current financial year. The MAIL division is expected to contribute €1.0 billion to €1.1 billion to this figure. In our DHL divisions, we expect an additional improvement of 10% to 17% in overall earnings to between €1.6 billion and €1.7 billion. Consolidated net profit is also likely to continue to improve in line with our operating business.

I am convinced that we shall outperform the market, even in the medium term, so long as we keep our eye on the key drivers of our business success: satisfied customers, dedicated employees and loyal investors.

Yours faithfully,

GROUP MANAGEMENT REPORT A

E-Postbrief   Airmail letter   Registered letter

Deutsche Post

YOUR CHOICE. BECAUSE PERSONAL TRUST IS NUMBER ONE.

Deutsche Post delivers 66 million mail items each day, six days a week, making us number one in the German mail market. One reason is our reliability: people who send mail with Deutsche Post trust that it will reach its destination quickly and securely. To make communication efficient, we also offer innovative solutions for buying postage via mobile phone, the internet or for ordering pre-stamped envelopes. Our E-Postbrief product combines the many advantages of traditional mail with the speed of electronic mail.

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BUSINESS AND ENVIRONMENT

Business activities and organisation

The world's leading mail and logistics group

Deutsche Post DHL maintains a global network that offers our customers everything they need for transporting, storing and processing goods and information, from standard products to customised solutions. We place great value on service, quality and sustainability and we demonstrate social responsibility through our climate protection, disaster management and education programmes.

Our MAIL division is the only provider of universal postal services in Germany. We deliver domestic and international mail and parcels and we are specialists in dialogue marketing, nationwide press distribution services and all the electronic services associated with mail delivery. Furthermore, with our E-Postbrief product, we were the first on the market to offer secure, user-identified written communication on the internet.

Glossary, page 232

Glossary, page 232

Our EXPRESS division offers courier and express services to business customers and consumers in more than 220 countries and territories, the most comprehensive network in the world.

Our GLOBAL FORWARDING, FREIGHT division handles the carriage of goods by rail, road, air and sea. We are the world's number one air freight operator, number two ocean freight operator and one of the leading overland freight forwarders in Europe.

Our SUPPLY CHAIN division is the global market leader in contract logistics, providing warehousing, managed transport and value-added services at every link in the supply chain for customers in a variety of industries. We also offer end-to-end solutions for corporate information and communications management.

We consolidate the internal services that support the entire Group, including Finance, IT and Procurement, in our Global Business Services. This allows us to make efficient use of our resources whilst reacting flexibly to the rapidly changing demands of our business.

Four operating divisions

The Group is organised into four operating divisions, each of which is under the control of its own divisional headquarters and is subdivided into business units for reporting purposes. Group management functions are centralised in the Corporate Center.

A.01 Organisational structure of Deutsche Post DHL

Corporate Center (CEO's board department, Finance and Personnel)

MAIL	EXPRESS	GLOBAL FORWARDING, FREIGHT	SUPPLY CHAIN
• Mail Communication • Dialogue Marketing • Press Services • Value-Added Services • Parcel Germany • Retail Outlets • Global Mail • Pension Service	• Europe • Americas • Asia Pacific • EEMEA (Eastern Europe, the Middle East and Africa)	• Global Forwarding • Freight	• Supply Chain • Williams Lea

Global Business Services

A.02 Group structure from different perspectives

Corporate governance structure	Management responsibility	Legal structure	Brand names
Structure pursuant to corporate governance duties and responsibilities (boards and committees) • Corporate Center • Corporate Divisions • Global Business Services	Structure pursuant to decision-making responsibility and reporting lines • Board departments • Corporate departments • Business departments • Service departments • Regions • Departments	Structure based on the Group's legal entities • Deutsche Post AG	Structure pursuant to the brand names used in customer communication • Deutsche Post • DHL

Adjustment to divisional organisation

As announced last year, we consolidated the central functions in the EXPRESS division responsible for the Europe region at our locations in Germany during the first half of 2010. This also improved co-operation with the division's global functions.

As at 1 July 2010, we changed the management structure at Williams Lea Germany and essentially merged it into the MAIL division. The two businesses, which have a lot in common, especially when it comes to value-added services related to mail delivery (printing, scanning, mailroom services), are now managed consistently.

Glossary, page 232

Furthermore, in the fourth quarter of 2010 we consolidated all E-Postbrief activities into a separate business department. This established an organisational structure consistent with the strategic significance of the product, which is an important part of the MAIL division's portfolio.

Disclosures required by takeover law

Disclosures required under sections 289 (4) and 315 (4) of the *Handelsgesetzbuch* (German commercial code) and explanatory report

Composition of issued capital, voting rights and transfer of shares

As at 31 December 2010, the company's share capital totalled €1,209,015,874 and was composed of the same number of no-par value registered shares. Each share carries the same statutory rights and obligations and entitles the holder to one vote at the Annual General Meeting (AGM). No individual shareholder or group of shareholders is entitled to special rights, particularly rights granting powers of control.

The exercise of voting rights and the transfer of shares are based on the general legal requirements and the company's Articles of Association, which do not restrict either of these activities. Article 19 of the Articles of Association sets out the requirements that must be met in order to attend the AGM as a shareholder and exercise a voting right. Only persons entered in the share register shall be considered by the company to be shareholders. The Board of Management is not aware of any agreements between shareholders which would limit voting rights or the transfer of shares.

Members of the Board of Management receive Stock Appreciation Rights (SARs) each year as a long-term remuneration component under the Long-Term Incentive Plan provided that they each invest cash or Deutsche Post AG shares for each tranche of the plan. If a Board of Management member sells the shares included in his personal investment for the tranche or disposes of his personal cash investment before the scheduled lock-up period of four years (three-year lock-up period for the 2008 tranche), all SARs from that tranche will be forfeited.

Eligible Group executives receive shares from the company as part of the Share Matching Scheme. Shares received under the scheme are subject to a four-year lock-up period.

Shareholdings exceeding 10% of voting rights

KfW Bankengruppe (KfW), Frankfurt am Main, is our largest shareholder, holding around 30.5% of the share capital. The Federal Republic of Germany holds an indirect stake in Deutsche Post AG via KfW. According to the notifications we have received pursuant to sections 21ff. of the *Wertpapierhandelsgesetz* (German securities trading act), KfW and the German government are the only shareholders who own more than 10% of the share capital, either directly or indirectly.

Appointment and replacement of members of the Board of Management

The members of the Board of Management are appointed and replaced in accordance with the relevant legal provisions (sections 84 and 85 of the *Aktiengesetz* (AktG – German stock corporation act), section 31 of the *Mitbestimmungsgesetz* (MitbestG – German co-determination act)). In accordance with section 84 of the AktG and section 31 of the MitbestG, appointments by the Supervisory Board shall be for a maximum term of five years. Re-appointment or extension of the term of office, for a maximum of five years in each case, is permitted. Article 6 of the Articles of Association stipulates that the Board of Management must have at least two members. Beyond that, the number of board members is determined by the Supervisory Board, which may also appoint a chairman and deputy chairman of the Board of Management.

Amendments to the Articles of Association

In accordance with section 119 (1), number 5 and section 179 (1), sentence 1 of the AktG, amendments to the Articles of Association are adopted by resolution of the AGM. In accordance with article 21 (2) of the Articles of Association in conjunction with sections 179 (2) and 133 (1) of the AktG, such amendments generally require a simple majority of the votes cast and a simple majority of the share capital represented on the date of the resolution. In such instances where a greater majority is required by law for amendments to the Articles of Association, that majority is decisive.

Under article 14 (7) of the Articles of Association, the Supervisory Board has the authority to resolve amendments to the Articles of Association in cases where the amendments affect only the wording. In addition, the AGM resolutions passed on 8 May 2007 (Contingent Capital III) and 21 April 2009 (Authorised Capital 2009) authorised the Supervisory Board to amend the wording of the Articles of Association to reflect the respective share issue or the use of authorised capital as well as following the expiry of the respective authorisation period and/or in the case of non-use of the contingent capital following the expiry of the periods for exercising warrant or conversion rights. The AGM resolution on Contingent Capital III further authorises the Supervisory Board to make all other amendments to the Articles of Association associated with the issue of new shares in cases where the amendments affect the wording only. In addition, the AGM resolutions passed on 28 April 2010 (authorisation to acquire and use own shares as well as to acquire own shares through derivatives) authorise the Supervisory Board to amend the wording of the Articles of Association if the purchased own shares are redeemed to reflect the redemption of shares and the reduction of share capital. The Board of Management is authorised to amend the information on the number of shares in the Articles of Association if it determines that the proportion of the other shares in the share capital is increased due to the redemption.

Board of Management authorisation, particularly regarding issue and buy-back of shares

The Board of Management is authorised, subject to the approval of the Supervisory Board, to issue up to 240 million new, no-par value registered shares by or before 20 April 2014 in exchange for cash and/or non-cash contributions and thereby increase the company's share capital by up to €240 million (Authorised Capital 2009, article 5 (2) of the Articles of Association). To date, the Board of Management has not made use of this authorisation.

When new shares are issued from Authorised Capital 2009, the shareholders are entitled in principle to pre-emptive subscription rights. Such rights may only be disapplied subject to the requirements specified in article 5 (2) of the Articles of Association and subject to the consent of the Supervisory Board. Details may be found in article 5 (2) of the Articles of Association of the company.

The Authorised Capital 2009 is a financing and acquisition instrument in accordance with international standards that allows the company to increase equity quickly, flexibly and cost-effectively. The authorised capital is equivalent to less than 20% of the share capital.

An AGM resolution was passed on 8 May 2007 authorising the Board of Management, subject to the consent of the Supervisory Board, to issue bonds with warrants, convertible bonds and/or income bonds (hereinafter referred to collectively as "bonds with warrants and/or convertible bonds"), or a combination thereof, in an aggregate principal amount of up to €1 billion, on one or more occasions, by or before 7 May 2012, thereby granting option and/or conversion rights for new shares in an amount not to exceed €56 million of the share capital. To this end, the share capital is contingently increased by up to €56 million (Contingent Capital III, article 5 (3) of the Articles of Association). When issuing bonds with warrants and/or convertible bonds, shareholder subscription rights may only be disapplied subject to the terms of the aforementioned resolution and pending the consent of the Supervisory Board. Further details may be found in the motion adopted by the AGM under agenda item 7 of the AGM of 8 May 2007.

Authorisation to issue bonds with warrants and/or convertible bonds is standard business practice amongst publicly listed companies. It allows the company to finance its activities flexibly and promptly and gives it the financial leeway to take advantage of favourable market situations at short notice, for example by offering company shares or bonds with warrants/convertible bonds as a consideration within the context of company mergers, and when acquiring companies or shareholdings in companies. To date, the Board of Management has not made use of this authorisation.

On 25 May 2011, the Board of Management and the Supervisory Board will make a proposal to the Annual General Meeting of Deutsche Post AG to adopt a new authorisation to issue bonds with warrants, convertible bonds and/or income bonds as well as profit participation certificates with a maturity date of 24 May 2016.

Finally, the AGM of 28 April 2010 authorised the company to buy back shares up to an amount not to exceed 10% of the share capital existing as of that date, by or before 27 April 2015. This authorisation is subject to the proviso that at no time should the shares acquired in this way, together with the shares already held by the company, account for more than 10% of the share capital. The shares may be purchased through the stock market, a public offer, a public call for offers of sale from the company's shareholders or by some other means in accordance with section 53a of the AktG. The authorisation permits the Board of Management to exercise it for every purpose authorised by law, particularly to redeem the purchased own shares without a further AGM resolution, subject to the consent of the Supervisory Board. Details may be found in the motion adopted by the AGM under agenda item 6 of the AGM of 28 April 2010.

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To supplement this authorisation, on 28 April 2010 the AGM also authorised the Board of Management – within the scope resolved by the AGM of 28 April 2010 in agenda item 6 – to acquire own shares, including the use of derivatives, namely by servicing options that, upon their exercise, require the company to acquire own shares (put options), by exercising options that, upon their exercise, grant the company the right to acquire own shares (call options) or using a combination of put and call options. All share acquisitions using put options, call options or a combination of the two are limited to a maximum of 5% of the share capital existing on the date of the resolution. The term of the options may not be more than 18 months, must expire by no later than 27 April 2015 and be selected such that the acquisition of own shares by exercising the options cannot occur after 27 April 2015. Details may be found in the motion adopted by the AGM under agenda item 7 of the AGM of 28 April 2010.

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It is standard business practice amongst publicly listed companies in Germany for the AGM to authorise the company to buy back shares. The authorisation to repurchase shares using derivatives is merely intended to supplement share buyback as a tool and give the company the opportunity to structure the share repurchase in an optimum manner.

Any public offer to acquire shares in the company is governed solely by law and the Articles of Association, including the provisions of the *Wertpapiererwerbs- und Übernahmegesetz* (WpÜG – German securities acquisition and takeover act). The AGM has not authorised the Board of Management to undertake actions within its sphere of competence to block possible takeover bids.

Significant agreements that are conditional upon a change of control following a takeover bid and agreements with members of the Board of Management or employees providing for compensation in the event of a change of control

Deutsche Post AG took out a syndicated credit line with a volume of €2 billion with a consortium of banks. If a takeover occurs, each member of the bank consortium is entitled under certain conditions to cancel its share of the credit line as well as its share of outstanding loans and require repayment.

In the event of a change in control, any member of the Board of Management is entitled to resign his office for good cause within a period of six months following the change in control, after giving three months' notice as at the end of the month, and to terminate his Board of Management contract (right to early termination). In the event of the right to early termination being exercised or a Board of Management contract being terminated by mutual consent within nine months of the takeover, the Board of Management member is entitled to payment to compensate the remaining term of his Board of Management contract. Such payment is limited to the cap pursuant to the recommendation of section 4.2.3 of the German Corporate Governance Code as amended on 26 May 2010. The agreements are outlined in the remuneration report.

Corporate Governance, page 128 f.

Remuneration of the Board of Management and the Supervisory Board

The basic features of the remuneration system for the Board of Management and the Supervisory Board are described in the Corporate Governance Report under remuneration report. The latter also forms part of the Group Management Report.

Corporate Governance, page 128 f.

Economic parameters

Global economy recovers from the crisis

In 2010, the global economy recovered from the severe recession of the previous year. The first half of the year in particular saw high growth rates; the trend was more moderate in the second half of the year. Asia's emerging economies demonstrated robust growth. The signs of recovery were also prevalent in most industrial nations, although they varied widely from region to region. Overall, global economic output expanded by 5% in 2010 after having shrunk by 0.6% in 2009. Global trade made an even more significant recovery, gaining approximately 12% (IMF: 12.0%, OECD: 12.3%).

A.03 Global economy: growth indicators for 2010

%	Gross domestic product (GDP)	Exports	Domestic demand
China	10.3	31.3	n/a
Japan	4.0	24.2	2.1
USA	2.9	11.7	3.2
Euro zone	1.7	9.9	1.7
Germany	3.6	14.2	2.6

Some figures are estimates, as at 15 February 2011.

Source: Postbank Research, national statistics.

Asia led the global recovery in the reporting year, although the growth rate (approximately 9.3%) was not as high as before the economic crisis.

China again set a record with 10.3% growth in GDP. The industrial sector benefited from the recovery of global trade as well as growing demand in the domestic market. Exports were up year-on-year by 31.3%, imports by as much as 38.7%. As a result, China's trade surplus decreased slightly from US$196 billion to approximately US$183 billion. The country remains attractive to foreign investors, whose direct investments amounted to almost US$106 billion, eclipsing the already high level of investment seen in the previous year.

The Japanese economy even gained momentum in 2010. Compared with the prior year, exports were up by nearly a quarter. Consumer spending also saw a noticeable increase. As a result, GDP grew by 4.0% despite the fact that capital expenditure remained virtually the same.

In the United States, the economy initially came out of the recession at a rapid pace at the beginning of 2010 only to noticeably slow again as the year unfolded. Investments in machinery and equipment saw the sharpest rise (approximately 15%), albeit from the very low level investments had reached. By contrast, there was only a moderate rise in consumer spending and construction spending was down again considerably. Foreign trade also slowed growth as imports outpaced exports. As a result, GDP only grew by 2.9%; domestic demand was up 3.2%.

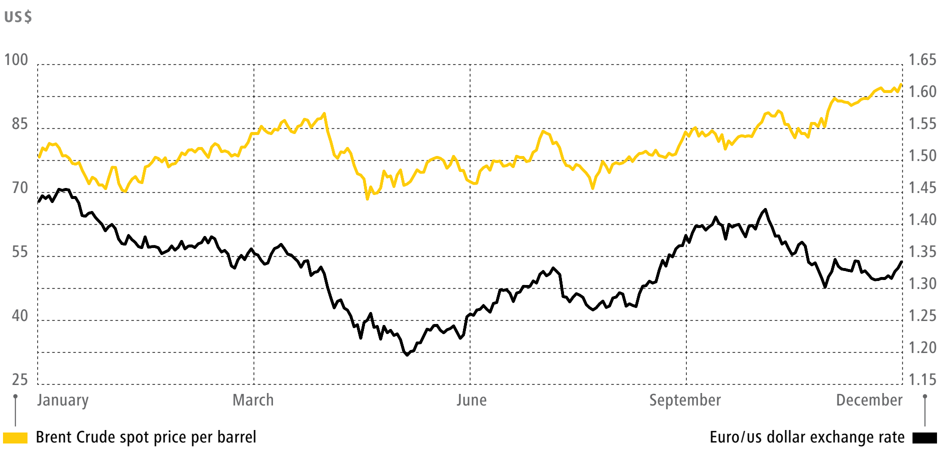
The euro zone recovered from the deep recession of the previous year, although GDP only grew by 1.7%. Gross fixed capital formation fell slightly again and private consumption saw a moderate rise. Both exports and imports increased sharply. The trend fluctuated considerably from country to country: Germany recorded very strong growth; France and Italy, by contrast, experienced considerably lower growth rates. Spain and Greece even saw their economic output continue to shrink. These imbalances can be explained by the strong growth of export-orientated industries, from which Germany profited greatly, and by the vast structural problems and high national debt that some countries faced. This situation led to massive cuts in public spending and tax increases, which had a further impact on growth.

The German economy grew robustly in the reporting year, especially the capital goods industry, which profited from the booming demand around the world for all types of equipment. As a result, we saw an unusually sharp rise in production and exports. Over the course of the year we also observed a serious increase in investments in machinery and equipment. Construction and consumer spending was also higher. In the end, Germany's GDP growth was 3.6%, the highest rate since reunification. Furthermore, the average annual number of unemployed workers in Germany fell by approximately 179,000 to 3.244 million.

Crude oil prices up

At the end of 2010, a barrel of Brent Crude was US$94.70 (previous year US$77.70). Amidst severe price fluctuations throughout the year, the annual average oil price was approximately US$80, 28.5% higher than in 2009. The price climbed on account of robust economic growth in emerging markets and the increasing demand for energy that accompanied this growth. OPEC provided a counterweight by continuously exceeding its production quotas.

A.04 Brent crude spot price and euro/US dollar exchange rate in 2010



Euro trends down

The leading central banks maintained their very expansive monetary policy in 2010. The US Federal Reserve retained its key interest rate at 0% to 0.25%. The Fed also decided in the autumn to buy US$600 billion in government bonds. The European Central Bank kept its key interest rate at 1%. In May the bank also began for the first time to purchase government bonds from debt-ridden European Union member states.

The trend in the euro/US dollar exchange rate was shaped by national debt in Europe and economic forecasts in the United States. The euro traded at around US$1.43 at the beginning of 2010 but fell to just under US$1.20 at the height of the debt crisis in Greece. Fears of a downturn in the United States temporarily returned the euro to just over US$1.40, before it came under pressure again. By the end of the year, the euro was at around US$1.34, a year-on-year loss of 6.7%. Measured against pound sterling, the euro posted a 3.4% loss.

Little change in corporate bonds

The yield on the German 10-year federal government bonds fell to a low of 2.12% by the end of the summer before making noticeable gains again due to increasing US returns, ending the year at 2.96% (previous year: 3.39%). The return on 10-year US government bonds decreased by 0.54 percentage points to 3.29% in 2010. Corporate bonds were affected by this tense environment flanked by economic recovery and national debt crisis. The risk premiums saw little change over the course of the year 2010.

International trade up sharply

The global economic upswing had a positive impact on international trade in the reporting year. Global trade volumes, for instance, were up roughly 9%. The upwards trend was seen particularly in exports coming out of Europe, Latin America and North America. The Asia Pacific region, which suffered much less from the crisis, further solidified its position as the global trade leader.

A.05 Trade volumes: compound annual growth rate 2009–2010

% Exports \ Imports	Africa	Asia Pacific	Europe	Latin America	Middle East	North America
Africa	4.5	13.1	5.0	9.7	4.5	9.1
Asia Pacific	7.9	11.5	7.2	9.5	6.9	9.9
Europe	6.9	12.8	8.2	10.2	9.5	5.6
Latin America	8.7	19.6	11.2	5.5	17.8	1.0
Middle East	5.1	7.5	1.2	6.3	0.0	1.3
North America	4.8	11.1	15.4	11.5	6.6	7.9

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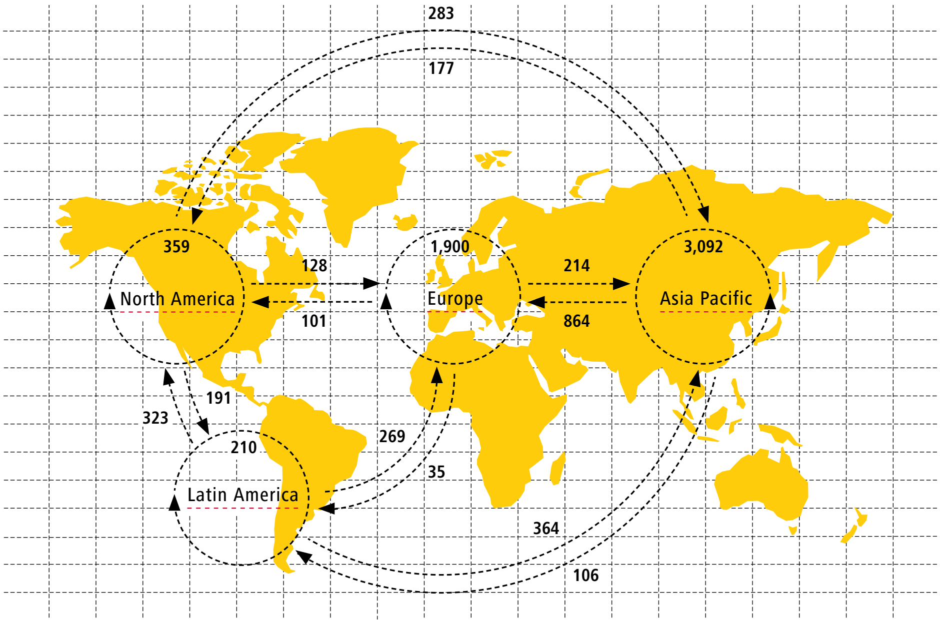
A.06 Major trade flows: 2010 volumes[1]

million tonnes



1) Excluding price-related effects.

Our markets

Deutsche Post DHL is represented in more than 220 countries and territories. The table below provides an overview of the most important markets. The regions shown reflect our business structure. The relevant market parameters and our market shares are detailed in the Divisions chapter.

Page 50 ff.

A.07 Market volumes

Global	Europe	Americas	Asia Pacific, Eastern Europe, Africa and the Middle East
• Cross-border mail market (outbound, 2010): €6.4bn[1] • Air freight (2009): 18.5m tonnes[2] • Ocean freight (2009): 25.3m TEUs[3] • Contract logistics (2009): €135bn[4]	• German mail communication market (2010): €6.0bn[1] • German dialogue marketing market (2010): €18.7bn[1] • International express market (2009): €5.3bn[5] • Road transport (2009): €148.4bn[6]	• Domestic mail market USA (2010): €43.5bn[7] • International express market (2009): €4.0bn[8]	• International express market Asia Pacific (2009): €4.4bn[9] • International express market Eastern Europe, Africa and the Middle East (2009): €0.4bn[9]

1) Company estimates. 2) Data based solely on export freight tonnes. Source: includes content provided by copyright © Global Insight (Deutschland) GmbH, 2010. All rights reserved, annual reports, press releases and company estimates. 3) Twenty-foot equivalent units; estimated part of overall market controlled by forwarders. Source: includes content provided by copyright © Global Insight (Deutschland) GmbH, 2010. All rights reserved, annual reports, press releases and company estimates. 4) Source: Transport Intelligence. 5) Includes express product Time Definite International. Country base: BE, CH, DE, ES, FR, IT, NL, PL, SE, UK. Source: Market Intelligence 2010. 6) Country base: total for 20 European countries, excluding bulk and specialties transport. Source: MRSC MI freight reports 2008/2009 and forecasts for 2009, Eurostat 2009. 7) Source: USPS product revenue, 2010. 8) Includes express product Time Definite International. Country base: CA, MX, BR, US. Source: Market Intelligence 2010. 9) Includes express product Time Definite International. Country base: AU, CN, HK, ID, IN, JP, KR, SG as well as AE, RU, ZA. Source: Market Intelligence 2010.

Factors affecting our business

The corporate and economic environment has changed considerably in recent years. Many factors have had an impact on our mail and logistics business. As part of our Strategy 2015, we systematically and continuously review the key factors affecting our business. We continue to believe that our business is substantially impacted by four long-term trends:

1. **Globalisation** Growth in the logistics industry will continue to outpace the growth of national economies in the future. Trade flows and volume to and from Asia as well as within Asia are seeing further sharp increases, as are those in other emerging regions, such as South America and the Middle East. Our DHL divisions are in a better position than most in these regions as well as in Europe and North America. Hardly any other company in our industry offers integrated logistics solutions for all means of transport and in all parts of the world as we do.
2. **Outsourcing** In times of economic difficulty, companies feel increased pressure to reduce costs and streamline business processes. Activities that are not considered part of the core business are being outsourced to a greater extent. In addition, supply chains are becoming more complex and are being placed increasingly on an international footing. This makes them more susceptible to potential disturbances as this past year has again demonstrated. Accordingly, customers are demanding integrated solutions that provide a comprehensive range of services and modes of transport and which protect their supply chains. We benefit from this trend due to our leading positions in the express, freight forwarding and contract logistics markets.
3. **Digitalisation** The internet continues to fundamentally change the way in which information is exchanged. Physical communication channels are being replaced increasingly by electronic communication, which is leading to a decline in volumes and revenues in the traditional mail business in particular. On the other hand, the internet brings dealers and customers closer together and creates new demand for the transport of goods, advertising materials and contract documents. Demand for secure, confidential and reliable electronic communication is growing on the virtual market. We have responded by launching the E-Postbrief product. Furthermore, we expect to be able to take advantage of increasing digitalisation in our other businesses.
4. **Climate change** The past year again demonstrated that the heightened awareness of the environment and climate considerably impacts the logistics industry. In all of our divisions, an ever-increasing number of customers are asking for climate-neutral products. As the world's leading logistics company, it goes without saying that we shall play our part in reducing carbon emissions. We offer our customers an extensive range of energy-saving transport options and climate-neutral products and we have set ourselves an ambitious climate protection goal.

Legal environment

In view of our leading market position, a large number of our services are subject to sector-specific regulation under the *Postgesetz* (German postal act). Further information on this issue and legal risk is contained in the Notes to the consolidated financial statements.

Note 53

Group management

A.08 EAC calculation

Reported EBIT	
⊖ Asset charge	
	= Net asset base × Weighted average cost of capital
⊜ EBIT after asset charge	

A.09 Net asset base calculation

Operating assets	
	• Intangible assets including goodwill • Property, plant and equipment • Trade receivables, other operating assets
⊖ Operating liabilities	
	• Operating provisions • Trade payables, other operating liabilities
⊜ Net asset base	

EBIT after asset charge sees significant increase

Since 2008, Deutsche Post DHL has used EBIT after asset charge (EAC) as a key performance indicator. EAC is calculated by subtracting a cost of capital component, or asset charge, from reported EBIT.

By including the cost of capital in our business decisions, we encourage all divisions to use resources efficiently and organise our operating business to sustainably increase value and generate cash flow. In the reporting year, EAC served as a key performance indicator in addition to EBIT, which was also used as a basis to determine management remuneration.

To calculate the asset charge, the net asset base is multiplied by the weighted average cost of capital (WACC). The asset charge calculation is based on unconsolidated figures and is performed each month so that we can also take fluctuations in the net asset base into account during the year.

All of our divisions use a standard calculation for the net asset base. The key components of operating assets are intangible assets, including goodwill, property, plant and equipment and net working capital. Provisions and operating liabilities are subtracted and reduce the net asset base accordingly.

The Group's WACC is defined as the weighted average net cost of interest-bearing liabilities and equity, taking into account division-specific risk factors in a beta factor according to the Capital Asset Pricing Model.

In order to optimise the gearing ratio and thus decrease WACC, two factors must be weighed against each other:

1. Since equity investors expect higher yields than debt investors, WACC declines as the gearing ratio increases (leverage effect).
2. If the gearing ratio is high, the company's credit rating has a tendency to decrease and borrowing costs to increase and negate the positive effects of the decline in WACC from a certain point onwards.

In 2008, we determined a standard WACC of 8.5% across the divisions, which also represents a minimum target for projects and investments within the Group. Although the currently low interest rate on the capital market would allow us to reduce the WACC, we left it as is in the reporting year in order to prevent our internal resource allocation to be influenced by short-term fluctuations in capital market interest rates and at the same time keep EAC comparable with previous years.

In 2010, EAC increased from €–959 million to €666 million. This was primarily a result of the considerable increase in profitability of our DHL divisions. In addition, higher non-recurring restructuring items put pressure on EBIT in the prior year.

A.10 EBIT after asset charge (EAC)

€m	2009	2010	+/– %
Reported EBIT	231	1,835	>100
⊖ Asset charge	–1,190	–1,169	1.8
⊜ **EAC**	**–959**	**666**	**>100**

The asset charge in the reporting year decreased slightly by €21 million, whilst the net asset base exceeded the prior-year closing balance by €900 million. The opposite trends in asset charge and net asset base were due to a different trend in the level of the asset base during the reporting years. The net asset base was reduced in 2009, ending the year at a particularly low level. However, the average asset base was higher.

An increase in net working capital was the primary reason for the year-on-year rise in the net asset base: trade receivables climbed by 23.2% over the prior year. The increase in intangible assets is mostly attributable to currency effects, which raised goodwill. Another reason for the increase in the asset base was the use of provisions for restructuring in the United States, which as operating liabilities reduced the net asset base accordingly in the prior year.

The increase in the net asset base was moderated by a slight decline in property, plant and equipment that resulted from relatively modest investment activities in the reporting year.

A.11 Net asset base (unconsolidated)

€m	2009	2010	+/– %
Intangible assets including goodwill	11,538	11,852	2.7
⊕ Property, plant and equipment	6,216	6,125	–1.5
⊕ Trade receivables	4,881	6,011	23.2
⊕ Other operating assets	2,139	2,400	12.2
⊖ Operating provisions	–3,881	–3,620	6.7
⊖ Trade payables	–4,848	–5,672	–17.0
⊖ Other operating liabilities	–4,525	–4,676	–3.3
⊜ **Net asset base**	**11,520**	**12,420**	**7.8**

DEUTSCHE POST SHARES

Financial markets see significant recovery in second half of year

Despite the notable economic recovery, stock markets remained sluggish at the start of 2010. The Greek debt crisis that emerged in the first quarter served to dampen sentiment and the DAX fell to its annual low of 5,434. The markets did not return to optimism until government leaders of the euro zone provided assurance that they would support Greece with bilateral credit lines. State economic incentives and an expansive monetary policy also helped to push the DAX back up. At the middle of the year, fears of a new recession set in and the stock markets responded with uncertainty. Even though many companies presented better half-year results than expected, the sidewards trend in the markets continued until the beginning of September, when share prices began rising again. The German economy benefited from the global growth, due particularly to the German export industry. By the end of 2010, the DAX had increased 16.1% year-on-year to 6,914 points. The EURO STOXX 50 fell 5.8% over the course of the year, reflecting the differing trends in the euro zone. By contrast, the Dow Jones improved by 11.0%.

A.12 Deutsche Post shares: multi-year review

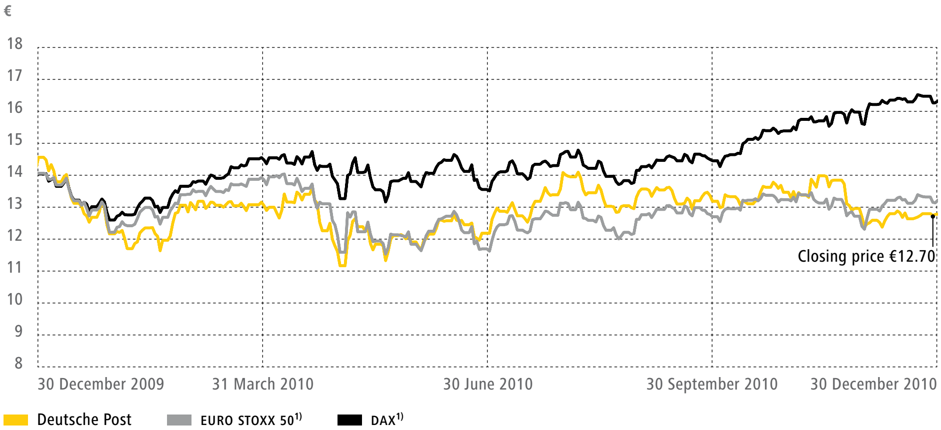
		2004	2005	2006	2007	2008	2009	2010
Year-end closing price	€	16.90	20.48	22.84	23.51	11.91	13.49	12.70
High	€	19.80	21.23	23.75	25.65	24.18	13.79	14.46
Low	€	14.92	16.48	18.55	19.95	7.18	6.65	11.18
Number of shares	millions	1,112.8	1,193.9	1,204.0[1]	1,208.2[1]	1,209.0[1]	1,209.0	1,209.0
Market capitalisation as at 31 December	€m	18,840	24,425	27,461	28,388	14,399	16,309	15,354
Average trading volume per day	shares	2,412,703	3,757,876	5,287,529	6,907,270	7,738,509	5,446,920	5,329,779
Annual performance including dividend	%	6.4	24.1	14.9	6.9	−45.5	18.3	−1.4
Annual performance excluding dividend	%	3.4	21.2	11.5	2.9	−49.3	13.3	−5.9
Beta factor[2]		0.84	0.75	0.80	0.68	0.81	0.91	0.95
Earnings per share[3]	€	1.44	1.99	1.60	1.15	−1.40	0.53	2.10
Cash flow per share[4]	€	2.10	3.23	3.28	4.27	1.60	−0.48	1.59
Price-to-earnings ratio[5]		11.7	10.3	14.3	20.4	−8.5	25.5	6.0
Price-to-cash flow ratio[4, 6]		8.1	6.4	7.0	5.5	7.4	−28.1	8.0
Dividend	€m	556	836	903	1,087	725	725	786[7]
Payout ratio	%	34.8	37.4	47.1	78.6	–	112.6	30.9
Dividend per share	€	0.50	0.70	0.75	0.90	0.60	0.60	0.65[7]
Dividend yield	%	3.0	3.4	3.3	3.8	5.0	4.4	5.1

1) Increase due to exercise of stock options Note 39. 2) From 2006: Beta 3 years; source: Bloomberg. 3) Based on consolidated net profit excluding non-controlling interests Note 24.
4) Cash flow from operating activities. 5) Year-end closing price/earnings per share. 6) Year-end closing price/cash flow per share. 7) Proposal.

A.13 Peer group comparison: closing price on 30 December

		2009	2010	+/– %
Deutsche Post DHL	€	13.49	12.70	−5.9
TNT	€	21.36	19.21	−10.1
FedEx	US $	85.17	92.96	9.1
UPS	US $	58.18	72.68	24.9
Kuehne + Nagel	CHF	100.50	130.00	29.4

A.14 Share price performance

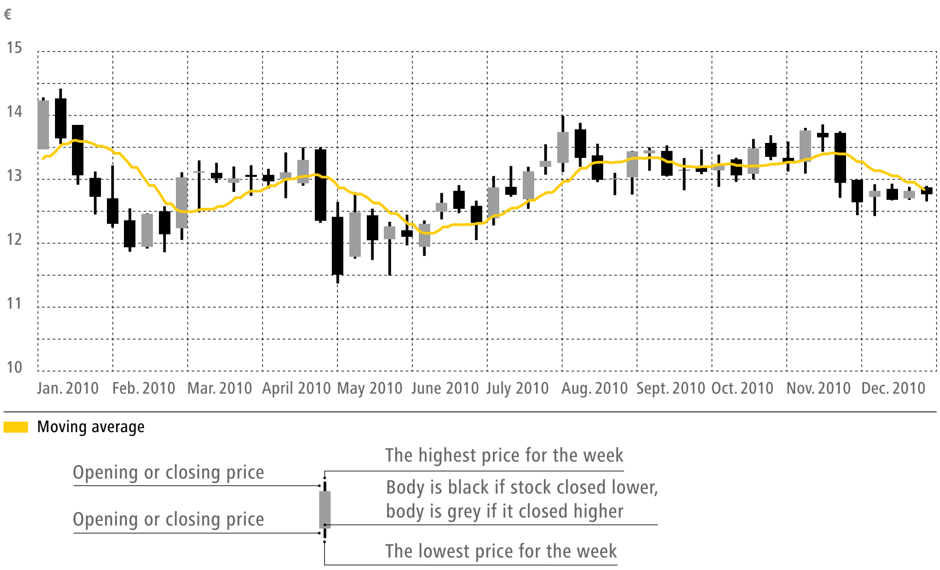


1) Rebased to the closing price of Deutsche Post shares on 30 December 2009.

Deutsche Post shares trail behind the DAX

Our shares had already reached their annual high of €14.46 on 8 January 2010. They then moved downwards in line with the general trend. After we presented our results for 2009 on 9 March 2010, they moved sideways until the Annual General Meeting on 28 April 2010. In this period, the DAX made overall gains but there was scepticism in the market regarding whether our Group would succeed in generating additional profitable growth along with the growth in volume. The price of our shares therefore dropped to their annual low of €11.18 on 7 May 2010. However, we pleasantly surprised the market with our first-quarter figures. Due to a good reporting season, our shares made strong gains against the DAX until the start of August, with the €14 mark nearly being reached at times. After our Capital Markets Day on 23 November, however, Deutsche Post shares declined to their year-end closing price of €12.70 as the DAX continued to rise. Hence, over the year as a whole, our shares lost 5.9 % in value. Average trading volumes remained stable at 5.3 million shares (previous year: 5.4 million).

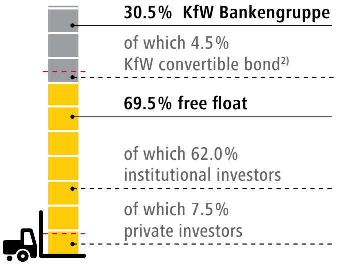
A.15 Candlestick graph / 30-day moving average



Analysts recommend Deutsche Post shares

At the end of 2010, 33 analysts were following Deutsche Post shares. A total of 26 analysts issued a “buy” recommendation on our shares, eight more than a year earlier. Five analysts issued a neutral recommendation regarding Deutsche Post shares and only two to sell. The average price target increased significantly over the prior year to €16.35 at the end of the year.

A.16 Shareholder structure[1]



1) As at 31 December 2010.
2) On 23 July 2009 KfW issued a convertible bond on Deutsche Post AG shares (volume: 54.1 million shares). Investors can convert this bond from the first due date for interest until 30 July 2014.

Private investors increase stake

The number of shares held by private investors rose again compared with the previous year, increasing from 6.6% to 7.5% of the free float. KfW Bankengruppe continued to hold 30.5% of our shares. The free float remained at 69.5%, 14.5% of which were held in the USA, 12.1% in Germany and 26.5% in the United Kingdom.

Deutsche Post cultivates close contact with capital markets

At the start of 2010, capital markets participants were primarily interested in the volume trends in our divisions and regions. Another point of interest was our new finance strategy, which the Board of Management had introduced on 9 March 2010 together with the results for financial year 2009. Whilst talks with investors in the prior year had revolved around the planned sale of Postbank, the impact of the economic crisis and our restructuring measures, in 2010 the principal topic of interest involved opportunities to achieve further growth and generate higher margins.

In November, we held a Capital Markets Day where we offered more detail on our finance strategy. Members of the Board of Management commented on the developments of the past 12 months, the Group’s strategy and the individual divisions. In addition, Board of Management members and our investor relations team cultivated close contact with the capital markets at numerous individual meetings and investor conferences. Our work in the field was ranked the third-best in Europe by *Institutional Investor* magazine.

ECONOMIC POSITION

Overall assessment by the Board of Management

As a globally operating logistics provider, Deutsche Post DHL benefited from the recovery in the global economy in financial year 2010, recording impressive volume and revenue increases. The savings generated in the previous year improved profitability in almost all divisions, coupled in some cases with significantly higher margins. As a result, overall earnings increased to €1.8 billion. Operating cash flow also saw a significant year-on-year improvement to €1.9 billion. Our financial position remains very stable due to available net liquidity of €1.4 billion. Our successful business performance allows us to propose the payment of a dividend per share of €0.65 for the year under review to our shareholders at the Annual General Meeting on 25 May 2011.

A.17 Selected key indicators for results of operations (continuing operations)

		2009	2010
Revenue	€m	46,201	51,481
Profit from operating activities (EBIT) before non-recurring items	€m	1,473	2,205
Profit from operating activities (EBIT)	€m	231	1,835
Return on sales[1]	%	0.5	3.6
Consolidated net profit for the period[2]	€m	644	2,541
Earnings per share[3]	€	0.53	2.10
Dividend per share	€	0.60	0.65[4]

1) EBIT / revenue. 2) Excluding non-controlling interests, including Postbank. 3) Including Postbank. 4) Proposal.

Significant events

No significant events

There were no significant events with material effects on the Group's earnings, financial position and assets and liabilities in the reporting period.

Earnings

Changes in reporting and portfolio

At the beginning of 2010, we transferred DHL Express Sweden's domestic business to DHL Freight Sweden and adjusted the prior-year segment reporting figures accordingly.

At the beginning of March, DHL Express UK completed the sale of its day-definite domestic business. All assets and liabilities had previously been classified as held for sale.

In April, DHL Supply Chain Austria sold parts of its contract logistics operations. The transaction involved the temperature-controlled logistics and transport business.

At the end of June, DHL Express France sold its day-definite domestic business. All assets and liabilities had already been classified as held for sale as at 31 December 2009.

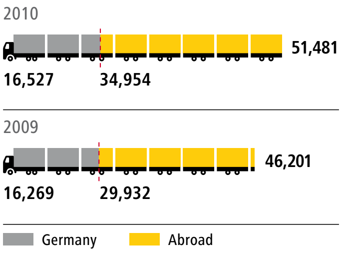
As at 1 July 2010, we transferred significant parts of Williams Lea Germany from the SUPPLY CHAIN division to the MAIL division. The two businesses have many strategic and operational elements in common, such as those relating to the E-Postbrief. The prior-year segment reporting figures were adjusted accordingly.

In August, we acquired the online advertising services provider "nugg.ad AG predictive behavioral targeting", Germany, which has been fully consolidated.

In accordance with the revised IAS 39, the previously unrecognised forward transaction involving 27.4% of Postbank's shares for Deutsche Bank has been recognised in profit and loss and included at its fair value in net financial income since 1 January 2010.

A.18 Consolidated revenue from continuing operations

€m



Increase in consolidated revenue from continuing operations

Consolidated revenue from continuing operations rose 11.4% year-on-year to €51,481 million (previous year: €46,201 million). Currency effects of €2,081 million contributed to this increase. The share of consolidated revenue generated abroad rose from 64.8% to 67.9%.

Higher volumes lead to increased expenses

The restructuring measures initiated in the previous year led to non-recurring expenses of €370 million in the reporting year (previous year: €1,242 million), the majority of which (€288 million) was incurred in the EXPRESS division.

Note 12

At €2,217 million, other operating income was slightly higher than in the prior-year period (€2,141 million).

Note 13

Volume growth and an increase in the oil price led to a rise in the materials expense for the reporting year from €25,774 million to €29,473 million.

Note 14

In contrast, restructuring measures in the express business in particular led to staff costs declining by a total of €412 million or 2.4% to €16,609 million. This was offset by €70 million for one-time end-of-year bonuses for all Group employees.

Note 15

At €324 million, depreciation, amortisation and impairment losses were down by 20.0% on the prior-year figure (€1,620 million). The restructuring measures implemented in the previous year resulted in prospective recognition of part of this item.

Note 16

In contrast, other operating expenses were up €789 million on the figure for the previous year to €4,485 million; this was due in particular to an increase in expenses attributable to asset disposals. These include effects relating to the above-mentioned sales in the United Kingdom, France and Austria.

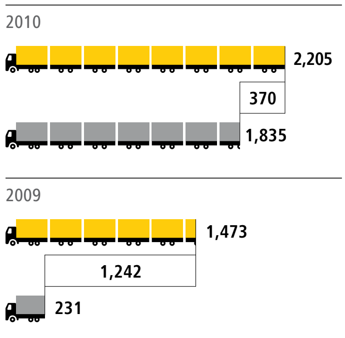
Significantly improved EBIT and net financial income

Profit from operating activities (EBIT) from continuing operations rose by €1,604 million to €1,835 million from the previous year's figure of €231 million. Profit in the previous year was affected by non-recurring expenses of €1,242 million; restructuring activities in the reporting period led to one-time expenses of €370 million. Adjusted for these items, EBIT rose by €732 million, from €1,473 million to €2,205 million.

Net financial income rose significantly, from €45 million to €989 million. Since January 2010, this figure has for the first time included the measurement of the forward from the second tranche of the planned Postbank sale in the amount of €1,653 million.

Profit before income taxes rose by €2,548 million to €2,824 million. Income taxes of €194 million were incurred (previous year: €15 million). The measurement of the derivatives from the planned Postbank sale had no effect on tax. Overall, profit from continuing operations improved significantly by €2,369 million to €2,630 million in the reporting period (previous year: €261 million).

A.19 Consolidated EBIT from continuing operations



Postbank included in net income from associates

Since Postbank was deconsolidated at the end of February 2009, the previous year's profit from discontinued operations contains the net loss generated in the first two months and the deconsolidation effect of €444 million. In the reporting period, the Group's share of Postbank's profit or loss is contained in net income from associates.

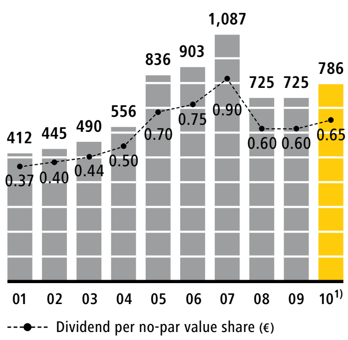
Consolidated net profit and earnings per share up considerably

Consolidated net profit for the period rose from €693 million to €2,630 million. €2,541 million of this amount is attributable to shareholders of Deutsche Post AG and €89 million to non-controlling interest holders. Both basic and diluted earnings per share rose significantly from €0.53 to €2.10.

Dividend of €0.65 per share proposed

At the Annual General Meeting on 25 May 2011, the Board of Management and the Supervisory Board will make a proposal to the shareholders to pay a dividend per share of €0.65 for financial year 2010 (previous year: €0.60). The distribution ratio based on the consolidated net profit attributable to Deutsche Post AG shareholders amounts to 30.9%. The net dividend yield based on the year-end closing price of our shares is 5.1%. The dividend will be distributed on 26 May 2011 and is tax-free for shareholders resident in Germany.

A.20 Total dividend and dividend per no-par value share



1) Proposal.

Financial position

Principles and aims of financial management

The Group's financial management activities include managing cash and liquidity, the hedging of interest rate, currency and commodity price risk, Group finance, issuing guarantees and letters of comfort and liaising with the rating agencies. We manage processes centrally, allowing us to work efficiently and successfully manage risks.

Responsibility for activities rests with Corporate Finance at Group headquarters in Bonn, which is supported by three Regional Treasury Centres in Bonn (Germany), Fort Lauderdale (USA) and Singapore. These centres act as interfaces between headquarters and the operating companies, advise the companies on all financial management issues and ensure compliance with Group-wide requirements. The guidelines and processes comply with the *Gesetz zur Kontrolle und Transparenz im Unternehmensbereich* (German law on control and transparency in business) of 27 April 1998.

Corporate Finance's main task is to minimise financial risk and the cost of capital, whilst preserving the Group's lasting financial stability and flexibility. In order to maintain its unrestricted access to the capital markets, the Group continues to aim for a credit rating appropriate to the sector. We therefore monitor particularly closely the ratio of our operating cash flows to our adjusted debt. Adjusted debt refers to the Group's net debt, allowing for unfunded pension obligations and liabilities under operating leases.

New finance strategy for the Group

Building on the principles and aims of financial management, the Supervisory Board adopted a new finance strategy for the Group in March 2010. In addition to the interests of shareholders, the new strategy also takes lender requirements into account. The goal is for the Group to maintain its financial flexibility and low cost of capital by ensuring a high degree of continuity and predictability for investors.

A key component of this strategy is a target rating of "BBB+", which is managed via the dynamic performance metric known as funds from operations to debt (FFO to debt). This performance metric is calculated on a rolling 12-month basis. Our strategy also includes a sustained dividend policy and clear priorities regarding the use of excess liquidity, which will initially be used for investing in the operating business. We shall also use liquidity to fund a portion of our pension liabilities. Once this has been achieved, we would aim to improve our rating to "A–" before using liquidity for additional dividend payments or share repurchases.

A.21 Finance strategy

Credit rating

- Maintain "BBB+" and "Baa1" ratings, respectively.
- FFO to debt introduced as dynamic performance metric.

Dividend policy

- Pay out 40%–60% of net profit.
- Consider cash flow and continuity.

Excess liquidity

1. Invest in the operating business.
2. Increase plan assets for German pension plans.
3. Aim for credit ratings of "A–" and "A3", respectively.
4. Pay out special dividend or execute share buy-back programme.

Debt portfolio

- Syndicated credit facility taken out as liquidity reserve.
- Bonds could be issued to cover long-term capital requirement.

Investors

- Reliable and consistent information from the company.
- Predictability of expected returns.

Group

- Preserve financial and strategic flexibility.
- Assure low costs of capital (WACC)[1].

1) Weighted average cost of capital Group management, page 32.

Funds from operations (FFO) represents operating cash flow before changes in working capital plus interest and dividends received less interest paid and adjusted for operating leases, pensions and non-recurring income or expenses, as shown in the following calculation. In addition to financial liabilities and available cash and cash equivalents, the figure for debt also includes operating lease liabilities as well as unfunded pension liabilities. The definition of FFO to debt and the method used to calculate its individual components correspond to those used by the rating agency Standard & Poor's.

standardandpoors.com

A.22 FFO to debt

€m

	2009	2010
Operating cash flow before changes in working capital	763	2,109
+ Interest and dividends received	103	59
– Interest paid	291	183
+ Adjustment for operating leases	1,082	1,055
+ Adjustment for pensions	153	198
± Non-recurring income/expenses	1,415	531
= **Funds from operations (FFO)**	**3,225**	**3,769**
Reported financial liabilities[1]	7,439	7,022
– Financial liabilities related to the sale of Deutsche Postbank AG[1]	3,990	4,164
– Financial liabilities recognised at fair value through profit or loss[1]	141	115
+ Adjustment for operating leases[1]	4,933	5,527
+ Adjustment for pensions[1]	5,221	5,323
– Surplus cash and near-cash investments[1, 2]	3,864	2,893
= **Debt**[1]	**9,598**	**10,700**
FFO to debt (%)	**33.6**	**35.2**

1) As at 31 December.
2) Surplus cash and near-cash investments are defined as cash and cash equivalents and investment funds callable at sight, less cash needed for operations.

As a result of the sharp increase in funds from operations, FFO to debt improved on the prior year despite the negative effect of restructuring payments on liquidity and the increase in debt due to higher operating lease liabilities. With a value of 35.2%, this performance metric is within our expectations as well as those of Standard & Poor's.

Central cash and liquidity management

The cash and liquidity of the globally active subsidiaries is managed centrally by Corporate Treasury. A total of 84% of the Group's external revenue is consolidated in cash pools and used to balance internal liquidity needs. In countries where this practice is ruled out for legal reasons, internal and external borrowing and investment are arranged centrally by Corporate Treasury. In this context, we observe a balanced banking policy in order to remain independent of individual banks. Our subsidiaries' intra-group revenue is also pooled and managed by our in-house bank in order to avoid external bank charges and margins (intercompany clearing). Payment transactions are executed in accordance with uniform guidelines using standardised processes and IT systems.

Managing market risk

Note 50

The Group uses both primary and derivative financial instruments to limit market risk. Interest rate risk is managed only with the help of swaps. Currency risk is additionally hedged using forward transactions, cross-currency swaps and options. We pass on most of the risk arising from commodity fluctuations to our customers and manage the remaining risk by means of commodity swaps. The parameters, responsibilities and controls governing the use of derivatives are laid down in internal guidelines.

Flexible and stable financing

The Group covers its long-term financing requirements by maintaining a balanced ratio of equity to liabilities. This ensures our financial stability whilst providing adequate flexibility. Our most important source of funds is net cash from operating activities.

During the reporting year, the average drawdown on the Group's committed, unsecured, bilateral credit lines was only around 7%; the total volume amounted to an annual average of €2.7 billion. As part of our finance strategy, in December 2010 we agreed upon a five-year syndicated credit facility with a volume of €2 billion that has replaced the previous bilateral loan agreements in full. The syndicated credit facility guarantees us the best current market conditions and makes it a secure, long-term liquidity reserve. The credit facility does not contain any financial covenants concerning the Group's financial indicators and had not yet been drawn down as at the balance sheet date.

As part of our banking policy, we make certain to spread our business volume widely and maintain long-term relationships with the financial institutions we entrust with our business. In addition to credit lines, we meet our borrowing requirements through other independent sources of financing. These include bonds, structured finance products and operating leases. Most debt is taken out centrally in order to leverage economies of scale and specialisation benefits and hence to minimise the cost of capital.

Guarantees and letters of comfort

Deutsche Post AG provides security for the loan agreements, leases and supplier contracts entered into by Group companies, associates or joint ventures by issuing letters of comfort, sureties or guarantees as needed. This practice allows better conditions to be negotiated locally. The sureties are provided and monitored centrally.

Creditworthiness of the Group

Credit ratings represent an independent and current assessment of a company's credit standing. The ratings are based on a quantitative analysis and measurement of the annual report and appropriate planning data. Qualitative factors, such as industry-specific features and the company's market position and range of products and services, are also taken into account. The creditworthiness of our Group is reviewed on an ongoing basis by the rating agencies Standard & Poor's and Moody's Investors Service.

@ standardandpoors.com, moodys.com

In the first half of 2010, Standard & Poor's raised our outlook from "negative" to "stable". It has also issued a long-term credit rating of "BBB+" with respect to our Group's ability to meet its financial commitments, which it regards as appropriate. Moody's has given us an equivalent rating. This means that Deutsche Post DHL is well positioned in the transport and logistics sector. The following table shows the ratings as at the reporting date and the underlying factors. The complete and current analyses by the rating agencies and the rating categories can be found on our website.

@ dp-dhl.com/en/investors.html

A.23 Ratings awarded by rating agencies

Standard & Poor's	Moody's Investors Service
Long-term: BBB+ Short-term: A–2 Outlook: stable	Long-term: Baa1 Short-term: P–2 Outlook: stable
+ Rating factors	**+ Rating factors**
• Global network, with leading market positions in international European and Asian express delivery services. • Dominant position in the German mail market supports Group cash flow generation. • Global number one integrated logistics provider.	• Global presence and scale as Europe's largest logistics company. • Large and relatively robust mail business. • Profitability expected to increase at Group level, particularly in the EXPRESS division.
– Rating factors	**– Rating factors**
• Regulatory risk and decline in structural volume in the mail business. • Below-par profitability of businesses outside domestic mail operations. • Vulnerability to trading volume declines given high level of operational gearing to support global network.	• High fixed cost base depresses the operating margin in the event of falling business volume in the mail and express business. • Saturated, declining mail business. • Relatively weak rating for financial year 2009.

Liquidity and sources of funds

As at the balance sheet date, the Group had cash and cash equivalents in the amount of €3.4 billion (previous year: €3.1 billion) at its disposal. A large portion of this is accounted for by Deutsche Post AG. Most of the cash is invested centrally on the money market. As at the reporting date, these short-term money market investments had a volume of €1.9 billion. Cash and cash equivalents are supplemented by investment funds of €0.4 billion that are callable at sight and are reported as current financial assets in the balance sheet.

The share of investment funds declined, particularly due to the extraordinary cash outflows incurred for restructuring in the amount of €0.8 billion during the year under review and the decrease in financial liabilities, for example due to early repayment of a municipal bond that had been issued to finance investments at Wilmington airport (€0.2 billion). The financial liabilities reported in our balance sheet break down as follows:

A.24 Financial liabilities

€m

	2009	2010
Bonds	1,870	1,682
Due to banks	577	359
Finance lease liabilities	269	210
Liabilities to Group companies	126	137
Liabilities at fair value through profit or loss	141	115
Other financial liabilities	4,456	4,519
	7,439	**7,022**

The largest single items are the two listed bonds of Deutsche Post Finance B.V. as well as the project finance received from the European Investment Bank for mail sorting centres in Germany and an IT centre in the Czech Republic.

Note 46

Other financial liabilities mainly comprise the transaction regarding Deutsche Postbank AG shares in the form of a mandatory exchangeable bond, cash collateral and a hedging liability. Further information on the recognised financial liabilities is contained in the Notes.

Operating leases remain an important source of funding for the Group. We mainly use operating leases to finance real estate as well as aircraft, vehicle fleets and IT equipment.

A.25 Operating lease obligations by asset class

€m

	2009	2010
Land and buildings	5,359	5,554
Technical equipment and machinery	106	115
Other equipment, office and operating equipment, transport equipment, miscellaneous	416	471
Aircraft	312	951
	6,193	**7,091**

Note 52

Operating lease obligations rose significantly year-on-year to €7.1 billion. The increase was primarily due to the general economic recovery and our investments in our aircraft fleet.

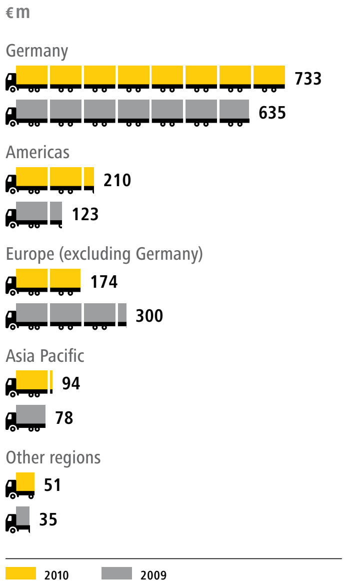
Capital expenditure lower than expected

The Group's capital expenditure (capex) totalled €1,262 million at the end of 2010 (previous year: €1,171 million), down 10% on the originally budgeted figure of €1.4 billion. Funds were injected primarily into replacements and growing the business.

At the beginning of the year, we were initially cautious with our investments in light of the uncertain economic trend. As the year progressed, we shifted from a single focus on replacements to growth-orientated investments. Funds were used mainly to replace and expand assets as follows: €1,058 million were invested in property, plant and equipment and €204 million in intangible assets excluding goodwill. Investments in property, plant and equipment related mainly to advance payments and assets under development (€279 million), technical equipment and machinery (€265 million), transport equipment (€212 million), IT equipment (€97 million) and aircraft (€68 million).

Our initial focus on replacement investments led to investments being made primarily in Europe and the Americas, as shown in the graph on the right. In Europe, investments were centred on Germany and the UK.

A.26 Investments by region



A.27 Capex and depreciation, amortisation and impairment losses, full year

	MAIL		EXPRESS		GLOBAL FORWARDING, FREIGHT		SUPPLY CHAIN		Corporate Center/ Other		Continuing operations	
	2009 adjusted	2010	2009 adjusted	2010	2009 adjusted	2010	2009 adjusted	2010	2009 adjusted	2010	2009	2010
Capex (€m)	338	445	370	286	92	102	195	215	176	214	1,171	1,262
Depreciation, amortisation and impairment losses (€m)	332	323	483	373	114	98	392	298	299	204	1,620	1,296
Ratio of capex to depreciation, amortisation and impairment losses	1.02	1.38	0.77	0.77	0.81	1.04	0.50	0.72	0.59	1.05	0.72	0.97

A.28 Capex and depreciation, amortisation and impairment losses, Q4

	MAIL		EXPRESS		GLOBAL FORWARDING, FREIGHT		SUPPLY CHAIN		Corporate Center/ Other		Continuing operations	
	2009 adjusted	2010	2009 adjusted	2010	2009 adjusted	2010	2009 adjusted	2010	2009	2010	2009	2010
Capex (€m)	133	146	95	134	36	34	60	81	61	104	385	499
Depreciation, amortisation and impairment losses (€m)	79	99	169	87	29	25	89	78	83	48	449	337
Ratio of capex to depreciation, amortisation and impairment losses	1.68	1.47	0.56	1.54	1.24	1.36	0.67	1.04	0.73	2.17	0.86	1.48

MAIL invests in internet business

Capital expenditure in the MAIL division rose in the reporting year from €338 million (adjusted) to €445 million. These investments related in particular to technical equipment and machinery (€210 million), internally generated software (€96 million) and other operating and office equipment (€40 million). The domestic mail business invested primarily in replacing technical equipment and mail sorting machines. In addition, we developed the platform for the E-Postbrief product.

Investments in the domestic parcel business focused largely on new camera and scanning technology for the parcel centres which we used to automate more of our processes. We expanded our Packstation network and updated the necessary software. We also launched the *MeinPaket.de* online shop, thereby expanding our online shopping services.

With regard to the retail outlets, we restructured our network and improved the software in use.

EXPRESS investments remain low

In the EXPRESS division, capital expenditure totalled €286 million (previous year, adjusted: €370 million), representing a further decline of 23% compared with the previous year. Investments were driven primarily by regulatory aircraft maintenance and network optimisation. Investments in property, plant and equipment focused on aircraft (€68 million), advance payments and assets under development (€118 million), technical equipment and machinery (€23 million) and IT equipment (€20 million).

Investments in intangible assets related mainly to advance payments and intangible assets under development (€6 million) as well as software (€6 million).

In regional terms, we prioritised upgrading our terminals in Italy and the Netherlands and improving our Network Operation Services in Germany. In the Asia Pacific region, we invested mainly in India and China. In the Americas region, capex centred on aircraft conversions in the United States and on technical equipment and machinery in Mexico and Canada.

GLOBAL FORWARDING, FREIGHT modernises infrastructure

In the GLOBAL FORWARDING, FREIGHT division, €102 million was invested in the year under review (previous year, adjusted: €92 million). Of this figure, €75 million was attributable to the Global Forwarding business unit. As in the prior year, we updated our IT infrastructure and streamlined our processes, particularly in our global applications.

Funds of €27 million were invested in the Freight business unit, where they were used primarily for property, plant and equipment in the UK, including transport equipment.

SUPPLY CHAIN invests in new business

In the SUPPLY CHAIN division, capital expenditure increased by 10% to €215 million (previous year, adjusted: €195 million). Of this amount, €198 million related to the Supply Chain business, €15 million to Williams Lea and €2 million to central entities. Investments were stepped up in the second half of the year and related mainly to new business activities in the Americas and Asia Pacific regions. Roughly 65% of the funds went towards new business and 35% for replacements and renewals in 2010 as a whole. Capex in the Americas region was primarily attributable to new business in the Retail, Consumer and Automotive sectors. Replacement investments focused on customer-funded projects in the Retail and Energy sectors in the Americas region. In the UK, we continued to direct capital towards warehousing and transport solutions for new and existing customers, with major investment projects being carried out in the Life Sciences & Healthcare sector and in Airline Business Solutions. Capex in other parts of Europe was limited to new and existing business solutions as well as essential replacements and saw an overall year-on-year decline of 27%. In the Williams Lea business unit we invested in developing software and in modernising IT.

Rise in cross-divisional investments

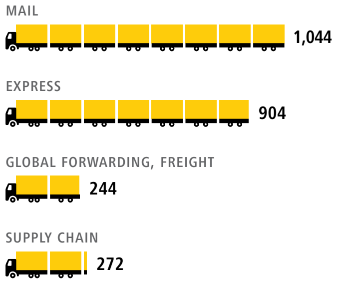
Cross-divisional capital expenditure rose from €176 million in 2009 to €214 million in 2010. Most of these expenses related to the purchase of vehicles. Capital expenditure had been considerably reduced in this area in the previous year when vehicle operating life was extended and new vehicle orders suspended. Investments in IT equipment went down, primarily as a result of the previous year's restructuring.

Cash flow statement for continuing operations

Net cash from operating activities rose by €683 million year-on-year in financial year 2010 to €1,927 million. This increase is mainly due to the €1,604 million increase in EBIT. In addition, losses on the disposal of assets, which reduced EBIT by €279 million, have been adjusted in the net income from disposal of non-current assets line item and are instead shown under net cash used in investing activities. The depreciation, amortisation and impairment losses contained in EBIT are non-cash expenses and are therefore adjusted. They are down €324 million year-on-year. The rise in working capital led to a net cash outflow of €182 million, mainly due to the increase in receivables and other current assets. The change in working capital in the previous year led to a net cash inflow of €481 million.

A.29 Operating cash flow by division, 2010

€m



A.30 Selected cash flow indicators (continuing operations)

€m

	2009	2010
Cash and cash equivalents as at 31 December	3,064	3,415
Change in cash and cash equivalents	1,456	284
Net cash from operating activities	1,244	1,927
Net cash used in/from investing activities	–1,457	8
Net cash from/used in financing activities	1,669	–1,651

Investing activities generated net cash of €8 million in 2010, whereas the previous year saw an outflow of €1,457 million. This was mainly due to the sale of money market funds, which led to an inflow of cash from current financial assets. The sale of the day-definite domestic express businesses in the UK and France led to a cash outflow. €1,174 million was also invested in property, plant and equipment and in intangible assets, on a level with the previous year. Cash outflows for subsidiaries and other business units related, amongst other things, to the nugg.ad AG acquisition as well as to subsequent payments for Flying Cargo, which was acquired in 2008.

Taken together, the changes in the cash flows from operating activities and investing activities resulted in free cash flow of €1,935 million. This corresponds to a €2,148 million improvement as against the negative prior-year figure of €–213 million.

Financing activities resulted in a net cash outflow of €1,651 million in the reporting period. The dividend payment to our shareholders was the largest item in this area (€725 million). Cash and cash equivalents of €641 million net were used to reduce financial debt. The net cash inflow seen in the previous year was due to Deutsche Bank's subscription of the mandatory exchangeable bond and to payment of the collateral for the put option for the remaining Postbank shares.

Compared with 31 December 2009, cash and cash equivalents increased from €3,064 million to €3,415 million due to the changes in the cash flows from our individual activities.

Assets and liabilities

Group's total assets exceed prior-year level

The Group's total assets amounted to €37,763 million as at 31 December 2010, €3,025 million or 8.7% more than at 31 December 2009.

Non-current assets rose from €22,022 million to €24,493 million, mainly because non-current financial assets increased by €1,745 million to €3,193 million particularly as a result of the measurement of the derivatives from the planned Postbank sale. Intangible assets also increased, rising €314 million to €11,848 million primarily due to an increase in goodwill that is attributable to currency translation differences. In contrast, property, plant and equipment declined by €90 million to €6,130 million, as a result of depreciation and impairment losses as well as the reclassification of assets as held for sale. Investments in associates increased from €1,772 million to €1,847 million, due to the positive development of Postbank's earnings amongst other things. At €973 million, deferred tax assets were up €305 million on the prior-year level.

Notes 33 to 38

Current assets rose from €12,716 million to €13,270 million. Trade receivables in particular rose as a result of the higher sales volume, climbing by €1,137 million to €6,046 million. In contrast, current financial assets fell by €1,239 million to €655 million, primarily due to the sale of securities classified as available for sale. Inventories of €223 million as at the reporting date were almost unchanged year-on-year. Cash and cash equivalents increased by €351 million or 11.5% to €3,415 million. Although the dividend payment to shareholders was one of the factors that reduced this item by €725 million, the sale of current financial assets increased it. In contrast, assets held for sale decreased by €66 million to €113 million following the completion of the sale of the DHL Express day-definite domestic businesses in the UK and France.

Note 42

Equity attributable to Deutsche Post AG shareholders increased by €2,335 million or 28.6% compared with 31 December 2009, to €10,511 million. The increase was primarily due to the higher consolidated net profit for the period and currency translation differences, whereas the dividend payment for financial year 2009 reduced this item.

Notes 46 to 48

Divisions, page 54

Current and non-current liabilities increased from €16,788 million to €17,640 million, primarily because trade payables rose by €846 million to €5,707 million. The increase in other current liabilities from €3,674 million to €4,047 million is mainly due to the abolition of the VAT exemption for business customers in the MAIL division. Financial liabilities were reduced by €417 million to €7,022 million. This applies in particular to non-current financial liabilities, in part because we repaid a €178 million municipal bond in the USA. At €9,427 million, non-current and current provisions were also slightly below the prior-year level (€9,677 million). They were mainly used for restructuring measures, which primarily affected the US express business.

Indicators for continuing operations

Net liquidity declined from €1,690 million as at 31 December 2009 to €1,382 million as at 31 December 2010 because our dividend payment and restructurings, amongst other things, led to cash outflows. In contrast, the equity ratio improved by 4.5 percentage points to 28.3%.

Net interest cover shows the extent to which net interest obligations are covered by EBIT; it is calculated by dividing EBIT by net interest paid/received. This key indicator also improved from 1.2 to 14.3 as a result of the significantly higher EBIT.

Net gearing shows the proportion of net debt to the sum of equity and net debt combined. The dynamic gearing ratio is an indicator of internal financing capacity and expresses the average number of years required to pay off outstanding debt using the cash flow generated from operating activities in the year under review. However, as we have net liquidity, the informative value of these indicators is limited. We therefore decided not to present and comment on them here.

A.31 Selected indicators for net assets (continuing operations)

		2009	2010
Equity ratio	%	23.8	28.3
Net liquidity (–)/net debt (+)	€m	–1,690	–1,382
Net interest cover		1.2	14.3
FFO to debt[1]	%	33.6	35.2

1) For the calculation Financial position, page 41.

A.32 Net liquidity (–)/net debt (+)

€m

	2009	2010
Non-current financial liabilities	6,699	6,275
+ Current financial liabilities	740	747
= Financial liabilities	7,439	7,022
– Cash and cash equivalents	3,064	3,415
– Current financial assets	1,894	655
– Long-term deposits[1]	120	120
– Positive fair value of non-current financial derivatives[1]	805	2,531
= Financial assets	5,883	6,721
– Financial liabilities to Williams Lea minority shareholders	23	28
– Mandatory exchangeable bond[2]	2,670	2,796
– Collateral for the put option[2]	1,200	1,248
+ Net effect of the measurement of the Postbank derivatives[3]	647	2,389
= Non-cash adjustments	3,246	1,683
Net liquidity (–)/net debt (+)	–1,690	–1,382

1) Reported in non-current financial assets in the balance sheet. 2) Reported in non-current financial liabilities in the balance sheet.
3) Reported in non-current financial assets and financial liabilities in the balance sheet.

DIVISIONS

Overview

A.33 Key figures by operating division

€m	2009 adjusted	2010	+/– %	Q4 2009 adjusted	Q4 2010	+/– %
MAIL						
Revenue	13,912	13,821	–0.7	3,776	3,809	0.9
of which Mail Communication	5,820	5,597	–3.8	1,554	1,487	–4.3
Dialogue Marketing	2,678	2,595	–3.1	710	713	0.4
Press Services	819	797	–2.7	209	209	0.0
Value-Added Services	328	339	3.4	95	88	–7.4
Parcel Germany	2,574	2,732	6.1	768	835	8.7
Retail Outlets	806	800	–0.7	218	217	–0.5
Global Mail	1,679	1,735	3.3	453	480	6.0
Pension Service	98	102	4.1	21	24	14.3
Consolidation/Other	–890	–876	1.6	–252	–244	3.2
Profit from operating activities (EBIT) before non-recurring items	1,423	1,152	–19.0	515	257	–50.1
Profit from operating activities (EBIT)	1,391	1,118	–19.6	504	227	–55.0
Return on sales (%)[1]	10.0	8.1	–	13.3	6.0	–
Operating cash flow	1,156	1,044	–9.7	634	608	–4.1
EXPRESS						
Revenue	9,917	11,111	12.0	2,672	2,904	8.7
of which Europe	5,207	4,960	–4.7	1,367	1,270	–7.1
Americas	1,473	1,831	24.3	391	478	22.3
Asia Pacific	2,580	3,374	30.8	724	897	23.9
EEMEA (Eastern Europe, the Middle East and Africa)	1,054	1,216	15.4	280	326	16.4
Consolidation/Other	–397	–270	32.0	–90	–67	25.6
Profit from operating activities (EBIT) before non-recurring items	235	785	>100	159	239	50.3
Proft/loss from operating activities (EBIT)	–790	497	–	–358	218	–
Return on sales (%)[1]	–8.0	4.5	–	–13.4	7.5	–
Operating cash flow	–454	904	>100	160	251	56.9
GLOBAL FORWARDING, FREIGHT						
Revenue	11,243	14,341	27.6	3,098	3,898	25.8
of which Global Forwarding	7,913	10,725	35.5	2,212	2,914	31.7
Freight	3,419	3,735	9.2	908	1,018	12.1
Consolidation/Other	–89	–119	–33.7	–22	–34	–54.5
Profit from operating activities (EBIT) before non-recurring items	275	390	41.8	70	132	88.6
Profit from operating activities (EBIT)	174	383	>100	6	131	>100
Return on sales (%)[1]	1.5	2.7	–	0.2	3.4	–
Operating cash flow	524	244	–53.4	14	141	>100
SUPPLY CHAIN						
Revenue	12,183	13,301	9.2	3,129	3,568	14.0
of which Supply Chain	11,302	12,237	8.3	2,909	3,274	12.5
Williams Lea	881	1,062	20.5	222	294	32.4
Consolidation/Other	0	2	–	–2	0	–
Profit/loss from operating activities (EBIT) before non-recurring items	–132	274	–	–102	59	–
Profit/loss from operating activities (EBIT)	–216	233	–	–172	43	–
Return on sales (%)[1]	–1.8	1.8	–	–5.5	1.2	–
Operating cash flow	424	272	–35.8	204	110	–46.1

1) EBIT / revenue.

MAIL division

Business units and products

Mail Communication
Mail products
Special services
Franking
Philately

Dialogue Marketing
Advertising mail
Tailored end-to-end solutions
Special services

Press Services
Press distribution services
Special services

Value-Added Services
Mailroom services
Printing services
Document management

Parcel Germany
Parcel products
Special services
Packstations

Global Mail
Mail import and export
Cross-border mail
Mail services in domestic markets outside of Germany
Special services

Pension Service
Database administration
Payment processes

Customers
39 million households
3 million business customers
2–3 million retail outlet customers per working day

Network in Germany
82 mail centres
33 parcel centres
Approximately 2,500 Packstations
Approximately 1,000 Paketboxes
Approximately 20,000 retail outlets and points of sale
66 million letters per working day
2.6 million parcels per working day

BUSINESS UNITS AND MARKET POSITIONS

The postal service for Germany

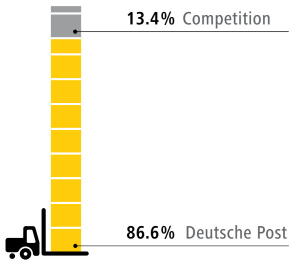
Deutsche Post DHL is Europe's largest postal company, delivering 66 million letters every working day in Germany. We offer all types of products and services to both consumers and business customers, ranging from standard letters and merchandise to special services such as cash on delivery and registered mail. Customers can now purchase stamps at retail outlets, stamp dispensers, online or right from their mobile telephone via text message.

In July 2010, we launched our new E-Postbrief product, a secure, confidential and reliable form of electronic communication. One million consumers had opted for it within four months. We have also sealed the first 100 contracts with business customers. Customers initially sign up to receive an address and login information, after which they must present valid identification in order to become E-Postbrief users. A unique feature of the E-Postbrief is the hybrid letter, which can reach customers who have not yet signed up to the electronic E-Postbrief portal. Here, electronic letters are printed out and delivered reliably by a postal carrier just like traditional mail.

Our mail business focuses on Germany, where the mail market has been fully liberalised since the beginning of 2008. Competition has become more intense since then and the increasing use of electronic forms of communication has resulted in domestic mail market shrinkage. In the year under review, the market decreased by 4.8% to around €6.0 billion (previous year: €6.3 billion). Our share fell slightly to 86.6%.

A.34 Domestic mail communication market, 2010

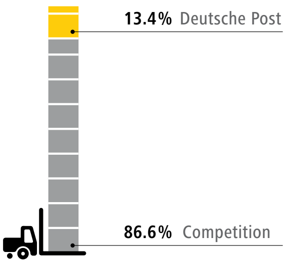
Market volume: €6.0 billion



Source: company estimate.

A.35 Domestic dialogue marketing market, 2010

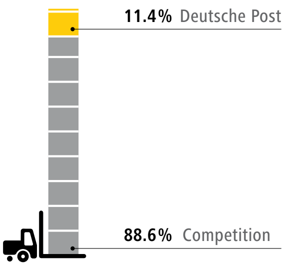
Market volume: €18.7 billion



Source: company estimate.

A.36 Domestic press services market, 2010

Market volume: 16.4 billion items



Source: company estimate.

Targeted and cross-media advertising

We offer companies solutions for designing and printing their advertisements themselves as well as for calculating the best applicable postage rate. For dialogue marketing to work, customers need to be able to update their existing addresses continually and we need to strictly observe all data protection regulations. We provide our customers with online tools and services to ensure the quality of their addresses and efficient identification of target groups. Where necessary, companies may rent addresses from us from the identified target groups for their own advertising campaigns. We also offer our customers a broad range of digital dialogue marketing solutions to use for cross-media and targeted advertising.

The German dialogue marketing market comprises advertising mail along with telephone and e-mail marketing. In the reporting year, this market shrank by 3.1% year-on-year to a volume of €18.7 billion. Many companies, especially mail-order companies and financial service providers, have sharply reduced advertising expenditure. We have maintained our share of 13.4% in this highly fragmented market.

Newspaper and magazine subscriptions

We deliver newspapers and magazines nationwide on the day specified by the customer. Our Press Services business unit offers two products: preferred periodicals, which is how publishers traditionally post their subscribed publications, and standard periodicals, which is how companies that distribute customer or employee magazines via Deutsche Post usually send these items. Our special services include electronic address updating as well as complaint and quality management. We also partner with newspaper and magazine publishers to sell subscriptions to 4,500 newspapers and magazines both online and offline as part of our Deutsche Post Leserservice, a service that has seen much success.

According to company estimates, the German press services market had a total volume of 16.4 billion items in 2010, a decline of 3.5% on the prior year. Newspaper and magazine circulation has decreased although weights have remained the same. Our competitors are mainly companies that deliver regional daily newspapers. In a market shrinking overall, we held our share at 11.4%.

Value-added services support the production of the E-Postbrief

As at 1 July 2010, we transferred significant parts of Williams Lea Germany from the SUPPLY CHAIN division to the MAIL division. We now report on those parts as the new Value-Added Services business unit. This business involves the components of the mail communications value chain that our customers have entrusted us with. We operate their mailrooms and provide them with printing, enveloping and scanning services. Beyond this, Williams Lea employs its cutting-edge information technology to print and envelope the hybrid option of the E-Postbrief product.

Posting and collecting parcels around the clock

We handle approximately 2.6 million parcels within Germany each working day. Our services are available to both consumers and business customers at any time and any place. They can send and collect parcels and small packages at some 20,000 retail outlets and points of sale, more than 2,500 Packstations and around 1,000 Paketboxes. Our Packstations are located in approximately 1,600 towns and cities across Germany. Nearly 90% of all residents in Germany are just about 10 minutes or less away from the nearest Packstation. Consumers can also go online to purchase shipping boxes, buy postage for parcels, place collection orders and track items.

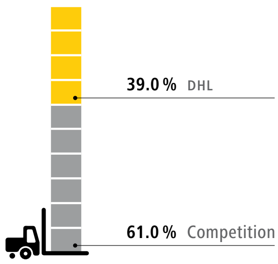
We are also continually evolving our services for business customers. In the online market place, which continues to see strong growth, both suppliers and customers appreciate that orders are carried out swiftly, simply and securely. That is why we do more than merely transport catalogues, goods and returns. We support our customers throughout the entire process, from the moment the order is placed and the purchase is made, to shipping the product and hedging against non-payment. Our new online shop, *MeinPaket.de,* is a pertinent example. Designed with small and medium-sized retailers in mind, customers can use the shop to position their products online. *MeinPaket.de* places security for retailers and shoppers at centre stage whilst delivering variety and high entertainment value with editorials and other feature content. The site uses a central checkout function that allows customers to make purchases in a secure environment.

In addition to standard parcel exports for cross-border e-commerce, we have also been offering return services in 10 countries in Europe since November 2010. Our product portfolio is planned to be expanded in 2011.

The German parcel market volume totalled around €6.8 billion in 2010, some 7.9% more than the prior year. For years now, e-commerce has been a central driver of growth. Growth in mail-order business, a key target market for parcel services, was not slowed by the financial crisis or the insolvency of mail-order company Quelle. An increasing number of Germans are shopping online and consumer confidence has risen of late, resulting in another year of double-digit growth in e-commerce. The business-to-business market also benefited from the economic upswing. At around 39%, our overall market share in 2010 remained at the prior-year level.

A.37 Domestic parcel market, 2010

Market volume: €6.8 billion



Source: company estimate.

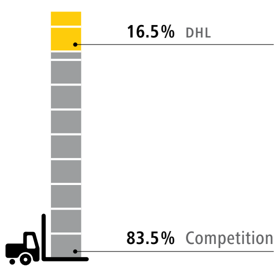
Sending mail and small packages internationally

We carry mail across borders and offer international dialogue marketing services. We also serve business customers in key domestic mail markets, including the USA, the United Kingdom, the Netherlands and Spain.

Our customers receive a high quality of service that ranks us amongst the top postal companies in the world in terms of transit times. The innovative products we introduce to respond to customer and market needs set us apart from the competition. Our portfolio therefore includes physical, hybrid and electronic written communications, giving customers the flexibility to decide what best suits their needs. Customers abroad tap into our expertise in order to do business successfully on the German market. We have also launched a new package for the online shopping marketplace in Asia, which is considered the chief driver of cross-border shipment volumes.

A.38 International mail market, 2010 (outbound)

Market volume: €6.4 billion



Source: company estimate.

The global market volume for outbound international mail was approximately €6.4 billion in 2010. Our business environment in the reporting year was shaped by lingering economic weakness and tougher competition. However, we braved this difficult market and managed to win back market share. We expect our market share for 2010 to be 16.5%.

REVENUE AND EARNINGS PERFORMANCE

Revenue slightly below prior year

Earnings, page 38

As at 1 July 2010, we transferred significant parts of Williams Lea Germany from the SUPPLY CHAIN division to the MAIL division. We now report on those parts as the new Value-Added Services business unit. The previous year's segment reporting figures were adjusted accordingly.

Revenue in 2010, which had 1.3 additional working days, was €13,821 million and therefore slightly below the prior year's figure of €13,912 million. Since 1 July 2010, we have been required to apply value added tax (VAT) to revenues generated with business customers. In order to retain this important customer group, we increased our graduated discount scale. Revenue in the second half of the year suffered as a result. Positive currency effects were €37 million for full-year 2010.

Offsetting VAT impacts mail business

Annual revenue in the Mail Communication business unit fell from €5,820 million to €5,597 million. The decline primarily reflects the fact that we increased our discounts for business customers when the VAT requirement went into force. We retained and regained quality-conscious customers; however, some of our more price-sensitive customers turned to competitors.

Glossary, page 232

In the regulated mail sector, we kept prices stable as dictated by the price-cap procedure. According to a comparative study that we conducted, our postage rates still rank amongst the lowest in Europe. The survey accounted for both the nominal price for sending a standard letter (20g) by the fastest method and key macroeconomic factors such as purchasing power and labour costs.

A.39 Mail Communication: volumes

mail items (millions)

	2009	2010	+/– %	Q4 2009	Q4 2010	+/– %
Business customer letters	6,663	6,566	–1.5	1,732	1,742	0.6
Private customer letters	1,292	1,260	–2.5	386	378	–2.1
Total	**7,955**	**7,826**	**–1.6**	**2,118**	**2,120**	**0.1**

Revenue and volume of advertising mail ends on slight upwards note

Our customers' advertising expenditure was slightly up again at the end of the year. However, their overall advertising budgets remained limited in the reporting year. It is above all the mail-order companies that invest less in paper-based advertising and more in online advertising to win new customers. Besides, the year 2009 saw an increase in election materials posted in the run-up to Germany's parliamentary elections. All in all, volumes declined for both addressed and unaddressed advertising mail in the reporting year. Revenue fell 3.1% from €2,678 million in 2009 to €2,595 million in 2010.

In the fourth quarter, we saw a slight increase in advertising mail revenue and volumes, above all for our product *Einkaufaktuell*.

A.40 Dialogue Marketing: volumes

mail items (millions)

	2009	2010	+/– %	Q4 2009	Q4 2010	+/– %
Addressed advertising mail	6,323	6,074	–3.9	1,732	1,697	–2.0
Unaddressed advertising mail	4,580	4,285	–6.4	1,209	1,247	3.1
Total	**10,903**	**10,359**	**–5.0**	**2,941**	**2,944**	**0.1**

Falling revenue in the press services market

Revenue in the Press Services business unit totalled €797 million in the reporting year, 2.7% below the prior-year figure of €819 million. Circulations continued their downwards trend and publications were discontinued in the German press services market. Nevertheless, average publication weights remained stable. In the fourth quarter, revenue stabilised near the prior-year level.

Value-added services generate more revenue

Revenue in the new Value-Added Services business unit reached €339 million, exceeding the previous year's figure of €328 million by 3.4%. Growth in our document management and mailroom services was the main reason for the increase. In the fourth quarter, revenue fell to €88 million (previous year: €95 million) on account of the invoicing process for several large projects being deferred.

Parcel business benefits from e-commerce

Revenue in the Parcel Germany business unit was €2,732 million in the reporting year, improving on the previous year's high figure of €2,574 million by 6.1%. Revenue growth was even more pronounced in the fourth quarter, which saw mail-order companies benefit from the economic upturn, and we more than compensated for the losses incurred as a result of the insolvency of Quelle GmbH, one of our customers. At the same time, mail-order business is growing alongside the expansion of e-commerce, a trend that was reflected in our higher business customer volumes.

A.41 Parcel Germany: volumes

parcels (millions)

	2009	2010	+/– %	Q4 2009	Q4 2010	+/– %
Business customer parcels	648	680	4.9	183	202	10.4
Private customer parcels	113	113	0.0	37	37	0.0
Total	**761**	**793**	**4.2**	**220**	**239**	**8.6**

Retail outlet revenue down slightly

Revenue generated by our approximately 20,000 retail outlets and sales points saw a slight decline from €806 million to €800 million, mainly due to lower internal revenues.

Revenue in international mail business up

In the Global Mail business unit, revenue for 2010 increased by 3.3% on the previous year, from €1,679 million to €1,735 million. The rise was attributable to the continuing recovery of the global economy as well as positive currency effects. Fourth-quarter revenue was up by as much as 6.0%. Mail volumes declined, due to the sale of our French subsidiary DHL Global Mail Services SAS in 2009 and lower volumes in the unaddressed mail business in the Netherlands.

A.42 **Mail International: volumes**

mail items (millions)	2009	2010	+/– %	Q4 2009	Q4 2010	+/– %
Global Mail	6,654	6,005	–9.8	1,705	1,497	–12.2

Earnings affected by value added tax requirement, amongst other things

The division's full-year 2010 EBIT fell by 19.6% year-on-year, from €1,391 million to €1,118 million. In the fourth quarter EBIT was €227 million, down from €504 million in the prior year. In addition to the overall market trend, the impact of VAT and expenses for expanding our digital business especially affected our earnings in the second half of the year. Adjusted for non-recurring expenses of €34 million (previous year: €32 million), which primarily resulted from closing our subsidiary Interlanden in the Netherlands, EBIT fell by 19.0% to €1,152 million in the reporting year (previous year: €1,423 million). Return on sales was 8.1% for full-year 2010.

The impact of the market trend, the VAT requirement and the expenses for expanding our digital business were also echoed in operating cash flow, which amounted to €1,044 million (previous year: €1,156 million). Working capital was €–895 million, remaining at the low level of the previous year (€–878 million).

EXPRESS division

Products

DHL Time Definite
DHL Same Day
DHL Day Definite

Regions

Europe
Americas
Asia Pacific
EEMEA (Eastern Europe, the Middle East and Africa)

Network

220 countries and territories
3 main global hubs
32,300 Service Points
2.8 million customers
62,000 vehicles

BUSINESS UNITS AND MARKET POSITIONS

Network for time-definite shipments spans the globe

The EXPRESS division transports time-sensitive documents and goods reliably from door to door via fixed routes and using standardised workflows. Our network spans more than 220 countries and territories, in which some 100,000 employees serve more than 2.8 million customers. Customers can dispatch shipments to 675 cities all over the world for a guaranteed pre-12 delivery.

As a global network operator, we are well aware that the quality of our services and the satisfaction of our customers are crucial in determining our success. That is why we are constantly optimising our service to keep our customer commitments. In 2010, an independent study by PA Consulting confirmed that we are the most reliable service provider for express parcels worldwide. DHL is the global market leader in the international express services sector.

Standardised time-definite products

International, time-definite courier and express shipments are our core business. Our Time Definite and Same Day services offer a choice of delivery at either a specific time or as quickly as possible. In some markets, our portfolio is complemented by Day Definite service as well as special services such as customs brokerage, clinical trials and repair and return.

Glossary, page 232

Our customers usually make use of our customer service numbers or the internet when ordering transport services. However, customers can also leverage our extensive network of Service Points, which in Germany consists primarily of Deutsche Post retail outlets. Since 2010 we have been offering an international Time Definite product called DHL Express Easy at these points of sale. DHL Express Easy is particularly simple to use and facilitates shipping and payment for less experienced customers. We have also made progress in the special industry solutions we offer, for instance by gaining new customers for our DHL Medical Express service.

At a time when the impact of globalisation on climate and nature is a live issue, particularly in the logistics sector, we were the first express service provider to offer climate-neutral shipping products in the form of our GoGreen product, which we launched in 2006 and which is now available in more than 30 countries. Moreover, in certain markets our fleet to some extent already consists of vehicles fuelled by bio-methane.

Corporate responsibility, page 77

Corporate responsibility, page 75

Our aircraft fleet – economical and ecological

In 2010, we added another four Boeing 777s to our AeroLogic aircraft fleet. The current intercontinental fleet now comprises eight 777s, three 767s and nine 747s. We plan to add three more 767 aircraft to the fleet by 2012. All of these aircraft comply with the latest environmental standards.

Whilst the average load factor in the sector is approximately 54%, we have a load factor of around 80% on our intercontinental routes. Optimum utilisation of the aircraft means that we are supporting the Group's sustainability strategy and contributing to meeting climate protection goals. In addition, by expanding our fleet of aircraft we have increased our dedicated capacity by 40%, which allows us to process even greater volumes concurrently.

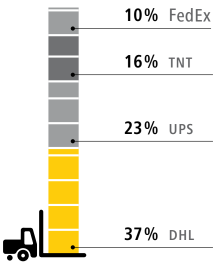
Furthermore, we have the most extensive coverage compared with the competition, serving more than 450 airports outside of the United States. Our new direct flights between Hong Kong and Leipzig, Paris and Cincinnati, and Frankfurt/Leipzig and Cincinnati mean that we can offer next-day delivery to customers in Europe and the United States, respectively.

Well positioned in the global express business

DHL has enjoyed a strong global positioning in the international express business for many years and is the international express market leader in all regions outside of North America. Moreover, we are continuing to expand our presence and infrastructure in growth markets such as Asia, for example through construction of the Shanghai hub in northern Asia.

A.43 European international express market, 2009[1), 2)]: top 4

Market volume: €5,288 million



1) Includes the TDI express product.
2) Country base: BE, CH, DE, ES, FR, IT, NL, PL, SE, UK.
Source: MRSC, annual reports and desk research.

Leading position in Europe maintained

During the crisis year of 2009, we maintained our leading position in the international time-definite express market with a share of around 37%. We achieved this by steadily improving our service. Customers praised us for our service when flights were severely disrupted by the ash cloud migrating from the Eyjafjallajökull volcano in Iceland. The current study by PA Consulting also indicates that we are ahead of our competitors in terms of reliability for shipments to Asia, another reason for the loyalty of our customers.

In 2010, we streamlined our portfolio and sold our day-definite domestic express businesses in the United Kingdom and France. Since then, our local teams have been successfully focussing on our core business, the Time Definite product line.

The Leipzig hub is also gaining in international significance due to the expansion of AeroLogic's express network between Europe and the Asian and emerging market regions. More than 90% of all international shipments in Europe are now sent via Leipzig.

International product offering expanded in the Americas region

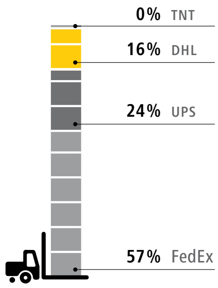
During the year under review, we kept our service promise in full. DHL is considered to be the most reliable provider of international shipping from North America to Asia and vice versa. Both existing and new customers honour our reliability by showing great loyalty. Our refocus on the international express business and withdrawal from the domestic US express business have thus shown to be successful.

Since October 2010, our US customers have been able to send shipments to Europe, Latin America, the Middle East and Asia for pre-9 or pre-12 delivery. We have also made progress in environmental protection. During the reporting year, we began replacing our fleet with electric and hybrid vehicles.

We also maintained our position in the other sub-regions of the Americas region, Latin America (Mexico, Central America, Brazil and Spanish-speaking South America), Canada and the Caribbean. By expanding our hub in Panama, we more than doubled capacity and increased the frequency of connections. In the year under review, our Disaster Response Team provided assistance to regions hit by earthquakes in less than 48 hours, for which it received significant external recognition.

A.44 Americas international express market, 2009[1), 2)]: top 4

Market volume: €4,018 million



1) Includes the TDI express product.
2) Country base: CA, MX, BR, US.
Source: MRSC, annual reports and desk research.

DHL still dominates Asian express market

Asia remains the growth driver for the express business. We maintained our leading position in the Time Definite International product line with a share of 34% of the market.

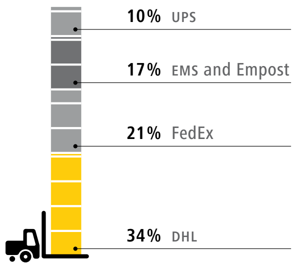
According to the aforementioned study by PA Consulting, we are the most reliable provider of courier services for shipments within Asia and on intercontinental routes to and from Asia.

DHL has proved to be the most reliable and fastest international express service provider in China, a key market in Asia Pacific. Furthermore, our global leadership team co-operates closely with experienced local managers. For instance, Board of Management member Ken Allen was elected to the board of management of the joint venture between DHL and Sinotrans.

With respect to customer satisfaction, DHL is ahead of the competition overall and in key categories in India and China. This is underlined by the numerous awards we have received in this region. Two of the three countries in which we were given the highest marks for the quality of our customer service are in Asia.

A.45 Asia Pacific international express market, 2009[1), 2)]: top 4

Market volume: €4,361 million



1) Includes the TDI express product.
2) Country base: AU, CN, HK, IN, JP, KR, SG.
Source: MRSC, annual reports and desk research.

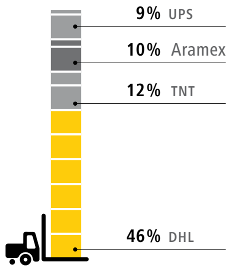
Leading position in emerging markets maintained

We also maintained our market leadership in the international time-definite express segment in the EEMEA region (Eastern Europe, the Middle East and Africa) with a share of 46%, not least due to our long-standing presence and good infrastructure in this region. In addition to an extensive air network, we maintain an efficient road network that is used across our DHL divisions.

In 2010 we celebrated 30 years in Qatar and our 35-year anniversary in Lebanon, both evidence of our pioneering spirit.

A.46 International express market in the EEMEA region, 2009[1), 2)]: top 4

Market volume: €360 million



1) Includes the TDI express product.
2) Country base: AE, RU, ZA.
Source: MRSC, annual reports and desk research.

REVENUE AND EARNINGS PERFORMANCE

We maintained our position well in international business

In financial year 2010, revenue in the EXPRESS division increased by 12.0% year-on-year to €11,111 million (previous year: €9,917 million). We achieved this above all with the help of the continuing recovery of the global economy, improved service quality and our focus on the international express business. The rise in revenue was 9.8% after adjustment for positive currency effects in the amount of €612 million, the acquisition of Shanghai Quanyi Express Co. Ltd. and the sale of our day-definite domestic businesses in the UK and France.

This organic growth can be attributed mainly to the increase of 6.0% in per-day shipment volumes in our TDI product line as well as higher revenues from fuel surcharges. Weight per shipment in the TDI product line showed a substantial rise of 11.4% on the prior year to a level significantly above that existing before the economic crisis, evidence that we maintained our position in the international business.

Organic revenue growth in the fourth quarter amounted to 7.5%. This amount was slightly below the full-year figure due to the fact that the economy had already begun to recover in the comparative prior-year quarter. Per-day shipment volumes for the TDI product line increased by 6.4%. Revenue and volumes in our DDD product line declined, mainly due to the sale of our day-definite domestic businesses in the UK and France.

A.47 EXPRESS: revenue by product

€m per day	2009 adjusted	2010	+/– %	Q4 2009 adjusted	Q4 2010	+/– %
Time Definite International (TDI)	22.5	24.9	10.7	24.4	26.3	7.8
Time Definite Domestic (TDD)	4.4	4.5	2.3	4.8	4.8	0.0
Day Definite Domestic (DDD)	6.2	4.5	–27.4	6.4	4.0	–37.5

A.48 EXPRESS: volumes by product

thousand of items per day	2009 adjusted	2010	+/– %	Q4 2009 adjusted	Q4 2010	+/– %
Time Definite International (TDI)	463	491	6.0	487	518	6.4
Time Definite Domestic (TDD)	589	643	9.2	634	679	7.1
Day Definite Domestic (DDD)	771	501	–35.0	827	468	–43.4

Consolidation in the Europe region

Revenue for 2010 dropped by 4.7% in the Europe region to €4,960 million (previous year: €5,207 million). The reason for the decline was the sale of our day-definite domestic businesses in the UK and France. Adjusted for these sales and the positive currency effects of €93 million, which resulted primarily from our activities in central Europe, the UK and Scandinavia, organic revenue grew by 1.4%.

Organic revenue also developed positively in the fourth quarter, with a year-on-year rise of 3.1%. Daily TDI shipment volumes made a significant contribution to this development: at 7.0%, they outperformed their growth rates of the previous three quarters, exceeding the level prior to the crisis year of 2009.

Revenue growth in the Americas region

Revenue in the Americas region surpassed the prior-year figure, rising 24.3% to €1,831 million in the reporting year (previous year: €1,473 million). This includes positive currency effects of €114 million. Adjusted for these effects, revenue still grew organically by a considerable 16.6%. The US business in particular substantially exceeded our expectations with organic revenue growth of 24.7%. This encouraging growth trend continued in the fourth quarter.

Substantially higher volumes in the Asia Pacific region

In 2010, we benefited from the rapid economic rise in the Asia Pacific region to significantly boost revenue by 30.8% to €3,374 million (previous year: €2,580 million). Adjusted for positive currency effects of €331 million and the acquisition of Shanghai Quanyi Express Co. Ltd., revenue outperformed the general economic trend in the region with a rise of 16.9%. The increase resulted from significantly higher shipment volumes across all product lines and higher fuel surcharge revenues.

Business in the EEMEA region improved steadily

Business in the EEMEA region (Eastern Europe, the Middle East and Africa) continued to improve in 2010, with revenue growth of 15.4% to €1,216 million (previous year: €1,054 million). Adjusted for positive currency effects of €74 million, organic revenue growth amounted to 8.3%. Daily shipment volumes improved continuously in all product lines.

EBIT before non-recurring items significantly higher

The restructuring of our express business is progressing as planned. Revenue increased significantly on the prior year and the cost savings generated were reflected in earnings. EBIT for the EXPRESS division rose from €–790 million in 2009 to €497 million in 2010. Adjusted for restructuring costs, EBIT increased considerably by €550 million to €785 million (previous year: €235 million) with a margin of 7.1% (previous year: 2.4%).

EBIT for the fourth quarter of 2010 improved from €–358 million to €218 million. Adjusted for restructuring costs, EBIT of €239 million was generated in the fourth quarter (previous year: €159 million) with a margin of 8.2% (previous year: 6.0%).

Operating cash flow, which includes cash outflows for restructuring, improved significantly, rising from €–454 million to €904 million for full-year 2010 and from €160 million to €251 million in the fourth quarter. Whilst our operating result increased substantially, restructuring costs were reduced compared with the previous year.

GLOBAL FORWARDING, FREIGHT division

Regions	Locations	Products
Global Forwarding	**Global Forwarding**	**Global Forwarding**
Worldwide > 150 countries and territories	> 810 branches	Air freight Ocean freight Industrial projects Transport management Customs clearance
Freight	**Freight**	**Freight**
Europe, CIS, the Middle East and North Africa > 53 countries	> 160 branches	Full truckload Part truckload Less than truckload Intermodal transport

BUSINESS UNITS AND MARKET POSITIONS

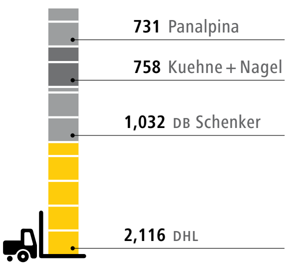
Customised global transport solutions

With its Global Forwarding and Freight business units, DHL is the world's leader in air and ocean freight services and one of the leading overland freight forwarders in Europe, the Middle East and North Africa. We develop customised transport solutions for our customers, provide capacity and co-ordinate the transport of goods and information in more than 150 countries, using the competence of our approximately 41,000-strong workforce and a team of reliable partners.

We broker between our customers and freight carriers and combine their orders to reach volumes that allow us to secure cargo space and charter capacity from airlines, shipping companies and freight carriers on favourable terms. We also make use of the air freight capacity of our EXPRESS division. Since we purchase transport services rather than providing them ourselves, we are able to operate our business with a very low level of non-current assets.

A.49 Air freight market, 2009[1]: top 4

thousand tonnes[2]



1) The representation of market shares has changed because the crisis distorted market volume data and because research institutions define market size inconsistently.
2) Data based solely on export freight tonnes.

Source: annual reports, press releases and company estimates.

World market leader in air freight and number two in ocean freight

In Global Forwarding, DHL is the world leader in air freight services and one of the leading providers of ocean freight services. Around 30,000 employees work to ensure the transport of all kinds of shipments by air or sea. Our logistics solutions span the entire supply chain, from the factory to the shop floor. They also include special transport-related services. We store, collect and deliver the goods, handle customs formalities, insure the load and supply product-related information. In this way, we ensure safety and reliability across national borders. Our customers come from companies of all sizes. They operate primarily in the Technology, Pharmaceuticals, Automotive, Engineering & Manufacturing, Consumer and Fashion & Apparel sectors. We also plan and implement industrial logistics projects worldwide, in particular for the energy industry. To an increasing extent, we also contract for transport management services in order to combine all means of transport for our customers with the goal of reducing complexity, improving quality and lowering costs.

Air freight market shaped by capacity shortages

The air freight market improved in 2010 compared with the previous year. Demand was up; however, freight capacity shortages existed, resulting in a substantial rise in freight rates. For this and other reasons, we significantly expanded the charter business of our subsidiary StarBroker. Due to a well-established network, we were able to help our customers overcome the challenge that faced the air freight industry as a result of the eruption of the Eyjafjallajökull volcano in Iceland.

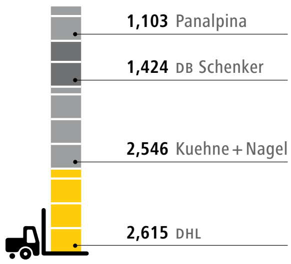
Ocean freight business sees increased volumes

In the ocean freight business, we are the world leader in less-than-container-load services and we are one of the two leading providers of full-container-load services. The ocean freight market declined in 2009 compared with the prior year. However, we were able to increase our volumes in 2010 from 2.615 million to 2.772 million TEUs, which brought us back up near pre-crisis levels.

The market handled substantial volume increases, especially in the first half of 2010. Market capacities were stretched, particularly on trade lanes between Asia and both Europe and North America, which presented a challenge.

A.50 Ocean freight market, 2009[1]: top 4

thousand TEUs[2]



1) The representation of market shares has changed because the crisis distorted market volume data and because research institutions define market size inconsistently.
2) Twenty-foot equivalent units.

Source: annual reports, press releases and company estimates.

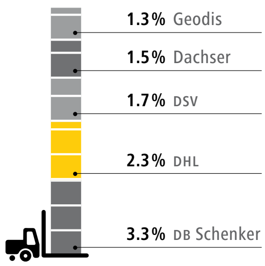
Market share in European overland transport slightly expanded

With a workforce of around 11,000 in 53 countries, DHL's Freight business unit is one of the largest overland freight forwarders in Europe, the Middle East and North Africa. In this business, we also see ourselves as a broker of capacity. Our overland transport services include full-truckload, part-truckload and less-than-truckload solutions. We also offer intermodal transport services with other carriers, especially rail transport companies. Our range of services also comprises handling customs formalities and providing insurance.

In 2009, the European market for road transport shrank by around 16% year-on-year as a result of the financial and economic crisis. Based on our own calculations, we were able to expand our market share slightly. Since the beginning of 2011 a significant volume increase has however again been recorded.

A.51 European road transport market, 2009: top 5

Market volume: €148.4 billion[1]



1) Country base: total for 20 European countries, excluding bulk and specialties transport.

Source: MRSC market studies and forecasts in 2008 to 2010, Eurostat 2009, annual reports, company websites and estimates.

REVENUE AND EARNINGS PERFORMANCE

Revenue and earnings improve considerably in freight forwarding business

The GLOBAL FORWARDING, FREIGHT division increased revenue in the reporting year by 27.6% to €14,341 million (previous year: €11,243 million). The total includes positive currency effects of €752 million. Revenue grew organically by 20.9% in the reporting year. Our freight forwarding business performed well, especially in the second half of the year.

The Global Forwarding business unit generated €10,725 million in revenue, up 35.5% on the prior-year figure of €7,913 million. The increase was 27.3% after adjustment for positive currency effects of €648 million. Despite high freight rates and fuel prices throughout the year 2010, we were able to improve gross profit by 18.0% from €1,948 million to €2,298 million.

Volume and revenue up in air and ocean freight

Our financial year 2010 saw a very positive year-on-year trend in transport volumes, especially in the air freight business, although growth in the fourth quarter was slightly less than in the preceding quarters. Freight capacity shortages persist and as a result the prices for transport services have increased. Overall, freight rates were high in the reporting year, falling only slightly in the fourth quarter. The high prices primarily affected trade lanes between Asia and Europe as well as over the Pacific. In the first nine months of the year, we passed on these higher costs to our customers with a short time-lag. Margins stabilised in the fourth quarter. Our gross profit margin for the year reflects this.

Year-on-year air freight volumes were up by 18.8% in 2010, climbing by 5.8% in the fourth quarter over the already very high figures in the third quarter. Volume and revenue increased particularly in our growth markets of South America, North Asia and the Middle East as well as Central Europe. Air freight revenue in the reporting year was up 37.3% on the prior year.

A.52 Global Forwarding: revenue

€m	2009 adjusted	2010	+/– %	Q4 2009 adjusted	Q4 2010	+/– %
Air freight	3,957	5,431	37.3	1,209	1,500	24.1
Ocean freight	2,450	3,446	40.7	621	925	49.0
Other	1,506	1,848	22.7	382	489	28.0
Total	**7,913**	**10,725**	**35.5**	**2,212**	**2,914**	**31.7**

A.53 Global Forwarding: volumes

thousands		2009	2010	+/– %	Q4 2009	Q4 2010	+/– %
Air freight	tonnes	3,734	4,435	18.8	1,135	1,185	4.4
of which exports	tonnes	2,116	2,458	16.2	640	656	2.5
Ocean freight	TEUs[1]	2,615	2,772	6.0	687	682	–0.7

1) Twenty-foot equivalent units.

Our ocean freight business continued to perform well in 2010. Volumes increased by 6.0% on the prior year. In the fourth quarter, volumes were on a par with the high figures recorded in the final quarter of 2009 due to the fact that volumes in that period had already recovered from the economic crisis. Full-year 2010 revenue increased by 40.7% because we were able to pass on the higher prices resulting from the very high freight rates to our customers mainly in the final months of the year. The trend in our business in the growth markets of South America, the Middle East and North Asia was especially encouraging.

In our industrial project business, revenue and gross profit continued to improve noticeably on the prior-year period, especially in North and South America as well as in North Asia.

European overland transport completes turnaround

The Freight business unit generated revenue of €3,735 million in 2010, exceeding the previous year's figure of €3,419 million by 9.2%. Revenue increases were seen primarily in Germany and both southern and eastern Europe. When adjusted for positive currency effects of €106 million, organic revenue was up by 6.1% on the prior year. At €991 million, gross profit exceeded the previous year by 1.4%. We succeeded in returning to profitability in the reporting year after having felt the impact of the restructuring costs in 2009, thanks to a marked increase in overall productivity and the successful turnaround of loss-making national companies.

On 1 January 2010, the EXPRESS division transferred responsibility for the domestic freight business in Sweden to the Freight business unit. The prior-year amounts were adjusted accordingly.

Positive EBIT performance reinforced by strong fourth quarter

The division's EBIT improved considerably year-on-year due to strict cost discipline, stabilising margins and positive currency effects. It improved in the reporting year by 120.1% to €383 million (previous year: €174 million). Adjusted for restructuring costs (€7 million; previous year: €101 million), EBIT before non-recurring items reached €390 million, outperforming the prior-year figure by 41.8%. The EBIT margin was 2.7%.

In the fourth quarter alone, EBIT rose from €6 million to €131 million. Adjusted for restructuring costs (€1 million; previous year: €64 million), EBIT before non-recurring items was €132 million. The fourth-quarter EBIT margin was 3.4%.

In 2010 as a whole, we reduced operating and indirect costs relative to volume growth to the point that productivity exceeded pre-crisis levels. We expanded our sales operations and aligned them more closely with individual sectors. As a result, we were able to tap new business and increase existing customer volumes, thereby securing present and future contributions to earnings.

Net working capital in the fourth quarter was up only slightly on the prior quarter as volumes have continued to rise. Nevertheless, the resulting effect and cash paid for restructuring reduced operating cash flow for full-year 2010 to €244 million (previous year: €524 million). Compared with the prior quarter, our cash flow in the fourth quarter was up by more than 40%.

SUPPLY CHAIN division

Supply Chain logistics solutions
- Warehousing
- Distribution
- Managed transport
- Value-added services
- Business process outsourcing
- Supply Chain management and consulting
- Lead logistics provider

Supply Chain sectors
- Consumer
- Retail
- Technology
- Life Sciences & Healthcare
- Automotive
- Energy

Williams Lea Services
- Office Document Solutions
- Customer Correspondence Management
- Marketing Solutions

BUSINESS UNITS AND MARKET POSITIONS

Two business units with customer-based solutions

The SUPPLY CHAIN division comprises two business units: Supply Chain and Williams Lea. In the Supply Chain business, we provide contract logistics solutions along the entire supply chain for customers from a wide variety of sectors. Williams Lea is a global provider of business process outsourcing and a specialist in corporate information solutions, which involves managing companies' information and communication processes.

Glossary, page 232

Supply Chain services span industry sectors

We provide customers in many industry sectors with services that span the entire supply chain. From planning, sourcing, production, storage and delivery to returns logistics and end customer service, our customers rely on us to ensure a smooth logistics flow. We offer warehousing, distribution, managed transport and value-added services, business process outsourcing, supply chain management and consulting as well as lead logistics provider solutions. We ensure that our customers' products and information reach their markets quickly and efficiently, thus securing them crucial competitive advantages. With local insight and global scale, we serve customers in more than 60 countries and provide support for complex transformation in their processes.

Glossary, page 232

Our Supply Chain business provides expert solutions in six key strategic sectors: Consumer, Retail, Technology, Life Sciences & Healthcare, Automotive and Energy. Each sector is managed by a dedicated sector head who is supported by a global team of specialists who handle customer projects and develop sector-specific supply chain solutions.

Consumer and Retail are two of our largest sectors, both of which offer major growth potential for the division. We manage supply chains all the way from the source of supply to the retail shelves for customers in these sectors. This calls for flexibility, reliability and cost efficiency as the key value drivers for our services in these sectors, which range from international inbound logistics and warehouse and transport services to packaging and other value-added services.

Glossary, page 232

Customers in the Technology sector require fast, flexible and efficient supply chains. Demand for integrated product and service logistics is increasing. Our portfolio ranges from inbound-to-manufacturing services and warehouse and transport services to integrated packaging, returns management and technical services. This is one of the sectors in which customers are increasingly requesting integrated solutions that are being developed across all DHL divisions.

Glossary, page 232

We are also increasingly providing cross-divisional, integrated solutions in the Life Sciences & Healthcare industry, where supply chains and logistics processes are still evolving in many parts of the world. Cost pressure is rising steadily and quality control at the highest possible level is a must for all our customers.

The Automotive industry is one of our truly global sectors. In recent years, it has seen a slowdown in growth in the industrial countries, with production shifting to emerging markets such as China, India and Brazil. For our inbound-to-manufacturing, aftermarket logistics and lead logistics provider solutions, the key factor is our ability to offer lower costs and a high degree of flexibility and reliability.

Glossary, page 232

The fast-growing Energy sector is another sector where the DHL divisions provide integrated logistics solutions for both the build and run phases of major energy projects.

Williams Lea – experts in corporate information solutions

Williams Lea specialises in outsourced corporate communication and information management, ranging from office document and marketing solutions to customer correspondence management. We offer these solutions to customers in the financial, retail, consumer goods, pharmaceutical, publishing and public sectors as well as the legal sector. As at 1 July 2010, parts of Williams Lea Germany were transferred to the MAIL division.

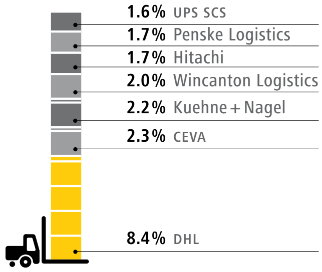
Global market leader in contract logistics

DHL is the global market leader in contract logistics with a market share of 8.4% (2009). In this highly fragmented market, the top 10 players account for only about 25% of the overall market, the size of which is estimated to be €135 billion. Whilst we are the leading provider in our two largest markets, North America and Europe, we face strong competition from local suppliers in all regions, especially in the fast-growing Asia Pacific market. We are confident that we shall succeed in leveraging our global expertise and good relationships with multinational corporations in order to expand our business in these markets.

Our Williams Lea business unit leads the market in outsourcing information management. This market is also highly fragmented and consists largely of specialists offering either a very limited set of services or occupying exclusive niches. Due to our broad range of international services and long-lasting customer relationships, we have been able to build on our leading market position. In addition, we are leveraging DHL's excellent customer relationships to win new business for Williams Lea.

A.54 Contract logistics market, 2009: top 7

Market volume: €135 billion

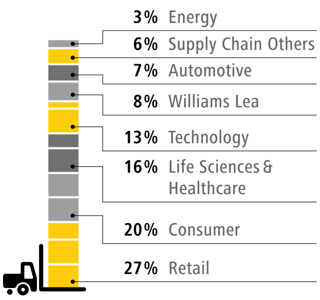


Source: Transport Intelligence.

Earnings, page 38

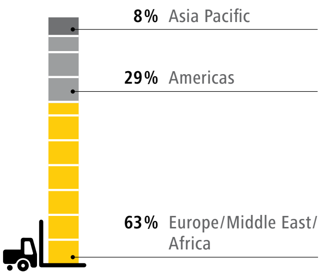
A.55 SUPPLY CHAIN: revenue by sector, 2010

Total revenue: €13,301 million



A.56 SUPPLY CHAIN: revenue by region, 2010

Total revenue: €13,301 million



REVENUE AND EARNINGS PERFORMANCE

Revenue growth achieved in nearly all sectors and regions

As at 1 July 2010, we transferred significant parts of Williams Lea Germany from the SUPPLY CHAIN division to the MAIL division. The prior-year segment reporting figures were adjusted accordingly.

Revenue and earnings in the SUPPLY CHAIN division developed positively in 2010. Revenue for the reporting year rose 9.2% to €13,301 million (previous year: €12,183 million). Adjusted for positive currency effects of €707 million, organic revenue growth amounted to 3.4%. However, growth was suppressed by two factors: a loss of trading volume with the Arcandor Group in Germany and our withdrawal from underperforming contracts in the reporting period.

In the fourth quarter, revenue increased by 14.0% to €3,568 million (prior year: €3,129 million). Adjusted for positive currency effects of €225 million, organic revenue growth amounted to 6.8%.

In the Supply Chain business unit we generated revenue of €12,237 million in the year under review (previous year: €11,302 million). With the exception of the Retail sector, we experienced strong growth in all sectors, particularly Automotive, followed closely by the Consumer, Life Sciences & Healthcare and Energy sectors. Performance in the Retail sector was negatively impacted by the loss of business with the Arcandor Group, the Quelle insolvency and lower Karstadt trading volumes.

In the Americas region, the situation improved in the reporting year, particularly in the Automotive and Consumer sectors and in transport activity, following the previous year's period of economic slowdown and insolvency uncertainty regarding major automotive customers. Growth also resulted from new contracts in the Consumer and Life Sciences & Healthcare sectors, boosted by the strong US dollar. In the Asia Pacific region, new business wins and trading upturns led to substantial revenue growth, especially in Australia, China and Thailand. In Europe, we benefited from additional revenue from new and existing business in the UK Life Sciences & Healthcare sector. Revenue declined in Germany, primarily due to the loss of trading volumes with the Arcandor Group. Revenue growth in Europe as a whole was suppressed by our withdrawal from underperforming contracts.

In the year under review, Williams Lea generated €1,062 million in revenue, up 20.5% on the prior-year figure of €881 million. This growth primarily reflected increases in the Marketing Solutions and Legal Services sectors.

Business wins of €1.1 billion achieved

The Supply Chain business unit concluded additional contracts worth €1.1 billion in annualised revenue with both new and existing customers. This corresponds to the previous year's figure. We reviewed all the major new business start-ups in 2010 and overall revenue exceeded expectations by more than 10%. The annualised contract renewal rate remained at a high level, similar to that of 2009.

EBIT improves substantially

Divisional EBIT improved substantially due to the increase in existing business activity and higher contributions from new business wins, underpinned by cost reductions and favourable exchange rates. In 2009, earnings had been impacted by expenses of €310 million due to the Arcandor insolvency, our withdrawal from underperforming contracts and impairment charges relating to legacy properties in Europe.

EBIT for the SUPPLY CHAIN division increased by €449 million to €233 million (previous year: €–216 million). Restructuring costs totalled €41 million in the year under review (previous year: €84 million). Adjusted for these costs, EBIT before non-recurring items amounted to €274 million (previous year: €–132 million). The EBIT margin before non-recurring items for full-year 2010 rose from –1.1% to 2.1%.

Fourth-quarter EBIT amounted to €43 million (previous year: €–172 million). This figure contains restructuring costs of €16 million (previous year: €70 million) and an expenditure of €21 million for a special end-of-year employee bonus. There were significant expenses impacting EBIT in the fourth quarter of 2009 which amounted to €144 million.

EBIT before non-recurring items amounted to €59 million (previous year: €–102 million). The EBIT margin before non-recurring items amounted to 1.7% in the fourth quarter, a drop of 0.5 percentage points due to expenses for the end-of-year bonus.

Operating cash flow decreased to €272 million in the reporting year (previous year: €424 million) due to the restructuring measures introduced in 2009. We maintained our efficient working capital position as revenue continued to rise.

NON-FINANCIAL PERFORMANCE INDICATORS

Employees

Slight decrease in number of employees

Becoming the employer of choice is one of the core objectives of our Strategy 2015. By attracting, nurturing and retaining talented and motivated people, we support the other two core objectives, being the provider of choice and the investment of choice. As at 31 December 2010, we employed 418,946 full-time equivalents in more than 220 countries and territories and therefore 1.4% fewer than in the previous year. The sale of DHL Express' day-definite domestic business in the United Kingdom and France was the primary reason for the decline. Staff costs declined as a result by 2.4% to €16,609 million (previous year: €17,021 million).

A.57 Number of employees (continuing operations)

	2009	2010	+/– %
At year-end			
Headcount[1]	477,280	467,088	–2.1
Full-time equivalents[2]	**424,686**	**418,946**	**–1.4**
of which MAIL[3]	144,968	144,640	–0.2
EXPRESS[3]	95,048	87,536	–7.9
GLOBAL FORWARDING, FREIGHT[3]	40,331	41,359	2.5
SUPPLY CHAIN[3]	130,441	132,075	1.3
Corporate Center/Other	13,898	13,336	–4.0
of which Germany	166,880	165,781	–0.7
Europe (excluding Germany)	120,074	110,462	–8.0
Americas	66,833	68,268	2.1
Asia Pacific	57,897	61,239	5.8
Other regions	13,002	13,196	1.5
Average for the year			
Headcount	488,518	464,471	–4.9
of which hourly workers and salaried employees	435,072	413,830	–4.9
Civil servants	49,691	46,866	–5.7
Trainees	3,755	3,775	0.5
Full-time equivalents	**436,651**	**421,274**	**–3.5**

1) Including trainees.
2) Excluding trainees.
3) Adjusted.

In the MAIL division, the number of employees fell slightly by 0.2% to 144,640.

Compared with the previous year, the number of employees in the EXPRESS division fell by 7.9% to 87,536. The decline was primarily related to the sale of the DHL Express day-definite domestic business in the UK and France as well as further restructuring in Europe.

In the GLOBAL FORWARDING, FREIGHT division, the number of full-time equivalents went up by 2.5% to 41,359 as a result of organic growth.

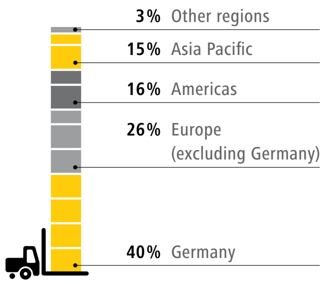
The SUPPLY CHAIN division increased its staff level by 1.3% to 132,075. This was a result of growth in new and existing business particularly in the Americas and Asia Pacific regions. The increase more than compensated for the staff reductions that had become necessary as a result of the insolvency of the Arcandor Group in Germany and our withdrawal from underperforming contracts in Europe.

In the Corporate Center/Other segment, staff levels continued to decline, dropping by 4.0% to 13,336. We were able to reduce costs, particularly through savings in the indirect functions such as IT and accounting.

The majority of our employees still work in Germany, where the number has remained stable. Our workforce in the rest of Europe has declined, primarily as a result of the sale of the domestic day-definite express business in the UK and France. Staff levels in the Americas, Asia Pacific and the other regions, however, have grown.

Our current planning calls for maintaining the total number of employees at the current level in financial year 2011.

A.58 Employees by region, 2010[1)]



1) Full-time equivalents as at 31 December.

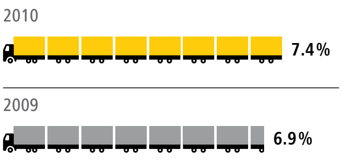
On our way to employer of choice

Attracting the right person at the right time for the right position is critical for the future of Deutsche Post DHL. We therefore established our People Strategy in 2009 with the prime objective of positioning the Group as the employer of choice in our industry. It identifies the following five priorities:

- Establish a leadership culture based on our principle of "respect and results".
- Motivate our employees.
- Strengthen co-operation within the Group.
- Promote the growth of our business.
- Increase the efficiency of our personnel processes.

Our management sets an example, making a key contribution towards achieving the goals of Strategy 2015. In keeping with the strategy, we launched a set of five leadership competencies in the reporting year: making our customers more successful, shaping direction, driving high performance, developing others and developing themselves.

A.59 Illness rate[1)]



1) All organisational units in Germany.

A proactive health and safety effort

We invest in the health and safety of our workforce and we employ a Group-wide system that is closely tied to risk management. The system includes, for example, our Corporate Health Award, with which we recognise exemplary health initiatives within the Group each year. In 2010, targeted programmes allowed us to help improve the health of our workforce, from early disease detection to stress prevention. At 7.4% (previous year: 6.9%) we again managed to keep the illness rate in Germany at a low level. The increase compared with the previous year corresponds to the general development in the country, when the age structure effect is taken into consideration.

In the area of occupational safety we implement Group-wide traffic safety measures, which help to raise awareness amongst employees about dangers and to prevent accidents. In March 2010, we renewed our commitment to the European Road Safety Charter, reinforcing our devotion to this cause.

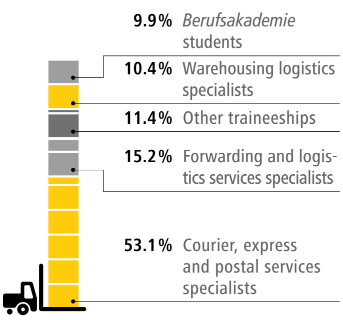
Our corporate health management system received awards again this year: the European Commission and the BKK *Bundesverband* (German association of company health insurance funds) presented us with the German Corporate Health Award and the special Mental Health award. The German-language business newspaper *Handelsblatt* and the market research institute EuPD Research gave us the Corporate Health Award for integrating our corporate health management system into all of our principles and processes. Certification and testing organisation TÜV Rheinland renewed the ISO 9001:2008 certification of our occupational health and safety organisation's quality management system yet again in the reporting year.

A.60 Occupational safety[1)]

	2009	2010[4)]
Number of workplace accidents[2)]	13,014[3)]	17,283
Accident rate (number of accidents per 1,000 employees per year)	71	96
Number of working days lost due to accidents (calendar days)	275,351[3)]	376,873
Working days lost per accident	21.2	21.8
Number of fatalities due to workplace accidents	1	0

1) Includes employees of Deutsche Post AG. 2) Accidents when at least one working day is lost; including accidents on the way to and from work. 3) Adjusted. 4) As at 3 February 2011 since accidents may also be reported after the balance sheet date.

A.61 Traineeships, Deutsche Post DHL, worldwide[1)]



1) Number of trainees, annual average: 3,775.

Training – an investment in our future

By training and qualifying young people, we not only secure our future cadres of specialists, we also make a key contribution to society. In 2010, we hired approximately 1,700 trainees and students in Germany. We offered employment contracts to around 70% of eligible trainees. We foster the top 5% of our roughly 3,600 trainees in Germany in our top trainee programme. They are offered special seminars and permanent contracts upon successfully completing the programme. *Perspektive Gelb* is our programme to give young people, whose career prospects seem bleak, a chance at a traineeship. In 2010, we took on nearly 80% of the 221 participants in the class of 2009.

Finding talent and quickly fostering loyalty

We attract young people for specialist and leadership positions with our Group-wide Graduate Opportunities Worldwide programme. We hired 29 university graduates in the reporting year. In an effort to be considered an employer of choice amongst students, we created the JOIN internship programme in Germany. Interns are integrated into projects and provided with both responsibility and a personal mentor. The programme complements our partnership with AIESEC, the world's largest student-run organisation. We have placed over 600 AIESEC interns across our Group since 2002.

We are increasingly using the internet to reach potential applicants: each year, we advertise more than 12,000 jobs online and receive an average of more than 120,000 applications. The Top Employer Web Benchmark 2010 put out by Potentialpark Communications, a market research institute, ranked our online career portal amongst the top five in Germany and Europe.

Development and growth opportunities for our workforce

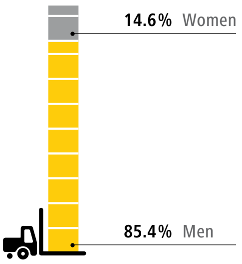
In 2010, 75,000 employees around the world took advantage of more than 2,000 courses available through our online training platform, mylearningworld.net, to develop their career or themselves personally. We cultivate a select group of top performers by offering them an MBA programme at a business school or entry into a talent programme such as ACTIVATE. Our goal is to fill leadership positions with employees from within our own ranks. Our internal placement rate fell to 88.9% in the reporting year, down from 89.9% in the previous year. This rate is based on the grades B to F in our internal performance evaluation system. We encourage our employees to gather experience in different company units. In 2010, 24.8% of internal job placements involving top executives were cross-divisional (2009: 19.1%).

Our divisions also offer programmes designed to meet their specific needs. For instance, the MAIL division introduced its leadership programme *Betriebslenker-programm* in the reporting year. Based on systematic succession planning, 156 employees will receive career development guidance and support as they move from mail carrier to management positions. The EXPRESS division launched the Certified International Specialist programme, providing an integrated training curriculum. The division's entire 100,000-strong workforce will attend the introductory course, which lays the foundation for further specialised training. Our GLOBAL FORWARDING, FREIGHT division has continued to evolve its DHL Freight Forwarding Academy and saw the number of participants in the global e-learning programme jump from 48,000 to approximately 124,000. The SUPPLY CHAIN division focused its efforts in the reporting year on cross-divisional sales team training.

An expanded incentive system

In 2009, we introduced a new variable incentive and share matching system for executives in an effort to bolster the performance of our organisation over the longer term. It focuses incentives on Group performance, makes executive pay more performance-based and honours outstanding achievements. The system provides executives with company shares and thus a direct stake in the success of the company. The scope of the system was expanded in the reporting year.

A.62 Gender distribution in top management[1], 2010



1) Based on first and second-level executives.

Leading through diversity

We want to be the employer of choice for our entire workforce and all applicants, irrespective of their gender, race, religion, age, disability or sexual orientation. Diversity management is an integral part of the recruiting policy in the Group's Code of Conduct. We are taking part, for instance, in the test project, Anonymous Application Process, applied by the German Federal Anti-Discrimination Agency, in order to test whether we can use this methodology to attract new groups of applicants.

In light of the demographic shift taking place in our society, we are striving to attract the entire range of possible applicants. We know that the population will continue to age and that this will affect the Group's employment structure. In a test project, we are analysing in what ways this is changing recruitment processes and the requirements for training and professional development. In co-operation with Münster University in Germany, we are also researching age-related differences as regards job motivation and satisfaction. We intend to use the results to develop suitable measures.

One of our top priorities is to increase the share of women in leadership positions. The share in top management was 14.6% in the reporting year (previous year: 15.6%). We continued to improve the work-family balance environment at Deutsche Post DHL. In Bonn, Germany, we expanded our child day care offering to include a company-supported nursery school. Across Germany we work with PME Familienservice, which offers a host of services such as placing day care professionals, providing childcare for our employees' children in emergency situations and school holiday programmes.

We are committed to ensuring that people with a disability enjoy equal treatment when it comes to taking part in working life. At Deutsche Post AG, the average annual employment rate of people with a disability is 7.9% (as at 18 January 2011), well above the national average in the German private sector (3.7% in 2008, source: *Bundesagentur für Arbeit* (German federal employment agency)).

A.63 Work-life balance[1]

Headcount

	2009	2010
State-regulated parental leave	2,302	2,036
Unpaid holiday for family reasons	2,559	2,419
Part-time employees[2]	67,010	63,126
Share of part-time employees (%)	38.4	36.9

1) Includes employees of Deutsche Post AG.
2) Excluding employees in partial retirement in the release phase.

Employee opinion survey is a catalyst for improvement

The results of our annual employee opinion survey are an indicator of the progress we are making on our way to becoming the employer of choice. The fourth edition of our Group-wide survey in 2010 saw a clear rise in the response rate to 79% (previous year: 76%). All 11 key performance indicators saw improvements. The highest marks went to customer promise with 77%, co-operation with 74% and working conditions with 73% (previous year: 70%, 71% and 67%, respectively). Although the ratings for measures taken as a result of the survey (53%, previous year: 44%) and for implementation of our First Choice Group initiative (59%, previous year: 51%) were up considerably, we continue to see room for improvement.

Making the most of our creativity

Our staff submit ideas and suggestions for improvement to contribute to our company's success. In 2010, their suggestions numbered 227,803. We used many of them to improve processes, reduce repair and energy costs and do our part for the environment. We saved, for example, around €400,000 just by using more economical container carts to move items around in our mail centres. We have now introduced idea management in other countries in Europe, Asia and North America.

A.64 Idea management

		2009	2010
Savings per employee	€	550.24	470.83
Suggestions for improvements	number	226,993	227,803
Accepted suggestions for improvements	number	178,303	183,323
Benefit	€m	262.6	219.5
Cost[1]	€m	12.0	9.3

1) Based in part on forecasts.

Corporate responsibility

Living responsibility for society and the environment

Corporate responsibility is an integral part of our Strategy 2015. Our motto is "living responsibility", which embodies our programmes and initiatives in the areas of environmental protection, disaster management and education that are designed to support our strategic goals.

Protecting the environment

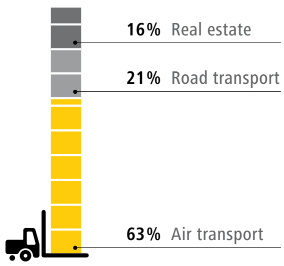
Our GoGreen programme is aimed at minimising the impact of our business on the environment. The central goal of the programme is to improve our carbon efficiency by 30% over 2007 levels by the year 2020. This also includes emissions generated by the transport services of our sub-contractors, which currently make up approximately 75% of the Group's total carbon footprint. Improving carbon efficiency will also diminish our dependency on fossil fuels, reduce cost risks associated with energy and fuels and prepare the Group for a future in which carbon dioxide (CO_2) emissions will be subject to pricing and customers increasingly ask for "green" solutions.

We account for and quantify our CO_2 emissions based on the internationally recognised Greenhouse Gas Protocol, which distinguishes between direct emissions from sources owned or controlled by an entity (Scope 1) and indirect emissions resulting from the consumption of purchased energy (Scope 2) or from our subcontractors (Scope 3).

In the year under review, our Scope 1 and Scope 2 carbon emissions were approximately 6.0 million tonnes (previous year: 5.6 million tonnes). These emissions resulted from our direct use of roughly 490 million litres of liquid fuel (diesel, petrol etc.), 15 million kilowatt hours of gaseous fuels (natural gas, biogas) as well as 1,500 million litres of kerosene and 3,600 million kilowatt hours of energy (electricity, natural gas etc.) in our facilities.

A.65 CO_2 emissions, 2010

Total: around 6.0 million tonnes[1]



1) Scopes 1 and 2.

The rise in emissions resulting from our direct use was caused primarily by air freight, which we are transporting ourselves to a greater extent in place of subcontracting.

In order to consistently report our emissions now that air traffic has also been incorporated into the European Union emissions trading system (EU-ETS), we plan to adapt the dividing line between our own and sub-contracted air transport (Scope 1 and Scope 3) to the rules of the EU-ETS. As a result, we expect a significant quantity of total emissions to shift from Scope 1 to Scope 3.

We shall detail the adjusted emissions information including carbon emissions from sub-contracted transport services in the next Corporate Responsibility Report, which will also include a statement on our carbon efficiency in 2010.

The GoGreen programme's five action areas

GoGreen is essentially the Group's umbrella programme for our environmental activities. It is made up of five action areas. Our advances in these areas in the reporting year include:

- **Providing transparency.** We use our financial accounting system to record data on our carbon emissions. This is done by linking Group-wide invoicing records with data on fuel and energy consumption. Starting in 2012, we plan to also use our financial system to standardise how we report the carbon emissions of sub-contractors for all divisions. Carbon efficiency is a key indicator in our strategic planning and is one of the criteria we use to make major investment decisions. We affirmed this in our Group investment guideline, which was amended in 2010 and came into force in February 2011.
- **Improving efficiency.** We are continuously improving the carbon efficiency of our fleet, buildings and networks and we do this by taking the following actions: investment in more aerodynamic vehicles and in drive technology, fleet renewal, lighting technology, network optimisation, route planning, capacity utilisation and the combination of various means of transport. In 2010, test projects for around 150 electric and hybrid vehicles were approved that will be implemented by 2011.
- **Mobilising employees.** Our approximately 470,000-strong workforce around the world can play a decisive role in helping us improve our CO_2 efficiency through environmental awareness and resource conservation. We took a variety of actions to mobilise them. For instance, we updated our policy that stipulates the Group's preference for recycled paper and we held events to mark United Nations World Environment Day. Since 2010, we also require all divisions to report on their carbon efficiency during the course of the year as a part of their business planning.

- **Offering green solutions.** We were the first logistics service provider to give customers the opportunity, by taking advantage of our GoGreen shipping option, to offset the CO_2 emissions caused by the transport of their goods with carbon credits from climate protection projects. This service is already available in more than 30 countries and includes mail, parcel and express products as well as our freight forwarding business. In 2010, we started our first own climate protection project: by selling efficient, wood-saving stoves in Lesotho, we shall generate carbon credits to offset carbon emissions.
- **Taking the lead.** We take a proactive approach to interacting with people involved in politics, business, associations and economic initiatives in order to spur on environmental and climate protection efforts. In 2010, we entered a European alliance that aims to increase carbon transparency in the field of road transport. At the global level, we continue to work towards a reasonable framework for pricing CO_2 as well as standards for measuring carbon dioxide. We advocate investment incentives for carbon-efficient solutions and related research projects. In 2010, we also published the study "Delivering Tomorrow: Towards Sustainable Logistics" in an effort to help the general public appreciate the important role our industry is playing in environmental protection.

Help when disaster strikes

Our GoHelp programme draws on our global presence, logistics expertise and the commitment of our workforce to support logistical efforts at airports in the affected regions in the aftermath of a natural disaster. In co-operation with the United Nations, we run two global programmes: DHL Disaster Response Teams are deployed to the region when disaster strikes; Get Airports Ready for Disaster is our initiative to help local authorities and airport staff in disaster-prone regions prepare for emergencies.

In order to save lives in the wake of a natural disaster, it is critical to distribute relief aid quickly and properly. Airports are often the place where bottlenecks form in these situations. Our Disaster Response Teams are made up of around 300 specially trained DHL logistics experts who co-ordinate the flow of arriving relief aid. The teams palletise, sort and store the shipments properly for further transport and then hand the goods over to aid organisations. Bottlenecks and other delays that slow the further transport to people in need can be avoided this way. Due to our global network, a DHL Disaster Response Team can be readied for deployment in less than 72 hours. Our teams deployed four times in 2010: to Haiti and Chile after the earthquakes and to Guatemala and Pakistan following the floods. All told, 105 volunteers spent 83 days on assignment and handled around 7,000 tonnes of relief aid free of charge.

The Get Airports Ready for Disaster project held readiness training sessions together with the UN Development Programme at Kathmandu Tribhuvan International airport and four regional airports in Nepal. More training is planned in 2011 in disaster-prone regions in Asia.

Deutsche Post DHL and the United Nations Children's Fund, UNICEF, have fought together to reduce infant mortality around the world for the past five years. Our Group supported a host of UNICEF projects during this time, primarily in Kenya, Peru and India. This health-based partnership came to a close at the end of the reporting year as we wish in the future to focus on our GoGreen, GoHelp and GoTeach programmes.

Championing education

With our GoTeach programme, we are striving for improved equality and fair opportunities in education. We are a founding partner and the largest business sponsor of the community educational programme Teach First Deutschland, which we have supported since February 2009. The programme attracts outstanding university graduates to undertake a two-year fellowship at underprivileged schools. These fellows assist teachers in the classroom and work closely with the children, organising study groups, holding office hours, tutoring and helping with homework. By partnering with this programme, we hope to provide opportunities for less privileged children in Germany. The programme also allows us to get to know young people, who as fellows gain valuable social skills over and above their professional qualifications, making them attractive potential candidates for work in our company.

In 2010, we developed two mentoring programmes in which our staff members may volunteer to take part. Volunteers initially tutor 25 school children from Teach First Deutschland schools and mentor 23 fellows in their personal and professional development for a period of 15 months. The programme is also designed to help selected fellows get their careers off the ground. In addition, since 2009 we have organised two-week summer camps for our employees' children and for children from associated schools. A total of 300 children took part in 2010.

In September 2010, we entered into a partnership with Teach For All, a network of 18 national partner organisations that model themselves on Teach First Deutschland. Together, we wish to expand the network to over 30 partner organisations so that we can promote better education. At the national level, we shall be working with the organisations in Peru, Chile, Argentina, India, Spain and Brazil. GoTeach also includes initiatives to help children of our employees reach higher levels of education. For example, our new programme UP*stairs* awards scholarships that not only provide financial support but also offer mentoring, internships within the Group and additional courses such as foreign languages and computer skills. UP*stairs* kicks off in 2011 with 50 scholarship holders in South Africa, Indonesia, Mexico and Romania. We plan to be awarding a total of 600 scholarships by 2014.

Our company's performance assessed externally

In 2010, our performance in the area of sustainability was again evaluated by qualified agencies and institutes. Sustainable management and visible attention to corporate responsibility are becoming increasingly important as criteria for making investment decisions on financial markets as well. Sustainable Asset Management gave us a rating of 85 out of 100 points (previous year: 91 points). We received the highest marks in the categories "operational eco-efficiency", "fuel efficiency" and "environmental reporting". The average score for transport and logistics companies was 58 points (previous year: 61). The FTSE4Good Index confirmed our company's membership. We are again listed in the Advanced Sustainability Performance Index Eurozone maintained by the French rating agency Vigeo and we are also listed in the FTSE KLD Global Climate 100 Index along with other indices in the FTSE KLD index series. The Carbon Disclosure Project gave us a rating of 97 out of 100 points (previous year: 63 points). This makes us the second-best company in the world and puts us in the Carbon Disclosure Leadership Index. Moreover, we are one of only 10% of the companies ranked by CDP worldwide that received the top mark ("A") for our climate protection efforts. As a result, we were also added to the Carbon Performance Leadership Index.

Sustainability Report meets international guidelines

In our Corporate Responsibility Report published on our website in April 2010, we provided additional information on sustainability and performance indicators not included in the Group Management Report. Like the preceding Sustainability Reports, the report was prepared on the basis of the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines in conjunction with the GRI Sector Supplement for the logistics and transport sector. Based on our own assessment as stipulated by the GRI, the Corporate Responsibility Report achieved a GRI level of "B+", meaning it fulfils key requirements and provides information that has been verified by independent experts. Our next Corporate Responsibility Report will also be published on our website in the second quarter of 2011.

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Procurement

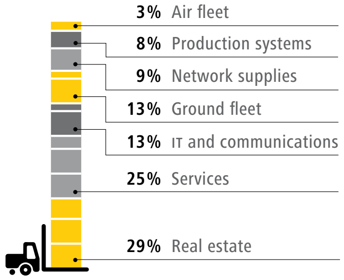
Marginal rise in expenditure

In 2010, the Group centrally purchased goods and services having a total value of approximately €8.5 billion (previous year: €7.7 billion). As in past years, this figure does not include transport services because the divisions generally procure these services themselves. However, Procurement is gradually becoming more involved in this process.

Given the fact that the after-effects of the global recession were still being felt in the reporting year, Procurement continued its efforts to reduce Group expenses. As in previous years, we have bundled products and services and purchased all-inclusive packages from high-performance suppliers both regionally and internationally.

A.66 Procurement expenses, 2010

Volume: €8.5 billion



As part of our global programme to increase our telecommunications efficiency, we sealed deals with high-capacity partners in three more regions. Vodafone now handles the data services of the DHL divisions in 67 countries in the emerging markets and also takes over our mobile and data services in the Asia Pacific region. We also concluded an agreement with British Telecom for data and fixed voice services in this region. In Latin America, the Mexican provider Telmex will serve the DHL divisions in Argentina, Brazil, Chile, Columbia and Mexico. Our total savings should top €190 million over the next five years as a result of this worldwide programme.

In Europe and the United States, we signed master agreements with Hewlett Packard which involve the purchase of complete print services rather than printers alone, a move that makes the requirement more transparent and optimises what we need. The new arrangement will not only reduce costs, it will also reduce the Group's energy consumption and carbon footprint.

For the first time, we completed a global master agreement for the procurement of transport and loading equipment (e.g., forklift trucks) that involves a new operating concept. The agreement created a model for hiring equipment that allows us to operate more flexibly and optimise the costs of our machinery fleet. The SUPPLY CHAIN division will be the first to use the agreement in the Europe, Middle East and Africa region.

Procurement again focused much of its efforts on evaluating key suppliers and developing the Group's relationships with them. In the reporting year, we also began co-operating with a bank to test a new financing and payment model in Germany and other European countries. The Group will benefit as the model helps the divisions, for example, to improve their working capital. Suppliers will benefit from the programme's advantageous financing options.

Procurement organisation continues to evolve

Procurement is a centralised function in the Group. The heads of Global Sourcing and their 16 category managers work closely with regional procurement managers and report to the head of Corporate Procurement. This allows us to bundle the Group's worldwide requirements and still meet the local needs of the business units.

In addition, strategic procurement was reorganised into Global Sourcing Operations and Global Sourcing Services. This makes it possible to take greater advantage of the synergies between category managers. Regional competence centres are taking more responsibility for strategic procurement and the work associated with it.

The DHL Procurement Office China in Shanghai, which was opened in 2009, completed a number of successful projects. This office follows the principle of best cost country sourcing, which aims for an optimum balance between cost, quality and risk. Examples of the product categories that can be purchased through the China office are packaging materials, printed materials, corporate wear and advertising materials. The office works closely with all regions. Specialised Technology Resources, an independent company, routinely evaluates the suppliers.

Procurement is always looking for ways to enhance its internal services and in some cases provides support when divisions are offering procurement services to customers. We offer this as an integrated procurement and logistics service in countries where we have many years of purchasing experience. These opportunities arise in particular in the supply chain business.

Environmentally aware procurement

A group of Procurement staff members from various regions and product categories, known as the Green Team, take care of the environmental aspects of procurement. One of their responsibilities is to integrate key environmental indicators into the procurement process. For instance, energy and carbon efficiency was added to the calculation for total cost of ownership as a result of the team's work. In many cases, our purchasing decisions are now made with environmental aspects in mind.

For example, we decided to purchase office supplies for all of our business units in the USA from the supplier Office Depot in the future because they offer a wide range of "green" products. The office product supplier also enables its customers to calculate the CO_2 emissions generated from using their products. In Germany, we made it easier for internal users to recognise environmentally friendly items in our electronic ordering system.

We instituted a global paper policy stipulating that priority is given to purchasing recycled paper. It applies to purchases of paper, paper products, printed materials and packaging materials. Any external service providers making purchases for the Group must also observe this policy. These measures represent our contribution to resource conservation. Moreover, the Group has made a commitment to use paper and paper products as efficiently and sparingly as possible.

As in previous years, we continued to retrofit our warehouses in a number of regions with energy-efficient lighting. The new lights not only reduce energy costs and carbon emissions, they also offer a brighter working environment. We also retrofitted office spaces in Asia.

We are testing vehicles with environmentally friendly drive systems in a number of test projects. One example is the 10 Iveco Electric Daily vehicles we purchased. These 3.5-tonne delivery vehicles, the first of their kind in Europe, are scheduled to join the German parcel delivery fleet in the coming year. Other examples include 15 Mercedes-Benz Vito E-Cell vehicles as well as the world's first 18-tonne hybrid lorry, which we are testing in day-to-day operations in the UK together with Volvo Trucks.

Greater use of procurement systems

During the reporting year, we increased our use of IT applications to enable more efficient procurement of goods and services. Previously, the GeT electronic ordering system was used mainly in Germany and the United States and to some extent in Mexico and several European countries. Since 2010, we now have users in Spain, Portugal, Luxembourg, Italy, Hungary and the Czech Republic.

We have also increased our use of e-sourcing in order to make our procurement processes more efficient and transparent. E-sourcing allows us to handle all the important steps in the tender process electronically, including bidding auctions. In the reporting year we created the necessary structure and trained approximately 350 internal users. Since then e-sourcing is used wherever practical.

In 2011, we intend to expand our use of electronic procurement processes and also raise the number of bidding auctions. This will gradually include more purchasing of transport services and thereby enhance the efficiency and transparency of our procurement processes.

We also plan to enhance partnerships with key suppliers in order to take early advantage of new products and ideas.

Research and development

As a service provider, the Group does not engage in research and development activities in the narrower sense and therefore has no significant expenses to report in this connection.

Customers and quality

Innovative technology translates into competitive advantage in the mail business

In Germany, we maintain a first-class, efficient and environmentally friendly nationwide transport and delivery network consisting of 82 mail centres and 33 parcel centres that process 66 million mail items and some 2.6 million parcels each working day. The high level of automation in our mail business remained at over 90%.

Our customers have come to expect us to deliver the highest quality standards. They rate the quality of our services based on whether posted items reach their destinations quickly, reliably and undamaged. Our quality management is based on a system that is certified each year by *Technischer Überwachungsverein Nord* (TÜV Nord certification and testing organisation). We attained excellent results in letter transit times within Germany again this year. According to surveys conducted by Quotas, a quality research institute, well over 94% of the letters posted during our daily opening hours or before final post box collections are delivered to their recipients the next day.

In the parcel business, we again achieved the previous year's excellent transit time results in 2010. Nearly 90% of the deliveries we collected from business customers reached their destination the next day. Since 2008, our internal system for measuring parcel transit times has been certified by TÜV Rheinland.

For international letters, transit times are determined by the International Post Cooperation. According to EU specifications, 85% of all cross-border letters posted within the EU must be delivered within three days of posting. We expect to significantly exceed this requirement again, reaching a level of 96%.

Due to our co-operation with retailers, our approximately 20,000 retail outlets and sales points have increased average weekly opening times from 46 to 49 hours. Surveys of our retail outlet customers are conducted annually by *Kundenmonitor Deutschland*, the largest consumer satisfaction study in Germany, to determine their level of satisfaction with our services. Our overall service quality has been receiving top marks for years. In the reporting year, postal retail outlets in particular saw yet another increase in customer satisfaction. Our partner-operated outlets received their highest satisfaction ratings since the study began in 1997. More than 90% of customers are served within three minutes as confirmed by impartial mystery shoppers from TNS Infratest, which we hire to conduct around 30,000 TÜV Rheinland-certified tests of the retail outlets per year.

We regard working practices that protect the environment as a key yardstick of quality. In Germany, we therefore employ a TÜV Nord-certified environmental management system in our mail and parcel businesses. As part of our GoGreen initiative, we offer consumers and business customers climate-neutral shipping options. We are also testing vehicles with hybrid and electric drive technology as well as energy saving lighting in our facilities.

Service quality translates into competitive advantage in the express business

A fundamental component of our Focus 2010 initiative is to continuously improve our quality of service. To achieve this goal, we track the ever-changing requirements of our customers and measure our services, for instance using mystery shoppers. In the reporting year, we were able to resolve 90% of customer complaints within the prescribed period. Our efforts have been well worth it: in China, for example, we received the Best Call Centre Award 2010 and in the UK we were ranked first in overall e-mail service in 2010 and were amongst the 50 leading call centres.

We are constantly improving our workflows in order to work effectively and cost-efficiently. Standardising our processes plays a vital role in this. For example, in May 2010 we introduced a globally standardised internet platform that gives customers all over the world simple, uniform access to our services, regardless of whether they are acting as individuals or as organisations which operate worldwide. At the same time, we have continued developing solutions to allow customers to link their own IT systems with ours to provide them with direct access to our delivery services.

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We have implemented more than 400 initiatives as part of our First Choice programme. The areas in which we made progress include invoicing and customs clearance of shipments upon arrival in the target country. This has improved the reliability and shortened end-to-end delivery times.

Strategic focus, page 100

We are able to track shipments worldwide and dynamically adjust our processes using state-of-the-art quality control centres. Should unforeseen events occur, flight and shipment routes, for example, are altered immediately in order to ensure that shipments reach their recipients at the agreed time. A new study by PA Consulting shows that we are the world's most reliable provider of express services, a testimony to the fact that we are keeping our customer promise.

The operational safety, compliance with standards and the quality of service at our facilities are reviewed regularly. In addition, around 170 locations have been certified by the Transported Asset Protection Association (TAPA), one of the world's most renowned safety associations. The first facilities in North America were also certified in 2010. Furthermore, in an audit of the security facilities of our Leipzig hub, US Customs and Border Protection (CBP) referred to them as exemplary in numerous respects. For us, the security of our customers, their shipments and our employees is and will remain a crucial factor.

Customer proximity translates into competitive advantage in the freight forwarding business

As a service provider, customer satisfaction is the litmus test of our business. In 2010, we again surveyed more than 19,000 customers in 49 countries, asking them how satisfied they were with our products and services. Based on the results, we adopted some 1,000 First Choice measures, 200 of which were put into action together with our customers. We worked together with one key customer in the technology sector to increase their in-plant logistics productivity by 33% whilst at the same time cutting turnaround times from 10 to two hours, saving the customer around €50,000 annually at one location alone.

Strategic focus, page 100

As at November 2010, more than 4,500 staff members, including the entire management team, had been certified in First Choice methodology. We intend to take advantage of this in 2011 and implement even more improvements for our customers.

The uniform quality scorecard we implemented for our branches in the previous year has now been all but instituted throughout the Global Forwarding business unit.

Our customers are recognising our efforts to improve quality. Amongst them Huawei, a technology group, presented us with the Excellent Core Partner Award for outstanding cross-sector services for the third time in a row. We were the only logistics company to be given this award. We also won the Phoenix Trophy of Efficiency for improved customs clearance services in Brazil, an award that for 10 years had been won by a local competitor. All in all, our customers attest to the fact that the quality of our products and services has improved. Customer satisfaction was up in many countries compared with the previous year.

Customer satisfaction translates into competitive advantage in the supply chain business

Our goal is to lead the supply chain industry in practices and methodologies that guarantee our customers the highest level of service and the most added value. We use globally consistent processes in order to deliver replicable solutions and uniform high service standards to our customers around the world. Our relentless drive to improve our processes has paid off: customer satisfaction showed significant improvement based on a customer survey in 2010. Eight out of 10 customers confirm DHL as their provider of choice in the supply chain business.

We have defined a number of performance indicators, such as safety, productivity and inventory accuracy, which enable us to measure and monitor the quality of our service. In 2010, we achieved more than 95% of our service standards worldwide.

A critical factor of sustainable success is consistent and high quality of service, particularly during the first 12 months of a new customer project. In order to meet customer expectations during this early phase, dedicated teams of project managers in all the regions where we do business are trained in the leading methods of project management and equipped with a set of standard tools.

Another key to long-term success is to constantly improve the quality and efficiency of our existing business. We completed more than 1,400 improvement projects in the reporting year, many in co-operation with our customers. Guided by our Process Improvement Advisors, measures were developed and planned for improving performance, simplifying processes and reducing costs. These efforts saved more than €100 million, which we shared with our customers.

Brands

A.67 Brands and business units

	Deutsche Post DHL				
Division	**MAIL**		**EXPRESS**	**GLOBAL FORWARDING, FREIGHT**	**SUPPLY CHAIN**
Brand	**Deutsche Post**	**DHL**	**DHL**	**DHL**	**DHL**
Brand area	• Mail Communication • Dialogue Marketing • Value-Added Services • Press Services • Philately • Pension Services	• Global Mail • Parcel Germany	• Express	• Global Forwarding • Freight	• Supply Chain
Sub-brand					• Williams Lea

High brand recognition and a good reputation

As a globally operating service company, effective brand management is amongst the central elements of our strategy. High brand recognition and the good reputation of our Deutsche Post and DHL brands make us more attractive to shareholders, employees, customers and suppliers and these qualities contribute to the financial success of the Group. According to a survey we conducted in December 2010, the DHL brand has already achieved very high brand recognition (89%) amongst international express and logistics decision makers.

Strategic focus, page 99

The DHL brand introduced a new slogan in 2010: “Excellence. Simply Delivered”. Direct and to the point, it effectively sums up our promise to be easily accessible for service and make our customers more successful. The slogan and its underlying promise help to advance our Strategy 2015 and our goal to become the number one logistics company for the world.

Making the brand world real

How customers experience their interactions with our approximately 470,000 employees worldwide is critical to our brand image. We outfit staff members who have direct customer contact with corporate wear and give our vehicles and buildings as well as our promotional and informational materials a uniform and memorable look. We want all our staff to continue to play an active role as our brand ambassadors.

dhl-brandworld.com

In 2010, the internet platform DHL Brand World went online, giving customers, employees and anyone interested a peek behind the scenes of the world of DHL. The site offers brand news, customer success stories and other DHL activities, from advertisements to partnerships to our commitment to social responsibility. Despite very little advertising, after only a few months the site already receives up to 80,000 visits each month. DHL Brand World was awarded the Annual Multimedia Award 2011.

Campaign to launch the E-Postbrief product a success

Our brands face tough competition both domestically and internationally. Clear positioning and a lasting impression facilitate purchasing and investment decisions. Guided by market research, we invested over €100 million in the year under review in developing and promoting our brand performance.

Based on our One DHL approach, we systematically reinforced our branding work. In April, we started the first advertising campaign based on our global, integrated advertising concept. More than 1,600 advertisements were placed in over 250 publications in 21 countries and 16 languages.

MAIL division, page 51

Representing an important innovation for Deutsche Post, the E-Postbrief product was launched in 2010 and a broad-based nationwide media campaign was put in motion from July to September to promote it. Using television and other advertisements, billboards, internet banners, advertisements in our retail outlets, unaddressed mail and promotions, the population in Germany was encouraged to secure their personal address. Customers have been able to register directly online since November.

epost.de

By the end of October, one million customers had already registered their personal address. Our associated routine customer survey indicates that product recognition is growing continuously. In early November, 62% of the population in Germany was aware of the E-Postbrief, making the campaign a huge success and giving Deutsche Post a competitive edge.

Partnering with prominent events

For years, we have strengthened our corporate image through partnerships with high-class brands and events, in which we act as the official logistics partner and provide demanding logistics services, along with our traditional advertising campaigns. These partnerships include Formula 1, the Leipzig Gewandhaus Orchestra and IMG Fashion Week, which takes place in cities such as Berlin, London, New York, Miami and Moscow. Deutsche Post is an official partner of *Deutscher Fussballbund* (the German football federation) and DTM, German Touring Car Championships.

Expo Shanghai 2010 was the most visited world exposition of all time. More than 73 million people visited exhibits from 240 countries and organisations in an area of 5.4 km^2. The expo's central attraction, the China Pavilion, alone received more than eight million visitors and was therefore one of the most popular showpieces. DHL was one of the organisations that contributed ideas to Urban Planet, which illuminated the "Better City. Better Life" theme of the expo.

We have become partners in two major sporting events for 2011. During the Rugby World Cup in New Zealand, DHL will transport the equipment for the 20 participating teams between the 48 training facilities and 13 match locations. For the Volvo Ocean Race, DHL will ensure that the sailing equipment is safely transported between all 10 harbours spread across five continents.

Steadily increasing value

Our success is measurable: in 2010, the consulting company Semion Brand Broker calculated Deutsche Post's brand value to be €12,692 million, putting us again this year in sixth place in a ranking of the most valuable German brands. Factors analysed included financial value, brand protection, brand image and brand strength. In 2011, we aim to continue our successful branding work. We shall continue our One DHL approach and establish a uniform image that will clearly set the DHL brand apart from the competition. We are determined to raise aided awareness of DHL to over 90% in all segments of the logistics sector and unaided awareness to over 70% in the logistics sector and in key markets. By the end of 2011, 60% of those who purchase logistics services should be considering DHL as a potential supplier. Our goal is to be amongst the world's 50 most valuable brands.

FURTHER DEVELOPMENTS

Report on post-balance sheet date events

No further significant events

There were no reportable events after the balance sheet date.

OUTLOOK

Overall assessment of expected performance

Our strong position as the market leader in the German mail business and in almost all logistics operations is the best prerequisite for further growth. Assuming that the world economy will grow by 3% to 4% and world trade will exceed this growth by a factor of 1.5 to 2, we anticipate that consolidated EBIT for full-year 2011 will reach between €2.2 billion and €2.4 billion. The MAIL division is expected to contribute €1.0 billion to €1.1 billion to this figure, whilst the DHL divisions should deliver €1.6 billion to €1.7 billion. At around €–0.4 billion, the Corporate Center/Other result should be on a par with the previous year. Consolidated net profit before effects from the measurement of the Postbank instruments is expected to continue to improve in 2011 in line with our operating business.

Opportunities and risks

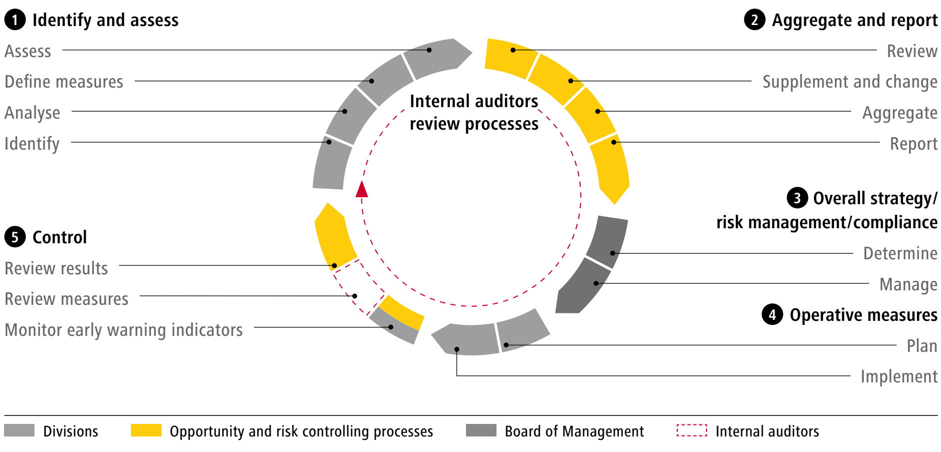
OPPORTUNITY AND RISK CONTROLLING PROCESSES

Uniform reporting standards for opportunity and risk controlling processes

As an internationally operating logistics company, we are faced with numerous changes and uncertainties. Our aim is to identify the resulting opportunities and risks at an early stage and to manage them with the aim of achieving a sustained increase in enterprise value. Our Group-wide opportunity and risk control system facilitates this aim. Each quarter, our managers estimate the possible impact of future scenarios and evaluate the opportunities and risks in their departments. Risks can also be reported at any time on an *ad hoc* basis. The approvals required by the risk management process ensure that management is closely involved.

Our early identification process leads to uniform reporting standards for risk management in the Group. To achieve this, we have made constant improvements to the relevant IT application. We also have stochastic models such as Monte Carlo simulations at our disposal for the purpose of aggregating risk during standard evaluations.

A.68 Opportunity and risk management process



The most important steps in the process are as follows:

❶ **Identify and assess:** Opportunities and risks are defined as potential deviations from projected earnings. Managers in all divisions and regions provide an estimation of our opportunities and risks on a quarterly basis and document relevant actions. They use scenarios to assess best, expected and worst cases. Each risk is assigned to one or more managers, who assess it, monitor it, specify possible procedures for going forward and then file a report. The same applies to opportunities. The results are compiled in a database.

❷ **Aggregate and report:** The control units responsible collect the results, evaluate them and review them for plausibility. If individual financial effects overlap, they are noted in our database and accounted for in the subsequent aggregation. After being approved by the department head, all results are passed on to the next level in the hierarchy. The "aggregate and report" step is complete when Corporate Controlling reports to the Group Board of Management on the significant opportunities and risks as well as any overall impact each division might experience.

❸ **Overall strategy:** The Group Board of Management determines fundamental opportunities and risks to which the divisions are exposed and indicates how these can be managed successfully. The reports made by Corporate Controlling provide a regular basis of information for the overall management of opportunities and risks. Compliance management complements risk management. As part of compliance management, the Chief Compliance Officer reports directly to the CFO. The Global Compliance Office he heads develops Group-wide standards and supports the divisions' activities in this area.

❹ **Operating measures:** As part of the strategy, the divisions determine the measures to be used to take advantage of opportunities and manage risks. They use cost-benefit analyses to assess whether opportunities should be taken and whether risks can be avoided, mitigated or transferred to third parties.

❺ **Control:** For key opportunities and risks, early warning indicators have been defined that are monitored constantly by those responsible. Corporate Internal Audit has the task of ensuring that the Board of Management's specifications are adhered to. It also reviews the quality of the entire opportunity, risk management and compliance management operation. The control units regularly analyse all parts of the process as well as the reports from internal audit and the independent auditors with the goal of identifying potential for improvement and make adjustments where necessary.

Internal accounting control and risk management system (disclosures required under section 315 (2), number 5 of the *Handelsgesetzbuch* (German commercial code) and explanatory report)

Deutsche Post DHL uses an internal accounting control system to ensure that Group accounting adheres to generally accepted accounting principles. This system is intended to make sure that statutory provisions are complied with and that both internal and external accounting provide a valid depiction of business processes in figures. All figures are to be entered and processed accurately and completely. Accounting mistakes are to be avoided in principle and significant assessment errors uncovered promptly.

The control system design comprises organisational and technical measures that extend to all companies in the Group. Centrally standardised accounting guidelines govern the reconciliation of the single-entity financial statements and ensure that international financial reporting standards (EU-IFRSS) are applied in a uniform manner throughout the Group. All Group companies are required to use a standard chart of accounts. Often, accounting processes are pooled in a shared services centre in order to centralise and standardise them. The IFRS financial statements of the separate Group companies are recorded in a standard, SAP-based system and then processed at a central location where one-step consolidation is performed. Other components of our control system include automatic plausibility reviews and system validations of the accounting data. In addition, manual checks are carried out regularly at a de-central level by those responsible locally (a chief financial officer, for example) and at a central level by Corporate Accounting, Taxes and Treasury at the Corporate Center. Beyond the aforementioned internal accounting control system and risk management structures, Corporate Internal Audit is an essential component of the Group's controlling and monitoring system. Using risk-based auditing procedures, Corporate Internal Audit examines the processes related to financial reporting and reports its results to the Board of Management. Upstream and downstream checks and analyses of the reported data are performed under chronological aspects. If necessary, we call in outside experts; for instance, in the case of pension provisions. Finally, the Group's standardised process for preparing financial statements using a centrally administered financial statements calendar guarantees a structured and efficient accounting process.

OPPORTUNITIES

Opportunities arising from market trends and our market position

Some of the Group's primary opportunities lie in continuing to develop our markets as well as in our strategic positioning. We want to be the provider of choice, which is why we are aligning our services even more closely to the needs of our customers. We are also improving our cost structures and processes.

A number of key factors have a strong impact on our business and open up numerous opportunities.

The most important of these are our prospects for further growth. Advancing globalisation means that the logistics industry will continue to grow much faster than national economies. We therefore anticipate attractive growth rates in all of the logistics sectors in which we operate. This is especially true of Asia, where trade flows will continue to increase both within the continent and to other regions. We shall benefit from this more than most given that our DHL divisions are better positioned in Asia than our competitors. This also applies to regions such as South America and the Middle East, which continue to see robust growth.

Further growth prospects result from closer co-operation between the DHL divisions. We are succeeding to an ever-increasing extent in offering integrated logistics and transport solutions from a single source, a major competitive advantage, and we have established a number of initiatives designed to take advantage of this position. DHL Solutions & Innovations pools expertise within DHL and uses it to develop new solutions, such as in the areas of temperature-controlled transport, return logistics and city logistics, logistics solutions for metropolises. Sector Management is our targeted method of developing sector-specific solutions for our customers. We are currently focussing our attention on the sectors of Life Sciences & Healthcare, Technology and Energy. In addition, we are targeting growth sectors for selected customer groups.

Online communication and e-business are creating demand for transporting documents and goods. Our E-Postbrief is designed to increase our growth in the mail sector and our parcel business will also benefit from growth opportunities based on e-commerce.

Finally, environmental awareness on the part of customers brings opportunities for above-average growth. Customers want to reduce their carbon emissions permanently, which is why they are increasingly requesting energy-efficient transport and climate-neutral products. We lead our sector in this area, offering carbon-neutral mail, parcel and express products plus air and ocean freight transport.

Utilising our employees' ideas

Our Idea Management programme promotes corporate innovation and generates sustained cost savings. Over the past years, our employees have proven to be a particularly rich source of ideas for new products and improved processes.

Employees, page 75

Opportunities in the divisions

In the strategic focus section, we have described the market opportunities we see in the various divisions and the strategies and goals we are pursuing to take advantage of these opportunities.

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RISKS

Risk categories and specific risks

The risks set out in the following are those which we presently consider to have a significant, potentially negative, impact on our earnings, financial position and assets and liabilities. They are not necessarily the only risks to which the Group is exposed. Our business activities could also be adversely affected by additional factors of which we are currently unaware or which we do not yet consider to be material.

Risks arising from the political and regulatory environment

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Glossary, page 232

Risks associated with the general business environment primarily arise from the fact that both the Group and its subsidiaries provide some of their services in a regulated market. Our statutory exclusive licence was abolished in Germany on 1 January 2008. However, the *Postgesetz* (German postal act) had allowed exceptions enabling competitors to operate within the weight and price ceilings laid down in our exclusive licence from January 1998 onwards. By the end of 2010, the regulatory authority (*Bundesnetzagentur* – German federal network agency) had issued licences to approximately 1,500 competitors, around 650 of which operate in the market.

On 7 November 2007, the regulatory authority announced a benchmark decision specifying the conditions that would apply from 2008 until the end of 2011 to regulation under the price-cap procedure for mail prices requiring approval. This stipulates the general rate of inflation and the expected productivity growth rate for Deutsche Post AG as the key factors applicable to mail prices subject to approval. Prices must be lowered if the inflation rate in the reference period is lower than the productivity growth rate specified by the regulatory authority. Individual mail prices requiring approval had to be lowered for 2011 to meet these specifications. The regulatory authority accepted an application from Deutsche Post AG to this effect on 27 October 2010. The regulatory authority will establish the conditions effective from January 2012 for regulating mail prices requiring approval in a price-cap procedure during the course of 2011.

The third European Union (EU) Postal Directive came into force on 27 February 2008. The Directive requires most EU member states to open up their markets by 2011, although the nine most recent members plus Greece and Luxembourg have the option to defer the opening of their markets until 2013. Until then, the previous limits continue to apply across the EU, with reservable services restricted to a maximum of 50g or two-and-a-half times the standard letter price. It is now possible to plan with certainty for the future regarding the date by which all national monopolies in Europe must fall.

Whilst liberalisation of postal markets entails risks for Deutsche Post AG due to increased competition in Germany, it also opens up new opportunities in other European postal markets. In 2010, Deutsche Post AG participated in cross-border mail exchange with 22 European postal operators on the basis of the REIMS agreement.

The German tax authorities have announced their intention to qualify several VAT-exempt mail products retroactively as subject to VAT. We assume that amended tax assessments will be re-issued for all open tax periods. The VAT exemption for postal services is based on European law (postal services directive, VAT directive) and national German law (the *Postgesetz* (postal act), the *Post-Universaldienstleistungsverordnung* (postal universal service ordinance) and the *Umsatzsteuergesetz* (value added tax act)). Based on these laws, Deutsche Post AG classifies its postal services either as VAT-exempt or VAT-liable. The German tax authorities have reviewed this assessment over the years and have not objected to it. We intend to take appropriate legal action against these amended tax assessments. Despite our view that the products' exemption complies with current European and German law, we cannot rule out the possibility of additional tax payments.

As a result of the revision of the relevant tax exemption provisions, since 1 July 2010 the VAT exemption has only applied to specific universal services in Germany that are not subject to individually negotiated agreements or provided on special terms (discounts etc.). Deutsche Post AG does not believe that the legislative amendment fully complies with the applicable specifications of European Community law. Due to the legal uncertainty resulting from the new legislation, Deutsche Post AG is endeavouring to clarify certain key issues with the tax authorities. Although Deutsche Post AG has implemented the required measures to a large extent, in the event of differing legal opinions on the part of Deutsche Post AG and the tax authorities Deutsche Post AG will consider pursuing the matter in court.

Risks arising from industry-specific conditions

In addition to the regulatory environment, market and sector-specific conditions have a significant effect on the business performance of the Group.

Following the economic crisis, which peaked in 2009, the general economic climate has significantly improved and demand for logistics services has risen. This resulted in increased revenue in the year under review, which leads us to expect a positive trend in the coming year. In light of the positive growth forecasts, especially for Germany and Asia, we currently do not consider it likely that the economy will soften again in the near future with a significant impact on our projected earnings. Some of our customers were economically weakened by the crisis. However, the upswing in the economy means that the probability of customer insolvencies is falling back to its normal low level. Therefore, we do not anticipate any additional notable losses due to insolvency on the part of customers.

Key factors for success in the mail and logistics business are quality, customers' confidence in their business partners and competitive prices. Due to our high quality and the savings generated in recent years, we consider ourselves in a position to keep any potential risk to our projected earnings from competition at a fairly low level. Our various Group initiatives also play a key role in securing our strong competitive position.

Security risks

The global security situation became progressively worse towards the end of the reporting year. According to security agencies, terrorism presents a particularly high risk for the western world. However, the authorities have assured the public that there are currently no specific threats against people, institutions or enterprises.

We share the assessment of the authorities and take the heightened security risk seriously. For this reason, we analyse global threat levels on an ongoing basis and conduct regular reviews of our security concepts, adapting them where necessary.

After package bombs were posted from Yemen and Greece, the companies affected and government authorities all over the world agreed to increase air traffic security. Deutsche Post DHL's security concepts already fulfil the statutory requirements, as confirmed by numerous reviews by the authorities. Moreover, we shall continue to work together with all relevant security agencies, air traffic authorities, government representatives and industry associations in order to ensure a high level of security. Not only shall we comply in full with all security guidelines and regulations enacted globally or by individual countries or authorities, we shall also add our own high standards to them. We intend to make a contribution to further improving security aspects and the sustainability of security measures, particularly so that our customers, business partners and employees will benefit.

Risks arising from corporate strategy

Over the past two years, the Group has responded to key strategic issues. We initiated the disposal of Deutsche Postbank AG, a Group subsidiary, and restructured the express business. We also implemented an extensive cost reduction programme, thus laying the foundation for our company to emerge from the global crisis stronger than before and to achieve sustainable and profitable growth, once the economic downturn has fully reversed. We are therefore now focussing on our core competencies in the mail and logistics businesses, with an eye towards growth and simplification. Since we intend the main part of our growth to be organic, we assess the risk arising from future acquisitions as relatively low from a Group perspective.

In the MAIL division, we are aiming to remain profitable and are responding to the challenges presented by structural change. We are therefore expanding our range of services, including in electronic communications, securing our standing as the quality leader, reinforcing our position abroad and, where possible, making the prices and costs of our transport and delivery service more flexible. We want customers to be able to access our services simply and easily. We keep a close eye on market trends and respond accordingly, so that we view the risk of a significant deviation from our projections to be low.

In the EXPRESS division, we want to increase profitability and organic growth in all product lines and regions. We are currently bolstering our presence in growth markets by investing in infrastructures. Our success will depend on general factors such as trends in business, costs and transport volumes. In the past two years we have restructured our business and reduced costs substantially, making us well-equipped to face the oncoming competition. In terms of strategy, we do not see any significant, unusual risk for the division.

In the GLOBAL FORWARDING, FREIGHT division, we purchase transport services from airlines, shipping companies and freight carriers rather than providing them ourselves. As a result, in a worst-case scenario there is a risk that we shall not be able to pass on all price increases to our customers and will be forced to absorb these costs and cut into our own margins. The extent of the risk essentially depends on the trend in the supply, demand and price of transport services as well as the duration of our contracts.

Our SUPPLY CHAIN division provides customers in a variety of industries with solutions along the entire logistics chain. Our success is linked closely to our customers' business trends. Since we offer our customers a widely diversified range of products in different sectors all over the world, the incumbent risks are balanced out on the whole. Moreover, our future success also depends on our ability to continuously improve our existing business and to grow in our most important market segments and customer solutions.

Risks arising from internal processes

The mark of the quality of logistics services is the extent to which they are supplied reliably and on time. To ensure that these criteria are met, we provide a complex operational infrastructure. Quality can be compromised by any problems that may arise with regard to posting and collection, sorting, transport, warehousing or delivery. We take preventive measures to guard against disruptions or malfunctions in our operational processes. Should disruptions nonetheless occur, we have drawn up emergency plans to minimise the consequences.

As an example, back in 2005 we began formulating plans in all divisions to provide for a pandemic emergency, including setting up an international crisis team. In the event of a pandemic, we want to minimise the risk of infection for our employees and maintain our business operations.

Given that emergency preparations have been made as well as the fact that we render our services de-centrally in more than 200 countries, we regard the probability that the Group will experience significant downtime as low. Potential financial impacts are reduced by our insurance policies.

In addition, we use our First Choice methodology to continuously improve our processes and align them even more closely to the requirements of our customers. Should this involve capital expenditure, the Board of Management decides on any investments in excess of €25 million. Board of Management committees make decisions on investments of more than €10 million, with a lower threshold of €5 million applying to Global Business Services and the Corporate Center. The Board of Management members are regularly informed of investment decisions so that they can identify significant risk early and take any necessary countermeasures.

As a service provider, we do not conduct research and development in the narrower sense. There are therefore no material risks to report in this area.

Risks arising from information technology

The Information Security Committee is tasked with our Group-wide information system security. To fulfil this responsibility, it has defined standards, procedures and guidelines based on ISO 27001, the international standard for information security management. In addition, Group Risk Management, IT Audit, Data Protection and Corporate Security assess and monitor IT risk on an ongoing basis.

Our operations can only run seamlessly if our essential IT systems are always available. To ensure this, we design our systems to prevent complete system failures. In addition to data centres in Germany, we also operate two central data centres in the Czech Republic and Malaysia, which allow us geographical separation and local replication of systems.

Access to our systems and data is limited. Employees only receive rights to access the data they need to do their job. Access is provided for this purpose only. All systems and data are backed up on a regular basis and critical data are replicated across data centres.

All software is updated frequently to address bugs, close gaps in security and increase functionality. We employ a patch management process, a defined procedure for managing software upgrades, to control risks that could arise from out-dated software or from software upgrades.

We make all efforts to reduce the probability of a significant IT incident and to guarantee the high level of service that our customers have come to expect. Despite these measures, an element of risk involving medium to high financial consequences can never be ruled out entirely.

Our central pledge to E-Postbrief customers is security. E-Postbrief relies on cutting-edge encryption technology and security infrastructure. To date, all attacks on our E-Postbrief platform could be repelled without difficulty. In order to eliminate any potential future risk, Deutsche Post invited security experts and hackers to compete to expose new ways to attack the system. The E-Postbrief platform was also not hacked into as part of this competition. In addition, the E-Postbrief has been certified by the German Federal Office for Information Security, as part of fundamental IT security.

Risks arising from environmental management

Our Group-wide risk management system also monitors environmental policy developments. For example, the EU has decided to introduce an emissions trading system for air traffic starting in 2012. The financial implications of this will depend on the results of the EU surveys on emissions for the 2004 – 2006 base periods. These data will determine the quantities of free emissions rights that will be allocated to the airlines we use and the extent to which we shall have to purchase emissions rights at auction to meet our needs.

However, we believe that the Group is well equipped to limit any financial risk due to our GoGreen programme, which aims to improve our carbon efficiency by 30% by 2020 compared with 2007 levels. We have also initiated further measures designed to save fuel and reduce our carbon credit requirement. These include a plan to revamp our aircraft fleet as well as continuous optimisation of our network and load factor. We consider the financial impact of the related risks to be fairly low.

Corporate responsibility, page 75

Risks arising from human resources

Our employees are essential to our future success. For this reason, we want to become the employer of choice in our sector. Now that the economy has revived in many of the countries and regions in which we operate, competition for qualified employees and executives is again on the rise. Demographic change means that our staff are aging, particularly in Germany, our largest market, and the pool of potential young talent is becoming smaller. The risk therefore exists that we shall not succeed in recruiting and retaining suitable employees.

In order to reduce this risk, we aim to create a motivating work environment for our employees and offer them opportunities to take part in professional and employee development programmes. The results of our annual employee survey show that we are making progress in this area: compared with the previous year, employee approval ratings for "working conditions" improved by six percentage points to 73%, and the ratings for "learning and development" rose by five percentage points to 63%.

In 2010, we also began introducing career paths for success-critical positions and job families. This secures for us the necessary young talent and creates supply and demand transparency on the human resources market.

In Germany, we are analysing the way in which personnel requirements are changing due to demographic transformation and are taking action accordingly. To guard against a lack of qualified specialists, we have hired more trainees and students than in previous years. We also present ourselves to young talent as an employer at an early stage, for example by means of our JOIN internship programme.

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Although we find the financial impact of these risks to be moderate, we see the probability of occurrence as low due to the measures we have implemented.

Financial risks

The transaction to sell the shares in Deutsche Postbank AG held by Deutsche Post AG was restructured on 14 January 2009. The amended agreement provides for sale of the shares in three tranches.

In the first tranche, 50 million Postbank shares were sold via contribution as a non-cash capital increase in return for 50 million new shares in Deutsche Bank AG and via the rendering of payments and non-cash benefits on the part of Deutsche Bank AG in connection with hedging transactions. Any claim to payment of a purchase price for the shares was thereby waived. The Deutsche Bank shares were held by Deutsche Post AG for a short period and were sold between April and July of 2009.

As at 31 December 2010, Deutsche Post AG was still in possession of 86,417,432 Postbank shares. In the second tranche, an additional 60 million Postbank shares were transferred in exchange for a mandatory exchangeable bond subscribed to by Deutsche Bank AG with a cash value at the time of closing of €2,568 million. The bond will be fully exchanged after three years. It accrues interest at a rate of 4% per year and will mature on 25 February 2012.

The remaining 26,417,432 Postbank shares will be transferred via the exercise of call and put options agreed between Deutsche Post AG and Deutsche Bank AG. Both the call and the put options can be exercised between the third and fourth years after the date on which the agreement was concluded (25 February 2009).

The changes in the fair value of the forward transaction (second tranche) and the call and put options (third tranche) led to considerable volatility on the balance sheet in the past financial year. In the following financial years, changes in the fair value of the derivatives will continue to substantially impact net finance costs/net financial income. To some extent, this impact will be negated by offsetting changes in the fair value of the remaining shareholding in Postbank. This risk is explained in greater detail in the Notes, where you will also find information on other balance sheet and financial risks.

Note 50

Risks from pending legal proceedings

Information on legal risk is provided in the Notes.

Note 53

Other risks faced by the Group

Our financing and insurance strategy, which saved us nearly €97 million in 2010, separates insurable risk into two groups.

The first group comprises risks with a high probability of occurrence and low individual cost. These risks are insured via what is known as a captive, an insurance company owned by the Group that is able to insure such risks at a lower cost than commercial insurers. The majority of our insurance expenditure is incurred for this risk group, which along with lower costs offers other advantages. Costs remain stable as the Group is less affected by changes in the availability and price of outside insurance. We receive reliable data on the basis of which we can analyse risk with a high probability of occurrence and low individual cost. We can then set minimum standards and targets for such risk.

The second group consists of risks that have a low probability of occurrence but could entail high losses, such as air transport risks. These risks are transferred to commercial insurers.

Audits are currently underway at DHL Express (USA) and Airborne Inc. under the unclaimed property laws in the United States. According to these laws, unclaimed property must either be returned to its rightful owner or the home country of the most recent owner or, if this is not known, the country in which the company is domiciled. The probability of a significant financial impact on the Group is fairly low.

OVERALL ASSESSMENT OF RISK POSITION

During the past financial year, risk exposure relating to the general business environment has been significantly reduced due to the overall upwards economic trend. Even if it is not possible to make a reliable estimation of the extent to which the positive trend on the global logistics market will continue, we continue to assume upwards movement. Our future corporate earnings could be affected in particular by the economic trend in Germany as well as changes in the regulatory framework in the domestic mail market. On the whole, based on the Group's early warning system and in the estimation of the Board of Management of the Group, in the past financial year there were no identifiable risks for the Group which, individually or collectively, cast doubt upon the Group's ability to continue as a going concern, nor are any such risks apparent in the foreseeable future.

Strategic focus

CORPORATE STRATEGY

Outstanding competitive position

Deutsche Post DHL is the market leader in the German mail business and in nearly all of our logistics activities. We operate all over the world and are able to offer our customers comprehensive services that extend to all modes of transport and links in the supply chain. Our strong competitive position is the best prerequisite for further growth.

Objectives of Strategy 2015

In 2009, we presented our Strategy 2015, which involves three core objectives: we want to be the provider of choice for customers, an attractive investment for shareholders and the employer of choice for our staff. These goals are all closely related: satisfied employees lead to satisfied customers, on whose loyalty the economic success of the company rests. Our Group strategy continues to apply and is now closely intertwined with the business strategies of the divisions. We measure the success of our strategy by the progress we make towards our three core objectives. In this regard, we particularly measure progress in terms of our customers' satisfaction, employee satisfaction and our divisions' growth and profitability.

Die Post für Deutschland (the postal service for Germany) and the logistics company for the world

We want to maintain our position as *Die Post für Deutschland* (the postal service for Germany). At the same time we intend to become the logistics company for the world by making use of the global strength of our logistics business.

The Deutsche Post brand stands for a company that sets global standards in quality, technology and efficiency and has already proven itself able to very successfully meet the challenges inherent in this mature market. Our goal is to continue operating highly profitably in the MAIL division and to enhance our range of services by adding more communications products.

The DHL brand stands for a wide product spectrum and a global logistics presence. Our EXPRESS, GLOBAL FORWARDING, FREIGHT and SUPPLY CHAIN divisions operate in attractive market segments. We want to continue taking advantage of the excellent growth opportunities in the logistics industry.

Our guiding principle: respect and results

The corporate culture of a company is vital in determining its ability to perform at a high level. Our guiding principle of "respect and results" has evolved from the daily challenge of achieving first-class results whilst adhering to our sense of responsibility for the needs of our employees and customers. We show respect towards our shareholders by making our challenges public and clearly stating how we intend to face them. We are well aware of the effect our corporate activities have on society. Therefore, we also act respectfully towards everyone with whom we interact and the environment in which we live.

Our customer promise

Our customer promise is a key component of our corporate strategy. We want to offer our customers in all divisions services that make their lives easier and have sustained value. To this end, we have implemented a Group-wide initiative known as First Choice. The First Choice programme is designed to ensure a constant focus on the customer, improve the processes necessary for this and increase customer satisfaction. In the year under review, we successfully completed some 4,400 projects with these objectives in mind. In addition, our motto of "simplification" means that we seek to find ways to simplify our interactions with customers. This involves cross-divisional measures intended to facilitate customer access to our services, such as becoming more friendly, flexible and efficient in our contact with customers.

Taking on corporate responsibility

Corporate responsibility, page 75

As the largest company in our industry, we take our environmental and social responsibility seriously. Our sustainability strategy focuses on three areas. First is the Group's GoGreen programme, which was developed to establish a systematic approach to improving our carbon efficiency. Our second focus is GoHelp. Here we apply our expertise towards improving living conditions for people in disaster areas. The third expression of our commitment to society is GoTeach, where we show our commitment to education.

Unlocking our future potential

Our Strategy 2015 is intended to help us to unlock our full potential. We are aiming for growth in our operating divisions that exceeds the annual growth of their respective markets by one to two percentage points. In order to reach this ambitious goal, in 2010 we launched a comprehensive growth programme for our logistics business that comprises the following four fields of activity:

1. **Regions** We have targeted selected countries for growth and are pooling the resources and the experience of the DHL divisions to meet this objective.
2. **Sectors** Sector Management is our method of developing integrated and innovative solutions for customers in selected industrial sectors, particularly the Life Sciences & Healthcare, Technology and Energy sectors.
3. **Customers** We approach selected customer segments that promise above-average growth opportunities at an early stage.
4. **Products** Finally, DHL Solutions & Innovations pools expertise within DHL and develops new solutions across the Group.

Opportunities, page 91

This cross-divisional growth programme is supplemented by additional initiatives in all divisions, as described in the following sections.

STRATEGY AND GOALS OF THE DIVISIONS

MAIL division

We have three strategic approaches aimed at meeting the challenges of our business, both today and in the future.

- **Securing our core business** We cut costs wherever possible and sensible and enhance our business by launching new products and perpetuating strong customer relationships. We also retain the high quality of our services whilst protecting the environment. Ideally, we search for solutions that meet several goals at once: a new generation of machines in our mail centres, for instance, not only raises the level of automation and quality but also lowers production costs and carbon dioxide (CO_2) emissions. Proximity to our customers is important to us. We operate by far the largest network of fixed-location retail outlets in Germany, consisting of some 20,000 outlets and sales points. We are expanding our partnerships with retailers and we offer fast and easy online access to our services. This includes our network of more than 2,500 Packstations.

- **Making our network more flexible** To ensure that the earnings contribution of our mail and parcel business remains stable in the future as well, we need to make fundamental changes to our networks and costs more flexible. In 2010, we continued to test procedures for enabling us to respond to fluctuating or declining volumes without sacrificing quality. For a period of three weeks in July and August, we relocated sorting shifts from smaller mail centres to neighbouring mail centres for this purpose. Additionally, we intend to adapt our parcel network in order to process rising parcel volumes faster and give customers real-time parcel tracking information. A new production system allows us to more efficiently sort and transport parcels, saving costs along the way.

- **Growing in digital markets** We are taking advantage of our expertise in physical communications to offer competent electronic communications. The internet is already facilitating customer access to our services, allowing them to calculate and purchase postage and also locate retail outlets and Packstations online and by mobile telephone. Since the middle of the year, we have also been offering our new E-Postbrief product, a secure, confidential and reliable form of electronic communication. To send an E-Postbrief, users pay for the specific service that they use. For instance, they pay €0.55 to send a standard electronic or hybrid E-Postbrief. The E-Postbrief has the potential to save companies and public authorities a significant portion of their costs for processing written communication. In addition to evolving the product's main features, we shall also develop new user-friendly functions. We plan to continue participating in the growing internet advertising market. In August, we acquired the German company nugg.ad AG, Europe's largest advertisement targeting platform, and with it added expertise in the online advertising market. This acquisition complements our online platform for local offers, *allesnebenan.de*, and our *Werbemanager* (advertising manager), an easy-to-use tool for calculating costs and placing advertisements in a variety of media. In October, we also became the first parcel delivery service in Germany to open our own online shop, *MeinPaket.de*.

Glossary, page 232

EXPRESS division

As part of our Strategy 2015, we work towards the four objectives comprising our Focus 2010 initiative:

- **Employee motivation** Our employees are our main competitive advantage in retaining current customers and winning new ones. Our Certified International Specialist (CIS) training initiative ensures that employees are equipped for this task. This is an additional step we take to lastingly reinforce our position as market leader in the international express market. All employees in international shipping, whether couriers or call centre staff, are expected to consider themselves DHL ambassadors and place the customer at the centre of their work.

- **Service quality** We are increasing our focus on promoting customer loyalty through high service quality in order to differentiate ourselves from the competition. To this end, we keep a constant eye on changing customer requirements and adapt our services accordingly. We are improving our workflows to make us the provider of choice when it comes to speed, reliability and cost efficiency. At our quality control centres we track shipments globally and adapt processes dynamically to enable us to guarantee quick delivery, even in the event of unforeseen circumstances. Reliability and speed are vital to our position as experts in international shipping.

- **Customer loyalty** The customer is always the focus of attention of our approximately 100,000 employees. More than 6,000 customer service specialists are dedicated solely to ensuring the quality of our customer service, a task for which they receive extensive training. In 2010 we concluded our three-year GALOPP initiative (Global Alignment of Product Portfolio). The initiative was aimed at simplifying our service and product offering for customers by, for instance, fewer marketed products and service names and using common terms when billing our services. One key factor will always remain: we constantly review customer behaviour and customer response, for example using the First Choice methodology, and draw the necessary conclusions, starting with the customer's very first contact with the call centre, internet site or sales employee all the way to delivery of the shipment to the recipient and invoicing.

- **Profitability** We continue to pursue strict cost management, an important factor enabling us to offer competitive prices and to keep growing. In recent years, we have implemented far-reaching measures for the purpose of restructuring the division. During the year under review, we reaped the fruits of these efforts. Considering our financial strength we have re-prioritised on investment levels in our employees and our brand. This is essential to our continued growth. Our priority is always on increasing productivity and strictly controlling indirect costs. As an express service provider, we work with a global network covering more than 220 countries and territories. Each country and each site contribute to sustainably increasing the profitability of our global organisation.

Brands, page 85

GLOBAL FORWARDING, FREIGHT division

We are well positioned in our markets due to our global product offering in air and ocean freight and in overland transport. Our goal is to achieve steady, organic growth that exceeds the market average. To achieve this goal, we pursue three approaches:

- **Developing and engaging our staff** Our business operates with a low level of non-current assets. The high quality of our workforce is what gives us a decisive competitive edge. That is why we feel it is our duty to broaden our employees' horizons and provide them with opportunities for training and professional development. For instance, talented trainees can gain international experience in one of our strategic markets by taking part in the CEO Trainee Awards. We also provide our staff members with a comprehensive programme of online courses to help them learn about new products and services or expand their overall skills base. In the year under review, 28,000 employees completed approximately 124,000 courses. The DHL Freight Forwarding Academy goes one step further to offer personalised development planning intended to encourage continuous learning. The most recent employee opinion survey demonstrates that our staff appreciate these efforts. Employee dedication in the division saw another significant year-on-year improvement, jumping three percentage points to 70%.

- **Bolstering our presence in growth markets** We are fine-tuning our network in regions where we see the greatest growth opportunities, above all in Asia, the Middle East, Africa and Latin America. In 2010, we took on more trade lanes and connections, particularly in the Middle East and Africa, opened our first branch offices in Ukraine and established new locations around the world, 12 in Greater China and the North Asia Pacific region alone. We are able to serve these new and somewhat volatile markets at low costs because we manage freight capacities centrally. We plan to take advantage of these conditions to further expand the air freight network we own and operate in these regions. We are also continuing to develop what has in recent years become a closely knit less-than-container-load ocean freight network. In September 2010, for example, we opened a multi-national gateway in the Slovenian port town of Koper. Since October 2010, DHL's Freight business unit has been offering less-than-truckload solutions to Tunisia, establishing a direct link from Europe to North Africa. This solution had already proven successful in Turkey and Morocco in both 2009 and 2010. Penetrating these new markets that border Europe and transporting goods in and out of these countries for international companies is a key element of our strategy to generate profitable growth in new markets. In November 2010, we added Georgia to our less-than-truckload network, which gives us access to the Caucasus region.

- **Creating innovative and sector-specific solutions** We are continuously expanding our services and developing transport solutions for specific products and sectors and for customers of all sizes. Our primary areas of focus are the fashion, oil and energy, perishable goods, pharmaceuticals and technology sectors. We offer sustainable solutions across all transport routes. Customers benefit from our Carbon Footprint Report, which charts the level of CO_2 emissions being generated when we or our partners transport goods. Our customers can also take advantage of carbon offsetting, which allows them to compensate for these carbon emissions and ship their goods carbon neutrally. DHL Ocean Secure is our approach to ensuring secure and reliable ocean freight. This service provides customers with real-time electronic tracking data. With more direct connections than ever in our less-than-container-load ocean freight business, we have also increased volumes, reduced average transit times and lowered both costs and carbon emissions for our customers. In our overland transport business, we are augmenting our core product, international less-than-truckload solutions. We are simplifying and standardising our product offering to boost future growth. New product features, such as track and trace solutions, add to the quality of our core product. By improving our service and extending our reach, we intend to win business from new and existing customers, especially small and medium-sized firms. Our Coldchain solution, a less-than-truckload product, is specifically designed for the life sciences sector. DHL has the infrastructure necessary throughout all of Europe to transport sensitive pharmaceuticals products. Coldchain enables a continuous temperature readout that is transmitted via GPS whilst the pharmaceuticals are in transit. Customers can take advantage of this product to follow the status and temperature of their shipments.

SUPPLY CHAIN division

The SUPPLY CHAIN division withstood the economic crisis of 2008 and 2009 largely due to the successful "5 to Thrive" initiative, comprising five areas for improvement. The initiative was focussed on increasing overall returns and profitability.

Now that the economy has regained momentum, our operating business is again focussing more strongly on growth. As part of this process, we are building on the efficiency gains that we have achieved over the past two years. We call our new strategy Growth Through Excellence and it is based on two pillars:

1. Continuous improvement of our existing business and
2. Profitable growth in our key sectors and solutions.

We are thus supporting our corporate objectives of becoming the provider, employer and investment of choice.

1. **Continuous improvement** We intend to keep improving in the areas of performance, efficiency and capability and have established three initiatives to support this aim: Operations Excellence, Cost Leadership and Organisational Capability. Operations Excellence aims to ensure consistent service quality worldwide as we build on our achievements in purchasing, carbon efficiency and ongoing quality measurement. We promote operational and technical standards aimed at guaranteeing the sustainability of our performance. We also apply the proven First Choice methodology to sustain the achievements we have realised and improve on them even further. Our Cost Leadership initiative is intended to significantly reduce both direct and indirect costs and manage them effectively in order to increase our overall profitability. We achieve this by leveraging purchasing efficiency, operating discipline and best practices. Organisational Capability seeks to develop leadership qualities and enhance employee commitment. We want to attract new talent and retain and develop our existing talent to support the growth of our business.

Strategic focus, page 100

2. **Profitable growth** Our Profitable Growth pillar also consists of three initiatives: Sector Focus, Strategic Products Replication and Sales Effectiveness. In the Sector Focus programme, we continuously deepen our expertise in our key sectors of Consumer, Retail, Technology, Life Sciences & Healthcare, Automotive and Energy. For each of these sectors, we have established dedicated global sector teams to strengthen our sales approach and to ensure knowledge exchange on best practices across regions and business units. In our Strategic Products Replication initiative, we develop and reproduce logistics solutions aimed at simplifying our customers' business processes. In doing so, we take our cue from best operating standards and proven practices from all over the world. In our Sales Effectiveness programme, we continuously improve the performance of our sales organisation by bolstering sales processes and customer support. We are learning to better understand our customers' business objectives and strategies, which enables us to offer them true added value. Feedback from customers and customer surveys also assist us in continuously enhancing the effectiveness of our sales activities.

Future economic parameters

Global economy: the upswing continues

The global economic upturn is expected to be sustained in 2011, though the economy will be susceptible to setbacks. Uncertainty continues to prevail on the financial markets. Moreover, fiscal impetus is expected to let up in the industrial nations in particular. Growth will therefore most likely fall somewhat below the figures for 2010. The International Monetary Fund (IMF) is predicting an increase of 4.4% in global economic output in 2011. Global trade is also likely to continue rising, albeit with somewhat less momentum than in 2010 (IMF: 7.1%, OECD: 8.3%).

A.69 Global economy: growth forecasts

%

	2010	2011
Global trade volume	12.0	7.1
Real gross domestic product		
Global	5.0	4.4
Industrial nations	3.0	2.5
Emerging markets	7.1	6.5
Central and Eastern Europe	4.2	3.6
CIS countries	4.2	4.7
Emerging markets in Asia	9.3	8.4
Middle East and North Africa	3.9	4.6
Latin America and the Caribbean	5.9	4.3
Africa south of the Sahara	5.0	5.5

Source: International Monetary Fund (IMF) world economic outlook, October 2010, updated January 2011.

In China, the government is working to keep the economy from overheating. The economy is therefore expected to grow somewhat more slowly (IMF: 9.6%).

In Japan, the economic upturn is likely to weaken perceptibly. Exports will lose momentum based on the slowdown in global trade and it is unlikely that domestic demand will be able to compensate for this deficit. GDP growth is therefore expected to be low (IMF: 1.6%, OECD: 1.7%, Postbank Research: 1.3%).

The economy in the United States will remain divided. Private consumption and investment in machinery and equipment will pick up, whilst no notable stimulus is expected from construction spending or foreign trade. On the whole, GDP growth is expected to be similar to that of the previous year (IMF: 3.0%, OECD: 2.2%, Postbank Research: 2.9%).

In the euro zone, the economy is expected to remain on a slow upwards trajectory. The outlook is positive for private consumption and investment in machinery and equipment. Exports could outpace imports if the global economy sees solid growth and domestic demand rises somewhat. However, total GDP is likely to increase only marginally (ECB: 1.4%, Postbank Research: 1.7%).

The broad basis on which the German economy was resting at the start of 2011 promises a sustained upswing. Exports are expected to continue increasing, as is domestic demand. Gross fixed capital formation is likely to rise again, which will benefit the labour market. Against this backdrop, private consumption should increase sharply. Whilst GDP is forecast to be lower than in 2010, it is still projected to outperform the euro zone as a whole (German Council of Economic Experts: 2.2%, Postbank Research: 2.4%).

The price of crude oil will presumably continue increasing on an annual average. Should the economic upturn be significantly stronger than anticipated, it is even possible that trading prices will rise measurably over the course of the year.

The US Federal Reserve is expected to maintain the key interest rate at its current extremely low level in 2011. The ECB is also likely to leave the key rate at 1% for an extended period and only raise it slightly later in the year, provided the economic recovery continues and the European national debt crisis abates.

Interest rates on the capital markets are likely to experience a slight increase. However, yield spreads are expected to remain very tight, assuming that inflation pressure stays low.

Dampened growth for global trade

Compared with the reporting year, the growth prospects for global trade in 2011 are estimated to be dampened; however, Asia, as a global growth engine, will again develop above average.

The mail business in transition

Demand for mail in Germany depends on the trend in the way our customers communicate and the extent to which electronic media continue to replace the physical letter. We expect the market for mail communication to continue shrinking, although demand for communication in general will continue to rise. By introducing the E-Postbrief, we have taken the first step towards utilising our expertise in physical communication to offer competent electronic communications and generate new business in the process. We have also prepared ourselves for continued, intense competition.

According to forecasts by the *Zentralverband der deutschen Werbewirtschaft* (German advertising federation), the German advertising market will grow marginally in 2011. This market is cyclical and currently finds itself in transition. The trend towards targeted advertising and combinations with internet offers is likely to continue. Overall, however, we are seeing a shift in advertising expenditures as companies budget more for digital media and less for traditional advertising. Moreover, we expect companies to increasingly resort to more economical forms of advertising. We intend to consolidate our position in the liberalised market for paper-based advertising and to expand our share in the advertising market as a whole by integrating online marketing.

The press services market is likely to keep contracting slightly because of the increasing use of new media. The economic trend will affect subscriber numbers and average weights, thus impacting our future revenue. We plan to develop ideas for new digital products in this business unit.

The international mail market takes its cue from how business customers communicate. This is an area in which we aim to tap into new business related to our core competency, mail.

In the parcel market, we expect to benefit from business customer and consumer activities in the online marketplace and we intend to expand our position in this market.

Developing our international express business

Experience shows that growth of the international express market is highly dependent on the general economic trend. In light of the latest economic indicators and the trend in our shipment volumes, we are optimistic regarding the current year.

This also applies to our earnings situation. The savings realised in the reporting year together with a continuing focus on costs will make a crucial contribution to improving earnings. Our initiatives for increasing efficiency and quality and streamlining our portfolio will likewise contribute to earnings. We are confident that we are able to keep the express business on a growth path and further strengthen or defend our leading market position.

Moderate market growth in the freight forwarding business

The freight forwarding business has faced extreme volume fluctuations in the past two years. For 2011, we anticipate a more stable trend and moderate market growth. More specifically, we expect a weaker economy in the first half of the year followed by a progressively stronger second half. Freight rates should remain steady as airlines, shipping companies and freight carriers manage transport capacities in accordance with demand.

Based on the economic fundamentals, we expect to see persistent growth in intra-Asian traffic and on trade lanes between Asia, the Middle East and Africa as well as between Asia and Latin America. As the market leader, we shall participate in this growth by investing in infrastructure and innovation.

In contrast to the year under review, we are projecting a more moderate upwards trend in the air freight market in 2011 and are anticipating overcapacities.

In the ocean freight market, we are looking ahead to uninterrupted growth in 2011. We have our sights set on significantly boosting volumes again, especially in the less-than-container-load business. Due to DHL Global Forwarding's acquisition history, some ocean freight business areas compile transport volumes (TEUs) in different ways. Since we are aligning these systems, it will be necessary to adapt DHL Global Forwarding's transport volumes and market shares to the uniform calculation method, effective the first quarter of 2011, and to adjust them slightly retroactively.

The growth rate in the road transport market is likely to weaken in 2011 in line with the macroeconomic trend. However, we expect it to remain at an acceptable level.

Supply Chain market recovers

The contract logistics market was severely affected by the significant reduction in our customers' volumes as a result of the economic crisis. However, since the start of 2010 the market has improved, a development that is likely to accelerate in the coming years according to economic research institutes. Therefore, a return to pre-crisis levels is expected.

In our main markets of Europe and North America we anticipate growth in the moderate to high single digits, whereas in the Asian Pacific markets we think it is likely to be in the low double digits. At Williams Lea, we expect double-digit growth due to our unique product offering and increasing development of our broad DHL customer base.

Strategic focus, page 105

To capture these opportunities, we shall continue our Growth Through Excellence strategy with the objectives of continuously improving existing business and profitably growing new business.

Revenue and earnings forecast

The strong recovery of the global economy in 2010 is expected to remain intact in 2011. We have based our projections on growth rates of 3% to 4%. The international trading volumes relevant for our business are likely to exceed the projected growth of the global economy by a factor of 1.5 to 2. We expect our revenue, especially in the DHL divisions, to increase more or less in line with our forecast medium-term growth rates of 7% to 9% in each of the three divisions.

Against this backdrop, we anticipate that consolidated EBIT for full-year 2011 will reach between €2.2 billion and €2.4 billion. The MAIL division is expected to contribute €1.0 billion to €1.1 billion to this figure. Compared with the previous year, we expect an additional improvement in overall earnings to between €1.6 billion and €1.7 billion in the DHL divisions. This corresponds to an increase of 10% to 17% on the prior-year figure. At around €–0.4 billion, the Corporate Center/Other result should be on a par with the previous year. The restructuring measures decided on and implemented in recent years have been completed for the most part, meaning that future earnings will no longer be impacted by such expenses. For this reason, starting in 2011 we shall no longer report EBIT before non-recurring items as a separate line item.

We plan to maintain our finance policy in 2011 and raise our capital expenditure to no more than €1.6 billion after having increased it to just under €1.3 billion in 2010. Following our corporate strategy, we are focusing on organic growth. We anticipate only a few small acquisitions in 2011, as in the previous year. In 2011, cash flow will be impacted by the restructuring measures resolved in 2009 to a much lesser extent than in the previous year.

Provided that the global economy continues to recover, the positive trend in our earnings that we are anticipating for 2011 is likely to continue into 2012. The cost reduction measures initiated in the MAIL division are expected to stabilise EBIT even if mail volumes continue to lose out to electronic means of communication. We expect EBIT to improve in the DHL divisions at an annual average of 13% to 15% until 2015 as trading volumes continue to recover.

The mark-to-market measurement of certain financial instruments required under IFRSs in connection with the Postbank transaction will be reviewed at the end of each quarter until early 2012, and adjusted if necessary, based on the change in the fair value of Postbank. Any adjustments made will not impact liquidity and will be reported under net finance costs/net financial income. To some extent, the related effects will be negated by offsetting changes in the fair value of the remaining shareholding in Postbank. Consolidated net profit before effects from the measurement of the Postbank instruments is expected to continue to improve in 2011 in line with our operating business.

Projected financial position

Creditworthiness of the Group remains stable

Based on the projected earnings trend for 2011 and the planned increase in capital expenditure, we expect the FFO to debt performance metric to remain at approximately the prior-year level and the rating agencies to continue to rank our credit quality as appropriate.

Liquidity remains substantial

Due to our substantial liquidity position, no major funding initiatives are currently planned. Since we pass on most of the commodity price risk to our customers, we do not expect potential fluctuations in the price of crude oil to impact our earnings.

We shall increase investments

In the wake of the economic recovery, we expect to be able to raise our investments to no more than €1.6 billion in 2011, 27% more than in 2010. The majority of new investments will go into property, plant and equipment in the EXPRESS and MAIL divisions.

Investments in the MAIL division will be higher than in the previous year and will be earmarked predominantly for the domestic mail business. Additional mail centres will be equipped with new mail sorting machines. In our parcel business, we plan to expand production capacities in order to accommodate higher shipment volumes and to update our IT equipment. Moreover, our retail outlet network is scheduled for additional restructuring, which will primarily consist of updating the software used in the retail outlets.

In the EXPRESS division, we intend to step up capital expenditure in 2011. Investments will relate mainly to the maintenance and expansion of our global network in order to sustain our high quality level in light of increasing volumes. We also plan to selectively enhance our footprint in a number of countries and regions based on our strategy of growth and profitability.

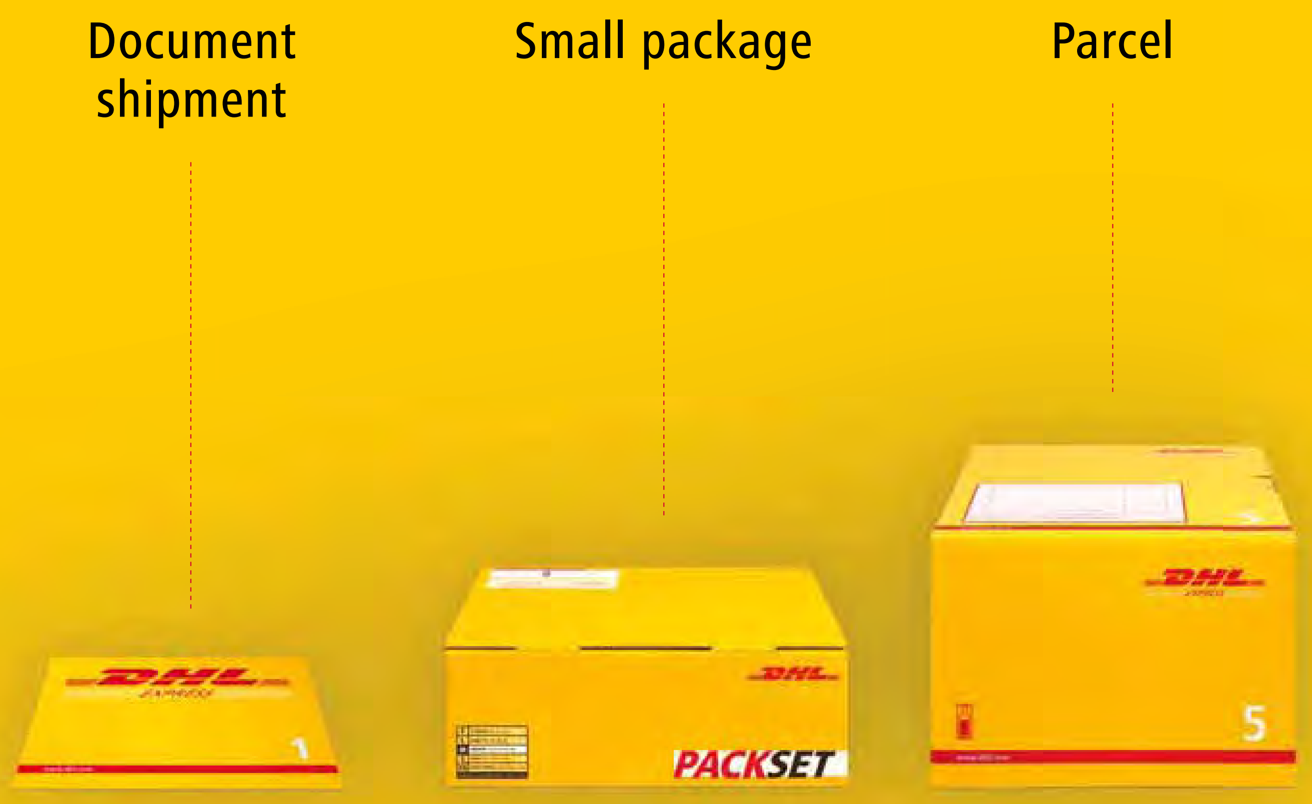
In the GLOBAL FORWARDING, FREIGHT division, we are planning somewhat higher investments for 2011 than in 2010. We want to improve the IT solutions of our Global Forwarding business unit. In regional terms, we shall focus on the growth regions of Africa & South Asia Pacific and North Asia Pacific. In the Freight business unit, we intend to invest in our branch network.

We also plan to increase capital expenditure in the SUPPLY CHAIN division. With no major projects planned, investments will centre on new and existing business. The main focus of the additional investments will be on supporting our Growth Through Excellence strategy, in particular growth in the Americas and Asia Pacific regions.

Cross-divisional capital expenditure will see a slight year-on-year increase in 2011. As in the reporting year, investments will focus on our vehicle fleet and IT.

B

CORPORATE GOVERNANCE



DHL

YOUR CHOICE. BECAUSE FLEXIBILITY MEANS FREEDOM.

DHL is a partner of both business customers and consumers for routine parcel shipping to destinations in Germany, Europe and the world as well as for time-definite courier and express services to over 120,000 destinations. We offer many convenient and flexible options for sending parcels and packages, purchasing postage online and tracking shipments. DHL takes urgent documents and parcels door to door no matter if delivery is required the same day, at a specified time or on a specified day.

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REPORT OF THE SUPERVISORY BOARD

WULF VON SCHIMMELMANN
Chairman

DEAR SHAREHOLDERS,

Deutsche Post DHL has overcome the effects of the global economic crisis: it successfully concluded the financial year 2010 with double-digit revenue growth in the DHL divisions, whilst the performance of the MAIL division, although slightly down, was in line with expectations on the whole.

Advising and overseeing the Board of Management

In 2010, the Supervisory Board scrutinised Group and divisional strategy at a closed meeting. At each meeting, the Board of Management provided us with detailed information on the situation and direction of the company and the Group, on strategic initiatives and all key issues related to planning and implementation and on opportunities and risks for business performance. We also regularly discussed developments in the economic climate, progress in implementing the planned restructuring activities, the impact of the takeover of the Karstadt department stores by an investor and the effects of changes to value added tax legislation. All significant decisions were discussed in detail with the Board of Management. It also informed us in a timely and comprehensive manner regarding business performance, key business transactions and projects in the divisions, compliance organisation and compliance management, as well as the company's risk exposure and risk management. The Board of Management also provided the chairman of the Supervisory Board with continuous updates between Supervisory Board meetings.

Measures requiring the consent of the Supervisory Board were discussed in even greater depth. Such measures were considered in advance by the relevant committees and the results of their deliberations were presented by the respective committee chairs to the Supervisory Board meetings.

Four meetings during the reporting period

Two meetings were held in the first half and two in the second half of the year. All members participated in at least two meetings.

At the financial statements meeting on 8 March 2010, with the auditors in attendance, we discussed and approved the annual and consolidated financial statements for 2009. We also renewed the seats on the Board of Management of Bruce Edwards and Hermann Ude for a further five years to March 2016 and discussed issues relating to the remuneration of the Board of Management. In addition, we discussed the Group's finance strategy, particularly with reference to significant financial control parameters, its credit rating and the use of liquidity. We also reviewed the results of the efficiency review of the work of the Supervisory Board.

At the Supervisory Board meeting held on 15 June 2010, the Board of Management informed us that the sale of the day-definite express business in France was shortly due to be concluded. Following the meeting, we held a one-and-a-half-day closed meeting during which we discussed the Group's Strategy 2015 in detail, as well as the strategies of the divisions. The introduction of the E-Postbrief product formed the focus for the MAIL division. On the subject of the DHL divisions, we discussed the programmes aimed at achieving greater efficiency and growth. We discussed the results of the annual employee opinion survey and the implementation of Strategy 2015 in our finance area. We also addressed the way in which the Group is perceived externally and invited representatives from an investment bank and a management consulting company as renowned guest speakers for this purpose.

In the meeting held on 16 September 2010, we discussed the remuneration of the Board of Management, including retirement pensions. As a result, we extended the Long-Term Incentive Plan by three years, essentially preserving the current structure. In addition, the repurchase of shares in the cargo airline Astar Air Cargo and the outsourcing of the airline operations to a new company outside the Group were approved. The restructuring of the US express business in 2009 and the associated decline in volume made an adjustment of the agreement with the cargo airline Astar necessary on cost grounds.

At the Supervisory Board's last meeting of the year on 10 December 2010, we adopted the business plan for 2011. We also discussed again the remuneration of the Board of Management, including agreement of targets for 2011 and retirement pensions. Furthermore, we discussed the amendments to the German Corporate Governance Code. We set targets for the composition of the Supervisory Board and resolved to continue to comply with all recommendations of the Government Commission on the German Corporate Governance Code. We also submitted our Declaration of Conformity with the 2010 German Corporate Governance Code.

Hard work by the committees

The Executive Committee met four times during the year under review. The agenda focused primarily on Board of Management and Supervisory Board business, such as the reappointment of Board of Management members and the remuneration and retirement pensions for the Board of Management.

The Personnel Committee also met four times, dealing mainly with the employee opinion survey, strategic development projects in the area of human resources, the executive remuneration structure, the objectives and structure of the subsidiary First Mail, corporate health management and the Group's commitment to education.

The Finance and Audit Committee met eight times, with meetings chaired by Hero Brahms. Hero Brahms, the committee's chairman, is a financial expert pursuant to section 100 (5) and section 107 (4) of the *Aktiengesetz* (AktG – German stock corporation act). At its March meeting, the committee examined the annual and consolidated financial statements for 2009. The auditors attended this meeting. Following the Annual General Meeting (AGM), the Finance and Audit Committee hired the auditors to perform an audit of the 2010 annual and consolidated financial statements and the focal points of the audit were also determined. The auditors were likewise charged with reviewing the quarterly financial reports and the interim financial report for the first half of the year. The quarterly financial reports and the interim financial report for the first half of the year were discussed by the committee together with the Board of Management and the auditors.

The committee also dealt at regular intervals with the Group's business development and the internal control and risk management system. Discussions related above all to risk management across the Group together with the main risk factors for the Group. The committee discussed compliance organisation and compliance management, as well as the findings of the reviews carried out by Internal Audit. It also approved the Audit Plan 2011. With regard to accounting, the committee discussed with the auditors the main features of the internal control system and the risk management system. Co-operation with the auditors was also discussed in detail.

The Nomination Committee met once in 2010 and recommended that the Supervisory Board propose the re-election of Roland Oetker to the AGM.

The chairs of the committees reported on the committees' deliberations in the subsequent plenary meetings.

There were no meetings of the Mediation Committee, which must be formed pursuant to section 27 (3) of the *Mitbestimmungsgesetz* (German co-determination act).

Changed Supervisory Board composition

The shareholder representatives remained the same in 2010. Employee representative Annette Harms left the Supervisory Board on 6 October 2010. As her successor and an employee representative, Sabine Schielmann was appointed a member of the Supervisory Board by the court on 27 October 2010.

The company's Board of Management remained the same.

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

In December 2010, the Board of Management and the Supervisory Board submitted an unqualified Declaration of Conformity pursuant to section 161 of the AktG and published it on the company's website. The declarations from previous years can also be viewed on this website. In financial year 2010, Deutsche Post AG complied with all recommendations of the German Corporate Governance Code as amended on 18 June 2009. The company plans to continue complying with the recommendations of the code as amended on 26 May 2010. The Corporate Governance Report (page 124 ff.) contains further information on corporate governance within the company as well as the remuneration report.

Annual and consolidated financial statements audited

The auditors appointed by the AGM, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PwC), Düsseldorf, audited the annual and consolidated financial statements for financial year 2010, including the respective management reports, and issued unqualified audit opinions. PwC also conducted the review of the quarterly financial reports and the interim report for the first half of the year.

Following a detailed preliminary assessment by the Finance and Audit Committee, the Supervisory Board reviewed the annual and consolidated financial statements and the management reports for financial year 2010 at the financial statements meeting held on 9 March 2011. The review included the Board of Management's proposal for the appropriation of the unappropriated surplus. The auditors' reports were made available to all Supervisory Board members and were discussed in detail with the Board of Management and the auditors in attendance. The Supervisory Board concurred with the results of the audit and approved the annual and consolidated financial statements for financial year 2010. Based on the final outcome of the examination of the annual and consolidated financial statements, the management reports and the proposal for the appropriation of the unappropriated surplus by the Supervisory Board and the Finance and Audit Committee, there are no objections to be raised. The Supervisory Board endorses the Board of Management's proposal for the appropriation of the unappropriated surplus and the payment of a dividend of €0.65 per share.

We would like to thank the Board of Management and all the employees of the Group for their particularly hard work this year. We are delighted that, following the 2009 economic crisis, the Group is experiencing growth once more and is successfully implementing the objectives of Strategy 2015.

Bonn, 9 March 2011
The Supervisory Board

Wulf von Schimmelmann
Chairman

SUPERVISORY BOARD

B.01 Members of the Supervisory Board

Shareholder representatives

Prof. Dr Wulf von Schimmelmann (Chair)
Former CEO of Deutsche Postbank AG

Willem G. van Agtmael
Managing Partner, E. Breuninger GmbH & Co.

Hero Brahms
Management consultant

Werner Gatzer
State Secretary, Federal Ministry of Finance

Prof. Dr Henning Kagermann
Former CEO of SAP AG

Roland Oetker
Managing Partner,
ROI Verwaltungsgesellschaft mbH

Harry Roels

Dr Ulrich Schröder
Chief Executive Officer, KfW Bankengruppe

Dr Stefan Schulte
Chair of the Executive Board
of Fraport AG

Elmar Toime
Managing Director, E Toime Consulting Ltd.

Employee representatives

Andrea Kocsis (Deputy Chair)
Deputy Chair of ver.di National Executive Board and Head of Postal Services, Forwarding Companies and Logistics on the ver.di National Executive Board

Wolfgang Abel
Head of Postal Services, Forwarding Companies and Logistics, ver.di Regional District of Hamburg

Rolf Bauermeister
Head of Postal Services, Co-determination and Youth and Head of National Postal Services Group at ver.di national administration

Heinrich Josef Busch
Chair of the Group and Company Executive Representation Committee, Deutsche Post AG

Thomas Koczelnik
Chair of the Group Works Council,
Deutsche Post AG

Anke Kufalt
Member of the Works Council,
DHL Global Forwarding GmbH, Hamburg

Andreas Schädler
Chair of the General Works Council,
Deutsche Post AG

Sabine Schielmann (since 27 October 2010)
Member of the Executive Board of the General Works Council, Deutsche Post AG

Helga Thiel
Deputy Chair of the General Works Council,
Deutsche Post AG

Stefanie Weckesser
Deputy Chair of the Works Council,
Deutsche Post AG, MAIL Branch, Augsburg
(since 17 May 2010)

Left in financial year 2010:

Annette Harms (until 6 October 2010)
Chair of the Works Council,
Deutsche Postbank AG, Hamburg

B.02 Committees of the Supervisory Board

Executive Committee

Prof. Dr Wulf von Schimmelmann (Chair)
Andrea Kocsis (Deputy Chair)
Roland Oetker
Rolf Bauermeister
Werner Gatzer
Stefanie Weckesser

Finance and Audit Committee

Hero Brahms (Chair)
Wolfgang Abel (Deputy Chair)
Werner Gatzer
Thomas Koczelnik
Dr Stefan Schulte
Helga Thiel

Personnel Committee

Andrea Kocsis (Chair)
Prof. Dr Wulf von Schimmelmann
(Deputy Chair)
Roland Oetker
Thomas Koczelnik

Mediation Committee
(pursuant to section 27 (3) of the German co-determination act)

Prof. Dr Wulf von Schimmelmann (Chair)
Andrea Kocsis (Deputy Chair)
Roland Oetker
Rolf Bauermeister

Nomination Committee

Prof. Dr Wulf von Schimmelmann (Chair)
Roland Oetker
Werner Gatzer

BOARD OF MANAGEMENT

DR FRANK APPEL

Chief Executive Officer

Born in 1961
Member since November 2002, CEO since February 2008
Appointed until October 2012

LAWRENCE ROSEN

Finance, Global Business Services

Born in 1957
Member since September 2009
Appointed until August 2012

WALTER SCHEURLE

Personnel

Born in 1952
Member since April 2000
Appointed until March 2013

JÜRGEN GERDES

MAIL

Born in 1964
Member since July 2007
Appointed until June 2015

KEN ALLEN

EXPRESS

Born in 1955
Member since February 2009
Appointed until February 2012

HERMANN UDE

GLOBAL FORWARDING, FREIGHT

Born in 1961
Member since March 2008
Appointed until March 2016

BRUCE EDWARDS

SUPPLY CHAIN

Born in 1955
Member since March 2008
Appointed until March 2016

B.03 MANDATES HELD BY THE BOARD OF MANAGEMENT

Membership of supervisory boards required by law	Membership of comparable bodies
Dr Frank Appel	**Ken Allen**
Deutsche Postbank AG (Chair), until 31 December 2010	DHL-Sinotrans International Air Courier Ltd[1] (Board of Directors), since 18 September 2010
Lawrence Rosen	**Bruce Edwards**
Deutsche Postbank AG	Ashtead plc (Board of Directors) Exel Automocion, S.A. de C.V.[1] (Board of Directors) Exel Investments Limited[1] (Board of Directors) Exel Limited[1] (Board of Directors) Exel Logistics, S.A. de C.V.[1] (Board of Directors) Exel North American Logistics S.A. de C.V.[1] (Board of Directors) Exel Servicios, S.A. de C.V.[1] (Board of Directors) Exel Supply Chain Services de México, S.A. de C.V.[1] (Board of Directors) Greif, Inc. (Board of Directors) Hyperion Immobiliaria, S.A. de C.V.[1] (Board of Directors) Tibbett & Britten Group Limited[1] (Board of Directors) Williams Lea Group Limited[1] (Board of Directors) Williams Lea Holdings PLC[1] (Board of Directors, Chair)
	Jürgen Gerdes
	Global Mail, Inc.[1] (Board of Directors)

1) Group mandate.

B.04 MANDATES HELD BY THE SUPERVISORY BOARD

Shareholder representatives

Membership of supervisory boards required by law

Prof. Dr Wulf von Schimmelmann (Chair)

Maxingvest AG

Hero Brahms

Georgsmarienhütte Holding GmbH (Deputy Chair)
Wincor Nixdorf AG
Live Holding AG (Chair, since 31 August 2010)
Telefunken Holding AG (Chair)

Werner Gatzer

KfW IPEX-Bank GmbH, until 31 January 2010
g.e.b.b. mbH
Bundesdruckerei GmbH
ÖPP Deutschland AG

Prof. Dr Henning Kagermann

BMW AG, since 18 May 2010
Deutsche Bank AG
Münchener Rückversicherungs-Gesellschaft AG

Roland Oetker

Volkswagen AG, until 22 April 2010

Dr Ulrich Schröder

Deutsche Telekom AG
KfW IPEX-Bank GmbH
DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH

Elmar Toime

message AG (Chair)

Membership of comparable bodies

Prof. Dr Wulf von Schimmelmann (Chair)

Accenture Corp., USA (Board of Directors)
Western Union Company, USA (Board of Directors)

Willem G. van Agtmael

Charlottenklinik für Augenheilkunde (Board of Trustees)

Hero Brahms

M. M. Warburg & Co. KGaA (Shareholders' Committee)
Zumtobel AG, Austria (Supervisory Board, Deputy Chair)

Prof. Dr Henning Kagermann

Nokia Corporation, Finland (Board of Directors)
Wipro Ltd., India (Board of Directors)

Roland Oetker

Dr. August Oetker KG (Advisory Board, Deputy Chair), until 31 December 2010

Harry Roels

Deutsches Stiftungszentrum GmbH (Administrative Board)

Dr Ulrich Schröder

"Marguerite 2020": European Fund for Energy, Climate Change and Infrastructure (Supervisory Board)

Elmar Toime

Blackbay Ltd., United Kingdom (Non-Executive Director)
Postea Inc., USA (Non-Executive Chairman)

Employee representatives

Membership of supervisory boards required by law

Rolf Bauermeister

Deutsche Postbank AG

Andreas Schädler

PSD Bank Köln eG (Chair)

Helga Thiel

PSD Bank Köln eG (Deputy Chair)

Left in financial year 2010:

Annette Harms (until 6 October 2010)

Deutsche Postbank AG

CORPORATE GOVERNANCE REPORT

(Annual Corporate Governance Statement pursuant to section 289a of the HGB)

dp-dhl.com/en/investors.html

In this Annual Corporate Governance Statement, Deutsche Post DHL presents the main components of its corporate governance structure. These include the Declaration of Conformity from the Board of Management and Supervisory Board, information regarding significant corporate governance practices that exceed the legal requirements, information concerning the working methods of the Board of Management and the Supervisory Board and details regarding the composition and working methods of the executive committees and other committees, as well as the targets for the composition of the Supervisory Board.

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

In December 2010, the Board of Management and the Supervisory Board again submitted an unqualified Declaration of Conformity pursuant to section 161 of the *Aktiengesetz* (AktG – German stock corporation act), which reads as follows:

"The Board of Management and the Supervisory Board of Deutsche Post AG declare that the recommendations made by the Government Commission on the German Corporate Governance Code as amended on 18 June 2009 have been complied with since the last Declaration of Conformity in December 2009 and that Deutsche Post AG intends to comply with all recommendations of the Code as amended on 26 May 2010 in the future. Pursuant to section 3.8, the deductible for members of the Supervisory Board was raised to the required level upon the adjustment of insurance policies in the first half of 2010."

We also implemented the suggestions set forth in the code, with one exception: the Annual General Meeting (AGM) will only be broadcast on the internet until the start of the general debate.

Specific corporate governance practices

Our guiding principle in corporate management is "respect and results". This has evolved from the daily challenges of achieving first-class results whilst adhering to our sense of responsibility for the needs of our employees and customers. As a globally operating company and corporate citizen, we bear great responsibility for the environment and the living conditions in the regions in which we operate. This is a responsibility that we take seriously. Our sustainability strategy rests on the competencies of the company and the experience of our employees. Our goal is to achieve benefits for society and to keep any negative impact our business has on the environment to a minimum. We want to lead the way in innovative and sustainable logistics solutions. The idea of sustainability drives innovations and opens up new business opportunities, which gives us competitive advantages.

Our sustainability strategy focuses on three areas. The first is the Group's GoGreen programme, which is aimed at achieving our climate protection targets. Our second focus is GoHelp. Here, we apply our expertise towards improving living conditions for people in disaster areas. In 2010, our Disaster Response Team provided particular support to those affected in the disaster areas of Chile, Haiti and Pakistan. The third expression of our commitment to society is our support of education. We created the GoTeach project to further this purpose. Deutsche Post DHL is the founding partner and largest sponsor of Teach First Deutschland, an educational initiative designed to encourage disadvantaged school children in Germany. In 2010, Deutsche Post DHL, through its partnership with the umbrella organisation Teach for All, furthered its commitment to improving the quality of education and education systems at a global level.

Code of Conduct and compliance management

Deutsche Post DHL has developed a Code of Conduct that has been applicable in all regions and in all divisions since mid-2006. The Code of Conduct lays down guidelines for day-to-day workplace conduct for our approximately 470,000 employees.

Our principles are respect, tolerance, honesty, openness, integrity towards employees and customers and willingness as a company to assume social responsibility.

The Code of Conduct also sets out our commitment to equal opportunities and to ensuring the health and well-being of our employees. Through its participation in the Anonymised Application Procedures test project, Deutsche Post DHL intends to test whether a greater level of equality of opportunity can be achieved in the job application process by a change in procedures. Managerial posts within the Group are filled according to suitability, aptitude and professional performance, with the Board of Management taking care to ensure diversity and seeking to give women appropriate consideration. During the financial year, the Group was awarded the German Corporate Health Award by the *Bundesverband der Betriebskrankenkassen* (German association of occupational health insurance funds) and the European Commission for its health management policy, as well as the Corporate Health Award under the aegis of the German Federal Ministry of Labour and Social Affairs.

The Code of Conduct is substantiated by two guidelines: the anti-corruption guideline gives clear instructions on how to handle gifts, benefits and offers of hospitality. A competition guideline gives specific guidance on the prohibition of agreements with competitors. The code of conduct for suppliers is included in all new procurement contracts and has been added to existing long-term framework agreements. It obligates them to adhere to ethical and ecological standards. A ban on child and forced labour is in place. Wages and working hours must correspond with national laws and regulations, and unlawful payments (bribery) are prohibited.

Deutsche Post DHL reviews and develops its compliance management system on an ongoing basis. In 2010, the corresponding administrative team was strengthened. The Chief Compliance Officer reports directly to the Chief Financial Officer (CFO) and heads the Global Compliance Office, which develops compliance management standards throughout the Group and supports the corresponding activities undertaken by the divisions. The Compliance Committee, which is comprised of representatives from the divisions, advises the Chief Compliance Officer on the ongoing development of compliance management.

Working methods of the Board of Management and the Supervisory Board

As a German listed public limited company, Deutsche Post follows a dual management system. The Board of Management is responsible for the management of the company. It is appointed, overseen and advised by the Supervisory Board.

In addition to the board departments of the Chief Executive Officer (CEO), the CFO and the Board Member for Personnel, the Board of Management also includes the operating board departments of MAIL, GLOBAL FORWARDING, FREIGHT, EXPRESS and SUPPLY CHAIN.

With the consent of the Supervisory Board, the Board of Management has established rules of procedure that lay down objectives for structure, management and co-operation within the Board of Management. Within this framework, each board member manages his department independently and informs the rest of the Board on key developments at regular intervals. The Board of Management as a whole decides on matters of particular significance for the company or the Group. In addition to tasks that it is prohibited by law from delegating, these include all decisions that must be presented to the Supervisory Board for approval. The entire Board of Management also decides on matters brought forth by one member of the Board of Management for decision by the Board of Management as a whole.

In making their decisions, the members of the Board of Management may not pursue personal interests or exploit business opportunities due to the company for their own benefit. They are required to disclose any conflicts of interest to the Supervisory Board without delay.

The Supervisory Board advises and oversees the Board of Management and appoints the members of the Board of Management. It has established rules of procedure that include the fundamental principles of its internal structure, a catalogue of Board of Management transactions requiring its approval and rules for the Supervisory Board committees. It meets at least twice every six months based on the calendar year. Special meetings are held whenever significant events so dictate. In financial year 2010, the Supervisory Board met for four plenary meetings, 17 committee meetings and a closed meeting, as described in the Report of the Supervisory Board.

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The Board of Management and the Supervisory Board are in regular contact regarding strategic measures, planning, business development, risk exposure and risk management as well as company compliance. The Board of Management informs the Supervisory Board promptly and comprehensively on all topics of significance.

All Supervisory Board decisions, particularly those concerning transactions that require its approval, are deliberated and discussed extensively in the relevant committees. At each plenary meeting, the Supervisory Board is informed in detail about the work of its committees.

In making their decisions, the members of the Supervisory Board may not pursue personal interests or exploit business opportunities due to the company for their own benefit. They are required to disclose any conflicts of interest to the Supervisory Board. Any significant conflicts of interest on the part of a Supervisory Board member that are not merely temporary in nature lead to that member's resignation from the Board.

Executive committees and Supervisory Board committees

Executive committees prepare decisions to be made by the Board of Management as a whole and make decisions on matters assigned to them. The MAIL Steering Committee is responsible for the MAIL division and the cross-divisional DHL Executive Committee is in charge of the EXPRESS, GLOBAL FORWARDING, FREIGHT and SUPPLY CHAIN divisions. The CEO, the CFO and the respective board members of the divisions are represented on the committees. In addition, the Board Member for Personnel is a member of the MAIL Steering Committee. Along with the relevant members of the Board of Management, the executive committees also include first-tier executives below the Board of Management level, in some cases on a permanent basis (those, for example, responsible for the operating business) and in some cases to assist with special topics. Procurement and Controlling are called in to consult on capital expenditure, for instance, and Corporate Finance, Corporate Development and Legal Services in the case of acquisitions. The DHL Executive Committee and the MAIL Steering Committee each meet at least once a month.

Furthermore, business review meetings take place once per quarter. These meetings are part of the strategic performance dialogue between the divisions, the CEO and the CFO. They comprise discussions on strategic measures, operating topics and the budget situation of the divisions.

The Supervisory Board has formed five committees to ensure efficient discharge of its duties. The Report of the Supervisory Board gives details on the composition and working methods of the committees. The Supervisory Board committees prepare the resolutions of the plenary meetings of the Supervisory Board. Decisions on certain topics are delegated by the Supervisory Board to the individual committees for final decision. The chairman of the Finance and Audit Committee, Hero Brahms, is a financial expert as defined by sections 100 (5) and 107 (4) of the AktG.

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Targets for the composition of the Supervisory Board

In its meeting on 10 December 2010, the Supervisory Board determined the following specific goals with regard to its composition:

1. Nominations put forward by the Supervisory Board for the election of Supervisory Board members at the AGM should focus solely on the good of the company. In this context, the Supervisory Board is aiming to increase the proportion of women on the full Supervisory Board from the current 25% to 30% by 2015.
2. The present composition of the Supervisory Board already adequately reflects the company's international operations. The Supervisory Board aims to maintain this and to continue to consider candidates in future nominations at the AGM who, by virtue of their background, education or profession, possess special international knowledge and experience.
3. Conflicts of interest amongst members of the Supervisory Board stand in the way of the independent and effective guidance and supervision of the Board of Management. The Supervisory Board decides in each individual case, within the scope of the law and in accordance with the German Corporate Governance Code, how to deal with potential or arising conflicts of interest.
4. In accordance with the age limit decided by the Supervisory Board and anchored in its rules of procedure, nominations for the election of Supervisory Board members will take into account the fact that the term of office is intended to end, at the latest, at the close of the duly convened AGM following the member's 72nd birthday.

The current composition of the Supervisory Board meets the abovementioned targets.

Stock option plans for members of the Board of Management and executives

Specific details of stock option plans and similar share-based incentive schemes offered by the company are given in the remuneration report and in the Notes to the Consolidated Financial Statements of Deutsche Post AG.

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Remuneration report

The remuneration report also forms part of the Group Management Report.

Remuneration structure of the Group Board of Management in financial year 2010

On the recommendation of the Executive Committee, the Supervisory Board in December 2009 held consultations on the remuneration system for the Board of Management, including the main contractual elements, and adapted it to the specifications of the *Gesetz zur Angemessenheit der Vorstandsvergütung* (VorstAG – German act on the appropriateness of management board remuneration). The Annual General Meeting of Deutsche Post AG approved the new remuneration system for members of the Board of Management on 28 April 2010 with 98.27% of the votes cast.

The Board of Management remuneration reflects the size and global reach of the company, its economic and financial situation and the roles fulfilled by and achievements of the individual members. It is set to ensure competitiveness with comparable German and international companies, thus incentivising the Board of Management members to deliver maximum performance and achieve results.

The remuneration paid to the Board of Management for 2010 is in line with standard market practice, appropriate to the tasks involved and designed to reward performance; it comprises non-performance-related, i.e., fixed, elements and variable, i.e., performance-related, elements, which include short, medium and long-term incentives.

Non-performance-related components are the annual base salary (fixed annual remuneration), fringe benefits and pension commitments. The annual base salary is paid in twelve equal monthly instalments retroactively at the end of each month. Fringe benefits mainly comprise the use of company cars, supplements for insurance premiums and special allowances and benefits for assignments outside the home country.

The variable remuneration components comprise one element linked to the company's annual performance (annual bonus), a portion of which is being converted to a medium-term component, and one long-term incentive component (the Long-Term Incentive Plan).

The amount of the component linked to the company's annual performance (the annual bonus) is set at the due discretion of the Supervisory Board on the basis of the company's performance. The individual annual bonus amounts reflect the extent to which predefined targets are achieved, missed or exceeded.

For all Board of Management members, the Group's EBIT after asset charge performance metric, including the asset charge on goodwill before goodwill impairment (EAC), is the main parameter used in this calculation. For the Board of Management members in charge of the MAIL, GLOBAL FORWARDING, FREIGHT, EXPRESS and SUPPLY CHAIN divisions, the EAC of their respective division is also a key parameter. Furthermore, an employee-related target is agreed on with all Board of Management members based on the annual employee opinion survey, as are additional targets.

Achievement of the upper targets for the financial year is rewarded with the maximum annual bonus, which may not exceed 100% of the annual base salary. If the targets specified for the financial year are only partially reached or completely missed, the annual bonus will be paid on a pro-rata basis or not at all. The Supervisory Board may also elect to award an appropriate special bonus for extraordinary achievement.

The annual bonus is not paid in full in a single instalment on the basis of having reached the agreed targets. Instead, 50% of the annual bonus flows into a medium-term component with a three-year calculation period (performance phase of one year, sustainability phase of two years). This medium-term component will be paid out after expiry of the sustainability phase subject to the condition that EAC, as an indicator of sustainability, is reached during the sustainability phase. Otherwise, payment of the medium-term component is forfeited without compensation. This demerit system puts greater emphasis on sustainable company development in determining management board remuneration and sets long-term incentives.

The medium-term component is applicable to all employment contracts and contract renewals entered into after the effective date of the VorstAG (5 August 2009). Moreover, all Board of Management members have approved amendments to their current Board of Management contracts stipulating that 25% of the annual bonus be transferred to the new medium-term components from 1 January 2010 until the cessation of the term of the respective contract.

Stock appreciation rights (SARS) are granted as a long-term remuneration component based on the Long Term Incentive Plan resolved by the Supervisory Board in 2006 (2006 LTIP).

Each SAR entitles the holder to receive a cash settlement equal to the difference between the average closing price of Deutsche Post shares for the five trading days preceding the exercise date and the exercise price of the SAR. In 2010, the members of the Board of Management each invested 10% of their annual base salary as a personal financial investment. The waiting period for the stock appreciation rights is four years from the date they were granted. After expiration of the waiting period and provided an absolute or relative performance target has been achieved, the SARS can be exercised wholly or partially for a period of two years. Any SAR not exercised during this two-year period will be forfeited.

To determine how many, if any, of the SARS granted can be exercised, the average share price or the average index value for the reference period is compared with that of the performance period. The reference period comprises the last 20 consecutive trading days prior to the issue date. The performance period is the last 60 trading days before the end of the waiting period. The average share price (closing price) is calculated as the average closing price of Deutsche Post shares in Deutsche Börse AG's Xetra electronic trading system.

A maximum of four out of every six SARS can be "earned" via the absolute performance target and a maximum of two via the relative performance target. If neither an absolute nor a relative performance target is met by the end of the waiting period, the SARS of the related tranche will expire and no replacement or compensation in any form will be provided.

One SAR is earned each time the closing price of Deutsche Post shares exceeds the issue price by at least 10%, 15%, 20% or 25%. The relative performance target is tied to the performance of the shares in relation to the STOXX Europe 600 Index (SXXP, ISIN EU0009658202). It is met if the share price equals the index performance during the performance period or if it outperforms the index by at least 10%.

Remuneration from stock appreciation rights is limited to 300% of the annual target cash compensation (annual base salary plus the annual target bonus). Moreover, it may be limited by the Supervisory Board in the event of extraordinary circumstances.

Provisions to cap severance payments pursuant to the Corporate Governance Code recommendation, change-of-control provisions and post-contractual non-compete clauses

In accordance with the recommendation of section 4.2.3 of the German Corporate Governance Code as amended on 26 May 2010, Board of Management contracts contain a provision stipulating that in the event of premature termination of a Board of Management member's contract without good cause, the severance payment may compensate no more than the remaining term of the contract. The severance payment is limited to a maximum amount of two years' remuneration including fringe benefits (severance payment cap).

In the event of a change in control, any member of the Board of Management is entitled to resign his office for good cause within a period of six months following the change in control, after giving three months' notice as at the end of the month, and to terminate his Board of Management contract (right to early termination).

The contractual provisions stipulate that a change of control exists if a shareholder has acquired control within the meaning of section 29 (2) of the *Wertpapiererwerbs- und Übernahmegesetz* (WpÜG – German securities acquisition and takeover act) via possession of at least 30% of the voting rights, including the voting rights attributable to such shareholder by virtue of acting in concert with other shareholders as set forth in section 30 of the WpÜG or if a control agreement has been concluded with the company as a dependent entity in accordance with section 291 of the *Aktiengesetz* (German stock corporation act) and such agreement has taken effect or if the company has merged with another legal entity outside of the Group pursuant to section 2 of the *Umwandlungsgesetz* (German reorganisation and transformation act), unless the value of such other legal entity as determined by the agreed conversion rate is less than 50% of the value of the company.

In the event that the right to early termination is exercised or a Board of Management contract is terminated by mutual consent within nine months of the change of control, the Board of Management member is entitled to payment to compensate the remaining term of his Board of Management contract. Such payment is limited to 150% of the severance payment cap pursuant to the recommendation of the German Corporate Governance Code. The amount of the payment is reduced by 25% if the Board of Management member has not reached the age of 60 upon leaving the company. If the remaining term of the Board of Management contract is less than two years and the Board of Management member has not reached the age of 62 upon leaving the company, the payment will correspond to the severance payment cap. The same applies if a Board of Management contract expires prior to the Board of Management member's reaching the age of 62 because less than nine months remained on the term of the contract at the time of the change of control and the contract was not renewed.

Board of Management members are also subject to a non-compete clause effective upon the cessation of their contracts. The previous two-year non-compete clause was reduced to one year starting in financial year 2010. During the non-compete period, former Board of Management members receive 100% (previously 50%) of their last contractually stipulated annual base salary on a pro rata basis as compensation each month. Any other income earned during the non-compete period is subtracted from the compensation paid. The amount of the compensation payment itself is deducted from any severance payments or pension payments. Prior to or concurrent with cessation of the Board of Management contract, the company may declare its waiver of adherence to the non-compete clause. In such case, the company will be released from the obligation to pay compensation due to a restraint on competition six months after receipt of such declaration. A non-compete clause effective for two years after the end of his contract was agreed with Lawrence Rosen. During this period, he will receive 75% of his last contractually stipulated annual base salary on a pro rata basis each month. Any other earned income will generally be deducted from the compensation paid during the non-compete period, provided such other income, together with the compensation payment, exceeds the last base salary paid on a monthly basis. No provisions have been made that would allow the company to unilaterally waive the non-compete clause.

Apart from the aforementioned arrangements, no member of the Board of Management has been promised any further benefits after leaving the company.

Amount of remuneration paid to active members of the Group Board of Management in financial year 2010

The remuneration paid to active members of the Board of Management in financial year 2010 totalled €11.97 million (previous year: €14.92 million). This amount comprised €7.07 million in non-performance-related components (previous year: €9.81 million) and €4.90 million in the performance-related component paid out (previous year: €5.11 million). An additional €1.79 million of the performance-related component was transferred to the medium-term component for payment in 2013 subject to the condition that the required EAC, as an indicator of sustainability, is reached.

The members of the Board of Management were granted a total of 1,875,000 SARS in financial year 2010 with a total value of €4.99 million (previous year: €7.25 million) at the time of issue (1 July 2010). The following table presents the total remuneration paid to active Board of Management members:

B.05 Remuneration paid to the Group Board of Management in 2010: cash components

€	Non-performance-related		Performance-related		
Board members	Annual base salary	Fringe benefits	Annual bonus paid	Total	Share of annual bonus transferred to medium-term component[2]
Dr Frank Appel, Chairman	1,661,973	48,452	1,246,480	2,956,905	415,493
Ken Allen	715,000	105,542	525,096	1,345,638	175,032
Bruce Edwards	860,000	94,898	643,646	1,598,544	214,549
Jürgen Gerdes	895,000	23,191	555,000	1,473,191	340,000
Lawrence Rosen[1]	860,000	20,476	645,000	1,525,476	215,000
Walter Scheurle	912,500	17,697	670,140	1,600,337	223,380
Hermann Ude	834,664	15,036	612,977	1,462,677	204,326

1) In financial year 2010, an additional €1,869,000 was paid out as part of the compensation for rights that lapsed as a result of his transfer to Deutsche Post AG. The compensation payment totalling €2.55 million is described in the remuneration report 2009.
2) This amount will be paid out in 2013 provided the sustainability indicator is fulfilled.

B.06 Remuneration paid to the Group Board of Management in 2010: share-based component with long-term incentive effect

€ Active board members	Number of SARS	Value of SARS on grant date (1 July 2010)	Change in value of total SARS granted from 2007 to 2010 on 31 Dec. 2010 compared with value on grant date
Dr Frank Appel, Chairman	375,000	997,500	−2,166,250
Ken Allen	250,000	665,000	−378,930
Bruce Edwards	250,000	665,000	−909,182
Jürgen Gerdes	250,000	665,000	−1,378,519
Lawrence Rosen	250,000	665,000	−130,300
Walter Scheurle	250,000	665,000	−1,783,700
Hermann Ude	250,000	665,000	−909,182

Remuneration paid to the Group Board of Management in the previous year (2009)

B.07 Remuneration paid to the Group Board of Management in 2009: cash components

€	Non-performance-related		Performance-related	
Board members	Annual base salary	Fringe benefits	Annual bonus	Total
Dr Frank Appel, Chairman	1,582,831	27,969	1,376,430	2,987,230
John Allan (until 30 June 2009)	564,375	353,658	490,781	1,408,814
Ken Allen (since 26 Feb. 2009)	602,217	84,677	562,953	1,249,847
Bruce Edwards	860,001	141,851	373,928	1,375,780
Jürgen Gerdes	787,500	27,972	639,529	1,455,001
John Mullen (until 24 Feb. 2009)	161,832	160,594	218,416	540,842
Walter Scheurle	860,000	22,656	747,856	1,630,512
Hermann Ude	715,000	15,322	455,670	1,185,992
Lawrence Rosen (since 1 Sept. 2009)	286,667	8,001	249,285	543,953

B.08 Remuneration paid to the Group Board of Management in 2009: share-based component with long-term incentive effect

€ Active board members	Number of SARs	Value of SARs on grant date (1 July 2009)	Change in value of total SARs granted from 2006 to 2009 on 31 Dec. 2009 compared with value on grant date
Dr Frank Appel, Chairman	360,000	1,450,800	–1,685,900
Ken Allen (since 26 Feb. 2009)	240,000	967,200	145,919
Bruce Edwards	240,000	967,200	–229,829
Jürgen Gerdes	240,000	967,200	–656,270
Walter Scheurle	240,000	967,200	–1,738,900
Hermann Ude	240,000	967,200	–122,943
Lawrence Rosen (since 1 Sept. 2009)	240,000	967,200	446,400

Pension commitments under the previous system

The members of the Board of Management have direct pension commitments on the basis of their individual contracts, providing for benefits in case of permanent disability, death or retirement. If the contract of a member ends after at least five years of service on the Board of Management, the entitlements he has acquired will vest. Members become entitled to benefits due to permanent disability after at least five years of service. Eligibility for retirement benefits begins at the earliest at the age of 55 or at the age of 62 in the case of Jürgen Gerdes. The members of the Board of Management may choose between annuity payments and a lump sum payment. The benefit amount depends on the pensionable income and the pension level derived from the years of service.

Pensionable income consists of the fixed annual remuneration (annual base salary) computed on the basis of the average salary over the last 12 calendar months of employment. Members of the Board of Management appointed for the first time between 2002 and 2007 attain a pension level of 25% after five years of service on the Board of Management. The maximum pension level of 50% is attained after ten years of service. For active Board of Management members appointed prior to 2002, the maximum pension level is 60%. Depending on the individual contractual arrangements, the pension level increases gradually based on either the period of service or the periods of appointment on the Board of Management. Subsequent pension benefits increase or decrease to reflect changes in the consumer price index in Germany.

B.09 Board of Management pension commitments under the previous system in financial year 2010: individual breakdown

	Pension commitments			
	Pension level on 31 Dec. 2010 %	Maximum pension level %	Service cost for pension obligation, financial year 2010 €	Present value (DBO) as at 31 Dec. 2010 €
Dr Frank Appel, Chairman	25	50	495,558	5,898,215
Jürgen Gerdes[1)]	0	50	139,017	2,798,820
Walter Scheurle	60	60	615,154	7,212,421
Total			**1,249,729**	**15,909,456**

1) Minimum period not yet complete. In the event of benefits being paid, the provisions of the previous system will apply.

B.10 Board of Management pension commitments under the previous system in the previous year (2009): individual breakdown

	Pension commitments			
	Pension level on 31 Dec. 2009 %	Maximum pension level %	Service cost for pension obligation, financial year 2009 €	Present value (DBO) as at 31 Dec. 2009 €
Dr Frank Appel, Chairman	25	50	415,539	4,787,292
Jürgen Gerdes[1)]	0	50	117,912	2,200,185
John Mullen (until 24 Feb. 2009)	45	50	674,211[2)]	9,648,104[2)]
Walter Scheurle	30	60	506,408	6,085,266
Total			**1,714,070**	**22,540,847**

1) Minimum period not yet complete. In the event of benefits being paid, the provisions of the previous system will apply.
2) Cost for the entire year.

Pension commitments under the new system

The pension commitment system was restructured in financial year 2008. Since 4 March 2008, newly appointed Board of Management members have received pension commitments based on a defined contribution plan rather than the previous commitments, which were based on final salary.

Under the defined contribution pension plan, the company credits an annual amount of 35% of the annual base salary (since 1 January 2010, previously 25%) to a virtual pension account for the Board of Management member concerned. The maximum contribution period is 15 years. Interest is paid on the pension capital at the rate applicable to pension provisions recognised for tax purposes until the pension is drawn or the Board of Management member leaves the company. The pension benefits are paid out in a lump sum in the amount of the value accumulated in the pension account. The benefits fall due when the Board of Management member reaches the age of 62 or in the case of invalidity or death whilst being employed. In the event of benefits falling due, the pension beneficiary may opt to receive an annuity payment in lieu of a lump sum payment. If this option is exercised, the capital is converted to an annuity payment on the basis of the relevant tax base, taking into account the individual data of the surviving dependants and a future pension increase of 1%. If the Board of Management member leaves the company before the benefits fall due, the pension account will be maintained at the balance existing at the time the member left the company. The account will no longer accrue interest and no further contributions will be paid.

This pension system is applicable to Board of Management members Ken Allen, Bruce Edwards, Lawrence Rosen and Hermann Ude. The pension commitment made to Hermann Ude contains an arrangement guaranteeing him a minimum benefit in the amount of the benefits payable to him had his former pension commitment been continued using the assessment basis applicable at the time of his appointment to the Board of Management.

B.11 Board of Management pension commitments under the new system in financial year 2010: individual breakdown

€	Total contribution for 2010	Present value (DBO) as at 31 Dec. 2010	Service cost for pension obligation, financial year 2010
Ken Allen	250,250	458,199	263,643
Bruce Edwards	301,000	804,427	320,152
Lawrence Rosen	301,000	1,367,910	321,947
Hermann Ude	250,250	1,140,262	267,532
Total		**3,770,798**	**1,173,274**

B.12 Board of Management pension commitments under the new system in the previous year (2009): individual breakdown

€	Total contribution for 2009	Present value (DBO) as at 31 Dec. 2009	Service cost for pension obligation, financial year 2009
Ken Allen[1)]	148,958[3)]	164,744	150,597[5)]
Bruce Edwards	215,000	432,345	221,591
Lawrence Rosen[2)]	871,667[4)]	950,626	70,234[5)]
Hermann Ude	178,750	787,389	177,182
Total		**2,335,104**	**619,604**

1) Member of the Board of Management since 26 February 2009. 2) Member of the Board of Management since 1 September 2009. 3) Pro-rata amount for 10 months. 4) Pro-rata amount for four months plus start-up capital of €800,000. 5) Notional amount as at 1 January 2009, calculated at an interest rate of 5.75%.

Benefits for former Board of Management members

Benefits paid to former members of the Board of Management or their surviving dependants amounted to €5.7 million in financial year 2010 (previous year: €8.1 million). The defined benefit obligations (DBO) for current pensions calculated under IFRSs amounted to €42.9 million (previous year: €26.1 million).

Supervisory Board remuneration

On 28 April 2010, the Annual General Meeting resolved to amend article 17 of the Articles of Association of Deutsche Post AG, which governs Supervisory Board remuneration, with retroactive effect as at 1 January 2010. The amendment rescinds the short-term performance-related component of the remuneration, which was based on consolidated net profit for the financial year in question. Variable remuneration is now based solely on long-term consolidated net profit and is thus more heavily geared towards sustainable corporate development. The fixed annual non-performance-related remuneration component has been gradually adjusted to the average figure for DAX 30 enterprises. For 2010, it amounted to €30,000 (previous year: €20,000) and since 1 January 2011, it has amounted to €40,000.

The variable remuneration component for financial year 2010, which is geared towards sustainable corporate development, will amount to €1,000 for each €0.02 by which the consolidated net profit per share for financial year 2012 exceeds the consolidated net profit per share for financial year 2009. This variable remuneration component will fall due for payment as at the end of the 2013 AGM. The variable remuneration component is subject to a cap equal to 50% of the fixed annual remuneration component.

The Supervisory Board chairman and the chairmen of Supervisory Board committees receive an additional 100% of the above remuneration and the deputy Supervisory Board chairman and committee members receive an additional 50%. This does not apply to the Mediation or Nomination Committees. Those who only serve on the Supervisory Board or its committees, or act as chairman or deputy chairman, for part of the year are remunerated on a pro-rata basis. The members of the Supervisory Board are entitled to compensation for out-of-pocket cash expenses incurred in the exercise of their office. Any value added tax charged on Supervisory Board remuneration or out-of-pocket expenses is reimbursed. In addition, Supervisory Board members receive an attendance allowance of €1,000 (previous year: €500) for each plenary meeting of the Supervisory Board or committee meeting that they attend.

The remuneration for 2010 totalled €1,097,000 (previous year: €756,763). The following table shows the remuneration paid to each Supervisory Board member:

B.13 Remuneration paid to Supervisory Board members in 2010

Board members	Fixed component	Attendance allowance	Total
Prof. Dr Wulf von Schimmelmann (Chairman)	105,000	16,000	121,000
Andrea Kocsis (Deputy Chairwoman)	90,000	12,000	102,000
Wolfgang Abel	45,000	12,000	57,000
Willem van Agtmael	30,000	4,000	34,000
Rolf Bauermeister	45,000	8,000	53,000
Hero Brahms	60,000	12,000	72,000
Heinrich Josef Busch	30,000	4,000	34,000
Werner Gatzer	60,000	14,000	74,000
Annette Harms (until 6 October 2010)	23,750	3,000	26,750
Prof. Dr Henning Kagermann	30,000	4,000	34,000
Thomas Koczelnik	60,000	16,000	76,000
Anke Kufalt	30,000	3,000	33,000
Roland Oetker	60,000	13,000	73,000
Harry Roels	30,000	4,000	34,000
Andreas Schädler	30,000	4,000	34,000
Sabine Schielmann (since 27 October 2010)	6,250	1,000	7,250
Dr Ulrich Schröder	30,000	4,000	34,000
Dr Stefan Schulte	45,000	10,000	55,000
Helga Thiel	45,000	12,000	57,000
Elmar Toime	30,000	4,000	34,000
Stefanie Weckesser	45,000	7,000	52,000

For financial year 2008, the former remuneration system provides for annual performance-related remuneration with a long-term incentive effect of €300 for every 3% by which the consolidated net profit per share for financial year 2010 exceeds the consolidated net profit per share for financial year 2007. In order for this remuneration component to increase (previous year: no payment), the consolidated revenue for 2010 would have had to have exceeded the consolidated revenue for 2007. Since this requirement was not met, no performance-related remuneration with long-term incentive effect will be paid.

B.14 Remuneration paid to Supervisory Board members in 2009

Board members	Fixed component	Attendance allowance	Short-term variable remuneration	Total
Prof. Dr Wulf von Schimmelmann (Chairman, since 1 January 2009)	70,000	11,000	1,050	**82,050**
Andrea Kocsis (Deputy Chairwoman)	60,000	10,000	900	**70,900**
Wolfgang Abel	30,000	8,000	450	**38,450**
Willem van Agtmael	20,000	3,500	300	**23,800**
Rolf Bauermeister	30,000	9,000	450	**39,450**
Hero Brahms	40,000	9,500	600	**50,100**
Heinrich Josef Busch	20,000	3,500	300	**23,800**
Werner Gatzer	40,000	11,000	600	**51,600**
Annette Harms	20,000	4,000	300	**24,300**
Prof. Dr Henning Kagermann (since 18 February 2009)	17,500	3,500	263	**21,263**
Thomas Koczelnik	40,000	9,000	600	**49,600**
Prof. Dr Ralf Krüger (until 21 April 2009)	11,667	3,000	175	**14,842**
Anke Kufalt	20,000	4,000	300	**24,300**
Roland Oetker	37,083	7,000	556	**44,640**
Harry Roels	20,000	4,000	300	**24,300**
Andreas Schädler	20,000	4,000	300	**24,300**
Dr Ulrich Schröder	20,000	3,000	300	**23,300**
Dr Stefan Schulte (since 21 April 2009)	21,250	4,000	319	**25,569**
Helga Thiel	30,000	8,000	450	**38,450**
Elmar Toime	20,000	3,500	300	**23,800**
Stefanie Weckesser	30,000	7,500	450	**37,950**

C

CONSOLIDATED FINANCIAL STATEMENTS

DHL

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DHL is the world's largest provider of air freight services, the number two for ocean freight services and one of the leading overland freight forwarders in Europe, the Middle East and North Africa. We develop customised transport solutions, provide capacity and co-ordinate the transport of goods and information in more than 150 countries.
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C.01 INCOME STATEMENT

1 January to 31 December

€m	Note	2009	2010
Continuing operations			
Revenue	11	46,201	51,481
Other operating income	12	2,141	2,217
Total operating income		48,342	53,698
Materials expense	13	–25,774	–29,473
Staff costs	14	–17,021	–16,609
Depreciation, amortisation and impairment losses	15	–1,620	–1,296
Other operating expenses	16	–3,696	–4,485
Total operating expenses		–48,111	–51,863
Profit from operating activities (EBIT)		**231**	**1,835**
Net income from associates	17	28	56
Other financial income		1,885	2,251
Other finance costs		–1,857	–1,335
Foreign currency result		–11	17
Net other financial income	18	17	933
Net financial income		45	989
Profit before income taxes		276	2,824
Income taxes	19	–15	–194
Profit from continuing operations	20	**261**	**2,630**
Discontinued operations			
Profit from discontinued operations	21	432	0
Consolidated net profit for the period	22	**693**	**2,630**
attributable to Deutsche Post AG shareholders		644	2,541
attributable to non-controlling interests	23	49	89
Basic earnings per share (€)	24	**0.53**	**2.10**
of which continuing operations (€)		0.17	2.10
discontinued operations (€)		0.36	0.00
Diluted earnings per share (€)	24	**0.53**	**2.10**
of which continuing operations (€)		0.17	2.10
discontinued operations (€)		0.36	0.00

C.02 STATEMENT OF COMPREHENSIVE INCOME

1 January to 31 December

€m

	Note	2009	2010
Consolidated net profit for the period		693	2,630
Currency translation reserve			
Changes from unrealised gains and losses		165	522
Changes from realised gains and losses		31	20
Other changes in retained earnings			
Changes from unrealised gains and losses		0	1
Changes from realised gains and losses		0	0
Hedging reserve in accordance with IAS 39			
Changes from unrealised gains and losses		3	–67
Changes from realised gains and losses		–49	109
Revaluation reserve in accordance with IAS 39			
Changes from unrealised gains and losses		366	6
Changes from realised gains and losses		–256	–16
Revaluation reserve in accordance with IFRS 3			
Changes from unrealised gains and losses		0	–1
Changes from realised gains and losses		0	0
Income taxes relating to components of other comprehensive income	19	0	1
Share of other comprehensive income of associates (after tax)		123	93
Other comprehensive income (after tax)		**383**	**668**
Total comprehensive income		**1,076**	**3,298**
attributable to Deutsche Post AG shareholders		1,070	3,197
attributable to non-controlling interests		6	101

C.03 BALANCE SHEET

€m

	Note	31 Dec. 2009	31 Dec. 2010
ASSETS			
Intangible assets	26	11,534	11,848
Property, plant and equipment	27	6,220	6,130
Investment property	28	32	37
Investments in associates	29	1,772	1,847
Non-current financial assets	30	1,448	3,193
Other non-current assets	31	348	465
Deferred tax assets	32	668	973
Non-current assets		**22,022**	**24,493**
Inventories	33	226	223
Income tax assets	34	196	223
Receivables and other current assets	35	7,157	8,641
Current financial assets	36	1,894	655
Cash and cash equivalents	37	3,064	3,415
Assets held for sale	38	179	113
Current assets		**12,716**	**13,270**
Total ASSETS		**34,738**	**37,763**
EQUITY AND LIABILITIES			
Issued capital	39	1,209	1,209
Other reserves	40	869	1,535
Retained earnings	41	6,098	7,767
Equity attributable to Deutsche Post AG shareholders	42	8,176	10,511
Non-controlling interests	43	97	185
Equity		**8,273**	**10,696**
Provisions for pensions and similar obligations	44	4,574	4,513
Deferred tax liabilities	32	182	215
Other non-current provisions	45	2,275	2,440
Non-current provisions		7,031	7,168
Non-current financial liabilities	46	6,699	6,275
Other non-current liabilities	47	372	401
Non-current liabilities		7,071	6,676
Non-current provisions and liabilities		**14,102**	**13,844**
Current provisions	45	2,646	2,259
Current financial liabilities	46	740	747
Trade payables	48	4,861	5,707
Income tax liabilities	34	292	463
Other current liabilities	47	3,674	4,047
Liabilities associated with assets held for sale	38	150	0
Current liabilities		9,717	10,964
Current provisions and liabilities		**12,363**	**13,223**
Total EQUITY AND LIABILITIES		**34,738**	**37,763**

C.04 CASH FLOW STATEMENT

1 January to 31 December

€m	Note	2009 adjusted[1]	2010
Profit before income taxes		276	2,824
Net other financial income		−17	−933
Net income from associates		−28	−56
Profit from operating activities (EBIT)		231	1,835
Depreciation, amortisation and impairment losses		1,620	1,296
Net loss from disposal of non-current assets		67	279
Non-cash income and expense		128	27
Change in provisions		−890	−953
Change in other non-current assets and liabilities		−54	−74
Income taxes paid		−339	−301
Net cash from operating activities before changes in working capital		**763**	**2,109**
Changes in working capital			
Inventories		47	1
Receivables and other current assets		778	−1,258
Liabilities and other items		−344	1,075
Net cash from operating activities due to continuing operations		**1,244**	**1,927**
Net cash used in operating activities due to discontinued operations		−1,828	0
Total net cash used in/from operating activities	49.1	−584	1,927
Subsidiaries and other business units		−8	−265
Property, plant and equipment and intangible assets		217	198
Other non-current financial assets		334	55
Proceeds from disposal of non-current assets		543	−12
Subsidiaries and other business units		−41	−74
Property, plant and equipment and intangible assets		−1,174	−1,174
Other non-current financial assets		−229	−28
Cash paid to acquire non-current assets		−1,444	−1,276
Interest received		103	55
Dividend received		0	4
Current financial assets		−659	1,237
Net cash used in/from investing activities due to continuing operations		**−1,457**	**8**
Net cash used in investing activities due to discontinued operations		−1,253	0
Total net cash used in/from investing activities	49.2	−2,710	8
Proceeds from issuance of non-current financial liabilities		3,981	20
Repayments of non-current financial liabilities		−587	−597
Change in current financial liabilities		−548	−64
Other financing activities		−115	54
Proceeds from transactions with non-controlling interests		0	0
Cash paid for transactions with non-controlling interests		−12	−73
Dividend paid to Deutsche Post AG shareholders		−725	−725
Dividend paid to non-controlling interest holders		−34	−73
Purchase of treasury shares		0	−10
Interest paid		−291	−183
Net cash from/used in financing activities due to continuing operations		**1,669**	**−1,651**
Net cash from financing activities due to discontinued operations		7	0
Total net cash from/used in financing activities	49.3	1,676	−1,651
Net change in cash and cash equivalents		−1,618	284
Effect of changes in exchange rates on cash and cash equivalents		20	67
Changes in cash and cash equivalents associated with assets held for sale		0	0
Changes in cash and cash equivalents due to changes in consolidated group		0	0
Cash and cash equivalents at beginning of reporting period		4,662	3,064
Cash and cash equivalents at end of reporting period	49.4	**3,064**	**3,415**

1) Note 5.

C.05 STATEMENT OF CHANGES IN EQUITY

1 January to 31 December

€m	Issued capital	Other reserves: Capital reserves	Other reserves: IAS 39 reserves	Other reserves: IFRS 3 revaluation reserve	Other reserves: Currency translation reserve	Retained earnings	Equity attributable to Deutsche Post AG shareholders	Non-controlling interests	Total equity
Note	39	40	40	40	40	41	42	43	
Balance at 1 January 2009	1,209	2,142	–314	8	–1,397	6,178	7,826	2,026	9,852
Capital transactions with owner									
Dividend	0	0	0	0	0	–725	–725	–39	–764
Changes in non-controlling interests due to changes in consolidated group	0	0	0	0	0	0	0	–1,896	–1,896
Share Matching Scheme (issuance)	0	5	0	0	0	0	5	0	5
							–720	–1,935	–2,655
Total comprehensive income									
Consolidated net profit for the period	0	0	0	0	0	644	644	49	693
Currency translation differences	0	0	0	0	182	0	182	7	189
Other changes	0	0	244	–1	0	1	244	–50	194
							1,070	6	1,076
Balance at 31 December 2009	**1,209**	**2,147**	**–70**	**7**	**–1,215**	**6,098**	**8,176**	**97**	**8,273**
Balance at 1 January 2010	1,209	2,147	–70	7	–1,215	6,098	8,176	97	8,273
Capital transactions with owner									
Dividend	0	0	0	0	0	–725	–725	–67	–792
Transactions with non-controlling interests	0	0	0	0	0	–147	–147	54	–93
Changes in non-controlling interests due to changes in consolidated group	0	0	0	0	0	0	0	0	0
Purchase of treasury shares	–1	0	0	0	0	–9	–10	0	–10
Share Matching Scheme (issuance)	0	20	0	0	0	0	20	0	20
Share Matching Scheme (exercise)	1	–9	0	0	0	8	0	0	0
							–862	–13	–875
Total comprehensive income									
Consolidated net profit for the period	0	0	0	0	0	2,541	2,541	89	2,630
Currency translation differences	0	0	0	0	533	0	533	12	545
Other changes	0	0	123	–1	0	1	123	0	123
							3,197	101	3,298
Balance at 31 December 2010	**1,209**	**2,158**	**53**	**6**	**–682**	**7,767**	**10,511**	**185**	**10,696**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF DEUTSCHE POST AG

BASIS OF PREPARATION

1 Basis of accounting

As a listed company, Deutsche Post AG prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the provisions of commercial law to be additionally applied in accordance with section 315a (1) of the *Handelsgesetzbuch* (HGB – German commercial code). The financial statements represent an annual financial report within the meaning of the *Transparenzrichtlinie-Umsetzungsgesetz* (TUG – Transparency directive implementing act) (section 37v of the *Wertpapierhandelsgesetz* (WpHG – German securities trading act)) dated 5 January 2007.

The requirements of the Standards applied have been satisfied in full, and the consolidated financial statements therefore provide a true and fair view of the Group's net assets, financial position and results of operations.

The consolidated financial statements consist of the income statement and the statement of comprehensive income, the balance sheet, the cash flow statement, the statement of changes in equity and the Notes. In order to improve the clarity of presentation, various items in the balance sheet and in the income statement have been combined. These items are disclosed and explained separately in the Notes. The income statement has been classified in accordance with the nature of expense method.

The accounting policies, as well as the explanations and disclosures in the Notes to the IFRS consolidated financial statements for financial year 2010, are generally based on the same accounting policies used in the 2009 consolidated financial statements. Exceptions to this are the changes in international financial reporting under the IFRSs described in Note 4 that have been required to be applied by the Group since 1 January 2010 and the adjustment of prior-period amounts cited in Note 5. The accounting policies are explained in Note 7.

The financial year of Deutsche Post AG and its consolidated subsidiaries is the calendar year. Deutsche Post AG, whose registered office is in Bonn, Germany, is entered in the commercial register of Bonn Local Court.

These consolidated financial statements were authorised for issue by a resolution of the Board of Management of Deutsche Post AG dated 18 February 2011.

The consolidated financial statements are prepared in euros (€). Unless otherwise stated, all amounts are given in millions of euros (€ million, €m).

2 Consolidated group

In addition to Deutsche Post AG, the consolidated financial statements for the period ended 31 December 2010 include all German and foreign companies in which Deutsche Post AG directly or indirectly holds a majority of voting rights, or whose activities it can control in some other way. The companies are consolidated from the date on which the Group is able to exercise control.

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

Consolidated group

	2009	2010
Number of fully consolidated companies (subsidiaries)		
German	79	80
Foreign	791	747
Number of proportionately consolidated joint ventures		
German	1	1
Foreign	18	16
Number of companies accounted for using the equity method (associates)		
German	29	28
Foreign	23	31

The complete list of the Group's shareholdings in accordance with section 313 (2) nos. 1 to 4 and (3) of the HGB can be found in Note 60.

Purchase price allocation

No significant acquisitions that require separate presentation were made in financial year 2010.

Final purchase price allocation for the US company Polar Air Cargo Worldwide, Inc. (Polar Air) was performed in financial year 2009.

Net assets of Polar Air Cargo

€m

	Fair value
ASSETS	
Non-current assets	1
Current assets	96
Cash and cash equivalents	41
	138
EQUITY AND LIABILITIES	
Non-current liabilities	1
Current liabilities	103
	104
Net assets acquired	**34**

Initial consolidation resulted in goodwill of €100 million.

Insignificant acquisitions

The following table presents the acquisitions of subsidiaries in financial year 2010 that did not have any material effect on the Group's net assets, financial position and results of operations either individually or in the aggregate.

Insignificant acquisitions 2010

€m 1 January to 31 December	Carrying amount	Adjustments	Fair value
ASSETS			
Non-current assets	0	–	0
Current assets	1	–	1
Cash and cash equivalents	0	–	0
	1	–	1
EQUITY AND LIABILITIES			
Non-current liabilities and provisions	0	–	0
Current liabilities and provisions	0	–	0
	0	–	0
Net assets			1

Goodwill 2010

€m	Fair value
Acquisition cost	23
Less net assets	1
Full goodwill	22
Less non-controlling interests[1]	2
Goodwill	20

1) Non-controlling interests were recognised at the carrying amount.

The companies had no material effect on consolidated revenue or consolidated EBIT. There would have been no change if the companies had been included as at January 2010.

The following table shows the insignificant acquisitions in the previous year.

Insignificant acquisitions 2009

€m 1 January to 31 December	Carrying amount	Adjustments	Fair value
ASSETS			
Non-current assets	5	–	5
Current assets	9	–	9
Cash and cash equivalents	5	–	5
	19	–	19
EQUITY AND LIABILITIES			
Non-current liabilities and provisions	0	–	0
Current liabilities and provisions	15	–	15
	15	–	15
Net assets			4

Goodwill 2009

€m	Fair value
Acquisition cost	50
Less net assets	4
Full goodwill	46
Less non-controlling interests[1]	19
Goodwill	27

1) Non-controlling interests were recognised at the carrying amount.

The insignificant acquisitions in financial year 2009 contributed a total of €26 million to consolidated revenue and €–11 million to consolidated EBIT. If all the companies had been acquired as at 1 January 2009, the amounts would have changed only insignificantly.

A total of €23 million was spent in financial year 2010 on acquiring subsidiaries and €51 million for subsidiaries acquired in previous years (previous year (adjusted): €45 million; see Note 5). The purchase prices of the acquired companies were paid in cash. Further information about cash flows can be found in Note 49.

Disposal and deconsolidation effects

The following table shows the disposal and deconsolidation effects of companies and business areas in financial year 2010. DHL Express (UK) Ltd., UK, sold its day-definite domestic business in March. €12 million in expenses was recognised by DHL Express UK pro rata from the currency translation reserve. In April, DHL Supply Chain Austria sold parts of its contract logistics operations (frozen and chilled food logistics). The sale of the day-definite domestic business of DHL Express (France) SAS, France, and of the champagne business of DHL Freight France, was completed in June. The disposal effects attributable to Fulfilment Plus GmbH, Germany, Exel Delamode Logistics SRL, Romania, and Innogistics LLC, USA, are presented in the Miscellaneous column. The deconsolidations resulted in an aggregate loss of €288 million, which is reported under other operating expenses.

Disposal and deconsolidation effects 2010

€m 1 January to 31 December	DHL Express UK	DHL Express France; DHL Freight France	DHL Supply Chain Austria	Miscellaneous	Total
Disposal effects					
Non-current assets	0	1	37	1	39
Current assets	0	0	36	0	36
Assets held for sale[1]	54	69	0	5	128
Cash and cash equivalents	0	0	7	0	7
Non-current liabilities and provisions	0	0	19	0	19
Current liabilities and provisions	0	0	47	0	47
Liabilities associated with assets held for sale[1]	39	91	0	2	132
Net assets	**15**	**–21**	**14**	**4**	**12**
Total consideration received	–26	–243	1	4	–264
Deconsolidation gain (+)/loss (–)	**–53**	**–222**	**–13**	**0**	**–288**

1) Data before deconsolidation.

In the prior-year period, the sale of the 22.9% interest in Deutsche Postbank AG resulted in a deconsolidation gain of €444 million, which is reported under profit from discontinued operations. The expenses reported in other comprehensive income in the amount of €277 million from the IAS 39 revaluation reserve, the related tax income of €87 million and expenses in the amount of €31 million from the currency translation reserve were realised in profit or loss. DHL Global Mail Services SAS, France, DHL Container Logistics UK Ltd., UK, and 4C Associates Ltd., UK, were also sold, resulting in an aggregate deconsolidation loss of €22 million.

Disposal and deconsolidation effects 2009

€m 1 January to 31 December	Deutsche Postbank Group	Other companies	Total
Disposal effects			
Non-current assets	0	26	26
Current assets	0	48	48
Assets held for sale[1]	243,684	0	243,684
Cash and cash equivalents	0	7	7
Provisions	0	4	4
Trade payables and other liabilities	0	43	43
Financial liabilities	0	9	9
Liabilities associated with assets held for sale[1]	238,734	0	238,734
Net assets	**4,950**	**25**	**4,975**
Total consideration received	1,194	3	1,197
Deconsolidation gain (+)/loss (–)	**444**	**–22**	**422**

1) Data before deconsolidation.

PLANNED SALE OF DEUTSCHE POSTBANK GROUP

On 25 February 2009, Deutsche Bank AG received a 22.9% interest in Deutsche Postbank AG from Deutsche Post DHL in return for 50 million Deutsche Bank shares from a capital increase. The Deutsche Bank AG share package was sold on the market in the period up to the beginning of July 2009. 25 million shares were fully collateralised using a forward and call/put transaction. The additional proceeds generated from this transaction are due to Deutsche Bank AG and have been deposited with Deutsche Bank AG as collateral. Settlement for the derivatives and thus the release of the collateral will take place upon exercise of the mandatory exchangeable bond in 2012; see Note 3. The sale of the interest in Deutsche Postbank AG affected earnings in 2009 by €571 million. Of this amount, €444 million is due to the deconsolidation gain. The remaining 39.5% interest in Deutsche Postbank AG is reported as an equity-accounted investment under investments in associates. The effects of the planned Postbank sale are as follows:

Effects of the planned Postbank sale

€m	2009	2010
BALANCE SHEET		
Investments in associates	1,705	1,797
Non-current financial assets	789	2,509
Financial liabilities	4,012	4,164
INCOME STATEMENT		
Net income from associates	19	52
Net other financial income	632	1,517
Profit from discontinued operations	432	0

As part of the planned sale of Deutsche Postbank shares, an additional interest of 27.4% will be transferred to Deutsche Bank AG after three years, in February 2012, when a mandatory exchangeable bond on Postbank shares becomes due (second tranche). The mandatory exchangeable bond was issued by Deutsche Post AG in

February 2009 and was fully subscribed by Deutsche Bank AG. The bond will be exercised through the transfer of 60 million Deutsche Postbank AG shares. As at 31 December 2010, the non-current liability amounted to around €2.6 billion plus accrued interest expense. In a third tranche, Deutsche Post AG and Deutsche Bank AG have agreed on options for the possible sale/purchase of a further 12.1% of the Postbank shares. The exercise period for the options commences on the first working day after the exercise of the mandatory exchangeable bond and ends in February 2013. The options are reported under non-current financial assets and non-current financial liabilities. Deutsche Bank AG provided collateral in the amount of around €1.2 billion for the purchase price of the remaining 12.1% of Postbank shares, which is recognised in non-current financial liabilities along with the interest expense.

Joint ventures

The following table provides information about the balance sheet and income statement items attributable to the significant joint ventures included in the consolidated financial statements:

As at 31 December

€m	2009[1]	2010[1]
BALANCE SHEET		
Intangible assets	82	97
Property, plant and equipment	24	20
Receivables and other assets	50	64
Cash and cash equivalents	11	16
Trade payables, other liabilities	50	68
Provisions	4	12
Financial liabilities	62	63
INCOME STATEMENT		
Revenue[2]	211	260
Profit from operating activities (EBIT)	8	13

1) Proportionate single-entity financial statement data.
2) Revenue excluding intra-group revenue.

The consolidated joint ventures relate primarily to Express Couriers Ltd., New Zealand; Express Couriers Australia Pty Ltd., Australia; AeroLogic GmbH, Germany; and Bahwan Exel LLC, Oman.

3 Significant transactions

Effective 1 January 2010, the IASB clarified the scope exemption in IAS 39.2 (g) with regard to the maturity of transactions related to the sale of shares required for settlement. Forward transactions no longer fall under the exemption provided by IAS 39.2 (g) if it is clear upon the conclusion of a contract that the settlement of such transactions exceeds the time required. For the presentation of the planned Postbank sale, this means that the forward transaction embedded in the mandatory exchangeable bond, which was previously not recognised, must now be recognised. The forward transaction was recognised in profit or loss as at 1 January 2010 at its fair value of €1,453 million. The value of the forward transaction increased to €1,653 million as at 31 December 2010. Changes in this fair value at the subsequent reporting dates may continue to affect net finance costs/net financial income; Note 18. Further details on the accounting treatment of the investment in Deutsche Postbank AG in financial year 2010 can be found in Notes 46, 50.

4 New developments in international accounting under the IFRSs

The following Standards, changes to Standards and Interpretations are required to be applied on or after 1 January 2010:

	Significance
IFRS 3 (Business Combinations) and IAS 27 (Consolidated and Separate Financial Statements)	relevant
Improvements to IFRSs (2009)	relevant
IAS 39 (Financial Instruments: Recognition and Measurement)	relevant
IFRS 1 (First-time Adoption of International Financial Reporting Standards) (Amendment)	irrelevant
IFRS 2 (Share-based Payment)	irrelevant
IFRS for Small and Medium-sized Enterprises (IFRS for SMEs)	irrelevant
IFRIC 12 (Service Concession Arrangements)	irrelevant
IFRIC 15 (Agreements for the Construction of Real Estate)	irrelevant
IFRIC 17 (Distributions of Non-cash Assets to Owners)	irrelevant
IFRIC 18 (Transfers of Assets from Customers)	irrelevant

The revised versions of IFRS 3 (Business Combinations) and IAS 27 (Consolidated and Separate Financial Statements) contain the following key changes: an option is introduced in the case of accounting for acquisitions of less than 100% of the shares of an entity. This allows non-controlling interests to be measured either at their fair value (full goodwill method) or at the fair value of the proportionate net assets identified. Once control is acquired, acquisition-related costs are no longer capitalised, but recognised in full as expenses. In addition, increases in majority interests and partial disposals of shares where control is retained are accounted for as equity transactions with owners, and gains or losses are not recognised. In this case, transaction costs must also be recognised exclusively in other comprehensive income. The revision of the Standard also amended the treatment of contingent consideration to the extent that it is now recognised at fair value at the date of initial consolidation regardless of its likelihood of occurrence. Application of the amendments is mandatory for business combinations in financial years beginning on or after 1 July 2009. Since financial year 2010, business combinations have been treated in accordance with the two amended Standards, with a corresponding effect on the consolidated financial statements. In this context, the corresponding provisions of IAS 7 (Statement of Cash Flows) were also amended; Note 5.

As a result of amendments contained in the Annual Improvements to IFRSS that became effective as at 1 January 2010, the clarification of the scope exemption in IAS 39.2 (g) in particular had a significant effect on Deutsche Post DHL's consolidated financial statements. The forward transaction (planned sale of Postbank shares) embedded in the mandatory exchangeable bond was recognised in profit or loss effective 1 January 2010 and will be measured at fair value in subsequent periods, as the maturity of transactions related to the sale of Postbank shares required for settlement exceeds the time required; Note 3.

On 31 July 2008, amendments to IAS 39 (Financial Instruments: Recognition and Measurement) entitled Eligible Hedged Items were issued. Amongst other things, the amendments clarify how option contracts that are used as hedging instruments must be accounted for in order to be classified as highly effective during effectiveness testing. The amendments must be applied retrospectively for annual periods beginning on or after 1 July 2009. The effects on the consolidated financial statements are insignificant.

New accounting pronouncements adopted by the EU required to be applied in future

The following Standards, changes to Standards and Interpretations have already been endorsed by the European Union. However, they will only be required to be applied in the future.

	Required to be applied for financial years beginning on or after	Significance
IAS 24 (Related Party Disclosures)	1 January 2011	Early application of partial exemption; relevant
IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments)	1 July 2010	relevant
IFRIC 14 (Prepayments of a Minimum Funding Requirement)	1 January 2011	relevant
IAS 32 (Financial Instruments: Presentation)	1 February 2010	irrelevant

On 4 November 2009, the IASB issued the revised Standard IAS 24 (Related Party Disclosures). The amendments primarily comprise a modified definition of the term "related party" and the introduction of a partial exemption from the disclosure requirements for government-related entities. In addition, the amendments make clear that executory contracts are also reportable transactions. The revised version of IAS 24 is required to be applied for the first time for financial years beginning on or after 1 January 2011. Earlier application is permitted, either of the whole Standard or of the partial exemption for government-related entities. The amendment results in additional disclosure requirements. Deutsche Post DHL applied the partial exemption early as at 31 December 2010.

IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments) clarifies how to account for equity instruments if an entity renegotiates the terms of a financial liability and issues equity instruments to fully or partially extinguish the financial liability. The guidance is required to be applied for financial years beginning on or after 1 July 2010. The effects on the consolidated financial statements are insignificant.

The amendments to IFRIC 14 (Prepayments of a Minimum Funding Requirement) are relevant if a pension plan provides for a minimum funding requirement and the entity makes prepayments towards this. In comparison with the existing rules, the economic benefit of prepayments by an entity that reduce future contributions due to the minimum funding requirement is recognised as an asset. The amendments are required to be applied from the beginning of the earliest comparative period presented in the first financial statements in which the entity applies this Interpretation. Adjustments resulting from the application of the amendments must be recognised in retained earnings in the opening balance sheet for this comparative period. The amendments are required to be applied for financial years beginning on or after 1 January 2011. Voluntary earlier application is permitted. The application of the amended Interpretation will have no effect on the consolidated financial statements.

On 8 October 2009, the IASB issued an amendment to IAS 32 (Financial Instruments: Presentation) on the classification of rights issues. This supplements IAS 32 to the effect that rights, options and warrants on a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if they are offered pro rata to all existing owners of the same class of equity instruments. The amendment is required to be applied for financial years beginning on or after 1 February 2010. Earlier application is permitted. The amendments have no effects on the consolidated financial statements.

New accounting requirements not yet adopted by the EU (endorsement procedure)

The IASB and the IFRIC issued further Standards and Interpretations in financial year 2010 and in previous years whose application is not yet mandatory for financial year 2010. The application of these IFRSs is dependent on their adoption by the EU.

	Issue date	Required to be applied for financial years beginning on or after	Significance
IFRS 9 (Financial Instruments)	12 November 2009	1 January 2013	under review
IFRS 7 (Financial Instruments: Disclosures) (Amendments)	7 October 2010	1 July 2011	under review
Improvements to IFRSs (2010)	6 May 2010	1 July 2010	under review

On 12 November 2009, the IASB issued IFRS 9 (Financial Instruments), the objective of which is to lay down principles for the classification and measurement of financial instruments. IFRS 9 initially introduces new guidance for the classification and measurement of financial assets. Additional guidance on the recognition, classification and measurement of liabilities was issued by the IASB on 28 November 2010. The exposure drafts on Amortised Cost and Impairment dated 5 November 2009 and Hedge Accounting dated 9 December 2010 are currently being discussed with the aim of including both drafts in IFRS 9 following final discussion and hence of replacing IAS 39. This guidance is required to be applied retrospectively for the first time for financial years beginning on or after 1 January 2013. Earlier application is permitted. The EU has not yet decided whether to endorse this Standard. The corresponding effects on the Group of the parts of IFRS 9 that have already been issued are being assessed.

On 7 October 2010, the IASB issued amendments to IFRS 7 (Financial Instruments: Disclosures). These relate to disclosure requirements in connection with transfers of financial assets. The amendment of this Standard will lead to extensive disclosures on rights and obligations that may be retained or assumed in a transaction. The amendments to IFRS 7 are required to be applied for financial years beginning on or after 1 July 2011. No comparative figures are necessary in the first year of application. The effects on the Group are currently being assessed.

On 6 May 2010, the IASB issued its minor annual Improvements to IFRSs. A large proportion of the changes are required to be applied retrospectively for the first time for financial years beginning on or after 1 January 2011. However, the following amendment to IFRS 3 (Business Combinations) is required to be applied for financial years beginning on or after 1 July 2010, although voluntary earlier application is permitted. The revision of IFRS 3 (Business Combinations) significantly amended the treatment of contingent consideration to the extent that this is now recognised at fair value at the date of initial consolidation regardless of its likelihood of occurrence. For this reason, contingent consideration is no longer exempted from the scope of IFRS 7 (Financial Instruments: Disclosures), IAS 32 (Financial Instruments: Presentation) and IAS 39 (Financial Instruments: Recognition and Measurement). However, in order to clarify that these IFRSs are not applicable to contingent purchase price payments in business combinations whose acquisition date is before the initial application date of the revised IFRS 3, the rules governing the effective date of the amendments resulting from the revision of IFRS 3 were adjusted to this effect. In addition, the transitional provisions in IFRS 3 were extended to include the accounting requirements in the superseded IFRS 3 that remain applicable to these contingent purchase price payments. Overall, therefore, the amendments clarify that the new rules on contingent consideration in the revised IFRS 3 are not required to be applied retrospectively to legacy cases. The EU has not yet endorsed the amendments.

5 Adjustment of prior-period amounts

Cash flow statement

In connection with the amendments to IAS 27 and IFRS 3 effective 1 January 2010 and required to be applied prospectively, IAS 7 was also amended with regard to the presentation of proceeds from disposals of non-current assets or cash paid to acquire non-current assets (in this case: subsidiaries and other companies) in the cash flow statement. However, the IAS 7 amendment is required to be applied retrospectively. The prior-year figures were adjusted accordingly.

Adjustment of the cash flow statement

€m	2009	Adjustments	2009 adjusted
Net cash used in investing activities			
Cash paid to acquire non-current assets			
Subsidiaries and other business units	–53	12	**–41**
Net cash from financing activities			
Cash paid for transactions with non-controlling interests	0	–12	**–12**

6 Currency translation

The financial statements of consolidated companies prepared in foreign currencies are translated into euros (€) in accordance with IAS 21 using the functional currency method. The functional currency of foreign companies is determined by the primary economic environment in which they mainly generate and use cash. Within the Group, the functional currency is predominantly the local currency. In the consolidated financial statements, assets and liabilities are therefore translated at the closing rates, whilst periodic income and expenses are generally translated at the monthly closing rates. The resulting currency translation differences are recognised in other comprehensive income. In financial year 2010, currency translation differences amounting to €533 million (previous year: €182 million) were recognised in other comprehensive income (see the statement of comprehensive income and statement of changes in equity).

Goodwill arising from business combinations after 1 January 2005 is treated as an asset of the acquired company and therefore carried in the functional currency of the acquired company.

The exchange rates for the currencies that are significant for the Group were as follows:

		Closing rates		Average rates	
Currency	Country	2009 EUR 1 =	2010 EUR 1 =	2009 EUR 1 =	2010 EUR 1 =
USD	USA	1.44	1.34	1.40	1.32
CHF	Switzerland	1.48	1.25	1.51	1.37
GBP	United Kingdom	0.89	0.86	0.89	0.86
SEK	Sweden	10.27	8.97	10.59	9.49

The carrying amounts of non-monetary assets recognised at consolidated companies operating in hyperinflationary economies are generally indexed in accordance with IAS 29 and thus reflect the current purchasing power at the balance sheet date.

In accordance with IAS 21, receivables and liabilities in the financial statements of consolidated companies that have been prepared in local currencies are translated at the closing rate as at the balance sheet date. Currency translation differences are recognised in other operating income and expenses in the income statement. In financial year 2010, income of €197 million (previous year: €161 million) and expenses of €195 million (previous year: €163 million) resulted from currency translation differences. In contrast, currency translation differences relating to net investments in a foreign operation are recognised in other comprehensive income.

7 Accounting policies

The consolidated financial statements are prepared on the basis of historical cost, with the exception of specific financial instruments to be recognised at their fair value.

Revenue and expense recognition

Deutsche Post DHL's normal business operations consist of the provision of logistics services. All income relating to normal business operations is recognised as revenue in the income statement. All other income is reported as other operating income. Revenue and other operating income is generally recognised when services are rendered, the amount of revenue and income can be reliably measured and in all probability the economic benefits from the transactions will flow to the Group. Operating expenses are recognised in income when the service is utilised or when the expenses are incurred.

Intangible assets

Intangible assets are measured at amortised cost. Intangible assets comprise internally generated and purchased intangible assets and purchased goodwill.

Internally generated intangible assets are capitalised at cost if it is probable that their production will generate an inflow of future economic benefits and the costs can be reliably measured. In the Group, this concerns internally developed software. If the criteria for capitalisation are not met, the expenses are recognised immediately in income in the year in which they are incurred. In addition to direct costs, the production cost of internally developed software includes an appropriate share of allocable production overhead costs. Any borrowing costs incurred for qualifying assets are included in the production cost. Value added tax arising in conjunction with the acquisition or production of intangible assets is included in the cost if it cannot be deducted as input tax. Capitalised software is amortised using the straight-line method over useful lives of between two to five years.

Intangible assets are amortised using the straight-line method over their useful lives. Licences are amortised over the term of the licence agreement. Capitalised customer relationships are amortised using the straight-line method over a period of five to 18 years. Impairment losses are recognised in accordance with the principles described in the section headed Impairment.

Intangible assets with indefinite useful lives (e.g., brand names) are not amortised but are tested for impairment annually or whenever there are indications of impairment. Impairment testing is carried out in accordance with the principles described in the section headed Impairment.

Property, plant and equipment

Property, plant and equipment is carried at cost, reduced by accumulated depreciation and valuation allowances. In addition to direct costs, production cost includes an appropriate share of allocable production overhead costs. Borrowing costs that can be allocated directly to the purchase, construction or manufacture of property, plant and equipment are capitalised. Value added tax arising in conjunction with the acquisition or production of items of property, plant or equipment is included in the cost if it cannot be deducted as input tax. Depreciation is generally charged using the straight-line method. The Group uses the estimated useful lives indicated below for depreciation. If there are indications of impairment, the principles described in the section headed Impairment are applied.

Useful lives

years

	2009	2010
Buildings	5 to 50	5 to 50
Technical equipment and machinery	3 to 10	3 to 10
Passenger vehicles	4 to 6	4 to 6
Trucks	5 to 8	5 to 8
Aircraft	15 to 20	15 to 20
Other vehicles	3 to 8	3 to 8
IT systems	3 to 8	3 to 8
Other operating and office equipment	3 to 10	3 to 10

Impairment

At each balance sheet date, the carrying amounts of intangible assets, property, plant and equipment and investment property are reviewed for indications of impairment. If there are any such indications, an impairment test must be carried out. This is done by determining the recoverable amount of the relevant asset and comparing it with the carrying amount.

In accordance with IAS 36, the recoverable amount is the asset's fair value less costs to sell or its value in use, whichever is higher. The value in use is the present value of the pre-tax cash flows expected to be derived from the asset in future. The discount rate used is a pre-tax rate of interest reflecting current market conditions. If the recoverable amount cannot be determined for an individual asset, the recoverable amount is determined for the smallest identifiable group of assets to which the asset in question can be allocated and which generates independent cash flows (cash generating unit – CGU). If the recoverable amount of an asset is lower than its carrying amount, an impairment loss is recognised immediately in respect of the asset. If, after an impairment loss has been recognised, a higher recoverable amount is determined for the asset or the CGU at a later date, the impairment loss is reversed up to a carrying amount that does not exceed the recoverable amount. The increased carrying amount attributable to the reversal of the impairment loss is limited to the carrying amount that would have been determined (net of amortisation or depreciation) if no impairment loss had been recognised in the past. The reversal of the impairment loss is recognised in the income statement. Impairment losses recognised in respect of goodwill may not be reversed.

Since January 2005, goodwill has been accounted for using the impairment-only approach in accordance with IFRS 3. This stipulates that goodwill must be subsequently measured at cost, less any cumulative adjustments from impairment losses. Purchased goodwill is therefore no longer amortised and instead is tested for impairment annually in accordance with IAS 36, regardless of whether any indication of possible impairment exists, as in the case of intangible assets with an indefinite useful life. In addition, the obligation remains to conduct an impairment test if there is any indication of impairment. Goodwill resulting from company acquisitions is allocated to the identifiable groups of assets (CGU or groups of CGUs) that are expected to benefit from the synergies of the acquisition. These groups represent the lowest reporting level at which the goodwill is monitored for internal management purposes. The carrying amount of a CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the unit may be impaired. Where impairment losses are recognised in connection with a CGU to which goodwill has been allocated, the existing carrying amount of the goodwill is reduced first. If the amount of the impairment loss exceeds the carrying amount of the goodwill, the difference is allocated to the remaining non-current assets in the CGU.

Finance leases

A lease financing transaction is an agreement in which the lessor conveys to the lessee the right to use an asset for a specified period in return for a payment or a number of payments. In accordance with IAS 17, beneficial ownership of leased assets is attributed to the lessee if the lessee bears substantially all risks and rewards incident to ownership of the leased asset. To the extent that beneficial ownership is attributable to the Group as the lessee, the asset is capitalised at the date on which use starts, either at fair value or at the present value of the minimum lease payments if this is less than the fair value. A lease liability in the same amount is recognised under non-current liabilities. The lease is measured subsequently at amortised cost using the effective interest method. The depreciation methods and estimated useful lives correspond to those of comparable purchased assets.

Operating leases

For operating leases, the Group reports the leased asset at amortised cost as an asset under property, plant and equipment where it is the lessor. The lease payments recognised in the period are shown under other operating income. Where the Group is the lessee, the lease payments made are recognised as lease expense under materials expense. Lease expenses and income are recognised using the straight-line method.

Investments in associates

Investments in associates are accounted for using the equity method in accordance with IAS 28 (Investments in Associates). Based on the cost of acquisition at the time of purchase of the investments, the carrying amount of the investment is increased or reduced annually to reflect the share of earnings, dividends distributed and other changes in the equity of the associates attributable to the investments of Deutsche Post AG or its consolidated subsidiaries. The goodwill contained in the carrying amounts of the investments is accounted for in accordance with IFRS 3. Investments in companies accounted for using the equity method are impaired if the recoverable amount falls below the carrying amount.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets include in particular cash and cash equivalents, trade receivables, originated loans and receivables, and derivative financial assets held for trading. Financial liabilities include contractual obligations to deliver cash or another financial asset to another entity. These mainly comprise trade payables, liabilities to banks, liabilities arising from bonds and finance leases, and derivative financial liabilities.

Fair value option

The Group applied the fair value option for the first time for financial year 2006. Under this option, financial assets or financial liabilities may be measured at fair value through profit or loss on initial recognition if this eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch). The Group makes use of the option in order to avoid accounting mismatches.

Financial assets

Financial assets are accounted for in accordance with the provisions of IAS 39, which distinguishes between four categories of financial instruments.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

These financial instruments are non-derivative financial assets and are carried at their fair value, where this can be measured reliably. If a fair value cannot be determined, they are carried at cost. Changes in fair value between reporting dates are generally recognised in other comprehensive income (revaluation reserve). The reserve is reversed to income either upon disposal or if the fair value falls below cost more than temporarily. If, at a subsequent balance sheet date, the fair value of a debt instrument has increased objectively as a result of events occurring after the impairment loss was recognised, the impairment loss is reversed in the appropriate amount. Impairment losses recognised in respect of equity instruments may not be reversed to income. If equity instruments are recognised at fair value, any reversals must be recognised in other comprehensive income. No reversals may be made in the case of equity instruments that were recognised at cost. Available-for-sale financial instruments are allocated to non-current assets unless the intention is to dispose of them within 12 months of the balance sheet date. In particular, investments in unconsolidated subsidiaries, marketable securities and other equity investments are reported in this category.

HELD-TO-MATURITY FINANCIAL ASSETS

Financial instruments are assigned to this category if there is an intention to hold the instrument to maturity and the economic conditions for doing so are met. These financial instruments are non-derivative financial assets that are measured at amortised cost using the effective interest method.

LOANS AND RECEIVABLES

These are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Unless held for trading, they are recognised at cost or amortised cost at the balance sheet date. The carrying amounts of money market receivables correspond approximately to their fair values due to their short maturity. Loans and receivables are considered current assets if they mature not more than 12 months after the balance sheet date; otherwise, they are recognised as non-current assets. If the recoverability of receivables is in doubt, they are recognised at amortised cost, less appropriate specific or collective valuation allowances. A write-down on trade receivables is recognised if there are objective indications that the amount of the outstanding receivable cannot be collected in full. The write-down is recognised in the income statement via a valuation account.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

All financial instruments held for trading and derivatives that do not satisfy the criteria for hedge accounting are assigned to this category. They are generally measured at fair value. All changes in fair value are recognised in income. All financial instruments in this category are accounted for at the trade date. Assets in this category are recognised as current assets if they are either held for trading or will likely be realised within 12 months of the balance sheet date.

To avoid variations in net profit resulting from changes in the fair value of derivative financial instruments, hedge accounting is applied where possible and economically useful. Gains and losses from the derivative and the related hedged item are recognised in income simultaneously. Depending on the hedged item and the risk to be hedged, the Group uses fair value hedges and cash flow hedges.

The carrying amounts of financial assets not carried at fair value through profit or loss are tested for impairment at each balance sheet date and whenever there are indications of impairment. The amount of any impairment loss is determined by comparing the carrying amount and the fair value. If there are objective indications of impairment, an impairment loss is recognised in the income statement under other operating expenses or net finance costs/net financial income. Impairment losses are reversed if there are objective reasons arising after the balance sheet date indicating that the reasons for impairment no longer exist. The increased carrying amount resulting from the reversal of the impairment loss may not exceed the carrying amount that would have been determined (net of amortisation or depreciation) if the impairment loss had not been recognised.

Impairment losses are recognised within the Group if the debtor is experiencing significant financial difficulties, it is highly probable that the debtor will be the subject of bankruptcy proceedings, there are material changes in the issuer's technological, economic, legal or market environment, or the fair value of a financial instrument falls below its amortised cost for a prolonged period.

A fair value hedge hedges the fair value of recognised assets and liabilities. Changes in the fair value of both the derivatives and the hedged item are recognised in income simultaneously.

A cash flow hedge hedges the fluctuations in future cash flows from recognised assets and liabilities (in the case of interest rate risks), highly probable forecast transactions as well as unrecognised firm commitments that entail a currency risk. The effective portion of a cash flow hedge is recognised in the hedging reserve in equity. Ineffective portions resulting from changes in the fair value of the hedging instrument are recognised directly in income. The gains and losses generated by the hedging transactions are initially recognised in equity and are then reclassified to profit or loss in the period in which the asset acquired or liability assumed affects profit or loss. If a hedge of a firm commitment subsequently results in the recognition of a non-financial asset, the gains and losses recognised directly in equity are included in the initial carrying amount of the asset (basis adjustment).

Net investment hedges in foreign entities are treated in the same way as cash flow hedges. The gain or loss from the effective portion of the hedge is recognised in other comprehensive income, whilst the gain or loss attributable to the ineffective portion is recognised directly in income. The gains or losses recognised in other comprehensive income remain there until the disposal or partial disposal of the net investment. Detailed information on hedging transactions can be found in Note 50.2.

Regular way purchases and sales of financial assets are recognised at the settlement date, with the exception of held-for-trading instruments, particularly derivatives. A financial asset is derecognised if the rights to receive the cash flows from the asset have expired. Upon transfer of a financial asset, a review is made under the requirements of IAS 39 governing disposal as to whether the asset should be derecognised. A disposal gain/loss arises upon disposal. The remeasurement gains/losses recognised in other comprehensive income in prior periods must be reversed as at the disposal date. Financial liabilities are derecognised if the payment obligations arising from them have expired.

Investment property

In accordance with IAS 40, investment property is property held to earn rentals or for capital appreciation or both, rather than for use in the supply of services, for administrative purposes, or for sale in the normal course of the company's business. It is measured in accordance with the cost model. Depreciable investment property is depreciated over a period of between 5 and 50 years. The fair value is determined on the basis of expert opinions. Impairment losses are recognised in accordance with the principles described under the section headed Impairment.

Inventories

Inventories are assets that are held for sale in the ordinary course of business, are in the process of production, or are consumed in the production process or in the rendering of services. They are measured at the lower of cost or net realisable value. Valuation allowances are charged for obsolete inventories and slow-moving goods.

Government grants

In accordance with IAS 20, government grants are recognised at their fair value only when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. The grants are reported in the income statement and are generally recognised as income over the periods in which the costs they are intended to compensate are incurred. Where the grants relate to the purchase or production of assets, they are reported as deferred income and recognised in the income statement over the useful lives of the assets.

Assets held for sale and liabilities associated with assets held for sale

Assets held for sale are assets available for sale in their present condition and whose sale is highly probable. The sale must be expected to qualify for recognition as a completed sale within one year of the date of classification. Assets held for sale may consist of individual non-current assets, groups of assets (disposal groups), or components of an entity (discontinued operations). Liabilities intended to be disposed of together with the assets in a single transaction form part of the disposal group or discontinued operation and are also reported separately as liabilities associated with assets held for sale. Assets held for sale are no longer depreciated or amortised, but are recognised at the lower of their fair value less costs to sell and the carrying amount. Gains and losses arising from the remeasurement of individual non-current assets or disposal groups classified as held for sale are reported in profit or loss from continuing operations until the final date of disposal. Gains and losses arising from the measurement to fair value less costs to sell of discontinued operations classified as held for sale are reported in profit or loss from discontinued operations. This also applies to the profit or loss from operations and the gain or loss on disposal of these components of an entity.

Cash and cash equivalents

Cash and cash equivalents comprise cash, demand deposits and other short-term liquid financial assets with an original maturity of up to three months and are carried at their principal amount. Overdraft facilities used are recognised in the balance sheet as amounts due to banks.

Share-based payment

Assumptions regarding the price of Deutsche Post AG's shares and assumptions regarding employee fluctuation are taken into account when measuring the value of share-based payments for executives (Share Matching Scheme, SMS), which are required to be accounted for as equity-settled share-based payment transactions pursuant to IFRS 2. Assumptions are also made regarding the conversion behaviour of executives with respect to their relevant bonus portion. Share-based payment arrangements are entered into each year, with 1 January of the respective year being the grant date for that year's tranche. All assumptions are reviewed on a quarterly basis. The resulting staff costs are recognised pro rata in profit or loss to reflect the services rendered as consideration during the vesting period (lock-up period). Obligations that in future are settled by issuing shares in Deutsche Post AG and do not provide the executives with a choice of settlement are recognised in equity pursuant to IFRS 2.

Stock appreciation rights issued to members of the Board of Management and executives are measured on the basis of an option pricing model in accordance with IFRS 2. The stock appreciation rights are measured on each reporting date and on the settlement date. The amount determined for stock appreciation rights that will probably be exercised is recognised pro rata in income under staff costs to reflect the services rendered as consideration during the vesting period (lock-up period). A provision is recognised for the same amount.

Pension obligations

In a number of countries, the Group maintains defined benefit pension plans based on the pensionable compensation and length of service of employees. These pension plans are funded via external plan assets and provisions for pensions and similar obligations. Pension obligations are measured using the projected unit credit method prescribed by IAS 19 for defined benefit plans. This involves making certain actuarial assumptions. In accordance with IAS 19.92, actuarial gains and losses are recognised only to the extent that they exceed the greater of 10% of the present value of the obligations or of the fair value of plan assets (10% corridor). The excess is allocated over the expected remaining working lives of the active employees and recognised in income. The interest expense and expected return on plan assets components of the pension expense have been reported under net finance costs/net financial income; the other components are reported under staff costs.

The Group also contributes to a number of defined contribution pension plans. Contributions to these pension plans are recognised as staff costs.

PENSION PLANS FOR CIVIL SERVANT EMPLOYEES IN GERMANY

Deutsche Post AG pays contributions to defined contribution plans for civil servants in accordance with statutory provisions.

Under the provisions of the *Gesetz zum Personalrecht der Beschäftigten der früheren Deutschen Bundespost* (PostPersRG – Deutsche Bundespost former employees act), introduced as article 4 of the *Gesetz zur Neuordnung des Postwesens und der Telekommunikation* (PTNeuOG – German posts and telecommunications reorganisation act), Deutsche Post AG makes benefit and assistance payments from a special pension fund for postal civil servants operated jointly by the Deutsche Bundespost successor companies, the Bundes-Pensions-Service für Post und Telekommunikation e.V. (BPS-PT), to retired employees or their surviving dependants who are entitled to benefits on the basis of a civil service appointment. The amount of Deutsche Post AG's payment obligations is governed by section 16 of the PostPersRG. Since 2000, this Act has obliged Deutsche Post AG to pay into this special pension fund for postal civil servants an annual contribution of 33% of the gross compensation of its active civil servants and the notional gross compensation of civil servants on leave of absence who are eligible for a pension.

In the year under review, expenses resulting from Deutsche Post AG's contributions to the BPS-PT amounted to €541 million (previous year: €559 million).

Under section 16 of the PostPersRG, the federal government takes appropriate measures to make good the difference between the current payment obligations of the special pension fund for postal civil servants on the one hand, and the funding companies' current contributions or other return on assets on the other, and guarantees that the special pension fund for postal civil servants is able at all times to meet the obligations it has assumed in respect of its funding companies. Insofar as the federal government makes payments to the special pension fund for postal civil servants under the terms of this guarantee, it cannot claim reimbursement from Deutsche Post AG.

PENSION PLANS FOR HOURLY WORKERS AND SALARIED EMPLOYEES

The obligations under defined benefit pension plans for the Group's hourly workers and salaried employees relate primarily to pension obligations in Germany and significant funded obligations in the UK, the Netherlands, Switzerland and the USA. There are various commitments to individual groups of employees. The commitments usually depend on length of service and final salary (e.g., the UK), are based on the amount of contributions paid (e.g., Switzerland), or take the form of a flat-rate contribution system (e.g., Germany).

A large proportion of the defined benefit obligations in Germany relate to Deutsche Post AG. Deutsche Post AG established Deutsche Post Pensionsfonds AG on 30 December 2009. Pension obligations of Deutsche Post AG were transferred to this fund along with €650 million worth of assets. This measure did not change either the amount of the total obligation or the funded status at Deutsche Post AG.

In the USA, existing defined benefit pension plans were closed as at 31 December 2009 and converted to defined contribution pension plans for service periods as from 2010.

In 2010, employer contributions totalling €237 million were paid in respect of defined contribution pension plans for the Group's hourly workers and salaried employees (previous year: €189 million).

Other provisions

Other provisions are recognised for all legal or constructive obligations to third parties existing at the balance sheet date that have arisen as a result of past events, that are expected to result in an outflow of future economic benefits and whose amount can be measured reliably. They represent uncertain obligations that are carried at the best estimate of the expenditure required to settle the obligation. Provisions with more than one year to maturity are discounted at market rates of interest that reflect the risk, region and time to settlement of the obligation. The discount rates used in the financial year were between 0.5% and 11.5% (previous year: 1% to 12.75%).

Provisions for restructurings are only established in accordance with the above-mentioned criteria for recognition if a detailed, formal restructuring plan has been drawn up and communicated to those affected.

The technical reserves (insurance) consist mainly of outstanding loss reserves and IBNR (incurred but not reported claims) reserves. Outstanding loss reserves represent estimates of ultimate obligations in respect of actual claims or known incidents expected to give rise to claims, which have been reported to the company but which have yet to be finalised and presented for payment. Outstanding loss reserves are based on individual claim valuations carried out by the company or its ceding insurers. IBNR reserves represent estimates of ultimate obligations in respect of incidents taking place on or before the balance sheet date that have not been reported to the company but will nonetheless give rise to claims in the future. Such reserves also include provisions for potential errors in settling outstanding loss reserves. The company carries out its own assessment of ultimate loss liabilities using actuarial methods and also commissions an independent actuarial study of these each year in order to verify the reasonableness of its estimates.

Financial liabilities

On initial recognition, financial liabilities are carried at fair value less transaction costs. The price determined on a price-efficient and liquid market or a fair value determined using the treasury risk management system deployed within the Group is taken as the fair value. In subsequent periods the financial liabilities are measured at amortised cost. Any differences between the amount received and the amount repayable are recognised in income over the term of the loan using the effective interest method.

Liabilities

Trade payables and other liabilities are carried at amortised cost. The fair value of the liabilities corresponds more or less to their carrying amount.

Deferred taxes

In accordance with IAS 12, deferred taxes are recognised for temporary differences between the carrying amounts in the IFRS financial statements and the tax accounts of the individual entities. Deferred tax assets also include tax reduction claims which arise from the expected future utilisation of existing tax loss carryforwards and which are likely to be realised. In compliance with IAS 12.24 (b) and IAS 12.15 (b), deferred tax assets or liabilities were only recognised for temporary differences between the carrying amounts in the IFRS financial statements and in the tax accounts of Deutsche Post AG where the differences arose after 1 January 1995. No deferred tax assets or liabilities are recognised for temporary differences resulting from initial differences in the opening tax accounts of Deutsche Post AG as at 1 January 1995. Further details on deferred taxes from tax loss carryforwards can be found in Note 19.

In accordance with IAS 12, deferred tax assets and liabilities are calculated using the tax rates applicable in the individual countries at the balance sheet date or announced for the time when the deferred tax assets and liabilities are realised. The tax rate of 29.8% applied to German Group companies comprises the corporation tax rate plus the solidarity surcharge, as well as a municipal trade tax rate that is calculated as the average of the different municipal trade tax rates. Foreign Group companies use their individual income tax rates to calculate deferred tax items. The income tax rates applied for foreign companies amount to up to 41%.

Income taxes

Income tax assets and liabilities are measured at the amounts for which repayments from or payments to the tax authorities are expected to be received or made.

Contingent liabilities

Contingent liabilities represent possible obligations whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise. Contingent liabilities also include certain obligations that will probably not lead to an outflow of resources embodying economic benefits, or where the amount of the outflow of resources embodying economic benefits cannot be measured with sufficient reliability. In accordance with IAS 37, contingent liabilities are not recognised as liabilities; see Note 51.

8 Exercise of judgement in applying the accounting policies

The preparation of IFRS-compliant consolidated financial statements requires the exercise of judgement by management. All estimates are reassessed on an ongoing basis and are based on historical experience and expectations with regard to future events that appear reasonable under the given circumstances. For example, this applies to assets held for sale. In this case, it must be determined whether the assets are available for sale in their present condition and whether their sale is highly probable. If this is the case, the assets and the associated liabilities are reported and measured as assets held for sale and liabilities associated with assets held for sale.

Estimates and assessments made by management

The preparation of the consolidated financial statements in accordance with IFRSs requires assumptions and estimates to be made that affect the amounts of the assets and liabilities included in the balance sheet, the amounts of income and expenses, and the disclosures relating to contingent liabilities.

Amongst other things, these assumptions relate to the recognition and measurement of provisions. When determining the provisions for pensions and similar obligations, the discount rate used is an important factor that has to be estimated. An increase or a reduction of one percentage point in the discount rate used would result in a reduction or increase of around €930 million in the pension obligations of pension plans in Germany. A similar change in the discount rate used to measure the pension obligations of the Group companies in the UK would result in a reduction or increase of around €490 million. Since actuarial gains and losses are only recognised if they exceed 10% of the higher of the defined benefit obligation and the fair value of the plan assets, changes in the discount rate used for the Group's benefit plans generally have little or no effect on the expense or the carrying amount of the provisions recognised in the following financial year.

The Group has operating activities around the globe and is subject to local tax laws. Management can exercise judgement when calculating the amounts of current and deferred taxes in the relevant countries. Although management believes that it has made a reasonable estimate relating to tax matters that are inherently uncertain, there can be no guarantee that the actual outcome of these uncertain tax matters will correspond exactly to the original estimate made. Any difference between actual events and the estimate made could have an effect on tax liabilities and deferred taxes in the period in which the matter is finally decided. The amount recognised for deferred tax assets could be reduced if the estimates of planned taxable income or the tax benefits achievable as a result of tax planning strategies are revised downwards, or in the event that changes to current tax laws restrict the extent to which future tax benefits can be realised.

Goodwill is regularly reported in the Group's balance sheet as a consequence of business combinations. When an acquisition is initially recognised in the consolidated financial statements, all identifiable assets, liabilities and contingent liabilities are measured at their fair values at the date of acquisition. One of the most important estimates this requires is the determination of the fair values of these assets and liabilities at the date of acquisition. Land, buildings and office equipment are generally valued by independent experts, whilst securities for which there is an active market are recognised at the quoted exchange price. If intangible assets are identified in the course of an acquisition, their measurement can be based on the opinion of an independent external expert valuer, depending on the type of intangible asset and the complexity involved in determining its fair value. The independent expert determines the fair value using appropriate valuation techniques, normally based on expected future cash flows. In addition to the assumptions about the development of future cash flows, these valuations are also significantly affected by the discount rates used.

Impairment testing for goodwill is based on assumptions with respect to the future. The Group carries out these tests annually and also whenever there are indications that goodwill has become impaired. The recoverable amount of the CGU must then be calculated. This amount is the higher of fair value less costs to sell and value in use. Determining value in use requires adjustments and estimates to be made with respect to forecasted future cash flows and the discount rate applied. Although management believes that the assumptions made for the purpose of calculating the recoverable amount are appropriate, possible unforeseeable changes in these assumptions – e.g., a reduction in the EBIT margin, an increase in the cost of capital or a decline in the long-term growth rate – could result in an impairment loss that could negatively affect the Group's net assets, financial position and results of operations.

Pending legal proceedings in which the Group is involved are disclosed in Note 53. The outcome of these proceedings could have a significant effect on the net assets, financial position and results of operations of the Group. Management regularly analyses the information currently available about these proceedings and recognises provisions for probable obligations including estimated legal costs. Internal and external legal advisers participate in making this assessment. In deciding on the necessity for a provision, management takes into account the probability of an unfavourable outcome and whether the amount of the obligation can be estimated with sufficient reliability. The fact that an action has been launched or a claim asserted against the Group, or that a legal dispute has been disclosed in the Notes, does not necessarily mean that a provision is recognised for the associated risk.

All assumptions and estimates are based on the circumstances prevailing and assessments made at the balance sheet date. For the purpose of estimating the future development of the business, a realistic assessment was also made at that date of the economic environment likely to apply in the future to the different sectors and regions in which the Group operates. In the event of developments in this general environment that diverge from the assumptions made, the actual amounts may differ from the estimated amounts. In such cases, the assumptions made and, where necessary, the carrying amounts of the relevant assets and liabilities are adjusted accordingly.

At the date of preparation of the consolidated financial statements, there is no indication that any significant change in the assumptions and estimates made will be required, so that on the basis of the information currently available it is not expected that there will be any significant adjustments in financial year 2011 to the carrying amounts of the assets and liabilities recognised in the financial statements.

9 Consolidation methods

The consolidated financial statements are based on the IFRS financial statements of Deutsche Post AG and the subsidiaries, joint ventures and associates included in the consolidated financial statements, prepared in accordance with uniform accounting policies as at 31 December 2010 and audited by independent auditors.

Acquisition accounting for subsidiaries included in the consolidated financial statements uses the purchase method of accounting. The cost of the acquisition corresponds to the fair value of the assets given up, the equity instruments issued and the liabilities incurred or assumed at the transaction date. Acquisition-related costs are recognised as expenses. Contingent consideration is recognised at fair value at the date of initial consolidation.

Joint ventures are proportionately consolidated in accordance with IAS 31. Assets and liabilities, as well as income and expenses, of jointly controlled companies are included in the consolidated financial statements in proportion to the interest held in these companies. Proportionate acquisition accounting as well as recognition and measurement of goodwill use the same methods as applied to the consolidation of subsidiaries.

Companies on which the parent can exercise significant influence (associates) are accounted for in accordance with the equity method using the purchase method of accounting. Any goodwill is recognised under investments in associates.

Intra-group revenue, other operating income and expenses as well as receivables, liabilities and provisions between consolidated companies are eliminated. Intercompany profits or losses from intra-group deliveries and services not realised by sale to third parties are eliminated.

SEGMENT REPORTING

10 Segment reporting

Segments by division

€m

	MAIL		EXPRESS		GLOBAL FORWARDING, FREIGHT		SUPPLY CHAIN		Corporate Center/Other		Consolidation		Continuing operations		Discontinued operations	
1 Jan. to 31 Dec.	2009[1]	2010	2009[1]	2010	2009[1]	2010	2009[1]	2010	2009	2010	2009[1]	2010	2009	2010	2009	2010
External revenue	13,777	13,700	9,635	10,788	10,630	13,738	12,087	13,184	72	71	0	0	**46,201**	**51,481**	1,634	0
Internal revenue	135	121	282	323	613	603	96	117	1,455	1,231	−2,581	−2,395	**0**	**0**	0	0
Total revenue	13,912	13,821	9,917	11,111	11,243	14,341	12,183	13,301	1,527	1,302	−2,581	−2,395	**46,201**	**51,481**	1,634	0
Profit/loss from operating activities (EBIT)	1,391	1,118	−790	497	174	383	−216	233	−328	−395	0	−1	**231**	**1,835**	−24	0
Net income from associates	2	0	−1	0	8	4	0	0	19	52	0	0	**28**	**56**	0	0
Segment assets	3,665	3,891	8,295	8,323	6,665	7,727	5,706	6,030	1,271	1,191	−257	−132	**25,345**	**27,030**	0	0
Investments in associates	24	8	31	28	12	15	0	0	1,705	1,796	0	0	**1,772**	**1,847**	0	0
Segment liabilities[2]	2,334	2,436	2,795	2,525	2,288	2,777	2,743	2,942	1,123	1,177	−330	−187	**10,953**	**11,670**	0	0
Capex	338	445	370	286	92	102	195	215	176	214	0	0	**1,171**	**1,262**	7	0
Depreciation and amortisation	332	306	367	349	114	98	301	294	242	191	0	0	**1,356**	**1,238**	0	0
Impairment losses	0	17	116	24	0	0	91	4	57	13	0	0	**264**	**58**	0	0
Total depreciation, amortisation and impairment losses	332	323	483	373	114	98	392	298	299	204	0	0	**1,620**	**1,296**	0	0
Other non-cash expenses	433	365	1,089	792	142	73	342	152	126	58	0	0	**2,132**	**1,440**	114	0
Employees[3]	147,897	146,365	97,985	88,384	41,763	41,729	134,259	131,032	14,747	13,764	0	0	**436,651**	**421,274**	0	0

Information about geographical areas

€m

	Germany		Europe excluding Germany		Americas		Asia Pacific		Other regions		Continuing operations		Discontinued operations	
1 Jan. to 31 Dec.	2009[1]	2010	2009[1]	2010	2009[1]	2010	2009[1]	2010	2009[1]	2010	2009	2010	2009	2010
External revenue[1]	16,269	16,527	15,968	16,951	7,099	8,888	5,272	7,147	1,593	1,968	**46,201**	**51,481**	1,634	0
Non-current assets	3,837	4,085	7,672	7,198	3,105	3,261	2,932	3,231	299	329	**17,845**	**18,104**	0	0
Capex	635	733	300	174	123	210	78	94	35	51	**1,171**	**1,262**	7	0

1) Prior-period amounts adjusted.
2) Including non-interest-bearing provisions.
3) Average FTEs.

10.1 Segment reporting disclosures

Deutsche Post DHL reports four operating segments; these are managed independently by the responsible segment management bodies in line with the products and services offered and the brands, distribution channels and customer profiles involved. Components of the entity are defined as a segment on the basis of the existence of segment managers with bottom-line responsibility who report directly to Deutsche Post DHL's top management.

External revenue is the revenue generated by the divisions from non-Group third parties. Internal revenue is revenue generated with other divisions. If comparable external market prices exist for services or products offered internally within the Group, these market prices or market-oriented prices are used as transfer prices (arm's length principle). The transfer prices for services for which no external market exists are generally based on incremental costs.

The expenses for IT services provided in the IT service centres are allocated to the divisions by cause. The additional costs resulting from Deutsche Post AG's universal postal service obligation (nationwide retail outlet network, delivery every working day), and from its obligation to assume the compensation structure as the legal successor to Deutsche Bundespost, are allocated to the MAIL division.

In keeping with internal reporting, capital expenditure (capex) is disclosed. Additions to intangible assets net of goodwill and to property, plant and equipment are reported in the capex figure. Depreciation, amortisation and impairment losses relate to the segment assets allocated to the individual divisions. Other non-cash expenses relate primarily to expenses from the recognition of provisions.

Reflecting the Group's predominant organisational structure, the primary reporting format is based on the divisions. The Group distinguishes between the following divisions:

10.2 Segments by division

MAIL

In addition to the transport and delivery of written communications, the MAIL division is positioned as an end-to-end service provider for the management of written communications. The division comprises the following business units: Mail Communication, Dialogue Marketing, Press Services, Value-Added Services, Parcel Germany, Retail Outlets, Global Mail and the Pension Service. Effective 1 July 2010, significant parts of Williams Lea Germany were transferred from the SUPPLY CHAIN division to the MAIL division. These parts are reported in the newly created Value-Added Services business unit. The prior-year figures were adjusted accordingly.

EXPRESS

The EXPRESS division offers international and domestic courier and express services to business and private customers. The division comprises the Express Europe, Express Americas, Express Asia Pacific and Express EEMEA business units. To more appropriately reflect the different requirements of Express and Freight customers, the domestic freight business was transferred from DHL Express Sweden to DHL Freight Sweden effective 1 January 2010. The prior-year figures were adjusted accordingly.

GLOBAL FORWARDING, FREIGHT

The activities of the GLOBAL FORWARDING, FREIGHT division comprise the transportation of goods by rail, road, air and sea. The division's business units are Global Forwarding and Freight. To more appropriately reflect the different requirements of Express and Freight customers, the domestic freight business was transferred from DHL Express Sweden to DHL Freight Sweden effective 1 January 2010. The prior-year figures were adjusted accordingly.

SUPPLY CHAIN

The division specialises in contract logistics and provides warehousing and transport services as well as value-added services along the entire supply chain in the different sectors. The division also offers end-to-end solutions for corporate information and communications management. The division's business units are Supply Chain and Williams Lea. Effective 1 July 2010, significant parts of Williams Lea Germany were transferred from the SUPPLY CHAIN division to the MAIL division. The prior-year figures were adjusted accordingly.

In addition to the reportable segments given above, segment reporting comprises the following categories:

Corporate Center/Other

The collective segment comprises Global Business Services (GBS), the Corporate Center, non-operating activities and other business activities. The profit/loss generated by GBS is allocated to the operating segments, whilst its assets and liabilities remain with GBS (asymmetrical allocation).

Consolidation

The data for the divisions are presented following consolidation of interdivisional transactions. The transactions between the divisions are eliminated in the Consolidation column.

Discontinued operation

The Deutsche Postbank Group is reported as a discontinued operation for the months of January and February 2009. Effective March 2009, the remaining shares are disclosed under investments in associates and the net income from associates is reported in the column entitled Corporate Center/Other.

10.3 Information about geographical areas

The main geographical areas in which the Group is active are Germany, Europe, the Americas, Asia Pacific and Other regions. External revenue, non-current assets and capex are disclosed for these regions. To enhance transparency, the management allocations previously contained in the external revenue figures were removed from the areas. The allocation of non-current assets by geographical area was also adjusted. These adjustments did not affect the amounts presented for the Group. The prior-period amounts were adjusted accordingly. Revenue, assets and capex are allocated to the individual regions on the basis of the domicile of the reporting entity. Non-current assets primarily comprise intangible assets, property, plant and equipment and other non-current assets.

10.4 Reconciliation of segment amounts

Reconciliation of segment amounts to consolidated amounts

Reconciliation

€m	Total for reportable segments		Corporate Center/Other		Reconciliation to Group/Consolidation		Consolidated amount	
	2009[1]	2010	2009	2010	2009[1]	2010	2009	2010
External revenue	46,129	51,410	72	71	0	0	**46,201**	**51,481**
Internal revenue	1,126	1,164	1,455	1,231	−2,581	−2,395	**0**	**0**
Revenue	47,255	52,574	1,527	1,302	−2,581	−2,395	**46,201**	**51,481**
Other operating income	1,766	1,859	1,528	1,509	−1,153	−1,151	**2,141**	**2,217**
Materials expense	−26,815	−30,464	−1,459	−1,408	2,500	2,399	**−25,774**	**−29,473**
Staff costs	−16,099	−15,726	−940	−902	18	19	**−17,021**	**−16,609**
Other operating expenses	−4,227	−4,920	−685	−692	1,216	1,127	**−3,696**	**−4,485**
Depreciation, amortisation and impairment losses	−1,321	−1,092	−299	−204	0	0	**−1,620**	**−1,296**
Profit/loss from operating activities (EBIT)	559	2,231	−328	−395	0	−1	**231**	**1,835**
Net income from associates	9	4	19	52	0	0	**28**	**56**
Net other financial income	–	–	–	–	–	–	**17**	**933**
Income taxes	–	–	–	–	–	–	**−15**	**−194**
Profit from discontinued operations	–	–	–	–	–	–	**432**	**0**
Consolidated net profit for the period	–	–	–	–	–	–	**693**	**2,630**
of which attributable to								
Deutsche Post AG shareholders	–	–	–	–	–	–	**644**	**2,541**
Non-controlling interests	–	–	–	–	–	–	**49**	**89**

1) Prior-period amounts adjusted.

The following table shows the reconciliation of Deutsche Post DHL's total assets to the segment assets. Financial assets, income tax assets, deferred taxes, cash and cash equivalents as well as additional interest-bearing asset components are deducted.

Reconciliation of segment assets

€m	2009[1]	2010
Total assets	34,738	37,763
Investment property	−32	−37
Non-current financial assets including investments in associates	−3,220	−5,040
Other non-current assets	−323	−387
Deferred tax assets	−668	−973
Income tax assets	−196	−223
Receivables and other assets	−29	−35
Current financial assets	−1,861	−623
Cash and cash equivalents	−3,064	−3,415
Segment assets	**25,345**	**27,030**
of which Corporate Center/Other	1,271	1,191
Total for reportable segments	24,331	25,971
Consolidation	−257	−132

1) Prior-period amounts adjusted.

The following table shows the reconciliation of Deutsche Post DHL's total liabilities to the segment liabilities. The interest-bearing components of the provisions and liabilities as well as income tax liabilities and deferred taxes are deducted.

Reconciliation of segment liabilities

€m	2009[1]	2010
Total equity and liabilities	34,738	37,763
Equity	−8,273	−10,696
Consolidated liabilities	**26,465**	**27,067**
Non-current provisions	−7,031	−7,168
Non-current liabilities	−7,071	−6,676
Current provisions	−344	−298
Current liabilities	−1,066	−1,255
Segment liabilities	**10,953**	**11,670**
of which Corporate Center/Other	1,123	1,177
Total for reportable segments	10,160	10,680
Consolidation	−330	−187

1) Prior-period amounts adjusted.

INCOME STATEMENT DISCLOSURES

11 Revenue

€m

	2009	2010
Revenue	46,201	51,481

As in the prior-year period, there was no revenue in financial year 2010 that was generated on the basis of barter transactions. Revenue was up year-on-year in almost all areas.

The further classification of revenue by division and the allocation of revenue to geographical regions are presented in the segment reporting.

12 Other operating income

€m

	2009	2010
Income from the reversal of provisions	562	509
Income from currency translation differences	161	197
Rental and lease income	172	173
Insurance income	171	169
Income from fees and reimbursements	124	142
Income from work performed and capitalised	138	124
Income from the remeasurement of liabilities	77	111
Commission income	69	93
Reversals of impairment losses on receivables and other assets	81	81
Gains on disposal of non-current assets	40	55
Income from prior-period billings	34	49
Income from the derecognition of liabilities	38	42
Income from loss compensation	22	21
Income from derivatives	90	16
Recoveries on receivables previously written off	11	11
Subsidies	7	10
Income from trade-related insurance deductions	7	4
Miscellaneous	337	410
Other operating income	**2,141**	**2,217**

Other operating income was up slightly on the prior-year level. As in the previous year, income from the reversal of provisions relates primarily to the restructuring of the US express business.

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

13 Materials expense

€m

	2009	2010
Cost of raw materials, consumables and supplies, and of goods purchased and held for resale		
Fuel	736	744
Aircraft fuel	454	690
Packaging material	317	308
Goods purchased and held for resale	1,311	1,512
Office supplies	68	72
Spare parts and repair materials	83	93
Other expenses	83	91
	3,052	3,510
Cost of purchased services		
Transportation costs	14,791	17,823
Cost of temporary staff	1,852	1,871
Expenses from non-cancellable leases	1,820	1,693
Expenses from cancellable leases	405	453
Other lease expenses (incidental expenses)	145	184
Maintenance costs	957	969
IT services	667	652
Commissions paid	341	411
Expenses for the use of Postbank branches	519	484
Other purchased services	1,225	1,423
	22,722	25,963
Materials expense	**25,774**	**29,473**

The increase in the materials expense is due on the one hand to higher aircraft fuel prices, and on the other hand to higher transportation costs as a result of the expansion of business activities.

Other expenses include a large number of individual items.

14 Staff costs/employees

€m

	2009	2010
Wages, salaries and compensation	13,160	13,271
of which expenses under Share Matching Scheme	5	20
of which expenses from 2006 SAR Plan/LTIP	11	21
Social security contributions	2,040	1,973
Retirement benefit expenses	911	947
Expenses for other employee benefits	312	275
Expenses for severance payments	598	143
Staff costs	**17,021**	**16,609**

The decrease in staff costs is mainly attributable to lower expenses for severance payments. The previous year was materially impacted by the restructuring provisions in the United States and as a result of the insolvency of Arcandor.

Staff costs relate mainly to wages, salaries and compensation, as well as all other benefits paid to employees of the Group for their services in the year under review. Social security contributions relate in particular to statutory social security contributions paid by employers.

Retirement benefit expenses consist of additions to provisions for pensions and similar obligations as well as contributions to defined contribution pension plans. Detailed information can be found in Notes 7 and 44.

The average number of Group employees in the year under review, broken down by employee group, was as follows:

Employees

	2009	2010
Hourly workers and salaried employees	435,072	413,830
Civil servants	49,691	46,866
Trainees	3,755	3,775
Employees	**488,518**	**464,471**

The employees of companies acquired or disposed of during the year under review were included rateably. Calculated as full-time equivalents, the number of employees as at 31 December 2010 amounted to 418,946 (31 December 2009: 424,686). The number of employees at consolidated joint ventures amounted to 1,622 on a proportionate basis (previous year: 1,589).

15 Depreciation, amortisation and impairment losses

€m

	2009	2010
Amortisation of intangible assets, excluding the impairment of goodwill	421	288
Depreciation of property, plant and equipment		
Land and buildings	282	190
Technical equipment and machinery	287	228
Other equipment, operating and office equipment, vehicle fleet	478	432
Aircraft	151	158
Advance payments	1	0
	1,199	1,008
	1,620	1,296
Impairment of goodwill	0	0
Depreciation, amortisation and impairment losses	**1,620**	**1,296**

Depreciation, amortisation and impairment losses declined by €324 million year-on-year to €1,296 million. The reduction is related, amongst other things, to the restructuring of the US express business in the previous year, which recognised part of the depreciation, amortisation and impairment losses prospectively.

Depreciation, amortisation and impairment losses include impairment losses of €58 million (previous year: €264 million). At segment level, the impairment losses on non-current assets (excluding the impairment of goodwill) were as follows:

Impairment losses on non-current assets

€m

	2009	2010
MAIL	**0**	**17**
Intangible assets	0	4
Property, plant and equipment	0	13
of which technical equipment and machinery	0	10
EXPRESS	**116**	**24**
Intangible assets	6	1
Property, plant and equipment	110	23
of which land and buildings	36	1
of which aircraft	24	21
SUPPLY CHAIN	**91**	**4**
Intangible assets	75	1
Property, plant and equipment	16	3
of which land and buildings	6	2
Corporate Center/Other	**57**	**13**
Property, plant and equipment	57	13
of which land and buildings	57	13
Impairment losses	**264**	**58**

€92 million of the impairment losses in the previous year were due to the insolvency of Arcandor. A further €23 million related to impairment losses on property, plant and equipment in the US express business and €24 million to impairment losses on aircraft.

16 Other operating expenses

€m	2009	2010
Expenses from disposal of assets	236	421
Other business taxes	273	376
Travel and training costs	308	323
Cost of purchased cleaning, transport and security services	280	287
Telecommunication costs	236	249
Warranty expenses, refunds and compensation payments	290	228
Write-downs of current assets	328	217
Legal costs	97	207
Expenses from currency translation differences	163	195
Consulting costs	184	192
Office supplies	177	183
Advertising expenses	82	164
Voluntary social benefits	142	140
Entertainment and corporate hospitality expenses	110	132
Insurance costs	112	124
Other public relations expenses	101	117
Additions to provisions	51	116
Services provided by the Federal Posts and Telecommunications Agency	81	78
Expenses from derivatives	34	71
Commissions paid	70	65
Expenses for public relations and customer support	56	65
Contributions and fees	49	41
Audit costs	31	30
Monetary transaction costs	24	30
Donations	2	19
Prior-period other operating expenses	32	17
Miscellaneous	147	398
Other operating expenses	**3,696**	**4,485**

The increase in expenses attributable to asset disposals is primarily attributable to the deconsolidation losses on the sale of business activities in France, the UK and Austria; Note 2.

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

Taxes other than income taxes are either recognised under the related expense item or, if no specific allocation is possible, under other operating expenses.

17 Net income from associates

€m	2009	2010
Net income from associates	28	56

Investments in companies on which a significant influence can be exercised and which are accounted for using the equity method contributed €56 million (previous year: €28 million) to net financial income. €52 million (previous year: €19 million) of this amount is attributable to Deutsche Postbank AG, which has been accounted for as an associate since March 2009.

18 Net other financial income

€m	2009	2010
Other financial income		
Interest income	106	52
Income from other equity investments and financial assets	2	7
Other financial income	1,777	2,192
	1,885	2,251
Other finance costs		
Interest expenses	–820	–712
of which on discounted provisions for pensions and other provisions	–439	–362
Write-downs of financial assets	–33	–102
Other finance costs	–1,004	–521
	–1,857	–1,335
Foreign currency result	–11	17
Net other financial income	**17**	**933**

Net other financial income was primarily impacted by the effects of the planned Postbank sale and includes interest expenses on the exchangeable bond (€125 million, previous year: €103 million) and the cash collateral (€48 million, previous year: €39 million), the result of the recognition of the forward relating to the sale of the Postbank interest amounting to €1,653 million, as well as the gains on the measurement of the options relating to the third tranche amounting to €89 million (previous year: €647 million); Note 3.

Write-downs of financial assets also contain impairments of €52 million in the Corporate Center/Other unit of the equity interest in Deutsche Postbank AG due to the decline in the share price as well as a further €16 million impairment in the MAIL segment of the equity-accounted company Unipost Servicios Generales S.L., Spain.

Net financial income includes interest income of €52 million (previous year: €106 million) as well as interest expense of €712 million (previous year: €820 million). These result from financial assets and liabilities that were not measured at fair value through profit or loss.

19 Income taxes

€m	2009	2010
Current income tax expense	–324	–467
Current recoverable income tax	40	5
	–284	–462
Deferred tax expense (previous year: tax income) from temporary differences	157	–94
Deferred tax income from tax loss carryforwards	112	362
	269	268
Income taxes	**–15**	**–194**

The reconciliation to the effective income tax expense is shown below, based on consolidated net profit before income taxes and the expected income tax expense:

Reconciliation

€m	2009	2010
Profit from continuing operations before income taxes	276	2,824
Expected income taxes	–82	–842
Deferred tax assets not recognised for initial differences	304	27
Deferred tax assets of German Group companies not recognised for tax loss carryforwards and temporary differences	–280	430
Deferred tax assets of foreign Group companies not recognised for tax loss carryforwards and temporary differences	–130	–77
Effect of current taxes from previous years	5	–75
Tax-exempt income and non-deductible expenses	143	311
Differences in tax rates at foreign companies	27	32
Other	–2	0
Effective income taxes from continuing operations	**–15**	**–194**

The difference between the expected and the effective income tax expense is due to temporary differences between the carrying amounts in the IFRS financial statements and in the tax accounts of Deutsche Post AG resulting from initial differences in the opening tax accounts as at 1 January 1995. In accordance with IAS 12.15 (b) and IAS 12.24 (b), the Group did not recognise any deferred tax assets on these temporary differences, which relate mainly to property, plant and equipment as well as to provisions for pensions and similar obligations. The remaining temporary differences between the carrying amounts in the IFRS financial statements and in the opening tax accounts amounted to €0.9 billion as at 31 December 2010 (previous year: €1.0 billion).

The effects from deferred tax assets of German Group companies not recognised on tax loss carryforwards and temporary differences relate primarily to Deutsche Post AG and members of its consolidated tax group. Effects from deferred tax assets of foreign companies not recognised on tax loss carryforwards and temporary differences relate primarily to the Americas region. Effects from extended intra-group loans were netted in the amount of €733 million in the German and foreign effects from deferred tax assets not recognised on tax loss carryforwards and temporary differences.

€714 million (previous year: €128 million) of the effects from deferred tax assets not recognised on tax loss carryforwards and temporary differences relates to the reduction of the effective income tax expense due to the utilisation of tax loss carryforwards and temporary differences for which deferred tax assets had previously not been recognised. In addition, the recognition of deferred taxes previously not recognised on tax loss carryforwards and of deductible temporary differences from a prior period reduced the deferred tax expense by €399 million (previous year: €164 million). Effects from unrecognised deferred tax assets amounting to €634 million (previous year: €648 million, write-down) were due to a valuation allowance recognised for a deferred tax asset. Other effects from unrecognised deferred tax assets primarily relate to loss carryforwards for which no deferred taxes were recognised.

A deferred tax asset in the amount of €759 million (previous year: €472 million) was recognised in the balance sheet for companies that reported a loss in the previous year as, based on tax planning, realisation of the tax asset is probable.

Tax-exempt income and non-deductible expenses mainly include the effect from the planned sale of Postbank.

In financial year 2010, as in the previous year, German Group companies were not affected by tax rate changes. The change in the tax rate in some foreign tax jurisdictions did not lead to any significant effects.

The effective income tax expense includes prior-period tax expenses from German and foreign companies in the amount of €75 million (previous year: income of €5 million).

The following table presents the tax effects on the components of other comprehensive income:

Other comprehensive income

€m	Before taxes	Income taxes	After taxes
2010			
Currency translation reserve	542	0	542
Other changes in retained earnings	1	0	1
Hedging reserve in accordance with IAS 39	42	2	44
Revaluation reserve in accordance with IAS 39	–10	–1	–11
Revaluation reserve in accordance with IFRS 3	–1	0	–1
Share of other comprehensive income of associates	93	0	93
Other comprehensive income	**667**	**1**	**668**
2009			
Currency translation reserve	196	0	196
Hedging reserve in accordance with IAS 39	–46	29	–17
Revaluation reserve in accordance with IAS 39	110	–29	81
Share of other comprehensive income of associates	123	0	123
Other comprehensive income	**383**	**0**	**383**

20 Profit from continuing operations

The profit from continuing operations in financial year 2010 amounted to €2,630 million (previous year: €261 million).

21 Profit from discontinued operations

In accordance with IFRS 5, the profit of the Deutsche Postbank Group until February 2009 was reported in the income statement under profit from discontinued operations. The net income attributable to the remaining interest in the Deutsche Postbank Group has been presented in net income from associates since March 2009.

€m	2009	2010
Total operating income	1,607	0
Total operating expenses	–1,631	0
Loss from operating activities (EBIT)	**–24**	**0**
Net finance costs	–13	0
Loss before taxes from discontinued operations	**–37**	**0**
Attributable tax income	25	0
Loss after taxes from discontinued operations	**–12**	**0**
Deconsolidation effects	444	0
Profit from discontinued operations	**432**	**0**

22 Consolidated net profit for the period

In financial year 2010, the Group generated a consolidated net profit for the period of €2,630 million (previous year: €693 million). Of this figure, €2,541 million (previous year: €644 million) was attributable to Deutsche Post AG shareholders.

23 Non-controlling interests

The net profit attributable to non-controlling interest holders increased by €40 million to €89 million.

24 Earnings per share

Basic earnings per share are computed in accordance with IAS 33 (Earnings per Share) by dividing consolidated net profit by the average number of shares. Basic earnings per share for financial year 2010 were €2.10 (previous year: €0.53).

Basic earnings per share

		2009	2010
Consolidated net profit attributable to Deutsche Post AG shareholders	€m	644	2,541
Weighted average number of shares outstanding	number	1,209,015,874	1,208,951,725
Basic earnings per share	€	**0.53**	**2.10**
of which from continuing operations	€	0.17	2.10
of which from discontinued operations	€	0.36	0.00

To compute diluted earnings per share, the average number of shares outstanding is adjusted for the number of all potentially dilutive shares. Executives were entitled to 2,636,387 rights to shares as at the reporting date.

Diluted earnings per share

		2009	2010
Consolidated net profit attributable to Deutsche Post AG shareholders	€m	644	2,541
Weighted average number of shares outstanding	number	1,209,015,874	1,208,951,725
Potentially dilutive shares	number	0	492,990
Weighted average number of shares for diluted earnings	number	1,209,015,874	1,209,444,715
Diluted earnings per share	€	**0.53**	**2.10**
of which from continuing operations	€	0.17	2.10
of which from discontinued operations	€	0.36	0.00

25 Dividend per share

A dividend per share of €0.65 is being proposed for financial year 2010. Based on the 1,209,015,874 shares recorded in the commercial register as at 31 December 2010, this corresponds to a dividend distribution of €786 million. In the previous year the dividend amounted to €0.60 per share. Further details on the dividend distribution can be found in Note 42.

BALANCE SHEET DISCLOSURES

26 Intangible assets

26.1 Overview

€m	Internally generated intangible assets	Purchased brand names	Purchased customer lists	Other purchased intangible assets	Goodwill	Advance payments and intangible assets under development	Total
Cost							
Balance at 1 January 2009	**1,010**	**410**	**791**	**1,402**	**11,189**	**108**	**14,910**
Additions to consolidated group	0	0	0	0	26	1	**27**
Additions	88	0	0	94	30	59	**271**
Reclassifications	16	0	−6	64	0	−54	**20**
Disposals	−80	0	0	−155	−47	−19	**−301**
Currency translation differences	−1	36	20	12	93	1	**161**
Balance at 31 December 2009/1 January 2010	**1,033**	**446**	**805**	**1,417**	**11,291**	**96**	**15,088**
Additions to consolidated group	0	0	0	0	20	0	**20**
Additions	103	0	0	62	4	40	**209**
Reclassifications	−20	0	0	37	0	−26	**−9**
Disposals	−41	0	0	−170	−11	−20	**−242**
Currency translation differences	12	16	54	37	455	2	**576**
Balance at 31 December 2010	**1,087**	**462**	**859**	**1,383**	**11,759**	**92**	**15,642**
Amortisation and impairment losses							
Balance at 1 January 2009	**681**	**382**	**218**	**926**	**1,041**	**35**	**3,283**
Additions to consolidated group	0	0	0	0	0	0	**0**
Amortisation	93	0	83	164	0	0	**340**
Impairment losses	2	0	0	77	0	2	**81**
Reclassifications	2	0	0	3	0	−1	**4**
Reversal of impairment losses	0	0	0	0	0	0	**0**
Disposals	−65	0	0	−133	−33	−4	**−235**
Currency translation differences	−2	34	4	5	40	0	**81**
Balance at 31 December 2009/1 January 2010	**711**	**416**	**305**	**1,042**	**1,048**	**32**	**3,554**
Additions to consolidated group	0	0	0	0	0	0	**0**
Amortisation	92	1	70	119	0	0	**282**
Impairment losses	0	0	0	6	0	0	**6**
Reclassifications	−4	0	0	−5	0	−1	**−10**
Reversal of impairment losses	0	0	0	0	0	0	**0**
Disposals	−35	0	0	−122	0	0	**−157**
Currency translation differences	11	15	21	25	45	2	**119**
Balance at 31 December 2010	**775**	**432**	**396**	**1,065**	**1,093**	**33**	**3,794**
Carrying amount at 31 December 2010	**312**	**30**	**463**	**318**	**10,666**	**59**	**11,848**
Carrying amount at 31 December 2009	**322**	**30**	**500**	**375**	**10,243**	**64**	**11,534**

In the advance payments and intangible assets under development column, the prior-year figures for disposals in the cost and the amortisation and impairment losses sections were adjusted by €90 million each. This did not affect the carrying amounts.

Purchased software, concessions, industrial rights, licences and similar rights and assets are reported under purchased intangible assets. Internally generated intangible assets relate to development costs for internally developed software.

26.2 Allocation of goodwill to CGUs

€m	2009	2010
Total goodwill[1]	**10,243**	**10,666**
MAIL		
MAIL National	75	94
MAIL International	552	568
EXPRESS	4,130	4,158
GLOBAL FORWARDING, FREIGHT		
DHL Global Forwarding	3,451	3,723
DHL Freight	265	268
SUPPLY CHAIN		
DHL Supply Chain	1,581	1,647
Williams Lea	303	322

1) Goodwill from reconciliation amounts to €–114 million (previous year: €–114 million).

The structure of the cash generating units (CGUs) was not changed compared with the previous year, although the prior-year figures were adjusted to take account of intra-group reorganisations. For the purposes of annual impairment testing in accordance with IAS 36, the Group determines the recoverable amount of a CGU on the basis of its value in use. This calculation is based on projections of free cash flows that are initially discounted at a rate corresponding to the post-tax cost of capital. Pre-tax discount rates are then determined iteratively.

The cash flow projections are based on the detailed EBIT and investment planning adopted by management and take both internal historical data and external macroeconomic data into account. From a methodological perspective, the detailed planning phase covers a three-year planning horizon from 2011 to 2013. It is supplemented by a perpetual annuity representing the value added from 2014 onwards. This is calculated using a long-term growth rate, which is determined for each CGU separately and which is shown in the table below. The growth rate used reflects, amongst other things, expectations regarding industry growth for the CGUs. The cash flow forecasts are based both on historical amounts and on the anticipated future general market trend. In addition, the forecasts take into account growth in the respective national business operations and in international trade, and the ongoing trend towards outsourcing logistics activities. Cost estimates for the transportation network and services also have an impact on value in use.

The pre-tax cost of capital is based on the weighted average cost of capital. The (pre-tax) discount rates for the individual CGUs and the growth rates assumed in each case for the perpetual annuity are shown in the following table:

%	Discount rates		Growth rates	
	2009	2010	2009	2010
SUPPLY CHAIN				
DHL Supply Chain	10.7	9.5	2.5	2.5
Williams Lea	11.6	9.7	2.0	2.0
GLOBAL FORWARDING, FREIGHT				
DHL Freight	10.8	9.6	2.0	2.0
DHL Global Forwarding	10.7	9.5	2.5	2.5
MAIL				
MAIL National	11.2	9.2	0.0	0.0
MAIL International	10.7	8.8	1.0	1.0
EXPRESS	10.7	10.6	2.0	2.0

On the basis of these assumptions and the impairment tests carried out for the individual CGUs to which goodwill was allocated, it was established that the recoverable amounts for all CGUs exceed their carrying amounts. No impairment losses were recognised on goodwill in any of the CGUs as at 31 December 2010.

27 Property, plant and equipment

27.1 Overview

€m	Land and buildings	Technical equip-ment and machinery	Other equip-ment, office and operating equipment	Aircraft	Vehicle fleet and transport equipment	Advance payments and assets under development	Total
Cost							
Balance at 1 January 2009	**4,849**	**4,181**	**2,398**	**1,436**	**1,949**	**296**	**15,109**
Additions to consolidated group	1	1	4	0	7	0	**13**
Additions	74	182	230	110	127	207	**930**
Reclassifications	32	68	26	160	25	−332	**−21**
Disposals	−316	−275	−292	−95	−211	−44	**−1,233**
Currency translation differences	37	40	23	1	24	3	**128**
Balance at 31 December 2009/1 January 2010	**4,677**	**4,197**	**2,389**	**1,612**	**1,921**	**130**	**14,926**
Additions to consolidated group	0	0	0	0	0	0	**0**
Additions	76	266	157	68	212	279	**1,058**
Reclassifications	9	61	26	59	7	−164	**−2**
Disposals	−281	−222	−188	−316	−207	−15	**−1,229**
Currency translation differences	132	114	97	10	36	4	**393**
Balance at 31 December 2010	**4,613**	**4,416**	**2,481**	**1,433**	**1,969**	**234**	**15,146**
Depreciation and impairment losses							
Balance at 1 January 2009	**1,933**	**3,157**	**1,739**	**623**	**989**	**−8**	**8,433**
Additions to consolidated group	1	1	3	0	3	0	**8**
Depreciation	184	247	250	127	208	0	**1,016**
Impairment losses	98	40	10	24	10	1	**183**
Reclassifications	4	−2	6	−5	3	−9	**−3**
Reversal of impairment losses	0	0	0	0	0	0	**0**
Disposals	−240	−236	−270	−77	−165	−1	**−989**
Currency translation differences	12	20	16	−3	13	0	**58**
Balance at 31 December 2009/1 January 2010	**1,992**	**3,227**	**1,754**	**689**	**1,061**	**−17**	**8,706**
Additions to consolidated group	0	0	0	0	0	0	**0**
Depreciation	173	216	225	137	204	0	**955**
Impairment losses	17	12	2	21	1	0	**53**
Reclassifications	−10	7	1	0	0	11	**9**
Reversal of impairment losses	−3	0	−1	−3	0	0	**−7**
Disposals	−156	−189	−162	−276	−178	11	**−950**
Currency translation differences	73	76	76	4	21	0	**250**
Balance at 31 December 2010	**2,086**	**3,349**	**1,895**	**572**	**1,109**	**5**	**9,016**
Carrying amount at 31 December 2010	**2,527**	**1,067**	**586**	**861**	**860**	**229**	**6,130**
Carrying amount at 31 December 2009	**2,685**	**970**	**635**	**923**	**860**	**147**	**6,220**

In the vehicle fleet and transport equipment column, the cumulative acquisition costs and depreciation and impairment losses from an intra-group transfer of assets in 2005 were each adjusted by €553 million. This did not affect the carrying amounts or the income statement. The prior-year figures were adjusted accordingly.

Advance payments relate only to advance payments on items of property, plant and equipment for which the Group has paid advances in connection with uncompleted transactions. Assets under development relate to items of property, plant and equipment in progress at the balance sheet date for whose production internal or third-party costs have already been incurred. Items of property, plant and equipment pledged as collateral amounted to less than €1 million, as in the prior year.

27.2 Finance leases

The following assets are carried as non-current assets resulting from finance leases:

€m	2009	2010
Land and buildings	57	57
Technical equipment and machinery	24	8
Other equipment, operating and office equipment	30	25
Aircraft	407	281
Vehicle fleet and transport equipment	3	3
Finance leases	**521**	**374**

The corresponding liabilities from finance leases are included under financial liabilities; see Note 46.

28 Investment property

€m	2009	2010
Cost		
As at 1 January	45	45
Reclassifications	0	10
Disposals	0	–3
Currency translation differences	0	1
As at 31 December	45	53
Depreciation		
As at 1 January	13	13
Reclassifications	0	3
As at 31 December	13	16
Carrying amount as at 31 December	**32**	**37**

Rental income for this property amounted to €1 million (previous year: €1 million), while the related expenses amounted to €2 million (previous year: €1 million). The fair value amounted to €77 million, as in the previous year.

29 Investments in associates

Investments in associates developed as follows:

€m	2009	2010
As at 1 January	61	1,772
Additions	1,561	0
Changes in Group's share of equity		
Changes recognised in profit or loss	28	56
Profit distributions	–1	–4
Changes recognised in other comprehensive income	123	93
Impairment losses	0	–69
Elimination of intercompany profits and losses	0	–1
Carrying amount as at 31 December	**1,772**	**1,847**

Since March 2009, the 39.5% interest in the Deutsche Postbank Group has been accounted for using the equity method. Since this also accounts for the largest portion of this balance sheet item, the following table only reports the assets, liabilities, income from banking transactions and net profit of Deutsche Postbank AG (all items 100%).

Deutsche Postbank AG[1)]

€m	31 Dec. 2009	30 Sept. 2010
Assets	226,609	231,457
Liabilities	221,358	225,739
Income from banking transactions[2)]	9,103	6,235
Consolidated net profit	76	218

1) Deutsche Postbank AG's figures are based on the last published interim financial statements as at 30 September 2010 and the last published consolidated financial statements as at 31 December 2009 because no audited consolidated financial statements of Deutsche Postbank AG for the year ending 31 December 2010 were available at the time when Deutsche Post AG's consolidated financial statements were prepared.
2) Income from banking transactions includes interest income, commission income and net trading income.

The equity investment in Deutsche Postbank AG attributable to Deutsche Post AG had a market valuation of €1,797 million as at 31 December 2010 (previous year: €1,977 million), based on the price of €20.80 per share (previous year: €22.88). The carrying amount of Deutsche Postbank AG's equity investment was reduced by €52 million due to the lower share price; see Note 18.

As at 31 December 2010, Deutsche Post AG held 86,417,432 shares of Deutsche Postbank. All Postbank shares were pledged as collateral in connection with the second and third tranches of the planned sale of the interest in Postbank; see Notes 2, 3 and 50.

30 Non-current financial assets

€m	2009	2010
Available-for-sale financial assets	150	142
Loans and receivables	414	468
Assets at fair value through profit or loss	805	2,531
Held-to-maturity financial assets	27	5
Lease receivables	52	47
Non-current financial assets	**1,448**	**3,193**

The increase in non-current financial assets was mainly due to the initial recognition of the forward transaction as from January 2010; see Note 3.

The assets at fair value through profit or loss mainly consist of a put option related to the planned sale of the interest in Deutsche Postbank to Deutsche Bank AG, see Note 50. This item also includes derivatives for hedging the currency risk.

Write-downs on non-current financial assets amounting to €13 million (previous year: €33 million) were recognised in the income statement because the assets were impaired. A large proportion (€10 million; previous year: €6 million) of this amount is attributable to assets at fair value through profit or loss and €3 million (previous year: €1 million) to available-for-sale financial assets.

Compared with the market rates of interest prevailing at 31 December 2010 for comparable non-current financial assets, most of the housing promotion loans are low-interest or interest-free loans. They are recognised in the balance sheet at a present value of €16 million (previous year: €21 million). The principal amount of these loans totals €22 million (previous year: €23 million).

Details on restraints on disposal are contained in Note 50.2 (Collateral).

31 Other non-current assets

€m

	2009	2010
Pension assets	288	375
Miscellaneous	60	90
Other non-current assets	**348**	**465**

Further information on pension assets can be found in Note 44.

32 Deferred taxes

€m

	2009		2010	
	Assets	Liabilities	Assets	Liabilities
Intangible assets	57	295	39	210
Property, plant and equipment	90	32	85	43
Non-current financial assets	3	0	13	71
Other non-current assets	33	36	4	50
Other current assets	33	41	33	18
Provisions	211	14	196	12
Financial liabilities	412	97	332	61
Other liabilities	67	47	54	32
Tax loss carryforwards	142	–	499	–
Gross amount	**1,048**	**562**	**1,255**	**497**
Netting	–380	–380	–282	–282
Carrying amount	**668**	**182**	**973**	**215**

€387 million (previous year: €85 million) of the deferred taxes on tax loss carryforwards relates to tax loss carryforwards in Germany and €112 million (previous year: €57 million) to foreign tax loss carryforwards.

No deferred tax assets were recognised for tax loss carryforwards of around €13.3 billion (previous year: €16.6 billion) and for temporary differences of around €2,724 million (previous year: €3,208 million), as it can be assumed that the Group will probably not be able to use these tax loss carryforwards and temporary differences in its tax planning. Most of the loss carryforwards are attributable to Deutsche Post AG. It will be possible to utilise them for an indefinite period of time. In the case of the foreign companies, the significant loss carryforwards will not lapse before 2026.

Deferred taxes have not been recognised for temporary differences of €375 million (previous year: €464 million) relating to earnings of German and foreign subsidiaries because these temporary differences will probably not reverse in the foreseeable future.

Maturity structure

€m

	Short-term	Long-term	Total
2010			
Deferred tax assets	133	840	**973**
Deferred tax liabilities	42	173	**215**
2009			
Deferred tax assets	120	548	**668**
Deferred tax liabilities	30	152	**182**

33 Inventories

Standard costs for inventories of postage stamps and spare parts in freight centres amounted to €13 million (previous year: €13 million). There was no requirement to charge significant valuation allowances on these inventories.

€m

	2009	2010
Raw materials, consumables and supplies	156	161
Finished goods and goods purchased and held for resale	47	44
Work in progress	15	13
Spare parts for aircraft	7	5
Advance payments	1	0
Inventories	**226**	**223**

34 Income tax assets and liabilities

€m

	2009	2010
Income tax assets	196	223
Income tax liabilities	292	463

All income tax assets and liabilities are current and have maturities of less than one year.

35 Receivables and other current assets

€m

	2009	2010
Trade receivables	4,881	6,011
Prepaid expenses	620	683
Deferred revenue	472	508
Current tax receivables	386	490
Income from cost absorption	65	83
Creditors with debit balances	52	37
Receivables from Group companies	28	35
Receivables from employees	26	31
Receivables from insurance business	15	20
Receivables from loss compensation (recourse claims)	19	19
Receivables from sale of assets	44	17
Receivables from Bundes-Pensions-Service für Post und Telekommunikation e.V.	0	14
Receivables from cash-on-delivery	18	13
Receivables from private postal agencies	9	8
Miscellaneous other assets	522	672
Receivables and other current assets	**7,157**	**8,641**

Of the tax receivables, €388 million (previous year: €307 million) relates to VAT, €66 million (previous year: €34 million) to customs and duties, and €36 million (previous year: €45 million) to other tax receivables. Miscellaneous other assets include a large number of individual items.

36 Current financial assets

€m

	2009	2010
Available-for-sale financial assets	1,618	420
Loans and receivables	196	150
Held-to-maturity financial assets	1	0
Financial assets at fair value through profit or loss	31	38
Lease receivables	48	47
Current financial assets	**1,894**	**655**

Of the available-for-sale financial assets, €407 million (previous year: €1,605 million) was measured at fair value. Details on restraints on disposal are contained in Note 50.2 (Collateral).

37 Cash and cash equivalents

€m

	2009	2010
Cash equivalents	1,982	2,056
Bank balances	612	837
Money in transit	313	350
Cash	19	28
Other cash and cash equivalents	138	144
Cash and cash equivalents	**3,064**	**3,415**

38 Assets held for sale and liabilities associated with assets held for sale

The amounts reported under these items mainly relate to the following:

€m

	Assets		Liabilities	
	2009	2010	2009	2010
Deutsche Post AG – real estate	18	71	0	0
Deutsche Post Immobilienentwicklung Grundstücksgesellschaft mbH & Co. Logistikzentren KG, Germany – real estate	0	25	0	0
US Express Aviation, USA – aircraft	17	12	0	0
DHL Excel Supply Chain Euskal-Log S.L.U., Spain – building	16	0	0	0
DHL Express (France) SAS, France	70	0	98	0
DHL Express (UK) Ltd., UK	51	0	51	0
Other	7	5	1	0
Assets held for sale and liabilities associated with assets held for sale	**179**	**113**	**150**	**0**

Deutsche Post Immobilienentwicklung Grundstücksgesellschaft, Germany, plans to sell four properties. These properties were therefore reclassified from property, plant and equipment to assets held for sale. The most recent appraisal prior to reclassification resulted in an impairment loss of €13 million.

Surplus aircraft capacity that was no longer required following the restructuring of US Express Aviation was also classified in accordance with IFRS 5.

The sale of the building in Spain was not completed. The property was reclassified to non-current assets.

The planned sale of the day-definite domestic business of DHL Express (UK) Ltd., UK, and DHL Express (France) SAS, France, was classified in accordance with IFRS 5 in the previous year. The most recent measurement of the non-current assets before their reclassification to current assets in accordance with IFRS 5 resulted in an impairment loss of €32 million each at the two companies. Following the reclassification, further adjustments to fair value less costs to sell were made at DHL Express UK in the amount of €16 million.

31 December 2009

€m	DHL Express UK	DHL Express France
ASSETS		
Non-current assets	0	2
Inventories	1	0
Receivables and other current assets	50	62
Cash and cash equivalents	0	6
Total ASSETS	**51**	**70**
LIABILITIES		
Non-current provisions	6	8
Current provisions	11	14
Current financial liabilities	0	6
Current liabilities	34	70
Total LIABILITIES	**51**	**98**

The following table shows the expenses attributable to DHL Express UK recognised in other comprehensive income:

Accumulated other comprehensive income

€m	Equity attributable to Deutsche Post AG shareholders	Non-controlling interests	Total equity
2009			
Currency translation reserve	–14	0	**–14**

The sales of the two companies' business units were completed in financial year 2010; see Note 2.

39 Issued capital

39.1 Share capital

KfW Bankengruppe (KfW), see Note 55.1, holds 30.5% of Deutsche Post AG's share capital. The proportion of free float shares amounts to 69.5%.

Share ownership as at 31 December

number of shares	2009	2010
KfW	368,277,358	368,277,358
Free float	840,738,516	840,738,516
Share capital as at 31 December	**1,209,015,874**	**1,209,015,874**

39.2 Issued capital and purchase of treasury shares

The issued capital was €1,209 million. It is composed of 1,209,015,874 no-par value registered shares (ordinary shares) with a notional interest in the share capital of €1 per share and is fully paid up.

Changes in issued capital

€	2009	2010
As at 1 January	1,209,015,874	1,209,015,874
Purchase of treasury shares	0	–769,794
Treasury shares issued	0	769,794
As at 31 December	**1,209,015,874**	**1,209,015,874**

In the first quarter of 2010, Deutsche Post AG acquired 769,794 shares at a total price of €10 million, including transaction costs, under the authorisation issued on 21 April 2009 to settle entitlements due under the new bonus programme for executives introduced in financial year 2009 (Share Matching Scheme). Consequently, issued capital was reduced by the notional value of the shares purchased. The average purchase price per share was €12.96. The notional value of the treasury shares is deducted from issued capital and the difference between the notional value and the reported value of the treasury shares is deducted from retained earnings. Issued capital increased again, by €769,794, when 769,794 shares were issued to executives in April 2010. Changes in treasury shares are presented in the statement of changes in equity.

Authorised/contingent capital as at 31 December 2010

	Amount (€m)	Purpose
Authorised Capital 2009	240	Increase in share capital against cash/non-cash contributions (until 20 April 2014)
Contingent Capital III	56	Issue of option/conversion rights (7 May 2012)

39.3 Authorisation to acquire own shares

By way of a resolution adopted by the Annual General Meeting on 28 April 2010, the company is authorised to acquire own shares in the period to 27 April 2015 of up to 10% of the share capital existing when the resolution was adopted. The authorisation permits the Board of Management to exercise it for every purpose permitted by law, and in particular to pursue the goals mentioned in the resolution by the Annual General Meeting. In addition, the Board of Management has been authorised to acquire own shares using derivatives. As at the reporting date in the previous year, Deutsche Post AG did not hold any own shares on 31 December 2010.

39.4 Disclosures on corporate capital

The equity ratio was 28.3% in financial year 2010 (previous year: 23.8%). The company's capital is monitored using the net gearing ratio which is defined as net debt divided by the total of equity and net debt. The ratio in 2010 was –14.8% (previous year: –25.7%).

€m	2009	2010
Aggregate financial liabilities	7,439	7,022
Less cash and cash equivalents	–3,064	–3,415
Less current financial assets	–1,894	–655
Less long-term deposits	–120	–120
Less long-term derivative financial instruments	–805	–2,531
Less financial liabilities to non-controlling interest holders of Williams Lea	–23	–28
Less mandatory exchangeable bond	–2,670	–2,796
Less cash collateral	–1,200	–1,248
Plus net effect from derivatives measurement in the context of the planned Postbank sale	647	2,389
Net debt (+)/net liquidity (–)	**–1,690**	**–1,382**
Plus total equity	8,273	10,696
Total equity and net debt	**6,583**	**9,314**
Net gearing ratio in %	–25.7	–14.8

40 Other reserves

€m	2009	2010
Capital reserves	2,147	2,158
Revaluation reserve in accordance with IAS 39	7	86
Hedging reserve in accordance with IAS 39	–77	–33
Revaluation reserve in accordance with IFRS 3	7	6
Currency translation reserve	–1,215	–682
Other reserves	**869**	**1,535**

40.1 Capital reserves

€m	2009	2010
Capital reserves as at 1 January	2,142	2,147
Additions		
Issue of rights under 2009 Share Matching Scheme	5	6
Issue of rights under 2010 Share Matching Scheme	0	14
Exercise of rights under 2009 Share Matching Scheme	0	–9
Capital reserves as at 31 December	**2,147**	**2,158**

A new system to grant variable remuneration components for some of the Group's executives was introduced in the previous year. In the period up to 31 December 2010, an amount of €20 million (31 December 2009: €5 million) was transferred to the capital reserves for the 2009 and 2010 tranches of the Share Matching Scheme. Exercise of the rights to shares in April 2010 reduced the capital reserves by €9 million due to the corresponding issuance of treasury shares to the executives.

40.2 Revaluation reserve in accordance with IAS 39

The revaluation reserve comprises gains and losses from changes in the fair value of available-for-sale financial assets that have been recognised in other comprehensive income. This reserve is reversed to profit or loss either when the assets are sold or otherwise disposed of, or if the fair value of the assets falls permanently below their cost.

€m	2009	2010
As at 1 January	–222	7
Currency translation differences	–5	1
Unrealised gains/losses	455	5
Share of associates	130	90
Realised gains/losses	–351	–16
Revaluation reserve as at 31 December before tax	**7**	**87**
Deferred taxes	0	–1
Revaluation reserve as at 31 December after tax	**7**	**86**

40.3 Hedging reserve in accordance with IAS 39

The hedging reserve is adjusted by the effective portion of a cash flow hedge. The hedging reserve is released to profit or loss when the hedged item is settled.

€m	2009	2010
As at 1 January	–32	–78
Additions	–1	–67
Disposals in balance sheet (basis adjustment)	4	0
Disposals in income statement	–49	109
Hedging reserve as at 31 December before tax	**–78**	**–36**
Deferred taxes	1	3
Hedging reserve as at 31 December after tax	**–77**	**–33**

The change in the hedging reserve is mainly the result of the recognition of previously unrealised gains and losses from hedging future operating currency transactions. In the financial year, unrealised losses totalling €12 million from the hedging reserve were recognised in operating profit under other operating expenses (previous year: unrealised gains of €–54 million were recognised in other operating income); unrealised losses of €97 million (previous year: €5 million) were recognised in net financial income. In the past financial year, there were no adjusting entries for hedging transactions related to the acquisition of non-current non-financial assets (previous year: €4 million). Deferred taxes have been recognised in respect of the hedging reserve.

40.4 Revaluation reserve in accordance with IFRS 3

€m	2009	2010
As at 1 January	8	7
Changes recognised in other comprehensive income	–1	–1
Revaluation reserve in accordance with IFRS 3 as at 31 December	**7**	**6**

The revaluation reserve in accordance with IFRS 3 includes the hidden reserves of DHL Logistics Co. Ltd., China (formerly Exel Sinotrans Freight Forwarding Co. Ltd.) from purchase price allocation. These are attributable to the customer relationships contained in the 50% interest previously held and to adjustments to deferred taxes.

40.5 Currency translation reserve

The currency translation reserve includes the translation gains and losses from the consolidation of the subsidiaries reporting in foreign currency.

€m	2009	2010
As at 1 January	–1,397	–1,215
Changes recognised in profit or loss	31	20
Changes recognised in other comprehensive income	151	513
Currency translation reserve as at 31 December	**–1,215**	**–682**

41 Retained earnings

Retained earnings contain the undistributed consolidated profits generated in prior periods. Changes in the reserves during the financial year are also presented in the statement of changes in equity.

€m	2009	2010
As at 1 January	6,178	6,098
Dividend payment	–725	–725
Consolidated net profit for the period	644	2,541
Transactions with non-controlling interests	0	–147
Miscellaneous other changes	1	0
Retained earnings as at 31 December	**6,098**	**7,767**

As a result of the discontinuation of Express USA's domestic business, the shares held by other shareholders in ASTAR Air Cargo Holdings, LLC, which had previously already been fully consolidated as a special purpose entity, were purchased in November 2010. €72 million was paid out in cash and other assets, mainly aircraft, in return for the shares. €1 million in further transaction costs was added to this. This transaction was accounted for as a transaction between equity holders in accordance with IAS 27. Retained earnings include the reserve for treasury shares, which changed as follows:

Reserve for treasury shares

€m	2009	2010
1 January	0	0
Treasury shares acquired	0	–9
Treasury shares issued	0	8
31 December	**0**	**–1**

Changes in treasury shares are presented in the statement of changes in equity.

42 Equity attributable to Deutsche Post AG shareholders

The equity attributable to Deutsche Post AG shareholders in financial year 2010 amounted to €10,511 million (previous year: €8,176 million).

Dividends

Dividends paid to the shareholders of Deutsche Post AG are based on the net retained profit of €1,502 million reported in Deutsche Post AG's annual financial statements in accordance with the *Handelsgesetzbuch* (HGB – German commercial code). The amount of €716 million remaining after deduction of the planned total dividend of €786 million (which corresponds to €0.65 per share) will be carried forward.

In financial year 2010, a dividend of €725 million was paid for 2009. In the previous year, dividend payments for 2008 also amounted to €725 million. This corresponds to a dividend per share of €0.60 in both years. The dividend is tax-exempt for shareholders resident in Germany. No capital gains tax (investment income tax) will be withheld on the distribution.

43 Non-controlling interests

This balance sheet item includes adjustments for the interests of non-Group shareholders in the consolidated equity from acquisition accounting, as well as their interests in profit or loss. The interests relate primarily to the following companies:

€m	2009	2010
DHL Sinotrans International Air Courier Ltd., China	53	84
Lemuir Logistics Private Limited, India	15	18
Blue Dart Express Limited, India	14	18
Tradeteam Limited, UK	16	18
Other companies	–1	47
Non-controlling interests	**97**	**185**

44 Provisions for pensions and similar obligations

The information below on pension obligations is broken down into the following areas: Germany, UK and Other.

44.1 Provisions for pensions and similar obligations by area

€m	Germany	UK	Other	Total
31 December 2010				
Provisions for pensions and similar obligations	4,150	157	206	**4,513**
Pension assets	0	196	179	**375**
Net pension provisions	**4,150**	**–39**	**27**	**4,138**
31 December 2009				
Provisions for pensions and similar obligations	4,204	187	183	**4,574**
Pension assets	0	128	160	**288**
Net pension provisions	**4,204**	**59**	**23**	**4,286**

44.2 Actuarial assumptions

The majority of the Group's defined benefit obligations relate to plans in Germany and the UK. In addition, significant pension plans are provided in other euro zone countries, Switzerland and the USA. The actuarial measurement of the main benefit plans was based on the following assumptions:

%	Germany	UK	Other euro zone	Switzerland	United States
31 December 2010					
Discount rate	5.00	5.50	5.00	2.75	5.50
Future salary increase	2.50	3.44	2.57	3.00	–
Future inflation rate	2.00	3.00	2.00	1.50	–
31 December 2009					
Discount rate	5.25	5.75	5.25	3.00	5.75
Future salary increase	2.50	3.84	2.63	3.00	–
Future inflation rate	2.00	2.75	2.00	1.50	–

For the German Group companies, life expectancy was calculated using the *Richttafeln 2005 G* mortality tables published by Klaus Heubeck. Life expectancy for the British pension plans was based on the mortality rates used for the last funding valuation. These are based on plan-specific mortality analyses and include a premium for an expected increase in future life expectancy. Other countries used their own mortality tables.

44.3 Computation of expense for the period

The following average expected return on plan assets was used to compute the expense for the period:

%	Germany	UK	Other euro zone	Switzerland	United States
31 December 2010					
Average expected return on plan assets	4.15	6.25	5.69	4.25	7.00
31 December 2009					
Average expected return on plan assets	4.22	6.74	6.20	4.25	7.50

The average expected return on plan assets was determined by reference to long-term bond yields (government and corporate). In this process, suitable risk premiums were applied on the basis of historical market returns and current market expectations taking plan asset structures into account.

44.4 Reconciliation of the present value of the defined benefit obligation, the fair value of plan assets and the pension provisions

€m	Germany	UK	Other	Total
2010				
Present value of total defined benefit obligations at 31 December for wholly or partly funded benefits	4,003	3,294	1,589	**8,886**
Present value of defined benefit obligations at 31 December for unfunded benefits	3,272	8	183	**3,463**
Present value of total defined benefit obligations at 31 December	7,275	3,302	1,772	**12,349**
Fair value of plan assets at 31 December	−2,122	−3,378	−1,519	**−7,019**
Unrecognised gains (+)/losses (–)	−1,003	36	−232	**−1,199**
Unrecognised past service cost	0	0	0	**0**
Asset adjustment for asset ceiling	0	1	6	**7**
Net pension provisions at 31 December	**4,150**	**−39**	**27**	**4,138**
Pension assets at 31 December	0	196	179	**375**
Provisions for pensions and similar obligations at 31 December	**4,150**	**157**	**206**	**4,513**
2009				
Present value of total defined benefit obligations at 31 December for wholly or partly funded benefits	3,879	2,996	1,368	**8,243**
Present value of defined benefit obligations at 31 December for unfunded benefits	3,251	8	162	**3,421**
Present value of total defined benefit obligations at 31 December	7,130	3,004	1,530	**11,664**
Fair value of plan assets at 31 December	−2,073	−3,060	−1,339	**−6,472**
Unrecognised gains (+)/losses (–)	−852	114	−184	**−922**
Unrecognised past service cost	−1	0	0	**−1**
Asset adjustment for asset ceiling	0	1	16	**17**
Net pension provisions at 31 December	**4,204**	**59**	**23**	**4,286**
Pension assets at 31 December	0	128	160	**288**
Provisions for pensions and similar obligations at 31 December	**4,204**	**187**	**183**	**4,574**

44.5 Changes in the present value of total defined benefit obligations

€m	Germany	UK	Other	Total
2010				
Present value of total defined benefit obligations at 1 January	7,130	3,004	1,530	**11,664**
Current service cost, excluding employee contributions	76	31	35	**142**
Employee contributions	8	17	15	**40**
Interest cost	366	178	73	**617**
Benefit payments	−487	−166	−90	**−743**
Past service cost	13	1	−3	**11**
Curtailments	0	−5	−2	**−7**
Settlements	0	0	−1	**−1**
Transfers	4	3	0	**7**
Acquisitions/divestitures	3	0	−2	**1**
Actuarial gains (–)/losses (+)	162	137	106	**405**
Currency translation effects	0	102	111	**213**
Present value of total defined benefit obligations at 31 December	**7,275**	**3,302**	**1,772**	**12,349**
2009				
Present value of total defined benefit obligations at 1 January	6,681	2,684	1,488	10,853
Current service cost, excluding employee contributions	69	40	48	157
Employee contributions	8	18	13	39
Interest cost	373	188	72	633
Benefit payments	−487	−161	−104	−752
Past service cost	16	0	1	17
Curtailments	0	0	−23	−23
Settlements	0	0	0	0
Transfers	−1	5	−6	−2
Acquisitions/divestitures	0	0	−2	−2
Actuarial gains (–)/losses (+)	471	−7	36	500
Currency translation effects	0	237	7	244
Present value of total defined benefit obligations at 31 December	**7,130**	**3,004**	**1,530**	**11,664**

44.6 Changes in the fair value of plan assets

€m	Germany	UK	Other	Total
2010				
Fair value of plan assets at 1 January	2,073	3,060	1,339	**6,472**
Employer contributions	169	106	31	**306**
Employee contributions	0	4	15	**19**
Expected return on plan assets	88	207	79	**374**
Gains (+)/losses (–) on plan assets	1	59	41	**101**
Benefit payments	–209	–165	–77	**–451**
Transfers	–1	3	0	**2**
Acquisitions	1	0	0	**1**
Settlements	0	0	–1	**–1**
Currency translation effects	0	104	92	**196**
Fair value of plan assets at 31 December	**2,122**	**3,378**	**1,519**	**7,019**
2009				
Fair value of plan assets at 1 January	1,992	2,594	1,257	5,843
Employer contributions	203	62	57	322
Employee contributions	0	4	13	17
Expected return on plan assets	76	188	71	335
Gains (+)/losses (–) on plan assets	9	138	27	174
Benefit payments	–207	–160	–90	–457
Transfers	0	5	1	6
Acquisitions	0	0	0	0
Settlements	0	0	0	0
Currency translation effects	0	229	3	232
Fair value of plan assets at 31 December	**2,073**	**3,060**	**1,339**	**6,472**

The plan assets are composed of fixed-income securities (42%; previous year: 37%), equities and investment funds (30%; previous year: 29%), real estate (19%; previous year: 20%), cash and cash equivalents (4%; previous year: 11%), insurance contracts (4%; previous year: 1%) and other assets (1%; previous year: 2%).

79% (previous year: 83%) of the real estate has a fair value of €1,043 million (previous year: €1,050 million) and is owner-occupied by Deutsche Post AG.

44.7 Funded status

€m	2006 Total	2007 Total	2008 Total	2009 Total	2010 Total
Present value of defined benefit obligations at 31 December	15,205	13,529	12,246	11,664	12,349
Fair value of plan assets at 31 December	–7,784	–7,772	–6,235	–6,472	–7,019
Funded status[1)]	**7,421**	**5,757**	**6,011**	**5,192**	**5,330**

1) Until financial year 2008, the funded status is recognised with the amounts of Deutsche Postbank Group included.

44.8 Gains and losses

€m	2006 Total	2007 Total	2008 Total	2009 Total	2010 Total
Actual return on plan assets	448	473	−632	509	475
Expected return on plan assets	391	439	415	335	374
Experience gains (+)/losses (–) on plan assets[1]	**57**	**34**	**−1,047**	**174**	**101**

1) Until financial year 2008, the experience gains and losses are recognised with the amounts of Deutsche Postbank Group included.

€m	2006 Total	2007 Total	2008 Total	2009 Total	2010 Total
Experience gains (+)/losses (–) on defined benefit obligations	−226	116	11	61	50
Gains (+)/losses (–) on defined benefit obligations arising from changes in assumptions	488	1,298	635	−561	−455
Total actuarial gains (+)/ losses (–) on defined benefit obligations[1]	**262**	**1,414**	**646**	**−500**	**−405**

1) Total actuarial gains and losses on defined benefit obligations are recognised until financial year 2008 with the amounts of Deutsche Postbank Group included.

44.9 Changes in net pension provisions

€m	Germany	UK	Other	Total
2010				
Net pension provisions at 1 January	4,204	59	23	**4,286**
Pension expense	378	−7	41	**412**
Benefit payments	−278	−1	−13	**−292**
Employer contributions	−169	−106	−31	**−306**
Employee contributions	8	13	0	**21**
Acquisitions/divestitures	2	0	−2	**0**
Transfers	5	0	−2	**3**
Currency translation effects	0	3	11	**14**
Net pension provisions at 31 December	**4,150**	**−39**	**27**	**4,138**
2009				
Net pension provisions at 1 January	4,299	63	61	**4,423**
Pension expense	381	40	40	**461**
Benefit payments	−280	−1	−14	**−295**
Employer contributions	−203	−62	−57	**−322**
Employee contributions	8	14	0	**22**
Acquisitions/divestitures	0	0	−2	**−2**
Transfers	−1	0	−7	**−8**
Currency translation effects	0	5	2	**7**
Net pension provisions at 31 December	**4,204**	**59**	**23**	**4,286**

Payments amounting to €608 million are expected with regard to net pension provisions in 2011. Of this amount, €284 million is attributable to the Group's expected direct pension payments and €324 million to expected employer contributions to pension funds.

44.10 Pension expense

€m	Germany	UK	Other	Total
2010				
Current service cost, excluding employee contributions	76	31	35	**142**
Interest cost	366	178	73	**617**
Expected return on plan assets	–88	–207	–79	**–374**
Recognised past service cost	14	1	–3	**12**
Amortisation of unrealised gains (–)/losses (+)	10	–4	26	**32**
Effects of curtailments	0	–6	–2	**–8**
Effects of settlements	0	0	0	**0**
Effects of asset ceiling	0	0	–9	**–9**
Pension expense	**378**	**–7**	**41**	**412**
2009				
Current service cost, excluding employee contributions	69	40	48	**157**
Interest cost	373	188	72	**633**
Expected return on plan assets	–76	–188	–71	**–335**
Recognised past service cost	17	0	1	**18**
Amortisation of unrealised gains (–)/losses (+)	–2	0	–3	**–5**
Effects of curtailments	0	0	–20	**–20**
Effects of settlements	0	0	0	**0**
Effects of asset ceiling	0	0	13	**13**
Pension expense	**381**	**40**	**40**	**461**

€169 million (previous year: €163 million) of the entire pension expense was included in staff costs in 2010, and €243 million (previous year: €298 million) was included in net other financial income.

45 Other provisions

€m	Non-current		Current		Total	
	2009	2010	2009	2010	2009	2010
Other employee benefits	815	924	307	259	**1,122**	**1,183**
Restructuring provisions	743	696	840	452	**1,583**	**1,148**
Technical reserves (insurance)	330	374	198	179	**528**	**553**
Postage stamps	0	0	500	450	**500**	**450**
Miscellaneous provisions	387	446	801	919	**1,188**	**1,365**
	2,275	**2,440**	**2,646**	**2,259**	**4,921**	**4,699**

45.1 Changes in other provisions

€m	Other employee benefits	Restructuring provisions	Technical reserves (insurance)	Postage stamps	Miscellaneous provisions	Total
As at 1 January 2010	1,122	1,583	528	500	1,188	**4,921**
Changes in consolidated group	0	0	0	0	–4	**–4**
Utilisation	–677	–628	–96	–500	–786	**–2,687**
Currency translation differences	0	82	10	0	22	**114**
Reversal	–49	–308	–31	0	–130	**–518**
Unwinding of discount	46	48	13	0	21	**128**
Reclassification	–1	4	0	0	2	**5**
Additions	742	367	129	450	1,052	**2,740**
As at 31 December 2010	**1,183**	**1,148**	**553**	**450**	**1,365**	**4,699**

The provision for other employee benefits primarily covers workforce reduction expenses (severance payments, transitional benefits, partial retirement etc.).

The restructuring provisions comprise all expenses resulting from the restructuring measures within the US express business as well as in other areas of the Group. These measures relate primarily to termination benefit obligations to employees (partial retirement programmes, transitional benefits) and expenses from the closure of terminals, for example.

Technical reserves (insurance) mainly consist of outstanding loss reserves and IBNR reserves; further details can be found in Note 7.

The provision for postage stamps covers outstanding obligations to customers for letter and parcel deliveries from postage stamps sold but still unused by customers, and is based on studies by market research companies. It is measured at the nominal value of the stamps issued.

45.2 Miscellaneous provisions

€m	2009	2010
Tax provisions	315	404
Litigation costs	136	121
Risks from business activities	147	135
Postal Civil Service Health Insurance Fund	22	12
Welfare benefits for civil servants	22	20
Staff-related provisions	22	21
Miscellaneous other provisions	524	652
Miscellaneous provisions	**1,188**	**1,365**

Of the tax provisions, €273 million (previous year: €218 million) relates to VAT, €17 million (previous year: €9 million) to customs and duties, and €114 million (previous year: €88 million) to other tax provisions.

Risks from business activities comprise obligations such as expected losses and warranty obligations. Miscellaneous other provisions include a large number of individual items.

45.3 Maturity structure

The maturity structure of the provisions recognised in financial year 2010 is as follows:

€m	Less than 1 year	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	More than 4 years to 5 years	More than 5 years	Total
2010							
Other employee benefits	259	299	183	122	89	231	**1,183**
Restructuring provisions	452	131	33	30	14	488	**1,148**
Technical reserves (insurance)	179	162	78	57	29	48	**553**
Postage stamps	450	0	0	0	0	0	**450**
Miscellaneous provisions	919	231	66	47	27	75	**1,365**
	2,259	**823**	**360**	**256**	**159**	**842**	**4,699**

46 Financial liabilities

€m	Non-current		Current		Total	
	2009	2010	2009	2010	2009	2010
Bonds	1,870	1,682	0	0	**1,870**	**1,682**
Due to banks	197	44	380	315	**577**	**359**
Finance lease liabilities	241	183	28	27	**269**	**210**
Liabilities to Group companies	98	27	28	110	**126**	**137**
Liabilities recognised at fair value through profit or loss	84	15	57	100	**141**	**115**
Other financial liabilities	4,209	4,324	247	195	**4,456**	**4,519**
Financial liabilities	**6,699**	**6,275**	**740**	**747**	**7,439**	**7,022**

46.1 Bonds

The following table contains further details on the company's major bonds. The bonds issued by Deutsche Post Finance B.V. are fully guaranteed by Deutsche Post AG.

Major bonds

				2009		2010	
	Nominal coupon	Issue volume	Issuer	Carrying amount €m	Fair value €m	Carrying amount €m	Fair value €m
Bond 2002/2012	5.125%	€679 million	Deutsche Post Finance B.V.	721	723	713	718
Bond 2003/2014	4.875%	€926 million	Deutsche Post Finance B.V.	957	981	954	992

46.2 Due to banks

The following table contains the terms and conditions of significant individual contracts reported under amounts due to banks. The liabilities due to banks mentioned are fully guaranteed by Deutsche Post AG.

Terms and conditions

	Bank	Interest rate	End of term	Carrying amount 2009 €m	Carrying amount 2010 €m
Deutsche Post International B.V., Netherlands	European Investment Bank Luxembourg	4.923%	12/2011	114	123
Deutsche Post International B.V., Netherlands	European Investment Bank Luxembourg	3-month floater	06/2011	24	8
Deutsche Post International B.V., Netherlands	European Investment Bank Luxembourg	5.81%	02/2011	14	7
Deutsche Post AG, Germany	DZ BANK	4.565%	12/2010	201	0
Other				224	221
				577	**359**

46.3 Finance lease liabilities

Finance lease liabilities mainly relate to the following items:

€m

	Leasing partner	Interest rate	End of term	Asset	2009	2010
Deutsche Post Immobilien GmbH, Germany	Lorac Investment Management Sarl	6%	2016	Real estate	15	11
DHL Express (US) Inc., USA	Wachovia Financial Services; Wells Fargo	6.74%	2019/2022	Sorting system software	35	36
SCM Supply Chain Management Inc., Canada	Bank of Nova Scotia	variable	2012/2013	Warehouse, office equipment	41	34
Deutsche Post AG, Germany	T-Systems International GmbH, Germany	5%	2011	IT equipment	19	15

The leased assets are recognised in property, plant and equipment at carrying amounts of €374 million (previous year: €521 million). The difference between the carrying amounts of the assets and the liabilities results from longer useful lives of the assets compared with a shorter repayment period for the lease instalments and unscheduled repayments of lease obligations. The notional amount of the minimum lease payments totals €234 million (previous year: €319 million).

Maturity structure

€m	Present value (finance lease liabilities)		Minimum lease payments (notional amount)	
	2009	2010	2009	2010
Less than 1 year	28	27	40	33
More than 1 year to 5 years	155	108	187	120
More than 5 years	86	75	92	81
Total	**269**	**210**	**319**	**234**

46.4 Financial liabilities at fair value through profit or loss

The amounts reported under this item relate to the negative fair values of derivative financial instruments.

€m	2009	2010
Financial liabilities at fair value through profit or loss	141	115

Further details on the changes can be found in Note 50.

46.5 Other financial liabilities

€m		2009	2010
Mandatory exchangeable bond (with accrued interest)	Deutsche Post AG	2,670	2,796
Other liabilities related to the planned sale of Deutsche Postbank shares	Deutsche Post AG	1,320	1,368
Loan notes due to Exel's existing shareholders	Deutsche Post AG	61	40
Miscellaneous financial liabilities	Other Group companies	405	315
Other financial liabilities		**4,456**	**4,519**

The other financial liabilities mainly result from the transactions related to the planned sale of Deutsche Postbank shares. Financial liabilities consist of a mandatory exchangeable bond on 60 million Postbank shares, cash collateral for the acquisition of another 26 million Postbank shares and payments on settled hedging transactions entered into to hedge Deutsche Bank shares; see Note 2.

47 Other liabilities

€m	Non-current		Current		Total	
	2009	2010	2009	2010	2009	2010
Other liabilities	372	401	3,674	4,047	**4,046**	**4,448**

47.1 Breakdown of other liabilities

€m	2009	2010
Tax liabilities	661	884
Incentive bonuses	477	609
Compensated absences	410	385
Deferred income, of which non-current: 73 (previous year: 41)	266	323
Wages, salaries, severance payments	229	288
Liabilities from the sale of residential building loans, of which non-current: 273 (previous year: 281)	287	278
Social security liabilities	159	181
Payables to employees and members of executive bodies	288	165
Debtors with credit balances	105	116
Overtime claims	88	100
Other compensated absences	71	70
COD liabilities	47	58
Accrued rentals	19	23
Liabilities from cheques issued	19	20
Liabilities from loss compensation	15	19
Accrued insurance premiums for damages and similar liabilities	15	15
Insurance liabilities	25	13
Miscellaneous other liabilities, of which non-current: 55 (previous year: 50)	865	901
	4,046	**4,448**

Of the tax liabilities, €504 million (previous year: €318 million) relates to VAT, €252 million (previous year: €214 million) to customs and duties, and €128 million (previous year: €129 million) to other tax liabilities.

The liabilities from the sale of residential building loans relate to obligations of Deutsche Post AG to pay interest subsidies to borrowers to offset the deterioration in borrowing terms in conjunction with the assignment of receivables in previous years, as well as pass-through obligations from repayments of principal and interest for residential building loans sold.

Other liabilities include a large number of individual items.

47.2 Maturity structure

€m	2009	2010
Less than 1 year	3,674	4,047
More than 1 year to 2 years	36	43
More than 2 years to 3 years	13	15
More than 3 years to 4 years	7	13
More than 4 years to 5 years	34	30
More than 5 years	282	300
Maturity structure of other liabilities	**4,046**	**4,448**

There is no significant difference between the carrying amounts and the fair values of the other liabilities due to their short maturities and market interest rates. There is no significant interest rate risk because most of these instruments bear floating rates of interest at market rates.

48 Trade payables

Trade payables also include liabilities to Group companies.

€m	2009	2010
Trade payables	4,861	5,707

€844 million of the trade payables (previous year: €862 million) is attributable to Deutsche Post AG. Trade payables primarily have a maturity of less than one year. The reported carrying amount of trade payables corresponds to their fair value.

CASH FLOW DISCLOSURES

49 Cash flow disclosures

The cash flow statement for the Group's continuing operations is prepared in accordance with IAS 7 (Cash Flow Statements) and discloses the cash flows in order to present the source and application of cash and cash equivalents. It distinguishes between cash flows from operating, investing and financing activities. Cash and cash equivalents are composed of cash, cheques and bank balances with a maturity of not more than three months, and correspond to the cash and cash equivalents reported on the balance sheet. The effects of currency translation and changes in the consolidated group are adjusted when calculating cash and cash equivalents.

At the end of February 2009, the Postbank shares from the first tranche were sold as scheduled and the company was deconsolidated. Discontinued operations for the previous year therefore only include the cash flows for the first two months of 2009.

49.1 Net cash from operating activities

Cash flows from operating activities are calculated by adjusting net profit before taxes for net financial income/net finance costs and non-cash factors, as well as taxes paid, changes in provisions and in other non-current assets and liabilities (net cash from operating activities before changes in working capital). Adjustments for changes in working capital (excluding financial liabilities) result in net cash from or used in operating activities.

Net cash from operating activities due to continuing operations before changes in working capital amounted to €2,109 million, a significant €1,346 million higher than in the previous year. This is largely attributable to the improved EBIT, which increased by €1,604 million. The depreciation, amortisation and impairment losses contained in EBIT are non-cash effects and are therefore adjusted. They are €324 million down on the previous year. In addition, the losses on the disposal of assets of €279 million reflected in EBIT are not attributable to operating activities. They have therefore been adjusted in the net loss from the disposal of non-current assets and are presented instead in the cash flows from investing activities. The increase in working capital led to a cash outflow of €182 million. The increase in receivables and other assets was a major factor contributing to this development. The decline in working capital in the previous year led to a net cash inflow of €481 million. Overall, net cash from operating activities due to continuing operations rose by €683 million to €1,927 million.

Non-cash income and expense

€m

	2009	2010
Expense from remeasurement of assets	234	103
Income from remeasurement of liabilities	–107	–145
Expense from disposal of assets	2	51
Staff costs relating to Share Matching Scheme	5	20
Miscellaneous	–6	–2
Non-cash income and expense	**128**	**27**

49.2 Net cash from investing activities

Cash flows from investing activities mainly result from cash received from disposals of non-current assets (divestitures) and cash paid for investments in non-current assets. Interest and dividends received from investing activities as well as cash flows from changes in current financial assets are also included.

Net cash from investing activities amounted to €8 million in the year under review, compared to a cash outflow of €1,457 million in the previous year. This was mainly due to the sale of money market funds, which led to a cash inflow from current financial assets. In the previous year, the change in current financial assets resulted in net cash outflows of €659 million. Cash was received from the sale of Deutsche Bank shares which was invested on the capital market.

The sales of the day-definite domestic express business in France and the UK led to a cash outflow and a corresponding reduction in the proceeds from the disposal of non-current assets. €74 million was used to acquire subsidiaries and other business units. This was largely attributable to subsequent purchase price payments for Flying Cargo and the acquisition of nugg.ad AG. Cash payments for property, plant and equipment and intangible assets were at the same level as the previous year, at €1,174 million, and were mainly attributable to replacement investments.

The following assets were acquired and liabilities assumed as a result of company acquisitions (see also Note 2):

€m

	2009	2010
Non-current assets	5	0
Current assets (excluding cash and cash equivalents)	9	1
Provisions	0	0
Other liabilities	–16	0

Free cash flow is a combination of net cash provided by operating activities and net cash used in investing activities. Free cash flow is considered to be an indicator of how much cash is available to the company for dividend payments or the repayment of debt. Since net cash from operating activities increased significantly and investing activities also generated net cash, free cash flow improved considerably, rising from €–213 million in the previous year to €1,935 million in the reporting period.

49.3 Net cash used in financing activities

Net cash of €1,651 million was used in financing activities in the reporting period, compared to a cash inflow of €1,669 million in the previous year. The dividend payment to shareholders (€725 million) was again the largest payment in this area. Net cash of €641 million was used to reduce financial liabilities. The main reasons for the net cash inflow in the previous year were Deutsche Bank AG's subscription to the mandatory exchangeable bond as part of the planned Postbank sale and the payment of the collateral for the put option for the remaining Postbank shares. A portion of the cash inflow was used for the repayment of financial liabilities. The interest paid was therefore €108 million lower than in the previous year.

49.4 Cash and cash equivalents

The cash inflows and outflows described above produced cash and cash equivalents due to continuing operations of €3,415 million; see Note 37. This represents a year-on-year increase of €351 million. Currency translation differences of €67 million contributed to this growth.

OTHER DISCLOSURES

50 Risks and financial instruments of the Group

50.1 Risk management

As a result of its operating activities, the Group is exposed to financial risks that may arise from changes in exchange risks, commodity prices and interest rates. The Group uses both primary and derivative financial instruments to manage these financial risks. The use of derivatives is limited exclusively to mitigating primary financial risks. Any use of derivatives for speculative purposes is therefore not permitted under the Group's internal guidelines.

Changes in exchange rates, interest rates or commodity prices could lead to significant fluctuations in the fair value of the derivatives used. These fluctuations in fair value should not be assessed separately from the hedged underlying transactions as changes in the fair value of derivatives and hedged transactions are offset in the course of hedge accounting.

The universe of actions, responsibilities and controls necessary for using derivatives has been clearly established in the Group's internal guidelines. Suitable risk management software is used to record, assess and process financial transactions as well as to regularly monitor the effectiveness of the hedging relationships. To limit counterparty risk from financial transactions, the Group only enters into transactions with prime-rated banks. Each counterparty is assigned a counterparty limit, the utilisation of which is regularly monitored. The Group's Board of Management is informed internally at regular intervals about existing financial risks and the hedging instruments deployed to mitigate them. The financial instruments used are accounted for externally in accordance with IAS 39.

Liquidity management

The aim of liquidity management is to ensure that the Deutsche Post DHL Group and the Group companies are in a position to meet their payment obligations on time. To this end, liquidity in the Group is centralised to a very large extent in cash pools and managed in the Corporate Center.

Liquidity is managed based on the centrally available liquidity reserves (funding availability), consisting of central short-term financial investments and committed credit lines. The Group aims to have available at least €2 billion in central credit lines.

The Group had central liquidity reserves of €4.6 billion as at 31 December 2010 (previous year: €6.2 billion). In the previous year, the reserves were composed of a central financial investment of €3.5 billion and additional credit lines with various banks totalling €2.7 billion. The reserves at the reporting date consisted of central financial investments amounting to €2.6 billion plus a syndicated credit line of €2.0 billion that was negotiated in December 2010.

The maturity structure of primary financial liabilities within the scope of IFRS 7 based on cash flows is as follows:

Maturity structure: remaining maturities

€m	Less than 1 year	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	More than 4 years to 5 years	More than 5 years
As at 31 December 2010						
Non-current financial liabilities	80	5,285	130	1,000	29	115
Other liabilities	0	6	5	5	4	256
Non-current liabilities	**80**	**5,291**	**135**	**1,005**	**33**	**371**
Current financial liabilities	747	0	0	0	0	0
Trade payables	5,707	0	0	0	0	0
Other liabilities	266	0	0	0	0	0
Current liabilities	**6,720**	**0**	**0**	**0**	**0**	**0**
As at 31 December 2009						
Non-current financial liabilities	87	522	5,223	118	1,010	481
Other liabilities	0	46	44	42	41	283
Non-current liabilities	**87**	**568**	**5,267**	**160**	**1,051**	**764**
Current financial liabilities	683	0	0	0	0	0
Trade payables	4,861	0	0	0	0	0
Other liabilities	236	0	0	0	0	0
Current liabilities	**5,780**	**0**	**0**	**0**	**0**	**0**

The non-current liabilities in the "More than 1 year to 2 years" category include a mandatory exchangeable bond (zero bond) of €2,568 million plus interest. The bond was issued in February 2009 and fully subscribed by Deutsche Bank; see Note 2. The settlement of the liability in February 2012 will not result in any cash flows. Deutsche Post AG is required to transfer 60 million shares of Deutsche Postbank AG to Deutsche Bank AG to settle the liability. Non-current liabilities also include the cash collateral of €1,161 million plus interest issued by Deutsche Bank AG in February 2009 as an advance paid on the written put option on 26,417,432 Postbank shares and a liability to Deutsche Bank AG of €120 million relating to the transactions settled to hedge Deutsche Bank shares; see Note 2. Collateral was furnished in the same amount.

The maturity structure of the derivative financial instruments based on cash flows is as follows:

Maturity structure: remaining maturities

€m	Less than 1 year	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	More than 4 years to 5 years	More than 5 years
As at 31 December 2010						
Derivative receivables – gross settlement						
Cash outflows	–1,303	–119	–11	–6	0	0
Cash inflows	1,361	151	16	14	0	0
Net settlement						
Cash inflows	9	0	0	0	0	0
Derivative liabilities – gross settlement						
Cash outflows	–2,930	–46	–12	–154	0	0
Cash inflows	2,822	34	8	165	0	0
Net settlement						
Cash outflows	–6	0	0	0	0	0
As at 31 December 2009						
Derivative receivables – gross settlement						
Cash outflows	–2,421	–44	–54	–20	–149	0
Cash inflows	2,474	63	66	20	180	0
Net settlement						
Cash inflows	6	0	0	0	0	0
Derivative liabilities – gross settlement						
Cash outflows	–1,733	–129	–72	–12	–8	–172
Cash inflows	1,670	104	58	9	6	158
Net settlement						
Cash outflows	–10	0	0	0	0	0

Derivative financial instruments entail both rights and obligations. The contractual arrangement defines whether these rights and obligations can be offset against each other and therefore result in a net settlement, or whether both parties to the contract will have to perform their obligations in full (gross settlement). No cash flows were reported in the maturity bands for "4 to 5 years" and "more than 5 years" as at 31 December 2010, largely because a long-term derivative that was recognised at its negative fair value as at 31 December 2009 and that would have led to corresponding cash flows was closed out in 2010; see Note 50.3 (Cash flow hedges).

The derivatives on shares of Deutsche Postbank AG entered into with Deutsche Bank AG are not included in the overview as they do not result in cash flows.

CURRENCY RISK AND CURRENCY MANAGEMENT

The Group's global operating activities expose it to currency risks that are split into balance sheet risks and risks from planned transactions for risk management purposes.

Balance sheet currency risks arise from the measurement and settlement of items in foreign currencies that have already been recognised if the exchange rate on the measurement or settlement date differs from the rate on recognition. The resulting foreign exchange differences directly impact profit or loss. In order to mitigate this impact as far as possible, all significant balance sheet currency risks within the Group are centralised at Deutsche Post AG through the in-house bank function. The centralised risks are aggregated by Corporate Treasury to calculate a net position per currency and hedged externally based on value at risk limits. The currency-related value at risk (95%/one-month holding period) for the portfolio concerned totalled €3 million at the end of the year; the limit was a maximum of €5 million.

The notional amount of the currency forwards and currency swaps used to manage balance sheet currency risks amounted to €3,383 million at the reporting date (previous year: €3,596 million); the fair value was €–45 million (previous year: €–12 million). For simplification purposes, fair value hedge accounting was not applied to the derivatives used, which are reported as trading derivatives instead.

Planned currency risks arise from the settlement of future foreign currency transactions at exchange rates that differ from the rates originally planned or calculated. These currency risks are also captured and managed centrally in Corporate Treasury. The goal is to hedge 50% to 80% of the net risk per foreign currency and thereby to hedge the originally planned exchange rates. At the reporting date, around 50% of the foreign currency risk for current transactions in 2011 was hedged. The relevant hedging transactions are recognised using cash flow hedge accounting; see Note 50.3 (Cash flow hedges).

In total, currency forwards and currency swaps used for risk management with a notional amount of €4,603 million (previous year: €4,502 million) were recognised at the balance sheet date. The corresponding fair value was €–65 million (previous year: €–44 million). There were no currency options at the end of 2010 (previous year: fair value of €1 million). The Group also held cross-currency swaps with a notional amount of €211 million (previous year: €240 million) and a fair value of €–14 million (previous year €–11 million) to hedge long-term foreign currency financing.

Currency risks resulting from translating assets and liabilities of foreign operations into the Group's currency (translation risk) were not hedged as at 31 December 2010.

Of the unrealised gains or losses from currency derivatives recognised in equity as at 31 December 2010 in accordance with IAS 39, €–19 million (previous year: €–15 million) is expected to be recognised in income in the course of 2011.

IFRS 7 requires the disclosure of quantitative risk data, showing how profit or loss and equity are affected by changes in exchange rates at the reporting date. The impact of these changes in exchange rates on the portfolio of foreign currency financial instruments is assessed by means of a value at risk calculation (95% confidence/one-month holding period). It is assumed that the portfolio as at the reporting date is representative for the full year.

Effects of hypothetical changes in exchange rates on translation risk do not fall within the scope of IFRS 7. The following assumptions are used as a basis for the sensitivity analysis:

Primary financial instruments in foreign currencies used by Group companies were hedged by Deutsche Post AG's in-house bank, with Deutsche Post AG setting and guaranteeing monthly exchange rates. Exchange rate-related changes therefore have no effect on the profit or loss and equity of the Group companies. Where, in individual cases, Group companies are not permitted to participate in in-house banking for legal reasons, their currency risks from primary financial instruments are fully hedged locally through the use of derivatives. They therefore have no impact on the Group's risk position.

Hypothetical changes in exchange rates have an effect on the fair values of Deutsche Post AG's external derivatives that is reported in profit or loss; they also affect the foreign currency gains and losses from remeasurement at the closing date of the in-house bank balances, balances from external bank accounts as well as internal and external loans extended by Deutsche Post AG. The foreign currency value at risk of the foreign currency items concerned was €3 million at the reporting date (previous year: €2 million). In addition, hypothetical changes in exchange rates affect equity and the fair values of those derivatives used to hedge unrecognised firm commitments and highly probable forecast currency transactions, which are designated as cash flow hedges. The foreign currency value at risk of this risk position was €25 million at 31 December 2010 (previous year: €10 million). The total foreign currency value at risk was €24 million at the reporting date (previous year: €9 million). The total amount is lower than the sum of the individual amounts given above, owing to interdependencies.

INTEREST RATE RISK AND INTEREST RATE MANAGEMENT

Note 46 contains an overview of outstanding financial liabilities. The Group uses interest rate derivatives to ensure an adequate ratio of variable-rate to fixed-income financial instruments.

The fair value of interest rate hedging instruments was calculated on the basis of discounted expected future cash flows using Corporate Treasury's risk management system.

As at 31 December 2010, the Group had entered into interest rate swaps with a notional volume of €1,005 million (previous year: €1,182 million). The fair value of this interest rate swap position was €71 million (previous year: €51 million). As in the previous year, there were no interest rate options at the reporting date.

The Group slightly increased the share of instruments with short-term interest lock-ins in the course of 2010 through the repayment of fixed-income financial liabilities. Financial liabilities with short-term interest lock-ins now represent around 60% of total financial liabilities. However, the effect of interest rate changes on the Group's financial position continues to be insignificant. Fixed-income financial liabilities in connection with the planned Postbank sale are not included in this analysis as these liabilities are paid in Postbank shares and therefore no interest rate risk arises.

The quantitative risk data relating to interest rate risk required by IFRS 7 is presented in the form of a sensitivity analysis. This method determines the effects of hypothetical changes in market interest rates on interest income, interest expense and equity as at the reporting date. The following assumptions are used as a basis for the sensitivity analysis:

Primary variable-rate financial instruments are subject to interest rate risk and must therefore be included in the sensitivity analysis. Primary variable-rate financial instruments that were transformed into fixed-income financial instruments using cash flow hedges are not included. Changes in market interest rates for derivative financial instruments used as a cash flow hedge affect equity by changing fair values and must therefore be included in the sensitivity analysis. Fixed-income financial instruments measured at amortised cost are not subject to interest rate risk.

Designated fair value hedges of interest rate risk are not included in the analysis because the interest-related changes in fair value of the hedged item and the hedging transaction almost fully offset each other in profit or loss for the period. Only the variable portion of the hedging instrument affects net finance costs/net financial income and must be included in the sensitivity analysis.

If the market interest rate level as at 31 December 2010 had been 100 basis points higher, net financial income would have decreased by €4 million (previous year: increased by €6 million). A market interest rate level 100 basis points lower would have had the opposite effect. A change in the market interest rate level by 100 basis points would affect the fair values of the interest rate derivatives recognised in equity. A rise in interest rates in this financial year would not have increased equity (previous year: €24 million), nor would a reduction have reduced equity (previous year: €30 million). The significant decrease in sensitivity is attributable to the early settlement of an interest rate swap that had been accounted for as a cash flow hedge in the previous year.

MARKET RISK

As in the previous year, most of the risks arising from commodity price fluctuations, in particular fluctuating prices for kerosene and marine diesel fuels, were passed on to customers via operating measures. In addition, a small number of commodity swaps for diesel were used to control residual risks. The notional amount of commodity swaps was €42 million (previous year: €16 million) with a fair value of €5 million (previous year: €1 million).

IFRS 7 requires the disclosure of a sensitivity analysis, presenting the effects of hypothetical commodity price changes on profit or loss and equity. Changes in commodity prices would affect the fair value of the derivatives used to hedge highly probable forecast commodity purchases (cash flow hedges) and the hedging reserve in equity. Since all commodity price derivatives are accounted for as cash flow hedges, changes to the commodity prices would affect equity, but not profit or loss.

A 10% increase in the commodity prices underlying the derivatives as at the balance sheet date would have increased fair values and hence equity by €5 million (previous year: €1 million). A corresponding decline in commodity prices would have had the opposite effect.

Balance sheet risks associated with changes in share prices arise for the Group from the derivative financial instruments on the Deutsche Postbank AG shares held by Deutsche Post AG entered into under the Amendment Agreement Regarding the Acquisition of Shares in Deutsche Postbank AG. In addition to a forward on 60 million Deutsche Postbank shares, put and call options on 26,417,432 shares were agreed. The contractual partner in both cases is Deutsche Bank AG.

The fair value of the forward was €1,653 million as at 31 December 2010 (previous year: €0 million). The forward was not capitalised at 31 December 2009, in accordance with the exemption provided in IAS 39.2 (g). The net fair value of the options was €736 million as at 31 December 2010 (previous year: €647 million). Changes in the fair value of the forward and the options are included in net finance costs/net financial income until the instruments are exercised or expire. Had the fair value of Postbank shares been 10% lower as at 31 December 2010, the net fair value of the share price derivatives would have increased by €180 million, generating additional income of €180 million (previous year: €60 million from the Postbank share options only) in net financial income. An increase in Postbank shares would have had the opposite effect and would have resulted in a charge to net financial income.

If, based on the quoted exchange price of Deutsche Postbank shares, the fair value falls below the carrying amount of the equity investment, a write-down is recognised. It is reversed up to the amount of amortised cost in accordance with the equity method, should the share price increase.

CREDIT RISK

The credit risk incurred by the Group is the risk that counterparties fail to meet their obligations arising from operating activities and from financial transactions. To minimise credit risk from financial transactions, the Group only enters into transactions with prime-rated counterparties. The Group's heterogeneous customer structure means that there is no risk concentration. Each counterparty is assigned an individual limit, the utilisation of which is regularly monitored. A test is performed at the balance sheet dates to establish whether an impairment loss needs to be charged on the positive fair values due to the individual counterparties' credit quality. This was not the case for any of the counterparties as at 31 December 2010.

Default risks are continuously monitored in the operating business. The aggregate carrying amounts of financial assets represent the maximum default risk. Trade receivables amounting to €6,011 million (previous year: €4,881 million) are due within one year. The following table gives an overview of receivables that are past due:

€m	Carrying amount before impairment loss	Neither impaired nor due as at the reporting date	Past due at reporting date and not impaired						
			Less than 30 days	31 to 60 days	61 to 90 days	91 to 120 days	121 to 150 days	151 to 180 days	>180 days
As at 31 December 2010									
Trade receivables	6,242	4,133	900	514	197	97	51	19	34
As at 31 December 2009									
Trade receivables	5,135	3,304	727	534	166	86	29	20	15

Trade receivables changed as follows:

€m	2009	2010
Gross receivables		
As at 1 January	5,788	5,135
Changes	–653	1,107
As at 31 December	5,135	6,242
Valuation allowances		
As at 1 January	–197	–254
Changes	–57	23
As at 31 December	–254	–231
Carrying amount as at 31 December	**4,881**	**6,011**

All other financial instruments are neither past due nor impaired. The heterogeneous structure of the counterparties prevents risk concentration. Other assets are expected to be collectible at any time.

50.2 Collateral

€301 million (previous year: €289 million) of collateral is recognised in non-current financial assets as at the balance sheet date. Among other things, this relates to the planned sale of Postbank shares. Deutsche Post AG is required to deposit payments from hedging transactions already settled as part of the sale of Deutsche Bank shares as collateral with Deutsche Bank AG. The collateral deposited is released when the mandatory exchangeable bond is exercised in February 2012. Other collateral relates to the settlement of residential building loans and existing leases.

Collateral of €39 million is recognised in current financial assets (previous year: €40 million). The bulk of this relates to collateral as part of the QTE leases.

In addition, Deutsche Post AG pledged 86,417,432 shares of Deutsche Postbank AG to Deutsche Bank AG. The collateral for 60 million shares is released when the mandatory exchangeable bond is exercised; for the remaining 26,417,432 shares it is released when one of the options is exercised (see market risk).

50.3 Derivative financial instruments

The following table gives an overview of the recognised derivative financial instruments used in the Group and their fair values. Derivatives with amortising notional volumes are reported in the full amount at maturity.

Derivative financial instruments

€m	2009		2010				Fair values 2010 by maturity											
							Assets						Liabilities					
	Notional amount	Fair value	Notional amount	Fair value of assets	Fair value of liabilities	Total fair value	Less than 1 year	Up to 2 years	Up to 3 years	Up to 4 years	Up to 5 years	> 5 years	Less than 1 year	Up to 2 years	Up to 3 years	Up to 4 years	Up to 5 years	> 5 years
Interest rate products																		
Interest rate swaps	1,182	51	1,005	71	0	71	0	43	0	28	0	0	0	0	0	0	0	0
of which cash flow hedges	340	–6	163	18	0	18	0	0	0	18	0	0	0	0	0	0	0	0
of which fair value hedges	842	57	842	53	0	53	0	43	0	10	0	0	0	0	0	0	0	0
of which held for trading	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	1,182	**51**	**1,005**	**71**	**0**	**71**	**0**	**43**	**0**	**28**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Currency transactions																		
Currency forwards	2,423	–40	2,280	19	–52	–33	17	2	0	0	0	0	–48	–3	–1	0	0	0
of which cash flow hedges	737	–28	1,052	13	–33	–20	11	2	0	0	0	0	–29	–3	–1	0	0	0
of which net investment hedges	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
of which held for trading	1,686	–12	1,228	6	–19	–13	6	0	0	0	0	0	–19	0	0	0	0	0
Currency options	275	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
of which cash flow hedges	275	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Currency swaps	2,079	–4	2,323	17	–49	–32	15	2	0	0	0	0	–49	0	0	0	0	0
of which cash flow hedges	169	–4	168	3	–3	0	1	2	0	0	0	0	–3	0	0	0	0	0
of which held for trading	1,910	0	2,155	14	–46	–32	14	0	0	0	0	0	–46	0	0	0	0	0
Cross-currency swaps	240	–11	211	0	–14	–14	0	0	0	0	0	0	–3	–8	0	–3	0	0
of which cash flow hedges	183	3	173	0	–6	–6	0	0	0	0	0	0	–3	0	0	–3	0	0
of which fair value hedges	57	–14	38	0	–8	–8	0	0	0	0	0	0	0	–8	0	0	0	0
of which held for trading	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	5,017	**–54**	**4,814**	**36**	**–115**	**–79**	**32**	**4**	**0**	**0**	**0**	**0**	**–100**	**–11**	**–1**	**–3**	**0**	**0**
Commodity price transactions																		
Commodity price swaps	16	1	42	5	0	5	5	0	0	0	0	0	0	0	0	0	0	0
of which cash flow hedges	16	1	42	5	0	5	5	0	0	0	0	0	0	0	0	0	0	0
Equity price transactions																		
Equity forwards	–	–	2,946	1,653	0	1,653	0	1,653	0	0	0	0	0	0	0	0	0	0
of which held for trading	–	–	2,946	1,653	0	1,653	0	1,653	0	0	0	0	0	0	0	0	0	0
Equity options	2,596	647	2,596	736	0	736	0	736	0	0	0	0	0	0	0	0	0	0
of which held for trading	2,596	647	2,596	736	0	736	0	736	0	0	0	0	0	0	0	0	0	0
	2,596	**647**	**5,542**	**2,389**	**0**	**2,389**	**0**	**2,389**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

The forward and the put and call options on the shares of Deutsche Postbank AG are recognised in the equity price transactions item.

FAIR VALUE HEDGES

Interest rate swaps were used to hedge the fair value risk of fixed-interest euro-denominated liabilities. The fair values of these interest rate swaps amount to €53 million (previous year: €57 million). As at 31 December 2010, there was also a €19 million (previous year: €24 million) adjustment to the carrying amount of the underlying hedged item arising from an interest rate swap unwound in the past. The adjustment to the carrying amount is amortised over the remaining term of the liability using the effective interest method, and reduces future interest expense.

In addition, cross-currency swaps were used to hedge liabilities in foreign currency against negative changes in the market, with the liability being transformed into a variable-interest euro-denominated liability. This hedged the fair value risk of the interest and currency component. The fair value of this interest rate swap position was €–8 million as at 31 December 2010 (previous year: €–14 million).

The following table gives an overview of the gains and losses arising from the hedged items and the respective hedging transactions:

Ineffective portion of fair value hedges

€m

	2009	2010
Losses (–) on hedged items	–16	–1
Gains (+) on hedging transactions	17	3
Balance (ineffective portion)	**1**	**2**

Cash flow hedges

The Group uses currency forwards and swaps to hedge the cash flow risks from future foreign currency operating revenue and expenses. The fair values of currency forwards and swaps amounted to €–15 million at the reporting date (previous year: €–7 million). The hedged items will mostly be recognised in the income statement in 2011.

Currency forwards with a fair value of €–10 million (previous year: €–21 million) as at the reporting date were entered into to hedge the currency risk of future lease payments and annuities denominated in foreign currencies. The payments for the hedged items are made in instalments, with the final payment due in 2013.

The Group is exposed to cash flow risks from contracted aircraft purchases in connection with future payments in US dollars. These risks were hedged using forward transactions. The fair value of these cash flow hedges amounted to €5 million as at 31 December 2010 (previous year: €–3 million). The aircraft will be added in 2012. Gains or losses on hedges are offset against cost and recognised in profit or loss upon the amortisation of the asset.

Risks arising from fixed-interest foreign currency investments were hedged using synthetic cross-currency swaps, with the investments being transformed into fixed-interest euro investments. These synthetic cross-currency swaps hedge the currency risk, and their fair values at the reporting date amounted to €15 million (previous year: €28 million). The investments relate to internal Group loans that mature in 2014.

The Group was exposed to cash flow risks arising from a variable-interest liability. These risks were hedged using an interest rate swap. On 27 September 2010, the liability, which was to fall due in 2037, was settled by payment. At the same time, the hedging instrument was transferred from the hedging portfolio to the trading portfolio at its fair value of €–50 million. The measurement at fair value was recognised in income at the time of the transfer. On 9 November 2010, the derivative was closed out by payment. The interest rate swap had a fair value of €–36 million on settlement.

In addition, a fixed-interest currency liability was transformed into a fixed-interest euro-denominated liability using a cross-currency swap. The fair value of the derivative was €–3 million as at the reporting date (previous year: €–7 million). The derivative and the underlying hedged item fall due in 2011.

The risks from the purchase of diesel and marine diesel fuels, which cannot be passed on to customers, were hedged using commodity swaps. The fair value of these cash flow hedges amounted to €5 million as at year-end (previous year: €1 million). There was minor hedge ineffectiveness.

50.4 Additional disclosures on the financial instruments used in the Group

The Group classifies financial instruments equivalent to the respective balance sheet items. The following table reconciles the classes to the categories given in IAS 39 and the respective fair values:

Reconciliation of carrying amounts in the balance sheet as at 31 December 2010

€m

	Carrying amount	Carrying amount by measurement category in accordance with IAS 39		
		Financial assets and liabilities at fair value through profit or loss		Available-for-sale financial assets
		Trading	Fair value option	
ASSETS				
Non-current financial assets	3,193			
at cost	588	0	0	68
at fair value	2,605	2,390	66	74
Other non-current assets	465			
outside IFRS 7	465	0	0	0
Receivables and other current assets	8,641			
at cost	7,305	0	0	0
outside IFRS 7	1,336	0	0	0
Current financial assets	655			
at cost	210	0	0	13
at fair value	445	21	0	407
outside IFRS 7	0	0	0	0
Cash and cash equivalents	3,415	0	0	0
Total ASSETS	**16,369**	**2,411**	**66**	**562**
EQUITY AND LIABILITIES				
Non-current financial liabilities[1]	−6,275			
at cost	−6,260	0	0	0
at fair value	−15	−1	0	0
outside IFRS 7	0	0	0	0
Other non-current liabilities	−401			
at cost	−273	0	0	0
outside IFRS 7	−128	0	0	0
Current financial liabilities	−747			
at cost	−610	0	0	0
at fair value	−137	−137	0	0
Trade payables	−5,707	0	0	0
Other current liabilities	−4,047			
at cost	−245	0	0	0
outside IFRS 7	−3,802	0	0	0
Total EQUITY AND LIABILITIES	**−17,177**	**−138**	**0**	**0**

1) Some of the bonds included in financial liabilities were designated as a hedged item in a fair value hedge and are thus subject to a basis adjustment. They are therefore recognised neither at full fair value nor at amortised cost.

Loans and receivables/other financial liabilities	Held-to-maturity assets	Derivatives designated as hedging instruments	Other financial instruments outside the scope of IAS 39: Lease receivables/finance lease liabilities	Fair value of financial instruments under IFRS 7
468	5	0	47	588
0	0	75	0	2,605
0	0	0	0	0
7,305	0	0	0	7,305
0	0	0	0	0
150	0	0	47	210
0	0	17	0	445
0	0	0	0	0
3,415	0	0	0	3,415
11,338	**5**	**92**	**94**	**–**
−6,077	0	0	−183	−6,510
0	0	−14	0	−15
0	0	0	0	0
−273	0	0	0	−277
0	0	0	0	0
−583	0	0	−27	−610
0	0	0	0	−137
−5,707	0	0	0	−5,707
−245	0	0	0	−245
0	0	0	0	0
−12,885	**0**	**−14**	**−210**	**–**

Reconciliation of carrying amounts in the balance sheet as at 31 December 2009

€m

	Carrying amount	Carrying amount by measurement category in accordance with IAS 39		
		Financial assets and liabilities at fair value through profit or loss		Available-for-sale financial assets
		Trading	Fair value option	
ASSETS				
Non-current financial assets	1,448			
at cost	576	0	0	83
at fair value	872	669	51	67
Other non-current assets	348			
outside IFRS 7	348	0	0	0
Receivables and other current assets	7,157			
at cost	6,012	0	0	0
outside IFRS 7	1,145	0	0	0
Current financial assets	1,894			
at cost	258	0	0	13
at fair value	1,636	23	0	1,605
outside IFRS 7	0	0	0	0
Cash and cash equivalents	3,064	0	0	0
Total ASSETS	**13,911**	**692**	**51**	**1,768**
EQUITY AND LIABILITIES				
Non-current financial liabilities[1]	−6,699			
at cost	−6,615	0	0	0
at fair value	−84	−22	0	0
outside IFRS 7	0	0	0	0
Other non-current liabilities	−372			
at cost	−281	0	0	0
outside IFRS 7	−91	0	0	0
Current financial liabilities	−740			
at cost	−683	0	0	0
at fair value	−57	−35	0	0
Trade payables	−4,861	0	0	0
Other current liabilities	−3,674			
at cost	−236	0	0	0
outside IFRS 7	−3,438	0	0	0
Total EQUITY AND LIABILITIES	**−16,346**	**−57**	**0**	**0**

1) Some of the bonds included in financial liabilities were designated as a hedged item in a fair value hedge and are thus subject to a basis adjustment. They are therefore recognised neither at full fair value nor at amortised cost.

			Other financial instruments outside the scope of IAS 39	Fair value of financial instruments under IFRS 7
Loans and receivables/other financial liabilities	Held-to-maturity assets	Derivatives designated as hedging instruments	Lease receivables/finance lease liabilities	
414	27	0	52	576
0	0	85	0	872
0	0	0	0	0
6,012	0	0	0	6,012
0	0	0	0	0
196	1	0	48	258
0	0	8	0	1,636
0	0	0	0	0
3,064	0	0	0	3,064
9,686	**28**	**93**	**100**	**–**
−6,374	0	0	−241	−6,841
0	0	−62	0	−84
0	0	0	0	0
−281	0	0	0	−281
0	0	0	0	0
−655	0	0	−28	−683
0	0	−22	0	−57
−4,861	0	0	0	−4,861
−236	0	0	0	−236
0	0	0	0	0
−12,407	**0**	**−84**	**−269**	**–**

If there is an active market for a financial instrument (e.g., stock exchange), the fair value is determined by reference to the market or quoted exchange price at the balance sheet date. If no fair value is available in an active market, the quoted prices in an active market for similar instruments or recognised valuation techniques are used to determine the fair value. The valuation techniques used incorporate the key factors determining the fair value of the financial instruments using valuation parameters that are derived from the market conditions as at the balance sheet date. Counterparty risk is analysed on the basis of the current credit default swaps signed by the counterparties. The fair values of other non-current receivables and held-to-maturity financial investments with remaining maturities of more than one year correspond to the present values of the payments related to the assets, taking into account current interest rate parameters.

Cash and cash equivalents, trade receivables and other receivables have predominantly short remaining maturities. As a result, their carrying amounts at the reporting date are approximately equivalent to their fair values. Trade payables and other liabilities generally have short remaining maturities; the recognised amounts approximately represent their fair values.

Available-for-sale financial assets include shares in partnerships and corporations in the amount of €81 million (previous year €96 million). There is no active market for these instruments. As no future cash flows can be reliably determined, the fair values cannot be determined using valuation techniques. The shares of these entities are recognised at cost. There are no plans to sell or derecognise significant shares of the available-for-sale financial assets recognised as at 31 December 2010 in the near future. As in the previous year, no significant shares measured at cost were sold in the financial year. Available-for-sale financial assets measured at fair value relate to equity and debt instruments.

Financial assets at fair value through profit or loss include securities to which the fair value option was applied, in order to avoid accounting inconsistencies. There is an active market for these assets, which are recognised at fair value.

The following table presents the methods used to determine the fair value for each class:

Financial assets and liabilities: 2010

€m			
Level	1	2	3
Class	Quoted market prices	Measurement using key inputs based on observable market data	Measurement using key inputs not based on observable market data
Non-current financial assets at fair value	140	2,465	0
Current financial assets at fair value	407	38	0
Non-current financial liabilities at fair value	0	−15	0
Current financial liabilities at fair value	0	−137	0

Financial assets and liabilities: 2009

€m			
Level	1	2	3
Class	Quoted market prices	Measurement using key inputs based on observable market data	Measurement using key inputs not based on observable market data
Non-current financial assets at fair value	118	754	0
Current financial assets at fair value	1,605	31	0
Non-current financial liabilities at fair value	0	−84	0
Current financial liabilities at fair value	0	−57	0

The fair value of currency forwards was measured on the basis of discounted future expected cash flows, taking forward rates on the foreign exchange market into account. The currency options were measured using the Black-Scholes option pricing model.

Level 2 includes commodity, interest rate and currency derivatives, and the forward and options entered into in the context of the planned sale of the Deutsche Postbank AG shares.

No assets were reclassified in financial years 2010 and 2009.

The net gains and losses on financial instruments classified in accordance with the individual measurement categories in IAS 39 are as follows:

Net gains and losses by measurement category

€m

	2009	2010
Loans and receivables	–184	–75
Held-to-maturity financial assets	0	0
Financial assets and liabilities at fair value through profit or loss		
Trading	146	1,757
Fair value option	10	7
Other financial liabilities	–46	–84

The net gains and losses mainly include the effects of fair value measurement, impairment and disposals (disposal gains/losses). The increase in the net income in the financial assets and liabilities at fair value through profit or loss category is attributable to the initial recognition of the forward entered into as part of the planned sale of the Deutsche Postbank AG shares. Dividends and interest are not taken into account for the financial instruments measured at fair value through profit or loss. Disclosures on net gains or losses on available-for-sale financial assets can be found in Note 40. Income and expenses from interest and commission agreements of the financial instruments not measured at fair value through profit or loss are explained in the income statement disclosures.

51 Contingent liabilities

The Group's contingent liabilities total €2,469 million (previous year: €2,310 million). €12 million of the contingent liabilities relate to guarantee obligations (previous year: €63 million), €133 million to warranties (previous year: €246 million) and €153 million to liabilities from litigation risks (previous year: €114 million). The other contingent liabilities amounting to €2,171 million (previous year: €1,887 million) mainly relate to obligations from formal state aid proceedings, see Note 53, and tax-related items.

52 Other financial obligations

In addition to provisions, liabilities and contingent liabilities, there are other financial obligations amounting to €7,091 million (previous year: €6,193 million) from non-cancellable operating leases as defined by IAS 17.

The Group's future non-cancellable payment obligations under leases are attributable to the following asset classes:

Lease obligations

€m

	2009	2010
Land and buildings	5,359	5,554
Aircraft	312	951
Transport equipment	376	439
Technical equipment and machinery	106	115
Other equipment, operating and office equipment	25	20
IT equipment	15	12
Lease obligations	**6,193**	**7,091**

The change is largely attributable to aircraft leases.

Maturity structure of minimum lease payments

€m

	2009	2010
Less than 1 year	1,357	1,433
More than 1 year to 2 years	1,023	1,199
More than 2 years to 3 years	800	914
More than 3 years to 4 years	600	731
More than 4 years to 5 years	478	557
More than 5 years	1,935	2,257
Maturity structure of minimum lease payments	**6,193**	**7,091**

The present value of discounted minimum lease payments is €5,311 million (previous year: €4,773 million), based on a discount factor of 6.50% (previous year: 6.00%). Overall, rental and lease payments amounted to €2,330 million (previous year: €2,370 million), of which €1,693 million (previous year: €1,820 million) relates to non-cancellable leases. €2,745 million (previous year: €2,747 million) of future lease obligations from non-cancellable leases is primarily attributable to Deutsche Post Immobilien GmbH.

The purchase obligation for investments in non-current assets amounted to €194 million (previous year: €234 million).

53 Litigation

As Deutsche Post AG is the market leader, a large number of its services are subject to sector-specific regulation under the *Postgesetz* (German postal act). The regulatory authority approves or reviews prices in particular, formulates the terms of downstream access and conducts general checks for market abuse. Any resulting proceedings could lead to a decline in revenue and earnings.

Legal risks arise, for example, from appeals by an association and a competitor against the price approvals under the price cap procedure for 2003, 2004 and 2005, and by the association against the price approvals under the price cap procedure for 2008. Although the appeals by the association against price approvals for the years 2003 to 2005 were finally dismissed by the Münster Higher Administrative Court, the association has lodged a constitutional complaint against this decision with the Federal Constitutional Court. Should the constitutional complaint be upheld, the proceedings at the Münster Higher Administrative Court will be resumed.

Legal risks also result from appeals by Deutsche Post against other price approvals granted by the regulatory authority.

European Commission competition proceedings were initiated on the basis of a complaint made by the *Deutscher Verband für Post und Telekommunikation* (German association for posts and telecommunications) about allegedly excessive mail prices. In these proceedings, Deutsche Post AG has presented detailed evidence to support its argument that the prices are reasonable.

Deutsche Post AG increased its discounts for downstream access on 1 July 2010. Deutsche Post's competitors and their associations filed complaints against these discount increases with the *Bundesnetzagentur* (German federal network agency). They claim that the increased discounts conflict, in particular, with regulatory requirements. However, the *Bundesnetzagentur* discontinued its review proceedings by way of a notification of 15 September 2010 after having found no violation of the applicable regulations. It remains to be seen whether the plaintiffs will attempt to pursue their complaints via other legal means. Deutsche Post AG considers its charges for downstream access and the discount increases to be in compliance with the regulatory and other legal requirements. However, no assurance can be given that government authorities or the courts will not come to a different conclusion that would have negative effects on Deutsche Post AG's revenue and earnings.

In response to a complaint by a third party, the European Commission issued requests for information to the German government concerning an allegation by the *Monopolkommission* (German monopoly commission). The allegation is that Deutsche Post AG contravenes the prohibition of state aid under the EC Treaty by allowing Deutsche Postbank AG to use Deutsche Post outlets at below-market rates. In the opinion of Deutsche Post AG and Deutsche Postbank AG, this allegation is incorrect and the fee paid by Deutsche Postbank AG complies with the provisions on competition and state aid stipulated in European law. The European Commission also asked the Federal Republic of Germany to comment on the sale of its entire interest in Deutsche Postbank AG to Deutsche Post AG in 1999. However, the European Commission has already investigated the acquisition of Deutsche Postbank AG as part of state aid proceedings that were closed with the ruling dated 19 June 2002. At the time, it explicitly concluded that the acquisition of Postbank involved "no grant of state aid".

The German federal government has already argued before the European Commission that the allegations are unfounded in its opinion. Nevertheless, no assurance can be given with regard to the two allegations relating to the requests for information that the European Commission will not find that the facts of the case constitute state aid.

On 12 September 2007, the European Commission initiated a formal investigation against the Federal Republic of Germany concerning possible subsidies. The investigation focused on whether the Federal Republic of Germany, using state resources, overcompensated Deutsche Post AG or its legal predecessor Deutsche Bundespost POSTDIENST for the cost of providing universal services between 1989 and 2007 and whether the company was thereby granted state aid incompatible with EU law. According to the decision opening the investigation, the Commission intends to examine all public transfers, public guarantees, statutorily granted exclusive rights, the price regulation of letter services and the public funding of civil servants' pensions during the period in question. Also to be investigated is the cost allocation within Deutsche Post AG and its predecessor between the regulated letter service, the universal service and competitive services. This also relates to co-operation agreements between Deutsche Post AG and Deutsche Postbank AG as well as between Deutsche Post AG and the business parcel service marketed by DHL Vertriebs GmbH.

Deutsche Post AG and Deutsche Postbank AG hold that the new investigation lacks any factual basis. All public transfers associated with the privatisation of Deutsche Bundespost, the public guarantees and the funding of pension obligations formed part of the subject matter of the state aid proceedings closed by the decision of 19 June 2002. That decision did not identify the measures concerned as incompatible state aid. Deutsche Post AG and Deutsche Postbank AG are further of the opinion that the statutorily granted exclusive rights and the regulated letter prices do not fulfil the legal criteria to be considered a form of state aid in the first place. Deutsche Post AG also considers the internal allocation of costs with its subsidiaries to be consistent with EU state aid rules and the case law of the European Court of Justice. Nonetheless, based on an overall appraisal, the possibility of the Commission finding a case of incompatible state aid cannot be ruled out.

On 2 September 2010, the European Court of Justice dismissed the appeal by the European Commission against the ruling of the European Court of First Instance of 1 July 2008. This means that the decision of the European Commission of 19 June 2002 on alleged state aid to Deutsche Post AG has been finally annulled. The European Commission had ordered Deutsche Post AG to repay state aid it had allegedly received, plus interest, in a total amount of €907 million. The European Court of First Instance upheld the complaint of Deutsche Post AG, upon which the above sum, which had already been paid, was reimbursed to Deutsche Post AG on 1 August 2008.

In October 2007 DHL Global Forwarding, along with all other major players in the freight forwarding industry, received a request for information from the Competition Directorate of the European Commission, a subpoena from the United States Department of Justice's Antitrust Division and requests for information from competition authorities in other jurisdictions in connection with a formal investigation into the setting of surcharges and fees in the international freight forwarding industry. In January 2008, an antitrust class action was initiated in the New York District Court on behalf of purchasers of freight forwarding services in which Deutsche Post AG and DHL are named as defendants. This civil action appears to be based on the fact that antitrust investigations are ongoing, but not on any known outcome or quantified loss. Deutsche Post DHL is not able to predict or comment on the outcome of the investigations or the prospects of the class action, but believes its financial exposure in relation to both is limited.

54 Share-based payment

Share-based payment for executives (Share Matching Scheme)

The new system to grant variable remuneration components for some of the Group's executives introduced in 2009, which is accounted for as an equity-settled share-based payment transaction in accordance with IFRS 2, was extended to include other groups of Group executives in 2010. Under this system, certain executives concerned receive part of their variable remuneration for the financial year in the form of shares of Deutsche Post AG in the following year; all Group executive can specify an increased equity component individually by converting a further portion of their variable remuneration for the financial year. If certain conditions are met, the executive will again be awarded the same number of Deutsche Post AG shares four years later (matching shares). The programme for the financial year 2009 tranche will therefore expire in 2014 after a four-year vesting period; the programme for the financial year 2010 tranche will expire in 2015.

For financial year 2010, the Group executives participating in this share-based payment system will receive a portion of the bonus of around €8.5 million in shares. This amount plus the matching shares to be granted after the four-year period result in a minimum number of shares of approximately 1,260,000. An additional equity conversion based on the individual decisions of the Group executives concerned is also expected in an amount of 614,000 shares. Around 762,000 expected matching shares are attributable to the 2009 tranche. The fair value of matching shares for the 2009 tranche corresponds to Deutsche Post AG's share price as at the grant date of the 2009 tranche (€11.48). The fair value of the matching shares for the 2010 tranche on the grant date of this tranche is €13.98.

€20 million was recognised in equity for the grant of variable remuneration components in the consolidated financial statements as at 31 December 2010. Of this, around €8.8 million is attributable to the expected portion of the bonus for financial year 2010 that will be paid out in Deutsche Post AG shares. The remainder is attributable to the matching shares that are to be issued in April 2014 (2009 tranche) and April 2015 (2010 tranche).

2006 SAR Plan for executives

Since 3 July 2006, selected executives have received annual tranches of stock appreciation rights under the Long-Term Incentive Plan introduced in 2006. This allows them to receive a cash payment within a defined period in the amount of the difference between the respective price of Deutsche Post shares and the fixed issue price if demanding performance targets are met. All stock appreciation rights under the 2006 and 2007 tranches expired at the end of the respective waiting periods, since the performance targets were not met without exception.

Long-Term Incentive Plan (2006 LTIP) for members of the Board of Management

Since 1 July 2006, the members of the Board of Management have received stock appreciation rights (SARs) under the new 2006 Long-Term Incentive Plan. Each SAR under the 2006 LTIP entitles the holder to receive a cash settlement equal to the difference between the average closing price of Deutsche Post shares during the last five trading days before the exercise date and the issue price of the SAR.

The members of the Board of Management each invested 10% of their fixed annual remuneration (annual base salary) as a personal financial investment in 2010. The number of SARs issued to the members of the Board of Management is determined by the Supervisory Board. Following a four-year waiting period (or following a three-year waiting period for SARs issued up to 2008, inclusive) that begins on the issue date, the SARs granted can be fully or partly exercised within a period of two years provided an absolute or relative performance target is achieved at the end of the waiting period. Any SARs not exercised during this two-year period will expire. To determine how many – if any – of the granted SARs can be exercised, the average share price or the average index is compared for the reference period and the performance period. The reference period comprises the last 20 consecutive trading days before the issue date. The performance period is the last 60 trading days before the end of the waiting period. The average (closing) price is calculated as the average closing price of Deutsche Post shares in Deutsche Börse AG's Xetra trading system.

The absolute performance target is met if the closing price of Deutsche Post shares is at least 10, 15, 20 or 25% above the issue price. The relative performance target is tied to the performance of the shares in relation to the STOXX Europe 600 Index (SXXP, ISIN EU0009658202). It is met if the share price equals the index performance during the performance period or if it outperforms the index by at least 10%.

A maximum of four out of every six SARs can be "earned" via the absolute performance target, and a maximum of two via the relative performance target. If neither an absolute nor a relative performance target is met by the end of the waiting period, the SARs attributable to the related tranche will expire without replacement or compensation. More details on the 2006 LTIP tranches are shown in the following table:

2006 LTIP

SARs	2006 tranche	2007 tranche	2008 tranche	2009 tranche	2010 tranche
Issue date	1 July 2006	1 July 2007	1 July 2008	1 July 2009	1 July 2010
Issue price	€20.70	€24.02	€18.40	€9.52	€12.27
Waiting period expires	30 June 2009	30 June 2010	30 June 2011	30 June 2013	30 June 2014

The fair value of the 2006 SAR Plan and the Long-Term Incentive Plan for members of the Board of Management (2006 LTIP) was determined using a stochastic simulation model. As a result, an expense of €21 million was recognised for financial year 2010 (previous year: €11 million).

See Note 55.2 for further disclosures on share-based payment for members of the Board of Management. A provision for the 2006 LTIP and the 2006 SAR Plan (Board of Management and executives) was recognised as at the balance sheet date in the amount of €37 million (previous year: €16 million).

55 Related party disclosures

Deutsche Post DHL applied the partial exemption from disclosure provided by the revised IAS 24 for government-related entities early as at 31 December 2010.

55.1 Related party disclosures (companies and Federal Republic of Germany)

All companies classified as related parties that are controlled by the Group or on which the Group can exercise significant influence are recorded in the list of shareholdings, see Note 60, together with information on the equity interest held, their equity and their net profit or loss for the period, broken down by geographical areas.

Deutsche Post AG maintains a variety of relationships with the Federal Republic of Germany and other companies controlled by the Federal Republic of Germany.

The federal government is a customer of Deutsche Post AG and as such uses the company's services. Deutsche Post AG has direct business relationships with the individual public authorities and other government agencies as independent individual customers. The services provided for these customers are insignificant in respect of Deutsche Post AG's overall revenue.

RELATIONSHIPS WITH KFW BANKENGRUPPE

KfW Bankengruppe (KfW) supports the federal government in continuing to privatise companies such as Deutsche Post AG or Deutsche Telekom AG. In 1997, KfW, together with the federal government, developed a "placeholder model" as a tool to privatise government-owned companies. Under this model, the federal government sells all or part of its investments to KfW with the aim of fully privatising these state-owned companies. On this basis, KfW has purchased shares of Deutsche Post AG from the federal government in several stages since 1997 and executed various capital market transactions using these shares. KfW's current interest in Deutsche Post AG's share capital is 30.5%.

RELATIONSHIPS WITH THE BUNDESANSTALT FÜR POST UND TELEKOMMUNIKATION

The Bundesanstalt für Post und Telekommunikation e.V. (BAnstPT) is a government agency and falls under the technical and legal supervision of the German Federal Ministry of Finance. Under the *Bundesanstalt-Reorganisationsgesetz* (German federal agency reorganisation act), which entered into force on 1 December 2005, the Federal Republic of Germany directly undertakes the tasks relating to holdings in postal service successor companies through the Federal Ministry of Finance. It is therefore no longer necessary for the BAnstPT to perform the "tasks associated with ownership". The BAnstPT manages the social facilities such as the Postal Civil Service Health Insurance Fund, the recreation programme, the *Versorgungsanstalt der Deutschen Bundespost* (VAP) and the welfare service for Deutsche Post AG, Deutsche Postbank AG and Deutsche Telekom AG, as well as setting the objectives for social housing. The tasks are performed on the basis of agency agreements. In 2010, Deutsche Post AG was invoiced for €72 million (previous year: €68 million) in instalment payments relating to services provided by the BAnstPT.

RELATIONSHIPS WITH THE GERMAN FEDERAL MINISTRY OF FINANCE

In financial year 2001, the German Federal Ministry of Finance and Deutsche Post AG entered into an agreement that governs the terms and conditions of the transfer of income received by Deutsche Post AG from the levying of the settlement payment under the *Gesetze über den Abbau der Fehlsubventionierung im Wohnungswesen* (German acts on the reduction of misdirected housing subsidies) relating to housing benefits granted by Deutsche Post. In financial year 2010 Deutsche Post AG paid €0.1 million to the federal government for the final settlement for financial year 2009 and €0.6 million for financial year 2010. As agreed, the final settlement for financial year 2010 will be made by 1 July 2011.

Deutsche Post AG also entered into an agreement with the Federal Ministry of Finance dated 30 January 2004 relating to the transfer of civil servants to German federal authorities. Under this agreement, civil servants are seconded with the aim of transferring them initially for six months, and are then transferred permanently if they successfully complete their probation. Once a permanent transfer is completed, Deutsche Post AG contributes to the cost incurred by the federal government by paying a flat fee. In 2010, this initiative resulted in 21 permanent transfers (previous year: eight) and nine secondments with the aim of a permanent transfer in 2011 (previous year: 18).

RELATIONSHIPS WITH THE GERMAN FEDERAL EMPLOYMENT AGENCY

Deutsche Post AG and the German Federal Employment Agency entered into an agreement dated 12 October 2009 relating to the transfer of Deutsche Post AG civil servants to the Federal Employment Agency. In 2010, this initiative resulted in 365 permanent transfers.

RELATIONSHIPS WITH DEUTSCHE TELEKOM AG AND ITS SUBSIDIARIES

The federal government holds around 32% of the shares of Deutsche Telekom AG directly and indirectly (via KfW Bankengruppe). Since the federal government, despite its non-controlling interest, has a secure majority at the Annual General Meeting due to its average presence there, a dependent relationship exists between Deutsche Telekom and the federal government. Deutsche Telekom is therefore a related party of Deutsche Post AG. In financial year 2010, Deutsche Post DHL provided goods and services worth €0.3 billion (previous year: €0.3 billion) for Deutsche Telekom AG. These were mainly transport services for letters and parcels. In the same period, the Group purchased goods and services (including IT products and services) worth €0.3 billion (previous year: €0.4 billion) from Deutsche Telekom.

RELATIONSHIPS WITH DEUTSCHE BAHN AG AND ITS SUBSIDIARIES

Deutsche Bahn AG is wholly owned by the German government. Owing to this dependent relationship, Deutsche Bahn AG is a related party to Deutsche Post AG. Deutsche Post DHL has various business relationships with the Deutsche Bahn Group. These mainly consist of transport service agreements.

RELATIONSHIPS WITH COMMERZBANK AG

Commerzbank AG is a related party due to the federal government's equity interest in the bank of 25% plus one share. Since 21 December 2010, Commerzbank AG has been a member of the consortium of banks that has underwritten the syndicated credit facility entered into with Deutsche Post AG. At the same time, the bilateral credit line in the amount of €200 million between Deutsche Post AG and Commerzbank AG was closed.

BUNDES-PENSIONS-SERVICE FÜR POST UND TELEKOMMUNIKATION E.V.

Information on the Bundes-Pensions-Service für Post- und Telekommunikation e.V. (BPS-PT) can be found in Note 7.

RELATIONSHIP WITH PENSION FUNDS

The real estate, with a fair value of €1,043 million (previous year: €1,050 million), of which Deutsche Post Betriebsrenten Service e.V. (DPRS) and/or Deutsche Post Pensions-Treuhand GmbH & Co. KG, Deutsche Post Betriebsrenten-Service e.V. & Co. Objekt Gronau KG and Deutsche Post Grundstücks-Vermietungsgesellschaft beta mbH Objekt Leipzig KG are the legal or beneficial owners, is exclusively let to Deutsche Post Immobilien GmbH. Rental expense for Deutsche Post Immobilien GmbH amounted to €63 million in 2010 (previous year: €66 million). The rent was always paid on time. Deutsche Post Pensions-Treuhand GmbH & Co. KG owns 100% of Deutsche Post Pensionsfonds AG, which was established at the end of 2009. No receivables or liabilities were due as at 31 December 2010. There were no sales relationships between external authorities and a Group company of Deutsche Post AG in 2010.

RELATIONSHIPS WITH UNCONSOLIDATED COMPANIES AND ASSOCIATES

In addition to the consolidated subsidiaries, the Group has direct and indirect relationships with a large number of unconsolidated subsidiaries and associates deemed to be related parties of the Group in the course of its ordinary business activities. As part of these activities, all transactions for the provision of goods and services entered into with unconsolidated companies were conducted on an arm's length basis at standard market terms and conditions. Transactions were conducted in financial year 2010 with major related parties, resulting in the following items in the consolidated financial statements:

€m	2009	2010
Receivables	25	30
Loans	15	13
Receivables from in-house banking	3	0
Financial liabilities	–46	–47
Liabilities	–10	–20
Liabilities from in-house banking	–3	–4

55.2 Related party disclosures (individuals)

In accordance with IAS 24, the Group also reports on transactions between the Group and related parties or members of their families. Related parties are defined as the Board of Management, Supervisory Board, second-level executives and the members of their families.

There were no reportable transactions between members of the Board of Management and their families and the Group in financial year 2010. In one case, a member of the Supervisory Board was involved in legal transactions with Deutsche Post AG. This primarily involved services rendered in a volume of €1 million. There were no legal transactions between second-level executives or members of their families and Deutsche Post DHL.

The remuneration of key management personnel of the Group requiring disclosure under IAS 24 comprises the remuneration of the active members of the Board of Management and the Supervisory Board. The active members of the Board of Management and the Supervisory Board were remunerated as follows:

€m	2009	2010
Short-term employee benefits (less share-based payment)	16	13
Post-employment benefits	2	2
Termination benefits	4	0
Share-based payment	2	2
Total	**24**	**17**

Post-employment benefits are recognised as the service cost resulting from the pension provisions for active members of the Board of Management.

The share-based payment amount relates to the relevant expense recognised for financial years 2009 and 2010. It is itemised in the following table:

Share-based payment

thousands of €	2009	2010
	SARS	SARS
Dr Frank Appel, Chairman	421	443
Ken Allen (since 26 February 2009)	177	295
Bruce Edwards	276	295
Jürgen Gerdes	280	295
Lawrence Rosen (since 1 September 2009)	177	295
Walter Scheurle	284	295
Hermann Ude	276	295
John Allan (until 30 June 2009)	101	–
Share-based payment	**1,992**	**2,213**

Further details on the share-based payment granted to the members of the Board of Management in financial years 2009 and 2010 are presented in the following tables:

Share-based payment for Board of Management members in 2010

number	Dr Frank Appel	Ken Allen	Bruce Edwards	Jürgen Gerdes	Lawrence Rosen	Walter Scheurle	Hermann Ude
SARS							
Outstanding SARs as at 1 January 2010	925,000	370,896	523,562	618,706	240,000	690,000	523,562
SARs granted	375,000	250,000	250,000	250,000	250,000	250,000	250,000
SARs lapsed	220,000	43,938	53,562	148,706	0	220,000	53,562
SARs exercised	0	0	0	0	0	0	0
Outstanding SARs as at 31 December 2010	**1,080,000**	**576,958**	**720,000**	**720,000**	**490,000**	**720,000**	**720,000**
Exercisable SARs as at 31 December 2010	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Weighted average settlement price in €	Not exercised						
Weighted average exercise price in €	Not exercised						
Weighted average term to maturity in years	2.21	2.63	2.21	2.21	3.01	2.21	2.21

Share-based payment for Board of Management members in 2009

number	Dr Frank Appel	Ken Allen	Bruce Edwards	Jürgen Gerdes	Lawrence Rosen	Walter Scheurle	Hermann Ude	John Mullen[1]	John Allan[2]
SOP									
Outstanding stock options as at 1 January 2009	65,988	0	0	17,272	0	25,988	16,316	17,272	0
Stock options granted	0	0	0	0	0	0	0	0	0
Stock options expired	65,988	0	0	17,272	0	25,988	16,316	17,272	0
Stock options exercised	0	0	0	0	0	0	0	0	0
Outstanding stock options as at 31 December 2009	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Exercisable stock options as at 31 December 2009	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Weighted average settlement price in €					Not exercised				
Weighted average exercise price in €					Not exercised				
Weighted average term to maturity in years	0	0	0	0	0	0	0	0	0
SARS									
Outstanding SARS as at 1 January 2009	775,000	176,244	400,508	474,172	0	660,000	337,262	660,000	285,000
SARS granted	360,000	240,000	240,000	240,000	240,000	240,000	240,000	0	0
SARS expired	210,000	45,348	116,946	95,466	0	210,000	53,700	660,000	0
SARS exercised	0	0	0	0	0	0	0	0	0
Outstanding SARS as at 31 December 2009	**925,000**	**370,896**	**523,562**	**618,706**	**240,000**	**690,000**	**523,562**	**0**	**285,000**
Exercisable SARS as at 31 December 2009	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Weighted average settlement price in €					Not exercised				
Weighted average exercise price in €					Not exercised				
Weighted average term to maturity in years	2.04	2.67	2.31	2.03	3.50	1.87	2.31	0	1.30

1) Until 24 February 2010.
2) Until 30 June 2010.

BOARD OF MANAGEMENT REMUNERATION

The total remuneration paid to the active members of the Board of Management in financial year 2010 including the components with a long-term incentive effect totalled €17.0 million (previous year: €22.2 million). Of this amount, €7.1 million (previous year: €9.8 million) is attributable to non-performance-related components (annual base salary and fringe benefits), €4.9 million (previous year: €5.1 million) to performance-related components (variable components) and €5.0 million (previous year: €7.3 million) to components with a long-term incentive effect (stock appreciation rights – SARS). The number of SARS was 1,875,000 (previous year: 1,800,000).

FORMER MEMBERS OF THE BOARD OF MANAGEMENT

The remuneration of former members of the Board of Management or their surviving dependants amounted to €5.7 million in the year under review (previous year: €8.1 million). The defined benefit obligation (DBO) for current pensions calculated under IFRSS amounted to €42.9 million (previous year: €26.1 million).

REMUNERATION OF THE SUPERVISORY BOARD

The total remuneration of the Supervisory Board in financial year 2010 amounted to approximately €1.1 million (previous year: €0.7 million); €0.9 million of this amount was attributable to a fixed component (previous year: €0.6 million), €0 million to performance-related remuneration (previous year: €0 million) and €0.2 million to attendance allowances (previous year: €0.1 million).

Further information on the itemised remuneration of the Board of Management and the Supervisory Board can be found in the Corporate Governance Report. The remuneration report contained in the Corporate Governance Report also forms part of the Group Management Report.

SHAREHOLDINGS OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD

As at 31 December 2010, shares held by the Board of Management and the Supervisory Board of Deutsche Post AG amounted to less than 1% of the company's share capital.

REPORTABLE TRANSACTIONS

The transactions of Board of Management and Supervisory Board members involving securities of the company notified to Deutsche Post AG in accordance with section 15 a of the *Wertpapierhandelsgesetz* (WpHG – German securities trading act) can be viewed on the company's website at www.dp-dhl.com.

56 Auditor's fees

The following fees for services rendered by the auditor of the consolidated financial statements, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, were recognised as an expense in financial year 2010 and in the previous year:

€m	2009	2010
Audits of the financial statements	6	5
Other assurance or valuation services	1	2
Tax advisory services	0	0
Other services	1	1
Auditor's fees	**8**	**8**

57 Utilisation of options under section 264 (3) of the HGB

For financial year 2010, Deutsche Post AG has exercised the simplification options under section 264 (3) of the HGB for the following companies:

1. Agheera GmbH
2. Danzas Deutschland Holding GmbH
3. Deutsche Post Adress Beteiligungsgesellschaft mbH
4. Deutsche Post Beteiligungen Holding GmbH
5. Deutsche Post Beteiligungen Holding Bankbeteiligungsgesellschaft mbH
6. Deutsche Post Com GmbH
7. Deutsche Post Consult GmbH
8. Deutsche Post Customer Service Center GmbH
9. Deutsche Post DHL Corporate Real Estate Management GmbH (formerly: Deutsche Post Immobilienentwicklung Grundstücksgesellschaft mbH)
10. Deutsche Post DHL Inhouse Consulting GmbH
11. Deutsche Post DHL Market Research and Innovation GmbH
12. Deutsche Post Direkt GmbH
13. Deutsche Post Fleet GmbH
14. Deutsche Post Immobilien GmbH
15. Deutsche Post IT Brief GmbH
16. Deutsche Post IT Services GmbH
17. Deutsche Post Real Estate Germany GmbH
18. Deutsche Post Shop Essen GmbH
19. Deutsche Post Shop Hannover GmbH
20. Deutsche Post Shop München GmbH
21. Deutsche Post Technischer Service GmbH
22. DHL Airways GmbH
23. DHL Automotive GmbH
24. DHL Automotive Offenau GmbH
25. DHL BwLog GmbH
26. DHL Express Germany GmbH
27. DHL Global Forwarding GmbH
28. DHL Global Forwarding Management GmbH
29. DHL Global Management GmbH
30. DHL Home Delivery GmbH
31. DHL Hub Leipzig GmbH
32. DHL International GmbH
33. DHL Logistics GmbH
34. DHL Solutions Fashion GmbH
35. DHL Solutions GmbH
36. DHL Solutions Großgut GmbH
37. DHL Solutions Retail GmbH
38. DHL Supply Chain Management GmbH
39. DHL Trade Fairs & Events GmbH
40. DHL Verwaltungs GmbH
41. European Air Transport Leipzig GmbH
42. FIRST MAIL Düsseldorf GmbH
43. interServ Gesellschaft für Personal- und Beraterdienstleistungen mbH
44. ITG GmbH Internationale Spedition und Logistik
45. Werbeagentur Janssen GmbH
46. Williams Lea Deutschland GmbH
47. Williams Lea Direct Marketing Solutions GmbH
48. Williams Lea Document Solutions GmbH
49. Williams Lea GmbH
50. Williams Lea Inhouse Solutions GmbH
51. Williams Lea Print Solutions GmbH

58 Declaration of Conformity with the German Corporate Governance Code

In December 2010, the Board of Management and the Supervisory Board of Deutsche Post AG jointly submitted the Declaration of Conformity with the German Corporate Governance Code for financial year 2010 required by section 161 of the *Aktiengesetz* (AktG – German stock corporation act). This Declaration of Conformity can be accessed online at www.corporate-governance-code.de and at www.dp-dhl.com.

59 Significant events after the balance sheet date

There were no significant events after the balance sheet date.

60 List of shareholdings

Affiliated companies included in the consolidated financial statements

Name	Headquarters	Group equity share %	Currency	Equity thousands	Net income thousands
Europe					
ABIS GmbH	Germany, Frankfurt am Main	70.00	EUR	477	868
Aerocar B.V.	Netherlands, Amsterdam	100.00	EUR	5,659	2,478
Agheera GmbH	Germany, Bonn	100.00	EUR	25	–1,444
Albert Scheid GmbH	Germany, Cologne	100.00	EUR	1,032	416
Applied Distribution Group Limited[5]	United Kingdom, Bracknell	100.00	EUR	5,764	0
Axial SA	Belgium, Seneffe	100.00	EUR	2,360	–405
Blue Funnel Bulkships Limited[5]	United Kingdom, Bracknell	100.00	EUR	–2,561	0
BürgTrans GmbH	Germany, Düsseldorf	100.00	EUR	244	4
Cargus Express Curier S.R.L.	Romania, Bucharest	100.00	EUR	–8,360	–3,103
Cargus International S.R.L.	Romania, Bucharest	100.00	EUR	–398	159
Container Services Amsterdam B.V.[5]	Netherlands, Amsterdam	100.00	EUR	245	0
Cormar Limited	United Kingdom, Bracknell	100.00	EUR	1,764	739
CPJ Travel Limited	United Kingdom, Hounslow	100.00	EUR	0	0
DANMAR Lines AG	Switzerland, Basel	100.00	EUR	24,459	4,646
Danzas (UK) Limited[5]	United Kingdom, Staines	100.00	EUR	1,158	0
DANZAS AEI (UK) LTD[5]	United Kingdom, Staines	100.00	EUR	8,753	0
Danzas AEI GmbH	Germany, Kelsterbach	100.00	EUR	7,810	5
Danzas Chemicals GmbH[8]	Germany, Düsseldorf	100.00	EUR	–1,267	0
Danzas Deutschland Holding GmbH	Germany, Frankfurt am Main	100.00	EUR	5,485	25,213
DANZAS Fashion B.V.	Netherlands, Venlo	100.00	EUR	–26,171	–399
Danzas Fashion NV	Belgium, Grimbergen	100.00	EUR	14	–17
Danzas Fashion Service Centers B.V.	Netherlands, Waalwijk	100.00	EUR	645	–87
Danzas Grundstücksverwaltung Düsseldorf GmbH	Germany, Düsseldorf	100.00	EUR	14,404	2,352
Danzas Grundstücksverwaltung Frankfurt GmbH	Germany, Frankfurt am Main	100.00	EUR	27,005	–2,839
Danzas Grundstücksverwaltung Groß-Gerau GmbH	Germany, Hamburg	100.00	EUR	28	–35
Danzas Holding AG	Switzerland, Basel	100.00	EUR	127,294	21,066
Danzas Kiev Ltd.[1]	Ukraine, Kiev	100.00	EUR	–1,845	–237
Danzas Odessa Ltd.[1]	Ukraine, Odessa	100.00	EUR	–	–
Danzas Verwaltungs GmbH	Germany, Frankfurt am Main	100.00	EUR	22,427	1,539
Danzas, S.L.[1]	Spain, San Sebastián	100.00	EUR	205,423	2,145
Union Aduanera Española S.A.[1]	Spain, Barcelona	100.00	EUR	–	–
Darshaan Properties Ltd.	Ireland, Dublin	100.00	EUR	5,651	571
Deutsche Post Adress Beteiligungsgesellschaft mbH	Germany, Bonn	100.00	EUR	416	8,569
Deutsche Post Adress Geschäftsführungs GmbH	Germany, Bonn	51.00	EUR	17	–10
Deutsche Post Adress GmbH & Co. KG	Germany, Bonn	51.00	EUR	9,741	16,763
Deutsche Post Assekuranz Vermittlungs GmbH	Germany, Bonn	55.00	EUR	51	–8
Deutsche Post Beteiligungen Holding Bankbeteiligungsgesellschaft mbH	Germany, Bonn	100.00	EUR	3,575,225	3,554
Deutsche Post Beteiligungen Holding GmbH	Germany, Bonn	100.00	EUR	6,793,358	–1,132,898
Deutsche Post Com GmbH	Germany, Bonn	100.00	EUR	1,150	155
Deutsche Post Consult GmbH	Germany, Bonn	100.00	EUR	3,847	556
Deutsche Post Customer Service Center GmbH	Germany, Monheim	100.00	EUR	178	–27,492
Deutsche Post DHL Corporate Real Estate Management GmbH	Germany, Bonn	100.00	EUR	51	132
Deutsche Post DHL Inhouse Consulting GmbH	Germany, Bonn	100.00	EUR	16	6,860
Deutsche Post DHL Market Research and Innovation GmbH	Germany, Bonn	100.00	EUR	8,021	195
Deutsche Post Direkt GmbH	Germany, Bonn	100.00	EUR	60	7,072
Deutsche Post Finance B.V.	Netherlands, Amersfoort	100.00	EUR	10,794	711
Deutsche Post Fleet GmbH	Germany, Bonn	100.00	EUR	511,694	13,558
Deutsche Post Global Mail (Belgium) NV	Belgium, Brussels	100.00	EUR	1,099	29
Deutsche Post Global Mail (France) SAS	France, Issy-les-Moulineaux	100.00	EUR	2,172	–308

Reported IFRS data before profit transfer

1) Only subgroup data available. 2) Amounts from 2009. 3) Amounts from 2008. 4) Data not available. 5) Dormant. 6) Inclusion in accordance with SIC 12. 7a) Inclusion in accordance with IAS 27.13 (a). 7b) Inclusion in accordance with IAS 27.13 (b–d). 8) In liquidation. 9) Local GAAP. 10) Voting rights. 11) Company is included in group financial statements of Deutsche Postbank AG. 12) Foundation in 2010.

Affiliated companies included in the consolidated financial statements

Name	Headquarters	Group equity share %	Currency	Equity thousands	Net income thousands
Deutsche Post Global Mail (Netherlands) B.V.	Netherlands, Utrecht	100.00	EUR	3,987	1,143
Deutsche Post Global Mail (Switzerland) AG	Switzerland, Basel	100.00	EUR	375	160
Deutsche Post Global Mail (UK) Limited[5]	United Kingdom, Croydon	100.00	EUR	7,992	0
Deutsche Post Immobilien GmbH	Germany, Bonn	100.00	EUR	3,377	–3,373
Deutsche Post Immobilienentwicklung Grundstücks-gesellschaft mbH & Co. Logistikzentren KG	Germany, Bonn	100.00	EUR	–40,254	1,564
Deutsche Post Insurance Limited	Ireland, Dublin	100.00	EUR	11,014	3,466
Deutsche Post International B.V.[1]	Netherlands, Maastricht	100.00	EUR	2,486,066	504,394
TheNetherlands622009 B.V.[1]	Netherlands, Apeldoorn	100.00	EUR	–	–
Deutsche Post Investments GmbH	Germany, Bonn	100.00	EUR	657,563	2
Deutsche Post IT BRIEF GmbH	Germany, Bonn	100.00	EUR	13,563	146
Deutsche Post IT Services GmbH	Germany, Bonn	100.00	EUR	49,575	12,199
Deutsche Post Mail Distribution (Netherlands) B.V.	Netherlands, Apeldoorn	100.00	EUR	–8,092	53
Deutsche Post Real Estate Germany GmbH	Germany, Bonn	100.00	EUR	–1,591	–16,855
Deutsche Post Reinsurance S.A.	Luxembourg, Luxembourg	100.00	EUR	2,240	0
Deutsche Post Selekt Mail Nederland C.V.[1]	Netherlands, Utrecht	100.00	EUR	–62,178	–24,344
SW Post Beheer B.V.[1]	Netherlands, Utrecht	100.00	EUR	–	–
Deutsche Post Shop Essen GmbH	Germany, Essen	100.00	EUR	25	17
Deutsche Post Shop Hannover GmbH	Germany, Hanover	100.00	EUR	25	9
Deutsche Post Shop München GmbH	Germany, Munich	100.00	EUR	25	50
Deutsche Post Technischer Service GmbH	Germany, Bonn	100.00	EUR	2,189	2,224
Deutsche Post Zahlungsdienste GmbH	Germany, Bonn	100.00	EUR	1,000	–804
DHL Supply Chain (Finland) Oy	Finland, Vantaa	100.00	EUR	4,356	89
DHL (Cyprus) Ltd.	Cyprus, Nikosia	100.00	EUR	3,148	341
DHL Air Limited	United Kingdom, Hounslow	100.00	EUR	22,541	3,315
DHL AirWays GmbH	Germany, Cologne	100.00	EUR	–3,288	60
DHL Automotive GmbH	Germany, Hamburg	100.00	EUR	4,614	–651
DHL Automotive Offenau GmbH	Germany, Bonn	100.00	EUR	61	–896
DHL Automotive s.r.o.	Czech Republic, Prague	100.00	EUR	8,843	296
DHL Aviation (France) SAS	France, Roissy-en-France	100.00	EUR	1,424	–468
DHL Aviation (Italy) S.r.l.	Italy, Milan	100.00	EUR	3,889	266
DHL Aviation (Netherlands) B.V.	Netherlands, Amersfoort	100.00	EUR	4,065	151
DHL Aviation (UK) Limited	United Kingdom, Hounslow	100.00	EUR	18,079	623
DHL Aviation NV/SA	Belgium, Zaventem	99.99	EUR	44,012	706
DHL Bwlog GmbH	Germany, Bonn	100.00	EUR	21,076	13
DHL Distribution Holdings (UK) Limited	United Kingdom, Hounslow	100.00	EUR	51,524	–48,705
DHL Ekspres (Slovenija), d.o.o.	Slovenia, Trzin	100.00	EUR	153	179
DHL Energy Performance & Management Limited	United Kingdom, Bracknell	100.00	EUR	–6,008	–1,737
DHL Estonia AS	Estonia, Tallinn	100.00	EUR	6,290	693
DHL Exel Central Services EURL	France, Roissy-en-France	100.00	EUR	–359	–2,191
DHL Exel Slovakia, s.r.o.	Slovakia, Bratislava	100.00	EUR	–604	–2,287
DHL Exel Supply Chain (Denmark) A/S	Denmark, Kastrup	100.00	EUR	–19,797	1,247
DHL Exel Supply Chain (Poland) Sp. z o.o.	Poland, Warsaw	100.00	EUR	–2,495	–1,012
DHL Exel Supply Chain (Sweden) AB	Sweden, Stockholm	100.00	EUR	10,460	–3,342
DHL Exel Supply Chain Euskal-Log, S.L.U.	Spain, Barcelona	100.00	EUR	6,807	875
DHL Exel Supply Chain Hungary Limited	Hungary, Ullo	100.00	EUR	573	–121
DHL Exel Supply Chain Portugal Lda.	Portugal, Alverca	100.00	EUR	7,980	–139
DHL Exel Supply Chain Spain, S.L.U.	Spain, Madrid	100.00	EUR	19,763	–6,458
DHL Exel Supply Chain Trade (Poland) Sp. z o.o.	Poland, Warsaw	100.00	EUR	585	117
DHL Exel Supply Chain Trollhättan AB	Sweden, Stockholm	100.00	EUR	4,617	1,777
DHL Express (Austria) GmbH	Austria, Guntramsdorf	100.00	EUR	–1,109	–5,204
DHL Express (Belgium) NV	Belgium, Ternat	100.00	EUR	11,824	3,448
DHL Express (Czech Republic) s.r.o.	Czech Republic, Ostrava	100.00	EUR	6,491	–1,274
DHL Express (Denmark) A/S	Denmark, Broendby	100.00	EUR	79,179	4,388
DHL Express (France) SAS	France, Roissy-en-France	100.00	EUR	–40,118	–312,629
DHL Express (Hellas) S.A.	Greece, Athens	100.00	EUR	–698	–1,164
DHL Express (Iceland) EHF	Iceland, Reykjavik	100.00	EUR	95	43

Affiliated companies included in the consolidated financial statements

Name	Headquarters	Group equity share %	Currency	Equity thousands	Net income thousands
DHL Express (Ireland) Ltd.	Ireland, Dublin	100.00	EUR	–609	–67
DHL Express (Italy) S.r.l.	Italy, Milan	100.00	EUR	49,782	141
DHL Express (Luxembourg) S.A.	Luxembourg, Contern	100.00	EUR	4,238	–396
DHL Express (Netherlands) B.V.	Netherlands, Amersfoort	100.00	EUR	–15,282	3,476
DHL Express (Norway) AS	Norway, Oslo	100.00	EUR	11,840	264
DHL Express (Poland) Sp. z o.o.	Poland, Warsaw	100.00	EUR	59,076	25,119
DHL Express (Schweiz) AG	Switzerland, Basel	100.00	EUR	15,299	2,412
DHL Express (Slovakia), spol. s r. o.	Slovakia, Bratislava	100.00	EUR	6,279	520
DHL Express (UK) Ltd.	United Kingdom, Hounslow	100.00	EUR	–28,958	826
DHL Express Bulgaria EOOD	Bulgaria, Sofia	100.00	EUR	2,853	1,026
DHL Express Germany GmbH	Germany, Bonn	100.00	EUR	1,209	42,447
DHL Express Hungary Forwarding and Services LLC	Hungary, Budapest	100.00	EUR	12,377	330
DHL Express Iberia S.L.[1]	Spain, San Sebastián	100.00	EUR	182,570	30,494
Denalur SPE, S.L.[1]	Spain, San Sebastián	100.00	EUR	–	–
DHL Express A Coruña Spain, S.L.[1]	Spain, San Sebastián	100.00	EUR	–	–
DHL Express Alacant Spain S.L.[1]	Spain, San Sebastián	100.00	EUR	–	–
DHL Express Araba Spain S.L.[1]	Spain, San Sebastián	100.00	EUR	–	–
DHL Express Barcelona Spain S.L.[1]	Spain, San Sebastián	100.00	EUR	–	–
DHL Express Bizkaia Spain S.L.[1]	Spain, San Sebastián	100.00	EUR	–	–
DHL Express Cantabria Spain S.L.[1]	Spain, San Sebastián	100.00	EUR	–	–
DHL Express Castello Spain S.L.[1]	Spain, San Sebastián	100.00	EUR	–	–
DHL Express Ciudad Real Spain, S.L.[1]	Spain, Ciudad Real	100.00	EUR	–	–
DHL Express Gipuzkoa Spain S.L.[1]	Spain, San Sebastián	100.00	EUR	–	–
DHL Express Girona Spain S.L.[1]	Spain, San Sebastián	100.00	EUR	–	–
DHL Express Huelva Spain S.L.[1]	Spain, San Sebastián	100.00	EUR	–	–
DHL Express Illes Balears Spain, S.L.[1]	Spain, Barcelona	100.00	EUR	–	–
DHL Express Jaén Spain S.L.[1]	Spain, Ciudad Real	100.00	EUR	–	–
DHL Express Lugo Spain S.L.[1]	Spain, San Sebastián	100.00	EUR	–	–
DHL Express Madrid Spain S.L.[1]	Spain, San Sebastián	100.00	EUR	–	–
DHL Express Malaga Spain S.L.[1]	Spain, Malaga	100.00	EUR	–	–
DHL Express Navarra Spain, S.L.[1]	Spain, Navarra	100.00	EUR	–	–
DHL Express Pontevedra Spain S.L.[1]	Spain, Vigo	100.00	EUR	–	–
DHL Express Servicios S.L.[1]	Spain, San Sebastián	100.00	EUR	–	–
DHL Express Sevilla Spain S.L.[1]	Spain, Sevilla	100.00	EUR	–	–
DHL Express Tarragona Spain S.L.[1]	Spain, San Sebastián	100.00	EUR	–	–
DHL Express Valencia Spain S.L.[1]	Spain, San Sebastián	100.00	EUR	–	–
DHL Express Valladolid Spain S.L.[1]	Spain, San Sebastián	100.00	EUR	–	–
DHL Express Zaragoza Spain, S.L.[1]	Spain, Zaragoza	100.00	EUR	–	–
DHL Pony Express Limited[1, 5]	United Kingdom, Hounslow	100.00	EUR	6,138	0
DHL@home Limited[1, 5]	United Kingdom, Hounslow	100.00	EUR	–	–
Rosier Distribution Limited[1, 5]	United Kingdom, Hounslow	100.00	EUR	–	–
Russel Davies Properties Limited[1, 5]	United Kingdom, Hounslow	100.00	EUR	–	–
Russell Davies Limited[1, 5]	United Kingdom, Hounslow	100.00	EUR	–	–
DHL Express Macedonia d.o.o.e.l.	Macedonia, Skopje	100.00	EUR	982	89
DHL Express Portugal, Lda.	Portugal, Moreira da Maia	100.00	EUR	18,155	3,413
DHL Express Services (France) SAS	France, Roissy-en-France	100.00	EUR	–8,308	–7,591
DHL Fashion (France) S.A.S.	France, La Plaine-Saint-Denis	100.00	EUR	–1,396	–6,973
DHL Finance Services B.V.	Netherlands, Maastricht	100.00	EUR	24,197	2,644
DHL FoodServices GmbH	Germany, Frankfurt am Main	100.00	EUR	184	–1,442
DHL Freight (Belgium) NV	Belgium, Grimbergen	100.00	EUR	5,158	918
DHL Freight (France) SAS	France, Marne-la-Valle	100.00	EUR	2,509	–7,738
DHL Freight (Netherlands) B.V.	Netherlands, Amersfoort	100.00	EUR	–5,535	–1,805
DHL Freight (Sweden) AB	Sweden, Stockholm	100.00	EUR	28,830	1,963
DHL Freight and Contract Logistics (UK) Limited	United Kingdom, Milton Keynes	100.00	EUR	–4,817	–4,510

Reported IFRS data before profit transfer

1) Only subgroup data available. 2) Amounts from 2009. 3) Amounts from 2008. 4) Data not available. 5) Dormant. 6) Inclusion in accordance with SIC 12. 7a) Inclusion in accordance with IAS 27.13 (a). 7b) Inclusion in accordance with IAS 27.13 (b–d). 8) In liquidation. 9) Local GAAP. 10) Voting rights. 11) Company is included in group financial statements of Deutsche Postbank AG. 12) Foundation in 2010.

Affiliated companies included in the consolidated financial statements

Name	Headquarters	Group equity share %	Currency	Equity thousands	Net income thousands
DHL Freight Finland Oy	Finland, Vantaa	100.00	EUR	13,458	–849
DHL Freight Germany Holding GmbH	Germany, Düsseldorf	100.00	EUR	–54,226	–15,041
DHL Freight GmbH	Germany, Düsseldorf	100.00	EUR	7,805	–9,942
DHL Freight Hungary Forwarding and Logistics Ltd.	Hungary, Budapest	100.00	EUR	–1,700	–1,747
DHL Freight Services (Netherlands) B.V.	Netherlands, Tiel	100.00	EUR	2,623	4,703
DHL Freight Spain, S.L.	Spain, San Sebastián	100.00	EUR	6,549	1,496
DHL GBS (UK) Limited	United Kingdom, Bracknell	100.00	EUR	7,361	550
DHL Global Forwarding (Austria) GmbH	Austria, Vienna	100.00	EUR	20,373	4,689
DHL Global Forwarding (Belgium) NV	Belgium, Zaventem	100.00	EUR	22,187	4,231
DHL Global Forwarding (CZ) s.r.o.	Czech Republic, Prague	100.00	EUR	24,061	4,020
DHL Global Forwarding (Denmark) A/S	Denmark, Kastrup	100.00	EUR	11,671	–574
DHL Global Forwarding (Finland) Oy	Finland, Vantaa	100.00	EUR	4,422	2,104
DHL Global Forwarding (France) SAS	France, La Plaine-Saint-Denis	100.00	EUR	48,878	7,329
DHL Global Forwarding (Ireland) Limited	Ireland, Dublin	100.00	EUR	6,754	2,113
DHL Global Forwarding (Italy) S.p.A.	Italy, Milan	100.00	EUR	47,910	17,734
DHL Global Forwarding (Luxembourg) S.A.	Luxembourg, Luxembourg	90.00	EUR	1,362	601
DHL Global Forwarding (Netherlands) B.V.	Netherlands, Hoofddorp	100.00	EUR	24,934	10,208
DHL Global Forwarding (Norway) AS	Norway, Gardemoen	100.00	EUR	1,760	–498
DHL Global Forwarding (SWEDEN) AB	Sweden, Kista	100.00	EUR	14,183	3,547
DHL Global Forwarding (UK) Limited	United Kingdom, Staines	100.00	EUR	141,437	30,153
DHL Global Forwarding GmbH	Germany, Frankfurt am Main	100.00	EUR	1,775	29,193
DHL Global Forwarding Hellas S.A. of International Transportation and Logistics	Greece, Piraeus	100.00	EUR	5,548	–1,115
DHL Global Forwarding Hungary Kft.	Hungary, Vecses	100.00	EUR	20,450	1,998
DHL Global Forwarding Management GmbH	Germany, Bonn	100.00	EUR	–2,435	–6,238
DHL Global Forwarding Portugal, Lda.	Portugal, Moreira da Maia	100.00	EUR	3,402	1,101
DHL Global Forwarding Sp. z o.o.	Poland, Lodz	100.00	EUR	12,044	4,517
DHL Global Forwarding Spain, S.L.U.	Spain, Madrid	100.00	EUR	18,083	5,454
DHL Global Mail (UK) Limited	United Kingdom, Bracknell	100.00	EUR	–15,317	–2,045
DHL Global Mail Nordic AB	Sweden, Stockholm	100.00	EUR	657	455
DHL Global Mail OOO	Russia, Moscow	100.00	EUR	27	–447
DHL Global Management GmbH	Germany, Bonn	100.00	EUR	1,351,975	–1,336
DHL Group Services NV/SA	Belgium, Zaventem	99.96	EUR	1,367	0
DHL Holding (France) SAS	France, Roissy-en-France	100.00	EUR	368,532	12,065
DHL Holding (Italy) S.r.l.	Italy, Milan	100.00	EUR	240,577	15,318
DHL Holdings (Ireland) Ltd.	Ireland, Dublin	100.00	EUR	93	0
DHL Home Delivery GmbH	Germany, Hamburg	100.00	EUR	5,094	–16,330
DHL Hub Leipzig GmbH	Germany, Schkeuditz	100.00	EUR	–110	766
DHL Information Services (Europe) s.r.o.	Czech Republic, Prague	100.00	EUR	89,641	3,840
DHL Inter Limited[5)]	United Kingdom, Moss End	100.00	EUR	0	0
DHL International (Albania) Ltd.	Albania, Tirana	100.00	EUR	589	208
DHL International (Ireland) Ltd.	Ireland, Dublin	100.00	EUR	1,049	1
DHL International (Romania) S.R.L.	Romania, Bucharest	100.00	EUR	2,539	–473
DHL International (UK) Limited	United Kingdom, Hounslow	100.00	EUR	47,045	2,919
DHL International (Ukraine) JSC	Ukraine, Kiev	99.99	EUR	2,184	413
DHL International d.o.o.	Croatia, Zagreb	100.00	EUR	2,421	312
DHL International AB[8)]	Sweden, Stockholm	100.00	EUR	4,082	0
DHL International B.V.[5)]	Netherlands, Amersfoort	100.00	EUR	26,664	0
DHL International Express (France) SAS	France, Roissy-en-France	100.00	EUR	37,969	20,737
DHL International GmbH	Germany, Bonn	100.00	EUR	1,950,949	–7,378
DHL International Ltd.	Malta, Luqa	100.00	EUR	436	134
DHL International NV/SA	Belgium, Diegem	100.00	EUR	9,010	1,386
DHL International ZAO, Russia	Russia, Moscow	100.00	EUR	25,862	33,691
DHL International-Sarajevo d.o.o.	Bosnia and Herzegovina, Sarajevo	100.00	EUR	359	201
DHL Investments Limited	United Kingdom, St. Helier	100.00	EUR	–29,716	–3,294
DHL Latvia SIA	Latvia, Riga	100.00	EUR	–347	215
DHL Logistica D.O.O.	Slovenia, Brnik	100.00	EUR	895	202

Affiliated companies included in the consolidated financial statements

Name	Headquarters	Group equity share %	Currency	Equity thousands	Net income thousands
DHL Logistics (Schweiz) AG	Switzerland, Basel	100.00	EUR	33,817	9,661
DHL Logistics (Slovakia), spol. s r.o.	Slovakia, Senec	100.00	EUR	3,519	2,239
DHL Logistics (Ukraine) Ltd.[1]	Ukraine, Kiev	100.00	EUR	144	0
OOO ASG Rad Transport Russia[1]	Russia, Saint Petersburg	100.00	EUR	–	–
DHL Logistics GmbH	Germany, Hamburg	100.00	EUR	453	–13,124
DHL Logistics OOO	Russia, Chimki	100.00	EUR	135	1,216
DHL Logistics S.R.L.	Romania, Bucharest	100.00	EUR	882	151
DHL Logistik Service GmbH	Austria, Vienna	100.00	EUR	–3,083	–4,462
DHL Management (Schweiz) AG	Switzerland, Basel	100.00	EUR	22,488	–3,455
DHL Management Services Limited	United Kingdom, Hounslow	100.00	EUR	195	31
DHL Medjunarodni Vazdusni Ekspres d.o.o.	Serbia, Belgrade	100.00	EUR	2,992	618
DHL Nordic AB	Sweden, Stockholm	100.00	EUR	65,875	1,179
DHL Packaging s.r.o.	Czech Republic, Pohořelice	70.00	EUR	–230	330
DHL Pipelife Logistik GmbH	Austria, Vienna	100.00	EUR	196	–1,958
DHL Quality Cargo AS	Norway, Oslo	100.00	EUR	1,355	–396
DHL Rail AB	Sweden, Trelleborg	100.00	EUR	164	–914
DHL Services Limited	United Kingdom, Milton Keynes	100.00	EUR	91,895	93,205
DHL Shoe Logistics s.r.o.	Czech Republic, Pohořelice	100.00	EUR	1,143	187
DHL Solutions (Belgium) NV	Belgium, Mechelen	100.00	EUR	28,403	1,080
DHL Solutions (France) SAS	France, La Plaine-Saint-Denis	100.00	EUR	2,489	521
DHL Solutions Fashion GmbH	Germany, Essen	100.00	EUR	64	81
DHL Solutions GmbH	Germany, Hamburg	100.00	EUR	41,582	–14,195
DHL Solutions Großgut GmbH	Germany, Frankfurt am Main	100.00	EUR	937	3,475
DHL Solutions Retail GmbH	Germany, Unna	100.00	EUR	4,128	7,858
DHL Solutions s.r.o.	Czech Republic, Ostrava	100.00	EUR	6,271	313
DHL Stenvreten Kommanditbolag	Sweden, Stockholm	100.00	EUR	–1,704	0
DHL Stock Express SAS	France, La Plaine-Saint-Denis	100.00	EUR	–21,177	–6,994
DHL Supply Chain (Belgium) NV	Belgium, Mechelen	100.00	EUR	8,041	–2,695
DHL Supply Chain (Ireland) Limited	Ireland, Dublin	100.00	EUR	12,656	–2,148
DHL Supply Chain (Italy) S.p.A.	Italy, Milan	100.00	EUR	37,731	2,648
DHL Supply Chain (Netherlands) B.V.	Netherlands, Amersfoort	100.00	EUR	97,693	5,489
DHL Supply Chain (Norway) AS	Norway, Oslo	100.00	EUR	2,481	1,273
DHL Supply Chain Management (Benelux) B.V.	Netherlands, Amersfoort	100.00	EUR	–28,799	1,708
DHL Supply Chain Management GmbH	Germany, Bonn	100.00	EUR	25	–23,474
DHL Supply Chain, s.r.o.	Czech Republic, Pohořelice	100.00	EUR	6,627	–975
DHL Technical Distribution B.V.	Netherlands, Veghel	100.00	EUR	–2,091	–32
DHL Trade Fairs & Events GmbH	Germany, Frankfurt am Main	100.00	EUR	515	–3,437
DHL Trade Fairs and Events (UK) Limited	United Kingdom, Staines	85.00	EUR	218	84
DHL Vehicle Services (UK) Limited	United Kingdom, Hounslow	100.00	EUR	–1,842	–106
DHL Vertriebs GmbH & Co. OHG	Germany, Bonn	100.00	EUR	79,472	46,200
DHL Verwaltungs GmbH	Germany, Bonn	100.00	EUR	–39	370
DHL Voigt International GmbH	Germany, Neumünster	51.00	EUR	1,328	1,032
DHL Wahl International GmbH	Germany, Bielefeld	51.00	EUR	1,006	366
DHL Worldwide Express Logistics NV/SA	Belgium, Diegem	100.00	EUR	17,795	1,181
DHL Worlwide Network NV/SA	Belgium, Diegem	100.00	EUR	19,536	1,111
DZ Specialties B.V.	Netherlands, Amersfoort	100.00	EUR	79,994	10,410
European Air Transport Leipzig GmbH	Germany, Schkeuditz	100.00	EUR	–2,222	4,352
Exel (Africa) Limited	United Kingdom, Bracknell	100.00	EUR	–1,861	–255
Exel (European Services Centre) Ltd.	Ireland, Dublin	100.00	EUR	0	–27
Exel (Meinerzhagen) GmbH	Germany, Unna	100.00	EUR	200	1
Exel (Wommelgem) NV	Belgium, Wommelgem	100.00	EUR	–3,417	–66
Exel Beziers SARL	France, Paris	100.00	EUR	–320	–94
Exel Chenas SARL	France, Roissy-en-France	100.00	EUR	53	–13
Exel Czech Republic s.r.o[5]	Czech Republic, Prague	100.00	EUR	393	0

Reported IFRS data before profit transfer

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Affiliated companies included in the consolidated financial statements

Name	Headquarters	Group equity share %	Currency	Equity thousands	Net income thousands
Exel de Portugal Transitarios Lda.	Portugal, Lisbon	100.00	EUR	90	–3
Exel Eiendom AS	Norway, Oslo	100.00	EUR	12,136	324
Exel Environmental Developments Limited	United Kingdom, Bracknell	100.00	EUR	2	1
Exel Europe Limited	United Kingdom, Milton Keynes	100.00	EUR	346,624	47,872
Exel Finance (1986) Limited[5]	United Kingdom, Bedford	100.00	EUR	0	0
Exel Finance Limited	United Kingdom, Bedford	100.00	EUR	358	61
Exel France SA	France, Roissy-en-France	100.00	EUR	143,338	2,844
Exel Freight Management (UK) Limited[5]	United Kingdom, Bracknell	100.00	EUR	7,252	0
Exel Freight SAS	France, Roissy-en-France	100.00	EUR	33,061	–62
Exel Gallieni SARL	France, Roissy-en-France	100.00	EUR	–1,596	–604
Exel Gironde SA	France, Arles	99.96	EUR	3,243	–1,314
Exel Group Holdings (Nederland) B.V.	Netherlands, Veghel	100.00	EUR	50,697	–8,859
Exel Head Office Services Limited	United Kingdom, Bedford	100.00	EUR	0	0
Exel Healthcare (Belgium) NV	Belgium, Mechelen	100.00	EUR	56,629	–258
Exel Holdings Limited	United Kingdom, Bedford	100.00	EUR	713,754	33,988
Exel Insurance Limited	United Kingdom, St. Peter Port	100.00	EUR	7,765	155
Exel International Holdings (Belgium) NV	Belgium, Mechelen	100.00	EUR	87,131	–407
Exel International Holdings (Netherlands 1) B.V.	Netherlands, Veghel	100.00	EUR	695,660	–202
Exel International Holdings (Netherlands 2) B.V.	Netherlands, Veghel	100.00	EUR	1,063,458	–78,012
Exel International Holdings (Netherlands 5) B.V.	Netherlands, Veghel	100.00	EUR	27,260	–193
Exel Investments Limited	United Kingdom, Bracknell	100.00	EUR	200,896	32,977
Exel Investments Netherlands B.V.	Netherlands, Veghel	100.00	EUR	225	0
Exel Lille SARL	France, Roissy-en-France	100.00	EUR	–1,217	–826
Exel Limited	United Kingdom, Bracknell	100.00	EUR	909,386	62,901
Exel Logistics (Northern Ireland) Limited	United Kingdom, Mallusk	100.00	EUR	5,173	167
Exel Logistics Limited	United Kingdom, Milton Keynes	100.00	EUR	28,625	1,467
Exel Logistics Property Limited	United Kingdom, Bedford	100.00	EUR	57,593	3,496
Exel Loire SARL	France, Roissy-en-France	100.00	EUR	2,167	–493
Exel Management Services No 2 Limited[5]	United Kingdom, Bracknell	100.00	EUR	0	0
Exel Overseas Limited	United Kingdom, Bracknell	100.00	EUR	157,169	6,086
Exel SARL	France, Erstein	100.00	EUR	221	55
Exel Scotland Limited	United Kingdom, Glasgow	94.17	EUR	2,497	28
Exel Services Logistiques SAS	France, Vitry-sur-Seine	100.00	EUR	8,207	–1,845
Exel Supply Chain Solutions Ltd.	Ireland, Dublin	100.00	EUR	–320	1,474
Exel Sweden AB	Sweden, Stockholm	100.00	EUR	106	–172
Exel Transport France SASU	France, Vitry-sur-Seine	100.00	EUR	1,460	–241
Exel UK Limited	United Kingdom, Bracknell	100.00	EUR	48,055	5,817
F.X. Coughlin B.V.	Netherlands, Veghel	100.00	EUR	2,349	731
F.X. Coughlin (U.K.) Limited	United Kingdom, Bracknell	100.00	EUR	2,440	–429
FACT Denmark A/S	Denmark, Kastrup	100.00	EUR	633	86
Fashion Logistics Limited	United Kingdom, Bracknell	100.00	EUR	1,023	635
First Mail Düsseldorf GmbH	Germany, Düsseldorf	100.00	EUR	–2,077	–2,509
Formation E-Document Solutions Limited	United Kingdom, London	100.00	EUR	911	490
Freight Indemnity and Guarantee Company Limited	United Kingdom, Bedford	100.00	EUR	19	0
Gerlach & Co Internationale Expediteurs B.V.	Netherlands, Venlo	100.00	EUR	3,400	293
Gerlach & Co. NV	Belgium, Antwerp	100.00	EUR	5,171	1
Gerlach AG	Switzerland, Basel	100.00	EUR	6,820	5,089
Gerlach Customs Services EOOD	Bulgaria, Sofia	100.00	EUR	–28	–30
Gerlach European Customs Services, spol. s r.o.	Slovakia, Senec	100.00	EUR	156	7
Gerlach Sp. z o.o.	Poland, Gluchowo/Komorniki	100.00	EUR	793	165
Gerlach Spol s.r.o.	Czech Republic, Rudna u Prahy	100.00	EUR	2,607	1,715
Gerlach Zolldienste GmbH	Germany, Frankfurt am Main	100.00	EUR	159	548
Giorgio Gori S.r.l.	Italy, Collesalvetti (Livorno)	60.00	EUR	19,030	7,460
Giorgio Gori (France) SAS	France, Châtenoy-le-Royal	100.00	EUR	1,169	200
Global Mail (Austria) Ges.m.b.H.	Austria, Vienna	100.00	EUR	1,652	–181
Gori Iberia S.L.	Spain, Barcelona	100.00	EUR	1,506	750
Gori Iberia Transitarios, Limitada	Portugal, Matosinhos	60.00	EUR	846	494

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Güll GmbH	Germany, Lindau (Lake Constance)	51.00	EUR	3,121	441
Henderson Line Limited[5)]	United Kingdom, Glasgow	100.00	EUR	366	0
Higgs International Limited	United Kingdom, Bracknell	100.00	EUR	12,740	320
Historia Sp. z o.o.[8)]	Poland, Warsaw	100.00	EUR	–162	0
Hull, Blyth (Angola) Limited	United Kingdom, Bracknell	100.00	EUR	–4,964	–1,224
Hyperion Properties Limited[5)]	United Kingdom, Bedford	100.00	EUR	–5,191	0
Inside Track Automotive Limited[5)]	United Kingdom, Bracknell	100.00	EUR	3,012	0
Integrated Logistics Management Belgium B.V.	Netherlands, Veghel	100.00	EUR	1,570	–5
Interlanden B.V.[1)]	Netherlands, Apeldoorn	100.00	EUR	–28,504	–28,321
Wegener Transport B.V.[1)]	Netherlands, Apeldoorn	70.00	EUR	–	–
interServ Gesellschaft für Personal- und Beraterdienstleitungen mbH	Germany, Bonn	100.00	EUR	13,372	–58,473
INTEXO Holding (Deutschland) GmbH	Germany, Hünxe	100.00	EUR	3,572	4
ITG Global Logistics B.V.	Netherlands, Schiphol	100.00	EUR	619	–335
ITG GmbH Internationale Spedition und Logistik	Germany, Schwaig/Oberding	100.00	EUR	875	–2,772
ITG Internationale Spedition GmbH	Austria, Vienna	100.00	EUR	51	26
Joint Retail Logistics Limited[5)]	United Kingdom, Bracknell	100.00	EUR	875	0
Kampton	United Kingdom, Bedford	100.00	EUR	–74	–17
Karukera Transit SAS	France, Pointe-à-Pitre	100.00	EUR	1,353	–54
Kelpo Kuljetus Fi Oy	Finland, Vantaa	100.00	EUR	–1,676	–44
Laible AG Speditionen	Switzerland, Schaffhausen	100.00	EUR	1,244	1,119
Langtexo Logistik Verwaltungs GmbH	Germany, Duisburg	100.00	EUR	948	–62
LLC Williams Lea	Russia, Moscow	100.00	EUR	–19	–104
MailMerge Nederland B.V.[5)]	Netherlands, Wormerveer	100.00	EUR	157	0
McGregor Cory Limited	United Kingdom, Bracknell	100.00	EUR	16,449	–709
McGregor Gow & Holland (1996) Limited	United Kingdom, Bracknell	100.00	EUR	272	0
McGregor Sea & Air Services Limited	United Kingdom, Bracknell	100.00	EUR	347	0
Mercury Airspeed International B.V.	Netherlands, Nieuw Vennep	100.00	EUR	–834	–12
Mercury Holdings Limited[5)]	United Kingdom, Bracknell	100.00	EUR	11,026	0
MSAS Limited	United Kingdom, Bracknell	100.00	EUR	–3,577	0
Multimar Seefrachtenkontor Gesellschaft m.b.H.	Austria, Vienna	100.00	EUR	278	0
National Carriers Limited	United Kingdom, Bedford	100.00	EUR	5,963	82
NFC International Holdings (Ireland)	Ireland, Dublin	100.00	EUR	38,584	10,000
nugg.ad AG predictive behavioral targeting	Germany, Berlin	95.99	EUR	274	–28
Ocean Group Investments Limited	United Kingdom, Bracknell	100.00	EUR	23,612	–2,643
Ocean Overseas (Luxembourg) Sarl	Luxembourg, Luxembourg	100.00	EUR	36,461	16,494
Ocean Overseas Holdings Limited	United Kingdom, Bracknell	100.00	EUR	417,227	11,628
Orbital Secretaries Limited[5)]	United Kingdom, Hounslow	100.00	EUR	0	0
Outrack Credit (UK) Limited[5)]	United Kingdom, Hounslow	100.00	EUR	1	0
Packaging Datastore Limited[5)]	United Kingdom, Bracknell	100.00	EUR	0	0
Packaging Management Group Limited[5)]	United Kingdom, Bracknell	100.00	EUR	0	0
Pharma Logistics B.V.	Netherlands, Rotterdam	100.00	EUR	343	1
Pharma Logistics NV	Belgium, Mechelen	100.00	EUR	35,075	2,580
Power Europe (Cannock) Limited	United Kingdom, Bracknell	100.00	EUR	368	205
Power Europe (Doncaster) Limited	United Kingdom, Bracknell	100.00	EUR	483	363
Power Europe Development Limited[5)]	United Kingdom, Bracknell	100.00	EUR	0	0
Power Europe Development No. 3 Limited	United Kingdom, Bracknell	100.00	EUR	–50	–32
Power Europe Limited	United Kingdom, Bracknell	100.00	EUR	–1,287	2,085
Power Europe Operating Limited	United Kingdom, Bracknell	100.00	EUR	8,858	2,219
PPL CZ s.r.o.	Czech Republic, Prague	100.00	EUR	83,808	7,795
Presse-Service Güll GmbH	Switzerland, St. Gallen	51.00	EUR	856	317
RDC Properties Limited	United Kingdom, Bracknell	100.00	EUR	6,604	89
Realcause Limited	United Kingdom, Bedford	100.00	EUR	461,896	–3,275
Rosier Tankers Limited[5)]	United Kingdom, Hounslow	100.00	EUR	–3,109	0
Ross House (AL) Limited	United Kingdom, Bracknell	100.00	EUR	348	0

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Scherbauer Spedition GmbH[7b)]	Germany, Neutraubling	50.00	EUR	3,687	1,196
Selektvracht B.V.	Netherlands, Utrecht	100.00	EUR	12,167	4,133
SERMAT Services Maritimes Aériens et Transit SA	France, La Garenne Colombes	100.00	EUR	1,736	–189
SGB Speditionsgesellschaft mbH	Germany, Munich	100.00	EUR	590	274
Speedmail International Limited[5)]	United Kingdom, London	100.00	EUR	10,124	0
StarBroker AG	Switzerland, Basel	100.00	EUR	26,262	11,400
Sydney Cooper (Distribution) Ltd.	Ireland, Dublin	100.00	EUR	883	–623
T&B Whitwood Holdings Limited	United Kingdom, Bracknell	100.00	EUR	4	195
Tankfreight (Ireland) Ltd.	Ireland, Dublin	100.00	EUR	52	–621
TBMM Holdings Limited	United Kingdom, Bracknell	100.00	EUR	40	0
The Stationery Office Group Limited	United Kingdom, London	100.00	EUR	19,330	0
The Stationery Office Holdings Limited	United Kingdom, London	100.00	EUR	84,190	194,339
The Stationery Office Limited	United Kingdom, London	100.00	EUR	144,427	15,021
Tibbett & Britten Group (Ireland) Limited	Ireland, Dublin	100.00	EUR	4,954	–37
Tibbett & Britten Group Limited	United Kingdom, Bracknell	100.00	EUR	26,596	69
Tibbett & Britten International Holdings Limited[5), 8)]	United Kingdom, Bracknell	100.00	EUR	0	0
Tibbett & Britten International Limited	United Kingdom, Bracknell	100.00	EUR	2,625	212
Tradeteam Limited	United Kingdom, Bedford	50.10	EUR	35,082	11,437
Traditrade Holding S.A.	Luxembourg, Luxembourg	100.00	EUR	22	0
Transflash McGregor (Ireland) Ltd.	Ireland, Dublin	100.00	EUR	–21,615	–453
Transportbedrijf H. de Haan Vianen B.V.[5)]	Netherlands, Utrecht	100.00	EUR	4,674	0
The Stationery Office Enterprises Limited	United Kingdom, London	100.00	EUR	–44,773	–1,181
TSO Holdings A Limited	United Kingdom, London	100.00	EUR	19,248	208,994
TSO Holdings B Limited	United Kingdom, London	100.00	EUR	35,001	224,651
TSO Property Limited	United Kingdom, London	100.00	EUR	11,567	577
UAB DHL Lietuva	Lithuania, Vilnius	100.00	EUR	2,416	448
Véron Grauer AG	Switzerland, Basel	100.00	EUR	1,630	1,258
Vetsch AG, Internationale Transporte[1)]	Switzerland, Buchs	100.00	EUR	1,286	585
Vetsch Internationale Transporte GmbH[1)]	Austria, Wolfurt	100.00	EUR	–	–
Werbeagentur Janssen GmbH	Germany, Düsseldorf	100.00	EUR	511	855
Williams Lea Belgium BVBA	Belgium, Ternat	100.00	EUR	–281	–24
Williams Lea Deutschland GmbH	Germany, Bonn	100.00	EUR	1,851	–9,186
Williams Lea Direct Marketing Solutions GmbH	Germany, Bonn	100.00	EUR	34	528
Williams Lea Document Solutions GmbH	Germany, Mannheim	100.00	EUR	25	–6,463
Williams Lea Finnland Oy	Finland, Vantaa	100.00	EUR	163	134
Williams Lea France SAS	France, Paris	100.00	EUR	757	647
Williams Lea GmbH	Germany, Munich	100.00	EUR	25	1,042
Williams Lea Group Limited[1)]	United Kingdom, London	100.00	EUR	85,503	10,825
Williams Lea (No. 1) Ltd.[1)]	United Kingdom, London	100.00	EUR	–	–
Williams Lea Group Management Services Limited	United Kingdom, London	100.00	EUR	20	–346
Williams Lea Holdings PLC	United Kingdom, London	96.06	EUR	478,719	348
Williams Lea Hungary Kft.	Hungary, Budapest	100.00	EUR	–28	–6
Williams Lea Inhouse Solutions GmbH	Germany, Bonn	100.00	EUR	1,816	12,279
Williams Lea Ireland Limited	Ireland, Dublin	100.00	EUR	2,121	379
Williams Lea Italia S.r.l.	Italy, Rome	100.00	EUR	30	52
Williams Lea Limited	United Kingdom, London	100.00	EUR	51,756	9,255
Williams Lea Netherlands B.V.	Netherlands, Amsterdam	100.00	EUR	–609	–135
Williams Lea Print Solutions GmbH	Germany, Bonn	100.00	EUR	581	–11,552
Williams Lea S.L.	Spain, Barcelona	100.00	EUR	9	285
Williams Lea Sweden AB	Sweden, Nyköping	100.00	EUR	881	–181
Williams Lea UK Limited	United Kingdom, London	100.00	EUR	15,639	–3,212
Williams Lea Ukraine	Ukraine, Kiev	100.00	EUR	84	14
Williams Lea, s.r.o.	Czech Republic, Brno	100.00	EUR	1,882	1,087
Americas					
Advance Logistics Inc.	USA, Westerville	100.00	EUR	–86	–154
AEI Drawback Services Inc.	USA, Miami	100.00	EUR	9,819	1,089
Aero Express del Ecuador (TransAm) cia Ltda.	Ecuador, Guayaquil	100.00	EUR	6,156	823

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Aero Express del Ecuador TransAm Cia Ltd. (Colombian Branch)	Colombia, Bogotá	100.00	EUR	401	427
Aerotrans S.A.	Panama, Panama City	100.00	EUR	0	27
Agencia de Aduanas DHL Express Colombia Ltda.	Colombia, Bogotá	100.00	EUR	2,047	29
Agencia de Aduanas DHL Global Forwarding (Colombia) S.A. Nivel 1	Colombia, Bogotá	99.00	EUR	2,973	383
Air Express International USA, Inc.	USA, Miami	100.00	EUR	−13,354	−31,297
ASTAR Air Cargo, Inc.	USA, Miami	100.00	EUR	−182,072	−18,233
Circuit Logistics Inc.	Canada, Toronto	100.00	EUR	588	450
Connect Logistics Services Inc.	Canada, Toronto	100.00	EUR	29,683	5,176
Danzas Corporation	USA, Miami	100.00	EUR	−31,231	−1,113
DHL (Bahamas) Limited	Bahamas, Nassau	100.00	EUR	1,015	−66
DHL (Barbados) Ltd.	Barbados, Christ Church	100.00	EUR	1,632	12
DHL (Bolivia) SRL	Bolivia, Santa Cruz de la Sierra	100.00	EUR	5,959	1,322
DHL (BVI) Ltd.	British Virgin Islands, Tortola	100.00	EUR	1,595	−64
DHL (Costa Rica) S.A.	Costa Rica, Cormar	100.00	EUR	3,746	−4,471
DHL (Honduras) S.A. de C.V.	Honduras, San Pedro Sula	100.00	EUR	6,387	1,084
DHL (Jamaica) Ltd.	Jamaica, Kingston	100.00	EUR	1,178	193
DHL (Paraguay) S.R.L.	Paraguay, Asunción	100.00	EUR	4,492	1,061
DHL (Trinidad and Tobago) Limited	Trinidad and Tobago, Port of Spain	100.00	EUR	−153	−195
DHL (Uruguay) S.R.L.	Uruguay, Montevideo	100.00	EUR	9,115	2,768
DHL Aero Expresso S.A.	Panama, Panama City	51.75	EUR	21,279	1,307
DHL Arwest (Panama) S.A.[1]	Panama, Panama City	100.00	EUR	−3,407	−1,176
Corporación Arwest de Mexico S.A. de C.V.[1]	Mexico, Mexico City	100.00	EUR	–	–
DHL Arwest (Guatemala) S.A.[1]	Guatemala, Guatemala City	100.00	EUR	–	–
DHL Arwest de Mexico S.A. de C.V.[1]	Mexico, Mexico City	100.00	EUR	–	–
DHL Aviation (Costa Rica) S.A.	Costa Rica, San José	100.00	EUR	1,749	−270
DHL Aviation Americas, Inc.	USA, Plantation	100.00	EUR	1,515	124
DHL Co Manufacturing Packing SC México	Mexico, Mexico City	100.00	EUR	−308	−6
DHL Corporate Services SC México	Mexico, Tepotzotlán	100.00	EUR	7,105	293
DHL Customer Support (Costa Rica) S.A.	Costa Rica, Heredia	100.00	EUR	−297	219
DHL Customs (Costa Rica) S.A.	Costa Rica, Heredia	100.00	EUR	370	−1,769
DHL Customs Brokerage Ltd.	Canada, Mississauga	100.00	EUR	−407	−455
DHL de Guatemala S.A.[7a]	Guatemala, Guatemala City	49.00	EUR	11,640	348
DHL Dominicana SA	Dominican Republic, Santo Domingo	99.96	EUR	2,290	1,979
DHL Exel Supply Chain (Argentina) S.A.	Argentina, Buenos Aires	100.00	EUR	558	−602
DHL Express (Argentina) S.A.	Argentina, Buenos Aires	100.00	EUR	13,190	4,457
DHL Express (Brazil) Ltda.	Brazil, São Paulo	100.00	EUR	16,467	9,208
DHL Express (Canada) Ltd.	Canada, Mississauga	100.00	EUR	−190,410	−13,204
DHL Express (Chile) Ltda.	Chile, Santiago	99.00	EUR	29,381	16,593
DHL Express (Ecuador) S.A.	Ecuador, Quito	100.00	EUR	3,166	1,608
DHL Express (El Salvador) S.A. de C.V.[1]	El Salvador, San Salvador	100.00	EUR	4,095	1,652
DHL Logistics de El Salvador S.A. de C.V.[1]	El Salvador, San Salvador	100.00	EUR	–	–
DHL Express (USA), Inc.	USA, Plantation	100.00	EUR	16,766	760,036
DHL Express Aduanas Peru S.A.C.	Peru, Callao	100.00	EUR	1,677	211
DHL Express Aduanas Venezuela C.A.	Venezuela, Caracas	100.00	EUR	641	−211
DHL Express Colombia Ltda.	Colombia, Bogotá	100.00	EUR	4,346	1,794
DHL Express México, S.A. de C.V.	Mexico, Mexico City	100.00	EUR	25,807	26,354
DHL Express Peru S.A.C.	Peru, Callao	100.00	EUR	15,370	−61
DHL Fletes Aereos, C.A.	Venezuela, Caracas	100.00	EUR	9,377	4,544
DHL Global Customer Solutions (USA) Inc.	USA, Plantation	100.00	EUR	1,698	944
DHL Global Forwarding (Argentina) S.A.	Argentina, Buenos Aires	99.97	EUR	6,917	2,083
DHL Global Forwarding (Canada) Inc.	Canada, Mississauga	100.00	EUR	56,991	4,238
DHL Global Forwarding (Chile) S.A.	Chile, Santiago de Chile	100.00	EUR	15,316	2,094
DHL Global Forwarding (Colombia) Ltda.	Colombia, Bogotá	100.00	EUR	296	−2,073

Reported IFRS data before profit transfer

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Affiliated companies included in the consolidated financial statements

Name	Headquarters	Group equity share %	Currency	Equity thousands	Net income thousands
DHL Global Forwarding (Ecuador) S.A.	Ecuador, Quito	100.00	EUR	–36	–71
DHL Global Forwarding (El Salvador) S.A.[1]	El Salvador, San Salvador	100.00	EUR	226	–117
DHL Zona Franca El Salvador S.A.[1]	El Salvador, Antiguo Cuscatlan	100.00	EUR	–	–
DHL Global Forwarding (Guatemala) S.A.[1]	Guatemala, Guatemala City	100.00	EUR	3,203	1,218
Carga Aerea Internacional S.A. (CARINTER)[1]	Guatemala, Guatemala City	100.00	EUR	–	–
DHL Zona Franca (Guatemala) S.A.[1]	Guatemala, Guatemala City	100.00	EUR	–	–
Transportes Expresos Internacionales (Interexpreso) S.A.[1]	Guatemala, Guatemala City	100.00	EUR	–	–
DHL Global Forwarding (Mexico) S.A. de C.V.	Mexico, Mexico City	100.00	EUR	21,387	5,499
DHL Global Forwarding (Nicaragua) S.A.	Nicaragua, Managua	100.00	EUR	–55	13
DHL Global Forwarding (Panama) S.A.[1]	Panama, Panama City	100.00	EUR	3,451	395
DHL Holding Panama Inc.[1]	Panama, Panama City	100.00	EUR	–	–
DHL Global Forwarding Deposito Aduanero (Colombia) S.A.	Colombia, Bogotá	100.00	EUR	2,158	88
DHL Global Forwarding Management Latin America Inc.	USA, Coral Gables	100.00	EUR	610	–2,560
DHL Global Forwarding Peru S.A.[1]	Peru, Lima	100.00	EUR	3,384	110
DHL Global Forwarding Aduanas Peru S.A.[1]	Peru, Callao	100.00	EUR	–	–
DHL Global Forwarding Venezuela, C.A.	Venezuela, Caracas	100.00	EUR	3,005	–1,008
DHL Global Forwarding Zona Franca (Colombia) S.A.	Colombia, Bogotá	100.00	EUR	2,412	–919
DHL Holding Central America Inc.[1]	Panama, Panama City	100.00	EUR	38,831	1,460
Lagents & Co. SRL[1),7b)]	Costa Rica, San José	50.00	EUR	–	–
DHL Information Services (Americas), Inc.	USA, Plantation	100.00	EUR	1,376	511
DHL International Antilles SARL	Martinique, Lamentin	100.00	EUR	–612	–612
DHL International Express Ltd.	Canada, Mississauga	100.00	EUR	79,908	132
DHL International Haiti SA	Haiti, Port-au-Prince	99.00	EUR	394	–253
DHL Logistics (Brazil) Ltda.	Brazil, São Paulo	100.00	EUR	21,953	17,933
DHL Management Cenam S.A.	Costa Rica, Heredia	100.00	EUR	3,341	638
DHL Metropolitan Logistics SC México	Mexico, Tepotzotlán	100.00	EUR	–646	1,937
DHL Network Operations (USA), Inc.	USA, Plantation	100.00	EUR	–168,020	365,073
DHL Nicaragua, S.A.	Nicaragua, Managua	100.00	EUR	716	–24
DHL of Curacao NV	Dutch Antilles, Curaçao	100.00	EUR	960	–303
DHL Panama S.A.	Panama, Panama City	100.00	EUR	2,402	–91
DHL Regional Services, Inc.	USA, Plantation	100.00	EUR	613	–772
DHL S.A.	Guatemala, Guatemala City	100.00	EUR	2,455	–10
DHL Sint Maarten N.V.	Dutch Antilles, Philipsburg	100.00	EUR	2,219	16
DHL Solutions (USA), Inc.	USA, Westerville	100.00	EUR	–16,769	–2,188
DHL Worldwide Express (Aruba) NV[5]	Aruba, Oranjesta	100.00	EUR	4	0
Dimalsa Logistics Inc.	Puerto Rico, San Juan (Tacano)	100.00	EUR	711	231
DPWN Financing (USA) 1, LLC	USA, Plantation	100.00	EUR	0	0
DPWN Financing (USA) 2, LLC	USA, Plantation	100.00	EUR	0	0
DPWN Financing (USA), LP	USA, Plantation	100.00	EUR	902	834
DPWN Holdings (USA), Inc.	USA, Plantation	100.00	EUR	6,594,147	1,671,363
Exel Automocion S.A. de C.V.	Mexico, Mexico City	100.00	EUR	8,306	2,011
Exel Canada Ltd.	Canada, Toronto	100.00	EUR	–3,639	5,982
DHL Supply Chain (Chile) S.A.	Chile, Santiago	100.00	EUR	1,960	558
Exel Direct Inc.	USA, Westerville	100.00	EUR	33,682	1,370
Exel Global Logistics do Brasil S.A.	Brazil, São Paulo	100.00	EUR	4,436	–175
Exel Global Logistics Inc.	USA, Palm City	100.00	EUR	–755	–736
Exel Inc.	USA, Westerville	100.00	EUR	127,159	36,741
Exel Investments Inc.	USA, Wilmington	100.00	EUR	594,316	30,437
Exel Logistics Argentina S.A.	Argentina, Buenos Aires	100.00	EUR	556	–62
Exel Logistics do Nordeste Ltda.	Brazil, Camacari	100.00	EUR	815	–463
Exel Logistics S.A. de C.V.	Mexico, Mexico City	100.00	EUR	12,483	4,194
Exel Supply Chain Services de Mexico, S.A. de C.V.	Mexico, Tepotzotlán	100.00	EUR	–362	–716
Exel Transportation Services Inc. (Canadian Branch)	Canada, Mississauga	100.00	EUR	669	237
Exel Transportation Services Inc.	USA, Memphis	100.00	EUR	3,277	–6,117
Exel Trucking Inc.	USA, Memphis	100.00	EUR	–1,290	77

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F.X. Coughlin do Brasil Ltda.	Brazil, São Paulo	100.00	EUR	–6,156	0
Freshlink Canada Ltd.	Canada, Toronto	100.00	EUR	910	163
Genesis Logistics Inc.	USA, Westerville	100.00	EUR	11,492	3,487
Giorgio Gori USA, Inc.	USA, Baltimore	100.00	EUR	5,483	2,415
Global Mail, Inc.	USA, Weston	100.00	EUR	107,509	–6,023
Global Mail Terminal Operations (USA) LLC[8]	USA, Weston	100.00	EUR	0	0
Gori Argentina S.A.	Argentina, Mendoza	95.00	EUR	852	598
GORI CHILE S.A.	Chile, Santiago	99.00	EUR	5,003	330
Harmony Logistics Canada Inc.	Canada, Toronto	100.00	EUR	9,373	1,171
Heartland Logistics Inc.	USA, Westerville	100.00	EUR	366	480
Hyperion Inmobilaria S.A. de C.V.	Mexico, Tepotzotlán	100.00	EUR	2,943	164
Ibryl Inc.	Cayman Islands, George Town	100.00	EUR	–25,988	–14,850
Integracion Aduanera S.A.	Costa Rica, Barrio Tournon	51.00	EUR	540	–6
ITG International Transports, Inc.	USA, Boston	100.00	EUR	489	61
Llano Logistics Inc.	USA, Westerville	100.00	EUR	3,377	584
Marias Falls Insurance Co., Ltd.	Bermuda, Hamilton	100.00	EUR	31,885	487
Matrix Logistics Services Ltd.	Canada, Toronto	100.00	EUR	245	650
Mercury Airfreight International Inc.	USA, Avenel	100.00	EUR	694	65
Mercury Holdings Inc.	USA, Avenel	100.00	EUR	227	0
Polar Air Cargo Worldwide, Inc[7b]	USA, Purchase	49.00	EUR	9,821	263
Relay Logistics Inc.	Canada, Toronto	100.00	EUR	13	–1
Saturn Integrated Logistics Inc.	Canada, Toronto	100.00	EUR	645	433
SCM Supply Chain Management Inc.	Canada, Toronto	100.00	EUR	4,313	4,617
Sky Courier, Inc.	USA, Sterling	100.00	EUR	9,086	3,900
South Bay Terminals LLC	USA, Westerville	100.00	EUR	–7,181	–2,283
Summit Logistics Inc.	Canada, Toronto	100.00	EUR	13,704	1,182
Tafinor S.A.	Uruguay, Montevideo	100.00	EUR	6	38
Tibbett & Britten Group Canada Inc.	Canada, Toronto	100.00	EUR	12,743	–217
Tibbett & Britten Group North America, LLC[1]	USA, Westerville	100.00	EUR	–16,177	7,857
Compass Logistics Inc.[1]	USA, Westerville	100.00	EUR	–	–
Galaxy Logistics Inc.[1]	USA, Westerville	100.00	EUR	–	–
Harvest Logistics Inc.[1]	USA, Westerville	100.00	EUR	–	–
Matrix Logistics Inc.[1]	USA, Westerville	100.00	EUR	–	–
Northstar Logistics Inc.[1]	USA, Westerville	100.00	EUR	–	–
Pinnacle Logistics Inc.[1]	USA, Westerville	100.00	EUR	–	–
Tomair, LLC	USA, Plantation	100.00	EUR	5,123	–74
Tracker Logistics Inc.	Canada, Toronto	100.00	EUR	1,977	416
Transcare Supply Chain Management Inc.	Canada, Toronto	100.00	EUR	498	96
Unidock's Assessoria e Logistica de Materiais Ltda.	Brazil, Barueri	100.00	EUR	14,481	6,865
Vensecar Internacional, C.A.[7a]	Venezuela, Maiquitia	48.56	EUR	17,818	578
Venture Logistics S.A. de C.V.	Mexico, Mexico City	100.00	EUR	3,305	1,185
Western Distribution Centers Alberta Inc.	Canada, Toronto	100.00	EUR	974	0
Williams Lea (Brazil) Assessoria Em Solucoes Empresariais Ltda.	Brazil, Rio de Janeiro	100.00	EUR	511	193
Williams Lea (Canada), Inc.	Canada, Montréal	100.00	EUR	874	264
Williams Lea Argentina S.A.	Argentina, Buenos Aires	100.00	EUR	–239	–3
Williams Lea Holdings, Inc.	USA, Chicago	100.00	EUR	56,412	0
Williams Lea Inc.	USA, Chicago	100.00	EUR	83,641	6,683
Williams Lea México, S. de R.L. de C.V.	Mexico, Mexico City	100.00	EUR	–249	30
Wilmington Air Park, LLC	USA, Plantation	100.00	EUR	–285,401	–62,476
Zenith Logistics Inc.	Canada, Toronto	100.00	EUR	2,260	319
Asia Pacific					
Air Express International (Malaysia) Sdn. Bhd.[7a]	Malaysia, Puchong	49.00	EUR	2,335	79
Asia Overnight (Thailand) Ltd.[7a]	Thailand, Bangkok	48.71	EUR	699	101

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Asia-Pacific Information Services Sdn. Bhd.	Malaysia, Puchong	100.00	EUR	20,388	800
Beijing Sinotrans Express Co., Ltd.	China, Beijing	100.00	EUR	−6,913	−5,006
Blue Dart Aviation Ltd.[6]	India, Mumbai	49.00	EUR	5,047	18
Blue Dart Express Limited	India, Mumbai	81.03	EUR	100,120	15,026
Danzas (China) Ltd.	China, Hong Kong	100.00	EUR	−6,451	−7,286
Danzas AEI (HK) Limited	China, Hong Kong	100.00	EUR	52	−16
Danzas AEI Logistics (Shanghai) Co. Ltd.	China, Shanghai	100.00	EUR	2,800	469
Danzas Freight (India) Pvt. Ltd.[7a), 8)]	India, Mumbai	40.00	EUR	75	0
Danzas Intercontinental, Inc. (Philippines)[7a), 8)]	Philippines, Manila	40.00	EUR	−1,317	0
Danzas Pty. Limited[5)]	Australia, Melbourne	100.00	EUR	3,894	0
DANZASMAL Domestic Logistics Services Sdn. Bhd.[7a)]	Malaysia, Kuala Lumpur	49.00	EUR	1,171	648
Deutsche Post Global Mail (Australia) Pty Ltd.	Australia, Mascot	100.00	EUR	−6,438	1,419
DHL (Chengdu) Service Ltd.	China, Chengdu	100.00	EUR	399	−232
DHL Air Freight Forwarder Sdn. Bhd.[7a)]	Malaysia, Kuala Lumpur	49.00	EUR	2,280	87
DHL Asia Pacific Shared Services Sdn. Bhd.	Malaysia, Kuala Lumpur	100.00	EUR	−2,885	813
DHL Aviation (Hong Kong) Ltd.	China, Hong Kong	99.36	EUR	8,828	206
DHL Aviation (Philippines), Inc.[8)]	Philippines, Makati City	100.00	EUR	0	0
DHL Aviation Services (Shanghai) Co., Ltd.	China, Shanghai	99.36	EUR	12,807	−2,676
DHL Danzas Air & Ocean (Cambodia) Ltd.[5)]	Cambodia, Phnom Penh	100.00	EUR	26	0
DHL Exel Logistics (Malaysia) Sdh. Bhd.[7a)]	Malaysia, Petaling Jaya	49.00	EUR	2,562	261
DHL Exel Supply Chain Management Phils., Inc.	Philippines, Manila	100.00	EUR	1,455	241
DHL Exel Supply Chain Phils., Inc.	Philippines, Manila	100.00	EUR	1,326	−294
DHL Express (Australia) Pty Ltd.	Australia, Sydney	100.00	EUR	16,740	2,818
DHL Express (Brunei) Sdn. Bhd.	Brunei Darussalam, Brunei Dar	90.00	EUR	502	−45
DHL Express (Cambodia) Ltd.	Cambodia, Phnom Penh	100.00	EUR	236	33
DHL Express (Fiji) Ltd.	Fiji, Suva	100.00	EUR	555	21
DHL Express (Hong Kong) Limited	China, Hong Kong	100.00	EUR	16,439	4,020
DHL Express (India) Pvt. Ltd.	India, Mumbai	100.00	EUR	27,370	5,333
DHL Express (Macau) Ltd.	Macau, Macau	100.00	EUR	387	61
DHL Express (Malaysia) Sdn. Bhd.	Malaysia, Kuala Lumpur	70.00	EUR	9,803	−749
DHL Express (New Zealand) Limited	New Zealand, Auckland	100.00	EUR	5,630	1,004
DHL Express (Papua New Guinea) Ltd	Papua New Guinea, Port Moresby	100.00	EUR	460	81
DHL Express (Philippines) Corp.	Philippines, Makati City	100.00	EUR	5,546	−1,218
DHL Express (Singapore) Pte. Ltd.	Singapore, Singapore	100.00	EUR	129,129	12,924
DHL Express (Taiwan) Corp.	Taiwan, Taipeh	100.00	EUR	9,976	4,576
DHL Express (Thailand) Limited[7a)]	Thailand, Bangkok	49.00	EUR	5,237	161
DHL Express International (Thailand) Ltd.	Thailand, Bangkok	100.00	EUR	5,555	310
DHL Express Lda.	East Timor, Dili	100.00	EUR	375	4
DHL Express Nepal Pvt. Ltd.	Nepal, Kathmandu	100.00	EUR	667	425
DHL Global Forwarding (Australia) Pty Ltd.	Australia, Tullamarine	100.00	EUR	70,055	16,459
DHL Global Forwarding (Bangladesh) Limited	Bangladesh, Dhaka	99.90	EUR	52	24
DHL Global Forwarding (China) Co., Ltd.	China, Shanghai	100.00	EUR	79,291	10,483
DHL Global Forwarding (Fiji) Limited[5)]	Fiji, Lautoka	100.00	EUR	339	0
DHL Global Forwarding (Hong Kong) Limited	China, Hong Kong	100.00	EUR	−73,847	1,477
DHL Global Forwarding (Korea) Ltd.	South Korea, Seoul	100.00	EUR	12,485	3,947
DHL Global Forwarding (Malaysia) Sdn. Bhd.	Malaysia, Kuala Lumpur	100.00	EUR	13,594	4,765
DHL Global Forwarding (New Zealand) Limited	New Zealand, Auckland	100.00	EUR	14,966	1,623
DHL Global Forwarding (Philippines) Inc.	Philippines, Manila	100.00	EUR	2,033	436
DHL Global Forwarding (PNG) Limited[5)]	Papua New Guinea, Port Moresby	74.00	EUR	−100	0
DHL Global Forwarding (Singapore) Pte. Ltd.	Singapore, Singapore	100.00	EUR	77,477	9,838
DHL Global Forwarding (Singapore) Pte. Ltd., Taiwan Branch	Taiwan, Taipeh	100.00	EUR	5,629	5,152
DHL Global Forwarding (Thailand) Limited	Thailand, Bangkok	100.00	EUR	26,626	2,478
DHL Global Forwarding (Vietnam) Corporation[7a)]	Vietnam, Ho Chi Minh City	49.00	EUR	3,666	2,244
DHL Global Forwarding Caledonie	New Caledonia, Noumea	100.00	EUR	1,654	−1,270
DHL Global Forwarding Japan K.K.	Japan, Tokyo	100.00	EUR	20,835	3,528
DHL Global Forwarding Lanka (Private) Limited	Sri Lanka, Colombo	70.00	EUR	−160	−522

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DHL Global Forwarding Management (Asia Pacific) Pte. Ltd.	Singapore, Singapore	100.00	EUR	192,213	35,878
DHL Global Forwarding Pakistan (Private) Limited	Pakistan, Karachi	100.00	EUR	2,302	1,167
DHL Global Forwarding Polynesie S.A.R.L.	French Polynesia, Faaa	100.00	EUR	3,889	378
DHL Global Mail (Japan) K.K.	Japan, Tokyo	100.00	EUR	288	11
DHL Global Mail (Singapore) Pte. Ltd.	Singapore, Singapore	100.00	EUR	1,049	585
DHL Holdings (New Zealand) Limited	New Zealand, Auckland	100.00	EUR	8,489	2,167
DHL Incheon Hub Limited (Korea)	South Korea, Incheon	100.00	EUR	6,357	495
DHL International Guinea Ecuatorial SRL	Guam, Malabo	100.00	EUR	3	218
DHL International Kazakhstan, TOO	Kazakhstan, Almaty	100.00	EUR	2,354	1,244
DHL ISC (Hong Kong) Limited	China, Hong Kong	100.00	EUR	6,112	1,670
DHL Japan Inc.	Japan, Tokyo	100.00	EUR	66,937	8,507
DHL Keells (Private) Limited[7b]	Sri Lanka, Colombo	50.00	EUR	3,419	562
DHL Korea Limited	South Korea, Seoul	95.00	EUR	28,312	2,890
DHL Lao Limited	Laos, Skihottabong	100.00	EUR	474	242
DHL Lemuir Logistics Private Limited	India, Mumbai	76.00	EUR	65,541	10,213
DHL Logistics (Beijing) Co., Ltd.	China, Beijing	100.00	EUR	−16,334	−4,191
DHL Logistics (Cambodia) Ltd.	Cambodia, Phnom Penh	100.00	EUR	1,640	420
DHL Logistics (China) Co., Ltd.	China, Beijing	100.00	EUR	35,417	25,302
DHL Logistics (Kazakhstan) TOO	Kazakhstan, Aksai	100.00	EUR	1,935	683
DHL Logistics (Shenzhen) Co., Ltd.	China, Shenzhen	100.00	EUR	2,460	1,280
DHL Pakistan (Private) Limited	Pakistan, Karachi	99.95	EUR	3,837	1,378
DHL Project & Chartering (China) Limited	China, Hong Kong	100.00	EUR	1,202	1,223
DHL Properties (Malaysia) Sdn. Bhd.	Malaysia, Shah Alam	69.98	EUR	5,963	669
DHL SCM K.K.	Japan, Saitama	100.00	EUR	−354	366
DHL Sinotrans Bonded Warehouse (Beijing) Co., Ltd.	China, Beijing	100.00	EUR	1,404	598
DHL Sinotrans International Air Courier Ltd.[7a]	China, Beijing	50.00	EUR	227,187	126,787
DHL Supply Chain (Australia) Pty Limited	Australia, Mascot	100.00	EUR	16,614	8,168
DHL Supply Chain (Hong Kong) Limited	China, Hong Kong	100.00	EUR	51,070	−618
DHL Supply Chain (Korea) Ltd.	South Korea, Seoul	100.00	EUR	2,181	600
DHL Supply Chain (Malaysia) Sdn. Bhd.	Malaysia, Petaling Jaya	100.00	EUR	7,327	332
DHL Supply Chain (New Zealand) Limited	New Zealand, Auckland	100.00	EUR	28,659	2,511
DHL Supply Chain (Taiwan) Co. Ltd.	Taiwan, Taipeh	100.00	EUR	303	−386
DHL Supply Chain (Vietnam) Limited	Vietnam, Ho Chi Minh City	100.00	EUR	−90	−260
DHL Supply Chain K.K.	Japan, Tokyo	100.00	EUR	−23,360	1,724
DHL Supply Chain Service K.K.	Japan, Tokyo	100.00	EUR	1,001	133
DHL Supply Chain Singapore Pte. Ltd.	Singapore, Singapore	100.00	EUR	35,981	5,910
DHL Worldwide Express (Bangladesh) Private Limited	Bangladesh, Dhaka	90.00	EUR	1,289	846
DHL-VNPT Express Ltd.	Vietnam, Ho Chi Minh City	51.00	EUR	2,128	82
Dongguan DHL Supply Chain Co., Ltd.	China, Dongguan	100.00	EUR	460	116
Exel (Australia) Pty Ltd.	Australia, Victoria	100.00	EUR	5,544	−29
Exel Consolidation Services Limited	China, Hong Kong	100.00	EUR	9,457	9
Exel Distribution (Thailand) Ltd.	Thailand, Nonthaburi	100.00	EUR	20,502	978
Exel Japan (Finance) Ltd.	Japan, Shinagawa	100.00	EUR	12,452	243
Exel Logistics (China) Co. Ltd.	China, Shanghai	100.00	EUR	−6,140	−4,389
Exel Logistics (Far East) Ltd.	Thailand, Bangkok	87.05	EUR	5,309	1,608
Exel Logistics Services Lanka (Private) Ltd.	Sri Lanka, Colombo	99.00	EUR	239	−273
Exel Thailand Ltd.[5]	Thailand, Bangkok	100.00	EUR	864	0
Gori Australia Pty Ltd.	Australia, Brighton-Le-Sands	100.00	EUR	4,434	2,647
Jingle Express Limited	China, Beijing	100.00	EUR	60	−30
MSAS Global Logistics (Far East) Limited	China, Hong Kong	100.00	EUR	1,146	−6
PT Danzas Sarana Perkasa	Indonesia, Jakarta	100.00	EUR	10	262
PT Birotika Semesta[6]	Indonesia, Jakarta	0.00	EUR	1,861	740
PT Cargotama Multi Servisindo[5]	Indonesia, Jakarta	100.00	EUR	29	0
PT DHL Exel Supply Chain Indonesia	Indonesia, Jakarta	90.34	EUR	1,301	−1,170

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Affiliated companies included in the consolidated financial statements

Name	Headquarters	Group equity share %	Currency	Equity thousands	Net income thousands
PT DHL Global Forwarding Indonesia	Indonesia, Jakarta	100.00	EUR	7,069	2,680
Shanghai Danzas Freight Agency Co. Ltd.	China, Shanghai	100.00	EUR	863	39
Shanghai Quan Yi Express Limited Company (APEX 3)	China, Shanghai	100.00	EUR	–4,317	–6,499
Shanghai Quan Yi Express Limited Company (APEX 2)	China, Shanghai	100.00	EUR	1,863	0
Singha Sarn Co. Ltd	Thailand, Bangkok	98.90	EUR	–51	–11
StarBroker (Hong Kong) Limited	China, Hong Kong	100.00	EUR	43	–1
Tibbett & Britten Asia Pte. Ltd.	Singapore, Singapore	100.00	EUR	–1,424	–327
Trade Clippers Cargo Limited	Bangladesh, Dhaka	85.00	EUR	268	178
Williams Lea Asia Limited[1]	China, Hong Kong	100.00	EUR	3,704	1,350
MDF Australia Pty Limited t/a CREATIS[1]	Australia, Sydney	100.00	EUR	–	–
Williams Lea (Beijing) Limited[1]	China, Beijing	100.00	EUR	–	–
Williams Lea (Hong Kong) Limited[1]	China, Hong Kong	100.00	EUR	–	–
Williams Lea Japan Limited[1]	Japan, Tokyo	100.00	EUR	–	–
Williams Lea Private Limited[1]	Singapore, Singapore	100.00	EUR	–	–
Williams Lea Pty Limited[1]	Australia, Sydney	100.00	EUR	–	–
Williams Lea India Private Limited	India, New Delhi	100.00	EUR	2,558	611
Other regions					
Buddingtrade 33 (Proprietary) Limited	South Africa, Benoni	100.00	EUR	2,782	–722
Danzas Abu Dhabi LLC[7b)]	United Arab Emirates (UAE), Abu Dhabi	49.00	EUR	4,362	697
Danzas Bahrain WLL[7b)]	Bahrain, Manama	40.00	EUR	1,839	1,510
DHL (Ghana) Limited	Ghana, Accra	100.00	EUR	2,298	656
DHL (Israel) Ltd.	Israel, Tel Aviv	100.00	EUR	6,861	188
DHL (Mauritius) Ltd.	Mauritius, Port Louis	100.00	EUR	862	266
DHL (Namibia) (Pty) Ltd.	Namibia, Windhuk	100.00	EUR	908	–16
DHL (Tanzania) Ltd.	Tanzania, Dar es Salaam	100.00	EUR	1,156	349
DHL Aviation (Maroc) SA	Morocco, Casablanca	100.00	EUR	1,527	–167
DHL Aviation (Nigeria) Ltd.	Nigeria, Lagos	100.00	EUR	159	8
DHL Aviation (Pty) Limited	South Africa, Johannesburg	100.00	EUR	5,734	733
DHL Aviation EEMEA B.S.C.(c)	Bahrain, Manama	100.00	EUR	811	37
DHL Aviation Kenya Ltd.	Kenya, Nairobi	99.90	EUR	16	0
DHL Egypt WLL	Egypt, Cairo	100.00	EUR	451	248
DHL Exel Supply Chain Kenya Limited	Kenya, Nairobi	100.00	EUR	4,150	–468
DHL Express Maroc S.A.	Morocco, Casablanca	99.99	EUR	406	571
DHL Global Forwarding & Co. LLC[7b)]	Oman, Muscat	40.00	EUR	4,818	2,288
DHL Global Forwarding (Angola) – Comércio e Transitários, Limitada	Angola, Luanda	99.99	EUR	–4,236	–1,623
DHL Global Forwarding (Cameroon) PLC	Cameroon, Douala	62.00	EUR	–416	–585
DHL Global Forwarding (Kenya) Limited	Kenya, Nairobi	100.00	EUR	1,203	–884
DHL Global Forwarding (Kuwait) Company WLL[7b)]	Kuwait, Safat	49.00	EUR	8,534	6,338
DHL Global Forwarding (Senegal) S.A.	Senegal, Dakar	100.00	EUR	–323	–416
DHL Global Forwarding (Uganda) Limited	Uganda, Kampala	100.00	EUR	367	126
DHL Global Forwarding (Congo) SA	Republic of Congo, Pointe-Noire	100.00	EUR	146	131
DHL Global Forwarding Cote D'Ivoire SA	Ivory Coast, Abidjan	100.00	EUR	–105	–128
DHL Global Forwarding (Gabon) SA	Gabon, Libreville	99.00	EUR	–510	–262
DHL Global Forwarding Lebanon S.A.L.[7b)]	Lebanon, Beirut	50.00	EUR	1,733	766
DHL Global Forwarding Nigeria Limited	Nigeria, Lagos	100.00	EUR	707	–183
DHL Global Forwarding Qatar LLC[7b)]	Qatar, Doha	49.00	EUR	952	683
DHL Global Forwarding Egypt S.A.E.	Egypt, Cairo	100.00	EUR	7,061	2,828
DHL Global Forwarding SA (Pty) Limited	South Africa, Boksburg	74.99	EUR	15,927	–5,946
DHL Global Forwarding Tasimacilik A.S.	Turkey, Istanbul	100.00	EUR	8,891	–210
DHL International (Algeria) SARL	Algeria, Algiers	100.00	EUR	2,397	774
DHL International (Bahrain) WLL[7b)]	Bahrain, Manama	49.00	EUR	50	0
DHL International (Congo) SPRL	Democratic Republic of Congo, Kinshasa	100.00	EUR	1,982	291
DHL International (Gambia) Ltd.	Gambia, Kanifing	100.00	EUR	110	–19
DHL International (Liberia) Ltd.	Liberia, Monrovia	100.00	EUR	–390	79
DHL International (Pty) Ltd.	South Africa, Isando	74.90	EUR	18,158	3,359
DHL International (Pvt) Ltd.	Zimbabwe, Harare	100.00	EUR	1,240	48

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DHL International (SL) Ltd.	Sierra Leone, Freetown	100.00	EUR	612	−53
DHL International (Uganda) Ltd.	Uganda, Kampala	100.00	EUR	441	89
DHL International B.S.C (C)	Bahrain, Manama	100.00	EUR	479	−73
DHL International Benin SARL	Benin, Cotonou	100.00	EUR	771	405
DHL International Botswana (Pty) Ltd.	Botswana, Gaborone	99.99	EUR	−66	−6
DHL International Burkina Faso SARL	Burkina Faso, Ouagadougou	100.00	EUR	690	260
DHL International Cameroon SARL	Cameroon, Douala	100.00	EUR	2,005	868
DHL International Centrafrique SARL	Central African Republic, Bangui	100.00	EUR	311	64
DHL International Chad SARL	Chad, Ndjamena	99.50	EUR	97	160
DHL International Congo SARL	Republic of Congo, Brazzaville	100.00	EUR	5,167	1,754
DHL International Cote D'Ivoire SARL	Ivory Coast, Abidjan	100.00	EUR	2,305	1,280
DHL International Gabon SARL	Gabon, Libreville	100.00	EUR	−729	563
DHL International Guinee SARL	Guinea, Conakry	100.00	EUR	404	142
DHL International Iran PJSC	Iran, Tehran	100.00	EUR	4,435	1,725
DHL International Madagascar SA	Madagascar, Antananarivo	100.00	EUR	851	−38
DHL International Malawi Ltd.	Malawi, Blantyre	100.00	EUR	294	−108
DHL International Mali SARL	Mali, Bamako	100.00	EUR	649	173
DHL International Mauritanie SARL	Mauretania, Tevragh-Zeina Nouakchot	100.00	EUR	29	−190
DHL International Niger SARL	Niger, Niamey	100.00	EUR	610	171
DHL International Nigeria Ltd.	Nigeria, Lagos	100.00	EUR	4,940	2,473
DHL International Reunion SARL	Réunion, Saint Maria	99.00	EUR	−195	9
DHL International Togo SARL	Togo, Lomé	100.00	EUR	434	245
DHL International Transportation Co WLL[6]	Kuwait, Safat	0.00	EUR	155	0
DHL International Zambia Limited	Zambia, Lusaka	100.00	EUR	−1,081	−355
DHL Lesotho (Proprietary) Ltd.	Lesotho, Maseru	100.00	EUR	391	−56
DHL Logistics Ghana Ltd.	Ghana, Tema	100.00	EUR	1,112	748
DHL Logistics Kenya Limited	Kenya, Nairobi	50.25	EUR	−56	275
DHL Logistics Morocco S.A.	Morocco, Casablanca	99.99	EUR	70	31
DHL Logistics Tanzania Limited	Tanzania, Dar es Salaam	100.00	EUR	−142	−28
DHL Lojistik Hizmetleri A.S.	Turkey, Istanbul	100.00	EUR	12,432	2,707
DHL Mocambique Lda.	Mozambique, Maputo	100.00	EUR	204	−662
DHL Operations BV Jordan Services with Limited Liability	Jordan, Amman	100.00	EUR	359	100
DHL Qatar Limited[7b]	Qatar, Doha	49.00	EUR	−648	−4
DHL Regional Services (Indian Ocean) Ltd.	Mauritius, Port Louis	100.00	EUR	1	0
DHL Regional Services Limited[5]	Nigeria, Lagos	100.00	EUR	113	0
DHL Senegal SARL	Senegal, Dakar	100.00	EUR	1,902	443
DHL Supply Chain (South Africa) (Pty) Ltd.	South Africa, Germiston	100.00	EUR	−62,237	−10,097
DHL Swaziland (Proprietary) Ltd.	Swaziland, Mbabane	100.00	EUR	289	−35
DHL Worldwide Express & Company LLC	Oman, Ruwi	70.00	EUR	3	−347
DHL Worldwide Express (Abu Dhabi) LLC[7b]	United Arab Emirates (UAE), Abu Dhabi	49.00	EUR	61	0
DHL Worldwide Express (Dubai) LLC[7b]	United Arab Emirates (UAE), Dubai	49.00	EUR	0	0
DHL Worldwide Express (Sharjah) LLC[7b]	United Arab Emirates (UAE), Sharjah	49.00	EUR	102	0
DHL Worldwide Express Cargo LLC[7b]	United Arab Emirates (UAE), Dubai	49.00	EUR	61	0
DHL Worldwide Express Ethiopia Private Limited Company	Ethiopia, Addis Abeba	73.00	EUR	−134	−215
DHL Worldwide Express Kenya Limited	Kenya, Nairobi	51.00	EUR	3,675	395
DHL Worldwide Express Tasimacilik ve Ticaret A.S.	Turkey, Istanbul	99.98	EUR	25,628	4,706
Document Handling (East Africa) Ltd.	Kenya, Nairobi	51.00	EUR	55	451
Exel (Nigeria) Ltd.[5]	Nigeria, Lagos	100.00	EUR	−183	0
Exel Contract Logistics (Kenya) Limited (Tanzania Branch)	Tanzania, Dar es Salaam	100.00	EUR	762	611
Exel Contract Logistics Nigeria Ltd.	Nigeria, Ikeja	100.00	EUR	1,487	644
Exel Middle East (Fze)	United Arab Emirates (UAE), Dubai	100.00	EUR	290	147
Exel Supply Chain Services (South Africa) (Pty) Ltd.	South Africa, Johannesburg	100.00	EUR	18,709	−64

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F.C. (Flying Cargo) International Transportation Ltd.	Israel, Lod	100.00	EUR	21,404	7,399
Ghanem Clearing & Forwarding Establishment[6]	United Arab Emirates (UAE), Abu Dhabi	0.00	EUR	0	0
Giorgio Gori International Freight Forwards (Pty) Ltd.	South Africa, Ferndale	100.00	EUR	230	–63
Hull, Blyth (Angola) Ltd. (Angolan branch)[1]	Angola, Luanda	100.00	EUR	7,006	–1,699
Hull Blyth Angola Viagens e Turismo Lda.[1]	Angola, Luanda	99.99	EUR	–	–
Kinesis Logistics (Pty) Ltd.[5]	South Africa, Germiston	100.00	EUR	–377	0
Misr Freight SARL	Egypt, Cairo	100.00	EUR	348	8
Sherkate Haml-oNaghl Sarie DHL Kish	Iran, Tehran	100.00	EUR	–1	0
SNAS Lebanon SARL[7b]	Lebanon, Beirut	45.00	EUR	703	255
SNAS Trading and Contracting[6]	Saudi Arabia, Riyadh	0.00	EUR	0	0
SSA Regional Services (Pty) Ltd.	South Africa, Johannesburg	100.00	EUR	1,252	52
Trans Care Fashion SARL (Morocco)[5]	Morocco, Casablanca	100.00	EUR	–535	0
Ukhozi Logistics (Pty) Ltd.	South Africa, Boksburg	100.00	EUR	116	0
Uniauto-Organizacoes Technicas e Industriasis SARL[5]	Angola, Luanda	98.93	EUR	15	0

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Europe					
Adamscott Limited[3, 8]	United Kingdom, Southampton	100.00	EUR	68,225	5,339
Alistair McIntosh Trustee Company Limited[5, 9]	United Kingdom, London	100.00	GBP	0	–
Arbuckle, Smith & Company Limited[9]	United Kingdom, Glasgow	100.00	GBP	5,298	0
Arbuckle, Smith Investments Limited[5, 9]	United Kingdom, Glasgow	100.00	GBP	651	–
ASG Leasing HB[9]	Sweden, Stockholm	100.00	SEK	5	0
Bernard Brook Transport (Elland) Limited[2, 9]	United Kingdom, Bracknell	100.00	GBP	887	0
Beteiligungsgesellschaft Privatstraße GVZ Eifeltor GBR[4]	Germany, Grafschaft-Holzweiler	53.54	EUR	–	–
Calayan Cargo International (BVI) Ltd.[4, 5]	United Kingdom, Tortola	100.00	GBP	–	–
Cassin Partners Ltd.[4, 5]	Ireland, Dublin	100.00	EUR	–	–
Danzas Logistics Limited[4, 5]	United Kingdom, Staines	100.00	GBP	–	–
DEGEMOLTO Grundstücksverwaltungsgesellschaft mbH & Co. Immobilien-Vermietungs KG[2, 9]	Germany, Meinerzhagen	100.00	EUR	16	32
Deutsche Post Grundstücks-Vermietungsgesellschaft beta mbH[2, 9]	Germany, Bonn	100.00	EUR	17	0
Deutsche Post Immobilienentwicklung Grundstücks-gesellschaft mbH & Co. Objekt Weißenhorn KG[4]	Germany, Bonn	100.00	EUR	–	–
Deutsche Post Pensionsfonds AG[2, 9]	Germany, Bonn	99.98	EUR	3,420	0
Deutsche Post Pensions-Treuhand GmbH & Co. KG[2, 9]	Germany, Bonn	99.98	EUR	10	0
DHL Employee Benefit Fund ASBL/VZW[2, 9]	Belgium, Diegem	100.00	EUR	–240	0
DHL Exel Supply Chain Limited[4, 5]	United Kingdom, Bracknell	100.00	GBP	–	–
DHL Pensions Investment Fund Limited[4, 5]	United Kingdom, Bedford	100.00	GBP	–	–
DHL Systems Limited[3, 9]	United Kingdom, Bracknell	100.00	GBP	0	0
DHL Trustees Limited[4, 5]	United Kingdom, Bedford	74.00	GBP	–	–
DHL UK Pension Trustees Limited[5, 9]	United Kingdom, Hounslow	100.00	GBP	0	–
DMW-Expo[3, 9]	Russia, Moscow	66.00	RUB	1,800	430
Elan International (Ireland) Ltd.[4, 5]	Ireland, Dublin	100.00	EUR	–	–
Excel Logistics Limited[5, 9]	United Kingdom, Bracknell	100.00	GBP	0	–
Exel (Northern Ireland) Limited[5, 9]	United Kingdom, Mallusk	100.00	GBP	511	–
Exel Express Limited[5, 9]	United Kingdom, Bracknell	100.00	GBP	0	–
Exel Holdings (Russia) Limited[5, 9]	United Kingdom, Bracknell	100.00	GBP	–3	–
Exel International Holdings Limited[2, 8]	United Kingdom, Bedford	100.00	GBP	258,564	1,600
Exel Logistics (Ireland) Limited[8]	Ireland, Dublin	100.00	GBP	–	–
Exel Nominee No 2 Limited[5, 9]	United Kingdom, Bracknell	100.00	GBP	0	–

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Exel Overseas Finance[2), 8)]	United Kingdom, Bedford	100.00	EUR	343,765	15,666
Exel Sand and Ballast Company Limited[5), 9)]	United Kingdom, Bracknell	100.00	GBP	189	–
Exel Secretarial Services Limited[4), 5)]	United Kingdom, Bracknell	100.00	GBP	–	–
Exel Share Scheme Trustees Limited[5), 9)]	United Kingdom, Bracknell	100.00	GBP	0	–
Exel Taskforce Limited[5), 9)]	United Kingdom, Bracknell	100.00	GBP	–48	–
Fashionflow Limited[5), 9)]	United Kingdom, Bracknell	100.00	GBP	0	–
forum gelb GmbH[9)]	Germany, Bonn	100.00	EUR	25	2
Higgs Air España S.A.[8)]	Spain, Barcelona	100.00	EUR	–	–
Hi-Tech Logistics Limited[5), 9)]	United Kingdom, Bracknell	100.00	GBP	639	–
Industrial & Marine Engineering Co of Nigeria Limited[4)]	United Kingdom, London	100.00	GBP	–	–
it4logistics AG[2), 9)]	Germany, Potsdam	75.10	EUR	366	121
KXC (EXEL) GP INVESTMENT LIMITED[5), 9)]	United Kingdom, Bracknell	100.00	GBP	15	–
Mail Service GmbH Hannover[9)]	Germany, Hanover	100.00	EUR	25	–9
Mail Service GmbH Köln[9)]	Germany, Cologne	100.00	EUR	25	–10
McGregor Air Charter Limited[3), 8)]	United Kingdom, Southampton	100.00	EUR	61,816	4,222
Mercury Airfreight Holdings Limited[5), 9)]	United Kingdom, Bracknell	100.00	GBP	500	–
Mexicoblade Limited[5), 9)]	United Kingdom, London	100.00	GBP	–2	–
Millsdale[3), 8)]	United Kingdom, Southampton	100.00	EUR	4,219	250
MSAS Global Logistics Limited[2), 8)]	United Kingdom, Bracknell	100.00	EUR	63,790	4,290
MSAS Project Services[3), 8)]	United Kingdom, Bracknell	100.00	EUR	15,560	1,109
Neptune Logistics Ltd.[8)]	Ireland, Dublin	100.00	EUR	–	–
Newsround International Airfreight Limited[5), 9)]	United Kingdom, Bracknell	100.00	GBP	526	–
NFC International Limited[3), 8)]	United Kingdom, Bracknell	100.00	EUR	257,122	0
NFC Investments Limited[9)]	United Kingdom, Bracknell	100.00	GBP	1	0
Ocean (BFL) Limited[3), 8)]	United Kingdom, Bracknell	100.00	EUR	1	0
Ocean (Shetland) Limited[2), 8)]	United Kingdom, Glasgow	100.00	EUR	195	0
Ocean Group (Ireland) Ltd.[2), 8)]	Ireland, Dublin	100.00	EUR	3,321	0
Ocean Group Share Scheme Trustee Limited[5), 9)]	United Kingdom, Bracknell	100.00	GBP	0	–
Ocean Transport & Trading Limited[2), 8)]	United Kingdom, Bracknell	100.00	EUR	601,233	20,275
Oceanair International Limited[3), 8)]	United Kingdom, Bracknell	100.00	EUR	57,819	4,569
Outrack Credit Ireland Ltd.[4), 5)]	Ireland, Dublin	100.00	EUR	–	–
Power Europe Development No. 2 Limited[5), 9)]	United Kingdom, Bracknell	100.00	GBP	0	–
Print to Post Limited[5), 9)]	United Kingdom, London	100.00	GBP	11	–
Siegfried Vögele Institut (SVI) – Internationale Gesellschaft für Dialogmarketing mbH[9)]	Germany, Königstein	100.00	EUR	50	20
Tankclean (Ireland) Ltd.[8)]	Ireland, Dublin	100.00	EUR	–	–
Tankfreight Limited[5), 9)]	United Kingdom, Bracknell	100.00	GBP	2	–
The Stationery Office Pension Trustees Limited[5), 9)]	United Kingdom, London	100.00	GBP	0	–
The Stationery Office Trustees Limited[5), 9)]	United Kingdom, London	100.00	GBP	0	–
Tibbett & Britten (N.I.) Limited[5), 9)]	United Kingdom, Ballyclare	99.00	GBP	–5	–
Tibbett & Britten (USA) Limited[2), 8)]	United Kingdom, Bracknell	100.00	EUR	0	0
Tibbett & Britten Applied Limited[9)]	United Kingdom, Bracknell	100.00	GBP	1	–72
Tibbett & Britten Automotive Assets Limited[9)]	United Kingdom, Bracknell	100.00	GBP	0	0
Tibbett & Britten Consumer Group Limited[5), 9)]	United Kingdom, Bracknell	100.00	GBP	0	–
Tibbett & Britten Consumer Limited[9)]	United Kingdom, Bracknell	100.00	GBP	10	0
Tibbett & Britten Dairy Logistics Sp. z o.o.[9)]	Poland, Warsaw	100.00	PLN	50	0
Tibbett & Britten Finance (UK) Limited[3), 8)]	United Kingdom, Bracknell	100.00	EUR	10,955	0
Tibbett & Britten Group Iberia Limited[8)]	United Kingdom, Bracknell	100.00	GBP	–	–
Tibbett & Britten Limited[5), 9)]	United Kingdom, Bracknell	100.00	GBP	0	–
Tibbett & Britten Pension Trust Limited[9)]	United Kingdom, Bracknell	100.00	GBP	0	0
Tibbett & Britten Quest Trustees Limited[9)]	United Kingdom, Bracknell	100.00	GBP	0	0
Track One Logistics Limited[5), 9)]	United Kingdom, Bracknell	100.00	GBP	92	–
Transcare Gulf Logistics International Limited[4), 5)]	United Kingdom, Bedford	50.00	GBP	–	–
Trucks and Child Safety Limited[5), 9)]	United Kingdom, Bedford	100.00	GBP	100	–

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UNITRANS Deutschland Gesellschaft für Termin-verkehre mbH[4]	Germany, Düsseldorf	65.38	EUR	–	–
Van Gend & Loos – Euro Express NV[9]	Belgium, Ternat	100.00	EUR	–206	1
Williams Lea (US Acquisitions) Limited[3, 9]	United Kingdom, London	100.00	GBP	1	0
Williams Lea Group Quest Trustees Limited[5, 9]	United Kingdom, London	100.00	GBP	0	–
Williams Lea International Limited[5, 9]	United Kingdom, London	100.00	GBP	0	–
Americas					
Axis Logistics Inc.[9]	Canada, Toronto	100.00	CAD	3	0
Deutsche Post World Net USA Inc.[4]	USA, Washington	100.00	USD	–	–
DHL Consumer Services SC México[2, 9]	Mexico, Tepotzotlán	100.00	MXP	–5,186	6,704
DHL Express (Belize) Limited[2, 9]	Belize, Belize City	100.00	USD	20	0
DHL Global Forwarding (Brazil) Logistics Ltda.[4]	Brazil, São Paulo	100.00	BRL	–	–
DHL Holdings N.V.[8]	Dutch Antilles, Willemstad	100.00	ANG	–	–
DHL International (Antigua) Ltd.[4, 5]	Antigua and Barbuda, St. Johns	100.00	USD	–	–
DHL Servicios, S.A. de C.V.[2, 9]	Mexico, Mexico City	100.00	MXP	–251	39
DHL St. Lucia Ltd.[4, 5]	St. Lucia, Castries	100.00	XCD	–	–
Exel Dedicated Inc.[12]	Canada, Mississauga	100.00	CAD	–	–
Hyperion Properties Inc.[4]	USA, Westerville	100.00	USD	–	–
Inversiones 3340, C.A.[4]	Venezuela, Caracas	49.00	VEF	–	–
Power Packaging (Geneva), LLC[4]	USA, Westerville	100.00	USD	–	–
Power Packaging, Inc.[4]	USA, Westerville	100.00	USD	–	–
Radix Group International, Inc.[4]	USA, Miami	100.00	USD	–	–
Safe Way Argentina S.A.[9]	Argentina, Buenos Aires	99.97	EUR	34	0
Skyhawk Transport Ltd.[9]	Canada, Mississauga	100.00	CAD	35,000	0
USC Distribution Services LLC[4]	USA, Westerville	100.00	USD	–	–
Asia Pacific					
Concorde Air Logistics Ltd.[2, 9]	India, Mumbai	99.54	INR	43,610	3,096
DHL China Limited[8]	China, Kowloon Bay	100.00	USD	0	0
DHL Customs Brokerage Corp.[2, 9]	Philippines, Pasay City	100.00	PHP	1,167	35
Exel Logistics Delbros Philippines Inc.[5, 8]	Philippines, Manila	60.00	PHP	–	–
Exel Logistics Services (M) Sdn. Bhd.[5, 8]	Malaysia, Shah Alam	100.00	PHP	–	–
Skyline Air Logistics Ltd.[2, 9]	India, Mumbai	99.99	INR	36,797	12,498
Tibbett & Britten Kontena Nasional Sdn. Bhd.[5, 8]	Malaysia, Darul Ehsan	60.00	MYR	–	–
Watthanothai Company Ltd.[9]	Thailand, Bangkok	49.00	THB	1,325	–21
Yamato Dialog & Media Co. Ltd.[2, 9]	Japan, Tokyo	49.00	JPY	629,076	3,477
Other regions					
Blue Funnel Angola Ltda.[5, 9]	Angola, Luanda	99.99	USD	–61	–
Danzas AEI (private) Ltd.[4, 5]	Kenya, Nairobi	100.00	KES	–	–
Danzas AEI (Private) Ltd.[4, 5]	Zimbabwe, Harare	100.00	EUR	–	–
Danzas AEI Intercontinental LTD[8]	Malawi, Blantyre	100.00	MWK	–	–
Danzas Intercontinental Pte. Ltd.[2, 9]	Mauritius, Port Louis	40.00	USD	–56	–8
DHL Air Freight Forwarder (Egypt) WLL[8]	Egypt, Cairo	99.90	EGP	–	–
DHL Danzas Air & Ocean (Kenya) Ltd.[8]	Kenya, Nairobi	100.00	KES	–	–
Elder Dempster Ltda.[5, 9]	Angola, Luanda	99.99	USD	–61	–
Exel Domestic Distribution (Pty) Ltd.[8]	South Africa, Boksburg	100.00	ZAR	–	–
Exel Contract Logistics (SA) (Pty) Ltd.[8]	South Africa, Elandsfontein	100.00	ZAR	–	–
Fashion Logistics (Pty) Ltd.[8]	South Africa, Germiston	100.00	ZAR	–	–
Palmer Womersley Distributors (Pty) Ltd.[8]	South Africa, Germiston	100.00	ZAR	–	–
Storecare (Pty) Ltd.[8]	South Africa, Germiston	100.00	ZAR	–	–
Synergistic Alliance Investments (Pty) Ltd.[5, 9]	South Africa, Germiston	100.00	ZAR	–3,341	–
Tibbett & Britten Egypt Ltd.[8]	Egypt, Cairo	50.00	EGP	–	–

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Joint ventures (proportionate consolidation)

Name	Headquarters	Group equity share %	Currency	Equity thousands	Net income thousands
Europe					
AeroLogic GmbH	Germany, Leipzig	50.00	EUR	18,494	7,814
Danzas DV LLC	Russia, Yuzhno-Sakhalinsk	50.00	EUR	310	–4
Americas					
EC Logistica S.A.	Argentina, Buenos Aires	51.00	EUR	217	146
EV Logistics	Canada, Vancouver	50.00	EUR	1,083	1,877
LifeConEx LLC	USA, Plantation	50.00	EUR	–1,389	–180
Asia Pacific					
Express Couriers Limited[1]	New Zealand, Wellington	50.00	EUR	86,252	9,002
Roadstar Transport Limited[1]	New Zealand, Wellington	50.00	EUR	–	–
Parcel Direct Group Pty. Limited[1]	Australia, Mascot	50.00	EUR	–568	–23,198
Couriers Please Pty. Ltd.[1]	Australia, Pymble	50.00	EUR	–	–
Express Couriers Australia (SUB1) Pty. Limited[1]	Australia, Mascot	50.00	EUR	–	–
Hills Parcel Direct Pty. Limited[1]	Australia, Pymble	50.00	EUR	–	–
Northern Kope Parcel Express (SA) Pty. Limited[1]	Australia, Pymble	50.00	EUR	–	–
Northern Kope Parcel Express Pty. Ltd.[1]	Australia, Pymble	50.00	EUR	–	–
Parcel Direct Australia Pty. Limited[1]	Australia, Pymble	50.00	EUR	–	–
Parcel Overnight Direct Pty. Ltd.[1]	Australia, Pymble	50.00	EUR	–	–
Other regions					
Bahwan Exel LLC	Oman, Muscat	49.00	EUR	666	6,010
Exel Saudia LLC	Saudi Arabia, Al Khobar	50.00	EUR	6,213	2,910

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Associated companies (accounting treatment in the consolidated financial statements using the equity method)

Name	Headquarters	Group equity share %	Currency	Equity thousands	Net income thousands
Europe					
Betriebs-Center für Banken AG[11]	Germany, Frankfurt am Main	39.50	EUR	322,502	40,273
Betriebs-Center für Banken Processing GmbH[11]	Germany, Frankfurt am Main	39.50	EUR	4,521	1,289
BHW – Gesellschaft für Wohnungswirtschaft mbH[11]	Germany, Hameln	39.50	EUR	967,039	–5,895
BHW – Gesellschaft für Wohnungswirtschaft mbH & Co. Immobilienverwaltungs KG[11]	Germany, Hameln	39.50	EUR	92,878	4,380
BHW Bausparkasse AG[11]	Germany, Hameln	39.50	EUR	1,445,806	8,041
BHW Gesellschaft für Vorsorge mbH[11]	Germany, Hameln	39.50	EUR	237,982	1,278
BHW Holding Aktiengesellschaft[11]	Germany, Berlin	39.50	EUR	815,642	9,744
BHW Immobilien GmbH[11]	Germany, Hameln	39.50	EUR	3,196	721
Cargo Center Sweden AB[9]	Sweden, Stockholm	50.00	SEK	17,830	147,097
Deutsche Postbank AG[2), 9]	Germany, Bonn	39.50	EUR	1,650,646	–491,630
Deutsche Postbank Finance Center Objekt SARL[11]	Luxembourg, Munsbach	39.50	EUR	2,226	–55
Deutsche Postbank Financial Services GmbH[11]	Germany, Frankfurt am Main	39.50	EUR	5,385	580
Deutsche Postbank International S.A.[11]	Luxembourg, Munsbach	39.50	EUR	970,171	99,036
Deutsche Postbank Vermögens-Management S.A.[11]	Luxembourg, Munsbach	39.50	EUR	31,745	11,325
DPBI Immobilien KGaA[11]	Luxembourg, Munsbach	39.50	EUR	348	120
DSL Portfolio GmbH & Co. KG[11]	Germany, Bonn	39.50	EUR	14,045	462
DSL Holding Aktiengesellschaft[11]	Germany, Bonn	39.50	EUR	57,437	395
DSL Portfolio Verwaltungs GmbH[11]	Germany, Bonn	39.50	EUR	27	0
Merkur I SICAV-FIS[11]	Luxembourg, Luxembourg	39.50	EUR	2,647,287	180,118

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Associated companies (accounting treatment in the consolidated financial statements using the equity method)

Name	Headquarters	Group equity share %	Currency	Equity thousands	Net income thousands
Merkur II SICAV-FIS[11]	Luxembourg, Luxembourg	39.50	EUR	100,848	–10
PB Factoring GmbH[11]	Germany, Bonn	39.50	EUR	17,440	879
PB Firmenkunden AG[11]	Germany, Bonn	39.50	EUR	2,084	61
PB Spezial-Investmentaktiengesellschaft mit Teilgesellschaftsvermögen[11]	Germany, Frankfurt am Main	38.35	EUR	5,370,264	299,646
Postbank Beteiligungen GmbH[11]	Germany, Bonn	39.50	EUR	310,325	0
Postbank Direkt GmbH[11]	Germany, Bonn	39.50	EUR	22,079	1,019
Postbank Filial GmbH[11]	Germany, Bonn	39.50	EUR	22	–3
Postbank Filialvertrieb AG[11]	Germany, Bonn	39.50	EUR	–6,681	–5,835
Postbank Finanzberatung AG[11]	Germany, Hameln	39.50	EUR	83,324	–12,280
Postbank Immobilien und Baumanagement GmbH[11]	Germany, Bonn	39.50	EUR	18,874	0
Postbank Immobilien und Baumanagement GmbH & Co. Objekt Leipzig KG[11]	Germany, Bonn	35.55	EUR	321	3,915
Postbank Leasing GmbH[11]	Germany, Bonn	39.50	EUR	5,264	153
Postbank Support GmbH[11]	Germany, Cologne	39.50	EUR	840	90
Postbank Systems AG[11]	Germany, Bonn	39.50	EUR	174,845	12,798
Postbank Versicherungsvermittlung GmbH[11]	Germany, Bonn	39.50	EUR	25	0
Unipost Servicios Generales S.L.[1]	Spain, Barcelona	37.69	EUR	18,549	390
Unipost S.A.[1]	Spain, Barcelona	37.69	EUR	–	–
Suresa Cit., S.L.[1]	Spain, L'Hospitalet de Llobregat	37.69	EUR	–	–
VÖB-ZVD Bank für Zahlungsverkehrsdienstleistungen GmbH[11]	Germany, Bonn	29.62	EUR	12,962	4,039
Americas					
Deutsche Postbank Funding LLC I[11]	USA, Wilmington	39.50	EUR	25	0
Deutsche Postbank Funding LLC II[11]	USA, Wilmington	39.50	EUR	4	–4
Deutsche Postbank Funding LLC III[11]	USA, Wilmington	39.50	EUR	36	7
Deutsche Postbank Funding LLC IV[11]	USA, Wilmington	39.50	EUR	87	20
Deutsche Postbank Funding Trust I[11]	USA, Wilmington	39.50	EUR	1	0
Deutsche Postbank Funding Trust II[11]	USA, Wilmington	39.50	EUR	1	0
Deutsche Postbank Funding Trust III[11]	USA, Wilmington	39.50	EUR	1	0
Deutsche Postbank Funding Trust IV[11]	USA, Wilmington	39.50	EUR	60	3
PB (USA) Holdings, Inc.[1, 11]	USA, Wilmington	39.50	EUR	850,727	87,131
Miami MEI, LLC[1, 11]	USA, Dover	39.50	EUR	–	–
PB Capital Corporation[1, 11]	USA, Wilmington	39.50	EUR	–	–
PB Finance (Delaware), Inc.[1, 11]	USA, Wilmington	39.50	EUR	–	–
PB Hollywood I Hollywood Station, LLC[1, 11]	USA, Dover	39.50	EUR	–	–
PB Hollywood II Lofts LLC[1, 11]	USA, Dover	39.50	EUR	–	–
PBC Carnegie LLC[1, 11]	USA, Wilmington	39.50	EUR	–	–
PB Realty Corporation[1, 11]	USA, New York	39.50	EUR	–	–
PMG Collins, LLC[1, 11]	USA, Tallahassee	39.50	EUR	–	–
Asia Pacific					
Air Hong Kong Ltd.[9]	China, Hong Kong	40.00	HKD	350,580	433,237
Deutsche Postbank Home Finance Ltd.[11]	India, New Delhi	39.50	EUR	95,182	13,076
Tasman Cargo Airlines Pty. Limited[2, 9]	Australia, Mascot	48.98	AUD	5,822	217
Other regions					
Danzas AEI Emirates LCC	United Arab Emirates (UAE), Dubai	42.50	AED	208,644	41,018

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Unconsolidated joint ventures

Name	Headquarters	Group equity share %	Currency	Equity thousands	Net income thousands
Europe					
Aerologic Management GmbH[3), 8)]	Germany, Frankfurt am Main	50.00	EUR	182	–11
MALTO Grundstücks-Verwaltungsgesellschaft mbH & Co. KG[4), 10)]	Germany, Grünwald	50.00	EUR	–	–

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Unconsolidated associated companies

Name	Headquarters	Group equity share %	Currency	Equity thousands	Net income thousands
Europe					
Airmail Center Frankfurt GmbH[2), 9)]	Germany, Frankfurt am Main	20.00	EUR	2,051	–192
Automotive Logistics (UK) Limited[8)]	United Kingdom, Ipswich	50.00	GBP	–	–
Balsa Grundstücksverwaltungs SARL & Co. Vermietungs KG[4)]	Germany, Mainz	24.01	EUR	–	–
Bike-Logistik GmbH Gesellschaft für Zweiradtransporte[2), 9)]	Germany, Nuremberg	25.00	EUR	53	3
DCM GmbH & Co Vermögensaufbau Fonds 2 KG[4)]	Germany, Munich	23.81	EUR	–	–
Deutsche Fonds Management GmbH & Co. DCM Renditefonds 18 KG[4)]	Germany, Munich	24.94	EUR	–	–
Diorit Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG[4), 10)]	Germany, Mainz	24.01	EUR	–	–
European EPC Competence Center GmbH[9)]	Germany, Cologne	30.00	EUR	206	33
EXPO Logistik OOD[3), 9)]	Bulgaria, Sofia	50.00	BGN	5	40
Expo-Dan[2), 9)]	Ukraine, Kiev	50.00	UAH	680	–493
Expo Sped Sp. z o.o.[2), 9)]	Poland, Warsaw	50.00	PLN	276	54
Gardermoen Perishable Center AS[2), 9)]	Norway, Gardermoen	33.33	NOK	7,884	4,584
Jurte Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG[4),10)]	Germany, Mainz	24.00	EUR	–	–
Maxser Holding B.V.[4)]	Netherlands, Maastricht	30.00	EUR	–	–
profresh Systemlogistik GmbH[4)]	Germany, Hamburg	33.33	EUR	–	–
Americas					
BITS Limited[4), 9)]	Bermuda, Hamilton	40.00	BMD	–984	–
Consimex S.A.[4)]	Colombia, Medellin	29.24	COP	–	–
DHL International (Cayman) Ltd.[4), 9)]	Cayman Islands, George Town	40.00	KYD	–960	–
Wilmington Commerce Park Partnership[9)]	USA, Westerville	50.00	USD	506	–5,332
Other regions					
Danzas AEI Intercontinental (Mauritius) Ltd.[8)]	Mauritius, Port Louis	35.00	MUR	–	–
DHL Yemen Company Limited (Express Courier)[2), 9)]	Yemen, Sanaa	49.00	EUR	409	–27
Drakensberg Logistics (Pty) Ltd.[3), 9)]	South Africa, Germiston	50.00	TAR	7,399	3,300

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Other equity investments in large companies

Name	Headquarters	Group equity share %	Currency	Equity thousands	Net incomce thousands
Asia Pacific					
Sinotrans Ltd.[1), 2)]	China, Beijing	5.59	RMB	10,704,331	554,149

Reported IFRS data before profit transfer

1) Only subgroup data available. 2) Amounts from 2009.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Bonn, 18 February 2011
Deutsche Post AG
The Board of Management

Dr Frank Appel	Ken Allen
Jürgen Gerdes	Walter Scheurle
Bruce Edwards	Lawrence Rosen
Hermann Ude	

AUDITOR'S REPORT

We audited the consolidated financial statements prepared by Deutsche Post AG, Bonn, comprising the income statement and the statement of comprehensive income, the balance sheet, the cash flow statement, the statement of changes in equity and the notes to the consolidated financial statements, together with the group management report for the business year from 1 January to 31 December 2010. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) *Handelsgesetzbuch* (HGB; German Commercial Code) are the responsibility of the parent Company's Board of Management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the *Institut der Wirtschaftsprüfer* (IDW; Institute of Public Auditors in Germany), and additionally observed the International Standards on Auditing (ISA). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Management as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Düsseldorf, 18 February 2011

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Klaus-Dieter Ruske	Dietmar Prümm
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

D

FURTHER INFORMATION

GOGREEN letter

GOGREEN parcel

GOGREEN

YOUR CHOICE. BECAUSE INNOVATORS ARE VITAL FOR SUSTAINABILITY.

Deutsche Post DHL was the first logistics company to introduce a carbon neutral shipping service for both consumers and business customers: GOGREEN. The carbon dioxide emissions generated during letter, parcel, express and freight transport are measured and offset with carbon credits from climate protection projects. This service is already available in more than 30 countries and includes mail, parcel and express products as well as our freight forwarding business. We are striving to improve our carbon efficiency by 30% over 2007 levels by the year 2020 so that we minimise the impact of our business on the environment.

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GLOSSARY

Aftermarket logistics
Logistics services for manufacturer exchanges, returns and repairs.

Business process outsourcing
Outsourcing specific business functions to a third-party service provider.

Business-to-business
The exchange of goods, services and information between businesses.

Clinical trial
Time-critical samples (tissue, blood) are transported during the clinical test phase of a new drug.

Container
Large, standardised, lockable storage unit with a volume of more than three cubic metres and a holding capacity of more than five tonnes used to transport a variety of goods.

Contract logistics
Complex logistics and logistics-related services along the value chain that are performed by a contract logistics service provider. Services are tailored to a particular industry or customer and are generally based on long-term contracts.

Cross-border mail (outbound)
All outbound international mail.

Customs brokerage
A service that involves the clearing of goods through customs for importers and exporters, which includes the preparation and/or (electronic) submission of documents as well as the calculation of taxes, duties and excises on behalf of the customer.

Day Definite
Delivery of shipments on a specified day.

Dialogue marketing
Market-orientated activities that apply direct communications to selectively reach target groups using a personal, individualised approach.

DHL Solutions & Innovations (DSI)
New unit that brings together the Group's existing innovation drivers, develops innovative solutions and promotes cross-divisional co-operation.

E-Postbrief
A means of secure and reliable online communication that can be delivered both electronically and by traditional mail.

EU Postal Directive
Legal framework for the postal markets in the member states of the European Union.

Exclusive licence
In accordance with the German postal act, Deutsche Post AG had the exclusive licence until the end of 2007 to commercially transport certain items. The exclusive licence expired with effect from 1 January 2008.

Federal Network Agency *(Bundesnetzagentur)*
German national regulator for electricity, gas, telecommunications, post and railway.

First Choice
Group-wide programme aimed at improving service quality and enhancing customer focus.

Full container load
The container is completely loaded by the sender and handed over to the freight carrier.

Full truckload
Complete capacity of truck is utilised from sender to receiver.

Gateway
Collection point for goods intended for export and for further distribution of goods upon import; customs clearance point.

Global Customer Solutions (GCS)
Customer relationship management organisation for the Group's largest and most important global clients.

Hub
Collection centre for the transhipment and consolidation of flows of goods.

Inbound logistics
Supply of manufacturing and assembly locations.

Inbound-to-manufacturing
The procurement of goods and their transport from the place of origin/manufacture to the production line.

Intermodal transport
Transport chain combining different modes of transport, often road and rail.

Lead logistics provider
A logistics service provider who assumes the organisation of all or key logistics processes for the customer.

Less than container load
Loads that will not fill a container and are consolidated for ocean transport.

Less than truckload
Shipment weighing approximately three tonnes that is smaller than a full truckload and consolidated with other senders' and/or receivers' shipments into one load for transport.

Packstation
Parcel machine where parcels and small packages can be deposited and collected around the clock.

Paketbox
Parcel box for franked parcels and small packages (maximum dimensions: 50 × 40 × 30cm).

Partner outlets
Postal retail outlets operated primarily by partners in the retail sector who offer postal services in addition to their core businesses.

Part truckload
Shipment that does not constitute a full truckload but is transported from point of departure to destination without transhipment.

Postal act *(Postgesetz)*
The purpose of the German postal act, which took effect on 1 January 1998, is to promote postal competition through regulation and ensure the nationwide provision of appropriate and sufficient postal services. It includes regulations on licensing, price control and the universal service.

Preferred periodical
A press product of which more than 30% consists of journalistic reporting.

Price-cap procedure
Procedure whereby the German Federal Network Agency approves prices for certain mail products. The agency approves prices on the basis of parameters it stipulates in advance, which set the average changes in these prices within baskets of services defined by the agency.

Repair and return
Goods are picked up from end users at different addresses, transported to the pre-determined repair company, collected after repair and returned to the end user.

Same Day
Delivery within 24 hours of order placement.

Standard letter
Letter measuring a maximum of 235 × 125 × 5mm and weighing up to 20g.

Standard periodical
A press product of which no more than 30% consists of journalistic reporting.

Supply chain
A series of connected resources and processes from sourcing materials to delivering goods to consumers.

Targeting
Target-specific advertising on websites aimed at achieving the highest possible advertising effectiveness.

Transported Asset Protection Association (TAPA)
A forum that unites manufacturers, logistics providers, freight carriers, law enforcement authorities and other stakeholders with the common aim of reducing losses from international supply chains.

TEU
Twenty-foot equivalent unit. Standardised 20-foot-long, 8-foot-wide container unit (6 × 2.4 metres).

Time Definite
Delivery of time-critical shipments for which the day or time of delivery has been specified or guaranteed.

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05 EVENTS

Financial calendar[1]

Interim Report on the first quarter of 2011	2011 Annual General Meeting (Frankfurt am Main)	Dividend payment	Interim Report on the first half of 2011
10 MAY 2011	25 MAY 2011	26 MAY 2011	02 AUGUST 2011
Interim Report on the first nine months of 2011	2011 Annual Report	Interim Report on the first quarter of 2012	2012 Annual General Meeting (Frankfurt am Main)
09 NOVEMBER 2011	13 MARCH 2012	08 MAY 2012	09 MAY 2012
Dividend payment	Interim Report on the first half of 2012	Interim Report on the first nine months of 2012	
10 MAY 2012	02 AUGUST 2012	08 NOVEMBER 2012	

Investor events[1]

23 March 2011	J.P. Morgan Aviation, Transportation & Defense Conference (New York)
30 March 2011	Citi's Airline & Transport Symposium (Milan)
18 May 2011	Cheuvreux Pan-Europe London Forum (London)
19–20 May 2011	Deutsche Bank German & Austrian Corporate Conference (Frankfurt am Main)
14–16 June 2011	Deutsche Bank Global Industrials Conference (Chicago)
20–21 June 2011	Goldman Sachs Business Services Conference (London)
12–13 September 2011	UBS Transport Conference (London)
14–15 September 2011	UBS Best of Germany Conference (New York)
20–21 September 2011	Sanford C. Bernstein's Strategic Decisions Conference (London)
29 September 2011	UniCredit German Investment Conference (Munich)

1) Further dates, updates as well as information on live webcasts @ dp-dhl.com/en/investors.html.

04 MULTI-YEAR REVIEW

Key figures 2003 to 2010

€m	2003 adjusted	2004 adjusted	2005 adjusted	2006 adjusted	2007 adjusted	2008 adjusted	2009 adjusted	2010
Revenue								
MAIL	12,495	12,747	12,878	15,290	14,569	14,393	13,912	13,821
EXPRESS	15,293	17,557	16,831	13,463	13,874	13,637	9,917	11,111
LOGISTICS	5,878	6,786	9,933	24,405	–	–	–	–
GLOBAL FORWARDING, FREIGHT	–	–	–	–	12,959	14,179	11,243	14,341
SUPPLY CHAIN	–	–	–	–	14,317	13,718	12,183	13,301
FINANCIAL SERVICES	7,661	7,349	7,089	9,593	–	–	–	–
SERVICES	–	–	3,874	2,201	–	–	–	–
Divisions total	41,327	44,439	50,605	64,952	55,719	55,927	47,255	52,574
Corporate Center / Other (until 2004: Other / Consolidation; until 2006: Consolidation; until 2007: Corporate Center / Other and Consolidation)	−1,310	−1,271	−6,011	−4,407	−1,676	1,782	1,527	1,302
Consolidation	–	–	–	–	–	−3,235	−2,581	−2,395
Continuing operations	–	–	–	–	54,043	54,474	46,201	51,481
Discontinued operations	–	–	–	–	10,335	11,226	1,634	0
Total	**40,017**	**43,168**	**44,594**	**60,545**	–	–	–	–
Profit / loss from operating activities (EBIT)								
MAIL	2,067	2,072	2,030	2,094	1,976	2,179	1,391	1,118
EXPRESS	152	117	−23	288	−272	−2,194	−790	497
LOGISTICS	116	182	346	751	–	–	–	–
GLOBAL FORWARDING, FREIGHT	–	–	–	–	409	362	174	383
SUPPLY CHAIN	–	–	–	–	577	−920	−216	233
FINANCIAL SERVICES	567	714	863	1,004	–	–	–	–
SERVICES	–	–	679	−229	–	–	–	–
Divisions total	2,902	3,085	3,895	3,908	2,690	−573	559	2,231
Corporate Center / Other (until 2004: Other / Consolidation; until 2006: Consolidation; until 2007: Corporate Center / Other and Consolidation)	−246	−84	−131	−36	−557	−393	−328	−395
Consolidation	–	–	–	–	–	0	0	−1
Continuing operations	–	–	–	–	2,133	−966	231	1,835
Discontinued operations	–	–	–	–	1,060	−871	−24	0
Total	**2,656**	**3,001**	**3,764**	**3,872**	–	–	–	–
Consolidated net profit / loss for the period	**1,342**	**1,740**	**2,448**	**2,282**	**1,873**	**−1,979**	**693**	**2,630**
Cash flow / investments / depreciation, amortisation and impairment losses								
Total cash flow from operating activities	3,006	2,336	3,624	3,922	5,151	1,939	−584	1,927
Total cash flow from investing activities	−2,133	−385	−5,052	−2,697	−1,053	−441	−2,710	8
Total cash flow from financing activities	−304	−493	−1,288	−865	−1,787	−1,468	1,676	−1,651
Investments	2,846	2,536	6,176	4,066	2,343	3,169	1,444	1,276
Depreciation, amortisation and impairment losses	1,693	1,821	1,961	1,771	2,196	2,662	1,620	1,296
Assets and capital structure								
Non-current assets[1)]	15,957	17,027	25,223	26,074	25,764	20,517	22,022	24,493
Current assets (until 2003: including deferred tax assets)[1)]	138,976	136,369	147,417	191,624	209,656	242,447	12,716	13,270
Equity (excluding non-controlling interests)	6,106	7,242	10,624	11,220	11,035	7,826	8,176	10,511
Non-controlling interests	59	1,623	1,791	2,732	2,778	2,026	97	185
Current and non-current provisions	12,673	12,441	12,161	14,233	12,276	10,836	9,677	9,427
Current and non-current liabilities[2)]	12,778	15,064	19,371	20,850	21,544	242,276	16,788	17,640
Total assets	**154,933**	**153,396**	**172,640**	**217,698**	**235,420**	**262,964**	**34,738**	**37,763**

Key figures 2003 to 2010

		2003 adjusted	2004 adjusted	2005 adjusted	2006 adjusted	2007 adjusted	2008 adjusted	2009	2010
Employees / staff costs (from 2007: continuing operations)									
Total number of employees (headcount including trainees)	at 31 Dec.	383,173	379,828	502,545	520,112	512,147	512,536	477,280	467,088
Full-time equivalents (excluding trainees)[3]	at 31 Dec.	348,781	340,667	455,115	463,350	453,626	451,515	424,686	418,946
Average number of employees (headcount)		375,096	381,492	393,463	507,641	500,252	511,292	488,518	464,471
Staff costs	€m	13,329	13,840	14,337	18,616	17,169	18,389	17,021	16,609
Staff cost ratio[4]	%	33.3	32.1	32.2	30.7	31.8	33.8	36.8	32.3
Key figures revenue / income / assets and capital structure									
Return on sales[5]	%	7.4	7.0	8.4	6.4	3.9	−1.8	0.5	3.6
Return on equity (ROE) before taxes[6]	%	34.2	29.2	28.7	21.6	8.6	−9.0	3.0	29.8
Return on assets[7]	%	1.7	1.9	2.3	2.0	0.9	−0.4	0.2	5.1
Tax rate[8]	%	29.9	20.2	19.8	19.7	14.0	–	5.4	6.9
Equity ratio[9]	%	3.9	5.8	7.2	6.4	5.9	3.7	23.8	28.3
Net debt (+) / net liquidity (–) (Postbank at equity)[10]	€m	2,044	−32	4,193	3,083	2,858	2,466	−1,690	−1,382
Net gearing (Postbank at equity)[11]	%	25.1	−0.4	28.1	21.4	20.4	23.7	−25.7	−14.8
Dynamic gearing (Postbank at equity)[12]	years	0.8	0.0	2.4	1.4	1.0	0.7	−1.4	−0.7
Key stock data									
(Diluted) earnings per share[13]	€	1.18	1.44	1.99	1.60	1.15	−1.40	0.53	2.10
Cash flow per share[13], [14]	€	2.70	2.10	3.23	3.28	4.27	1.60	−0.48	1.59
Dividend distribution	€m	490	556	836	903	1,087	725	725	786[15]
Payout ratio (distribution to consolidated net profit)	%	37.4	34.8	37.4	47.1	78.6	–	112.6	30.9
Dividend per share	€	0.44	0.50	0.70	0.75	0.90	0.60	0.60	0.65[15]
Dividend yield (based on year-end closing price)	%	2.7	3.0	3.4	3.3	3.8	5.0	4.4	5.1
(Diluted) price / earnings ratio[16]		13.9	11.7	10.3	14.3	20.4	−8.5	25.5	6.0
Number of shares carrying dividend rights	millions	1,112.8	1,112.8	1,193.9	1,204.0	1,208.2	1,209.0	1,209.0	1,209.0
Year-end closing price	€	16.35	16.90	20.48	22.84	23.51	11.91	13.49	12.70

1) From 2004 balance sheet presented in accordance with the new IAS 1 as explained in item 5 of the Notes to the 2005 consolidated financial statements. 2) Excluding liabilities from financial services. 3) Until 2004 including trainees. 4) Staff costs/revenue. 5) EBITA/revenue; from 2004: EBIT/revenue (from 2007: continuing operations). 6) Profit before income taxes (from 2007 continuing operations)/average equity (from 2004 including non-controlling interests). 7) EBIT (from 2007: continuing operations)/average total assets. 8) Income tax expense/profit before income taxes. 9) Equity (from 2004 including non-controlling interests)/total assets. 10) Financial liabilities excluding cash and cash equivalents, current financial assets and long-term deposits. From 2006 excluding financial liabilities to minority shareholders of Williams Lea. From 2008: see Management Report, page 49. 11) Net debt/net debt and equity (from 2004 including non-controlling interests). 12) Net debt/cash flow from operating activities. 13) The weighted average number of shares for the period was used for the calculation. 14) Cash flow from operating activities. 15) Proposal. 16) Year-end closing price/earnings per share.

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