ANNUAL REPORT 2011

SIMPLY GROW

Deutsche Post DHL

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 & Responsibility HR DHL International Chief Commercial Officer (CCO)	Corporate Controlling Corporate Accounting & Reporting Investor Relations Corporate Finance Corporate Internal Audit & Security Taxes Global Business Services (Group-wide services: Procurement, Real Estate, Finance Operations etc.)	HR Standards & Guidelines Germany HR MAIL

Divisions

Board department	MAIL		EXPRESS	GLOBAL FORWARDING, FREIGHT	SUPPLY CHAIN
Board member	**Jürgen Gerdes**		**Ken Allen**	**Roger Crook**	**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

GOALS 2011	RESULTS 2011	GOALS 2012
EBIT[1]	**EBIT**	**EBIT**
Group: more than €2.4 billion. MAIL division: around €1.1 billion. DHL divisions: more than €1.7 billion. Corporate Center/Other: around €–0.4 billion.	Group: €2.44 billion. MAIL division: €1.11 billion. DHL divisions: €1.72 billion. Corporate Center/Other: €–0.39 billion. ✓	Group: €2.5 billion to €2.6 billion. MAIL division: €1.0 billion to €1.1 billion. DHL divisions: around €1.9 billion. Corporate Center/Other: around €–0.4 billion.
Consolidated net profit[2]	**Consolidated net profit**[2]	**Consolidated net profit**[2]
Continue to improve consolidated net profit before effects from the measurement of the Postbank instruments in line with operating business (previous year: €972 million).	Consolidated net profit before effects from the measurement of the Postbank instruments: €1.46 billion. ✓	Continue to improve consolidated net profit before effects from the Postbank transaction in line with operating business.
Capital expenditure (capex)	**Capital expenditure (capex)**	**Capital expenditure (capex)**
Increase investments from €1.26 billion (2010) to no more than €1.6 billion.	Invested: €1.72 billion.	Increase investments to €1.8 billion.
Revenue	**Revenue**	**Dividend distribution**
Increase revenue, especially in the DHL divisions, more or less in line with forecast medium-term growth rates of 7% to 9%.	Organic revenue growth in the DHL divisions: 7.2%. ✓	Pay out 40% to 60% of net profit as dividend.

[1] Forecast increased over the course of the year.
[2] After deduction of non-controlling interests.

Group Structure / Target-Performance Comparison

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 represent 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

		2010	2011	+/– %	Q4 2010	Q4 2011	+/– %
Revenue	€m	51,388[1]	52,829	2.8	13,835[1]	14,126	2.1
Profit from operating activities (EBIT)	€m	1,835	2,436	32.8	525	599	14.1
Return on sales[2]	%	3.6	4.6	–	3.8	4.2	–
Consolidated net profit for the period[3]	€m	2,541	1,163	–54.2	487	175	–64.1
Operating cash flow	€m	1,927	2,371	23.0	1,025	1,262	23.1
Net liquidity (–)/net debt (+)[4]	€m	–1,382	–938	–32.1	–	–	–
Return on equity before taxes	%	29.8	15.2	–	–	–	–
Earnings per share[5]	€	2.10	0.96	–54.3	0.40	0.14	–65.0
Dividend per share	€	0.65	0.70[6]	7.7	–	–	–
Number of employees[7]		421,274	423,348	0.5	–	–	–

1 Prior-period amount adjusted, see Note 5.
2 EBIT/revenue.
3 After deduction of non-controlling interests, including Postbank.
4 For the calculation please refer to page 59 of the Group Management Report.
5 Including Postbank.
6 Proposal.
7 Average FTEs.

ANNUAL REPORT 2011

SIMPLY GROW

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[5] Including Postbank.
[6] Proposal.
[7] Average FTEs.

SIMPLY GROW

You send. You order. We deliver. Safely and on time. Our customers have every right to expect this, and meeting their expectations is our greatest challenge. We handle each and every shipment meticulously, all within our complex yet seamless network. In Germany alone, our network moves some 65 million letters and around three million parcels and small packages from A to B every working day.

The key word is simplification. The simpler we make solving our customers' complex logistics problems, the more satisfied they will be.

We provide communications and logistics services in more than 220 countries and territories and we understand the needs of our customers, both large and small, doing business all over the world in a broad range of industries. Ours is a globally integrated business. Through simplification we are unlocking our potential for future growth.

ACT STRATEGICALLY

€52.8 billion
CONSOLIDATED REVENUE
in financial year 2011.

€2.44 billion
CONSOLIDATED EBIT
in financial year 2011.

SIMPLY GROW

Deutsche Post DHL's CEO is convinced that the company's consistent focus on its Strategy 2015 is bearing fruit and that the Group is off to a good start on the road to achieving its quite ambitious goals.

1

1 Dr Frank Appel,
CEO

2

3

2 Frank Appel sees enormous potential for growth in the flourishing e-commerce sector.

3 Dr Appel also thinks the company will experience growth in 2012.

"Why is the iPhone such a success? Because it integrates applications and interfaces and makes everything as simple as possible for its users. We can learn from that and transfer this idea over to our industry. Deutsche Post DHL should become the iPhone of the logistics industry."

Dr Appel, how would you rate financial year 2011?

We not only exceeded our own expectations but also those of external observers, who were positively surprised with our results. This shows that focusing consistently on our Strategy 2015 is bearing fruit. Revenue increased to €52.8 billion despite being reduced by currency effects and changes in our portfolio; and even though we raised our earnings guidance twice during the year, in the end we still exceeded our expectations slightly with a figure of €2.44 billion, quite a noteworthy achievement in an uncertain economic environment.

What do you think were the deciding factors?

We consistently utilised our strengths as the market leader in the German mail business and nearly all of our logistics activities. The encouraging growth we've seen in the German parcel business and the fast-growing Asian region substantiates this.

Your goal is to be the provider, employer and investment of choice in the industry. How successful have you been?

We are off to a good start on the road to achieving our quite ambitious goals. We've seen a measurable increase in customer satisfaction, both in our MAIL division and in our DHL divisions. We have also made strides as an employer: for the third year in a row, we improved our ratings in our annual employee opinion survey substantially. I'm convinced that satisfied employees and customers have a direct, positive effect on our financial performance.

And what does that mean for investors?

First of all, it's confirmation that they have invested in a solid company with bright prospects. In 2011, our share price performed better than the DAX. We certainly understand how important a stable dividend policy is. Therefore, we intend to consistently distribute 40% to 60% of our net profits as dividends. We will propose raising the dividend from €0.65 last year to €0.70 per share for financial year 2011 to our shareholders at the Annual General Meeting in May.

In 2010, DHL made the largest contribution to consolidated net profit for the first time. Did this trend continue?

Yes. In 2011, all of our divisions contributed to our very good results. Our express and logistics businesses, in particular, have gained momentum. In some areas, revenues increased quite considerably. This also goes for earnings that were still impacted by restructuring measures in the previous year. These measures substantially improved our profitability, and our margins increased noticeably.

How do you see the trend in the German mail and parcel market?

Without a doubt, the internet is having the greatest impact on this business. It's presenting challenges but also opening enormous growth opportunities. Traditional mail is giving way to electronic forms of communication. Now we did see volumes stabilise in 2011 but demand will continue to decline due to the overall structural trend. In our parcel business on the other hand, the trend is very encouraging. We are reaping the rewards of the flourishing e-commerce sector. We grew by almost double-digit figures and expect volumes to increase significantly in the future as well. What's more, we agreed upon a Generations Pact with the trade unions, a trendsetting model that is the first of its kind.

You've set yourself the goal of offering your customers services that are easy to use. What exactly does that mean?

We believe that customers will only purchase services that make their lives easier. That's why we try, wherever we can, to make things easier and to reduce complexity and to do so along the entire value chain. Why is the iPhone such a success? Because it integrates applications and interfaces and makes everything as simple as possible for its users. We can learn from that and transfer this idea over to our industry. Deutsche Post DHL should become the iPhone of the logistics industry. We just established the position of CCO at DHL, which was a logical step in the development of our customer promise.

Where are the growth opportunities for Deutsche Post DHL?

As a company that supports world trade, we see our opportunities in those places where volume growth is greatest, i.e., in the emerging regions of Asia, Latin America and the Middle East. We already have an outstanding presence in these markets and in many we are the market leader. We will concentrate on these regions without, of course, neglecting our traditional markets of Europe and North America, where there is still potential for growth – particularly in terms of gaining market share. We are well equipped for future growth with a solid, globe-spanning infrastructure, in which we continue to invest.

How significant are Asia and the emerging markets for future growth?

These countries have large populations, with people who are striving for a better life. The demand for goods and services will thus increase provided that employment does not fall. In these particular countries employment is even rising. That is why populous countries such as Brazil, China, India, Russia and Mexico will be central to our company and its sustained success. We already have an outstanding presence in these countries today and will definitely expand our position in the future.

How has Deutsche Post DHL started financial year 2012?

Despite the rather moderate forecasts made by macroeconomists, we see that the overall positive developments from the last quarter are continuing into the new year.

What is your outlook for 2012 as a whole?

Against this backdrop, we expect consolidated EBIT to reach between €2.5 billion and €2.6 billion in the current financial year. The MAIL division is likely to contribute between €1.0 billion and €1.1 billion to this figure. For our DHL divisions, we expect an additional improvement in overall earnings to approximately €1.9 billion compared with the previous year. Consolidated net profit is also expected to continue to improve in line with our operating business.

Angela Titzrath will become the first woman to join your Board of Management. What are your expectations in this regard?

I'm very pleased that we were able to win over Ms Titzrath to join our Group as Board Member for Personnel and as Labour Director. She brings extensive experience and has all the qualifications necessary to take us closer to our goal of being the employer of choice worldwide.

I'd like to take this opportunity to say a personal thank you to Walter Scheurle, who devoted nearly 45 years to our company, playing an important role in shaping our Group through dedication and personal integrity. I have much respect for him and what he accomplished.

Dr Appel, thank you very much for talking to us.

Interview with Dr Frank Appel

The Post Tower in Bonn.

OPENING MARKETS

11%
ANNUAL GROWTH
expected for the intra-Asian market until 2025.

US$175 million
INVESTMENT
in our DHL hub in Shanghai over the lifetime of the facility.

36%
MARKET SHARE
for DHL in the international express business in Asia (2010).

ENSURING GROWTH

Asian markets are growing rapidly, and trade both within the region and with other parts of the world is constantly increasing. In the summer of 2012, DHL Express will open its newest hub at Shanghai Pudong International Airport, putting the company in a strong position to extend its role as market leader in Asia.

1 Technicians still dominate the scene at the new DHL hub in Shanghai, which will go into operation in the summer of 2012.

“The hub gives us sufficient capacity to accommodate growth, especially in north Asia. There will be more regional and international flight connections to and from Shanghai. DHL will therefore be able to provide greater flexibility and reliability to customers with guaranteed time-definite delivery to major cities in north Asia. The Shanghai hub complements the hub in Hong Kong, shortening flight routes and times, and thus enabling later collections and earlier deliveries.”

Jerry Hsu,
CEO DHL Express Asia Pacific

2 The sorting centre at the new hub in Shanghai spans an enormous 55,000 m².

3 More than six kilometres of conveyor belts twist and turn through the centre.

4 Jerry Hsu, CEO DHL Express Asia Pacific, stresses the importance of the new hub for further growth in the Asian markets.

5 DHL has harnessed years of experience from its existing hubs to design and construct the new North Asia Hub.

Asian markets growing rapidly

The new facility stands impressively in front of a grey January sky as the sound of jet engines from the nearby runway can be heard. Inside, a team of technicians are busy commissioning a sophisticated automated sorting system, evidence that here, in the freight zone on the west side of Shanghai Pudong Airport, a first-class hub is in the works: DHL's new North Asia Hub. "No other express market is as dynamic as the Asian market," explains Jerry Hsu, CEO DHL Express Asia Pacific. "In order to be the provider of choice for our Asian customers, we have to improve our standard of service continuously, becoming faster and more efficient. The new hub is an important part of that."

The numbers speak for themselves. Asian countries such as China, India and South Korea are the new growth drivers of the world economy and that is good news for the logistics sector. Experts predict that the air freight market in Asia will see the highest growth rates in the world until 2025, with the intra-Asian market expected to grow by 11% annually.

Expanding market leader

DHL already is the market leader in the express business in Asia today. The company strategy is to operate its own hubs, and it maintains hubs in Hong Kong, Singapore and Bangkok. These, in turn, are connected with 50 gateways located strategically throughout the Asia Pacific region. The North Asia Hub will replace the existing gateway at Shanghai Pudong Airport and represents an investment of around US$175 million over the lifetime of the facility.

DHL has harnessed years of experience from its existing hubs to design and construct the facility, and new solutions have been developed that make operations easier, safer and more efficient. For example, the loading area has been made especially large and given a wide vehicle lane. In addition, skids and carts are being employed to lessen the need for forklifts. This reduces congestion and the risk of accidents, and increases efficiency. The high number of loading docks speeds up loading and unloading of lorries, which will be quickly shuttling in and out of the dock area to keep up with the centre's lightning-fast incoming and outgoing processing times. With four separate automatic sorters, it will be a state-of-the-art operation, and its 55,000m² of operational floor space make it the largest DHL Express hub in Asia and one of the largest anywhere in the world.

> "The hub in Shanghai reinforces DHL's multi-hub strategy in Asia Pacific. Together with our hub in Hong Kong as well as those in Bangkok and Singapore, the four hubs will be linked to over 50 DHL Express gateways located strategically throughout Asia Pacific, providing our customers with the most extensive network infrastructure in the region."

Chris Bresnahan,
EVP Network Operations & Aviation, DHL Express Asia Pacific

The new hub goes into operation in summer 2012

The North Asia Hub consists of two main buildings, a sorting centre and a 6,500m² administrative building. In the sorting centre, six kilometres of conveyor belts and sorters have already been installed and it will not be long before the fully automated parcel and document sorters are processing up to 20,000 parcels and just as many documents per hour. In the meantime, final fit-out work such as the installation of an advanced security system with 300 cameras has begun.

Once the hub goes into operation, which will be a step-by-step process to be completed in the summer of 2012, the round-the-clock quality control centre will monitor all shipments in the air and on the ground, and a team of 600 people will be in place to ensure all parcels and documents are processed quickly and efficiently.

An investment in the future

"The new hub is an investment in our future and a commitment to providing 'great service quality' on north Asian trade lanes," says Mr Hsu. "It puts us a step ahead of the competition." The new hub will increase capacity and create the opportunity for later collections and earlier deliveries, shortening transit times. "The facility is an example of how DHL is tapping into the enormous growth potential in Asia," says Mr Hsu. "The North Asia Hub is an important milestone that strengthens our leading position in the region substantially."

6 Up to 40,000 shipments are set to be processed each hour in Shanghai.

7 A team of up to 600 people will be in place to ensure all parcels and documents are processed quickly and efficiently.

8 Ready for take-off: the new hub in Shanghai will give DHL the capacity it needs to handle rapid growth in the Asian markets.

The Shanghai skyline.

EXPANDING OFFERS

90%
OF RESIDENTS
IN GERMANY
are only about ten minutes away from the nearest Packstation.

€750 million
TO BE INVESTED
in our Parcel 2012 modernisation programme in the next two years.

8.6%
REVENUE GROWTH
in the Parcel Germany business unit in 2011.

IMPROVING SERVICE

With its easy-to-use services, the parcel business has become the innovative engine of the MAIL division. Deutsche Post DHL is investing €750 million in its German parcel network over the next two years. The goal is to continue growing in a booming market. In the future, parcels are to reach customers even more quickly and delivery is to be more precise and transparent.

1 Deutsche Post DHL is investing in the booming parcel business.

Investing in an important goal

Who wouldn't like a remote control to guide their parcels to precisely where they want them to go? Soon, Deutsche Post DHL will be offering just that. The service will be made up of an entire bundle of products that allow customers to precisely "control" the delivery of their parcels, whether they are day-definite, time-definite or destination-definite. This is but a tiny example of the innovative strength of the leading provider on the German parcel market. The largest example is called Parcel 2012 and it "weighs" €750 million. The concept is the company's response to new business models in the rapidly growing e-commerce sector and to changing consumer behaviour. "Parcels will become as fast as letters," says Jürgen Gerdes, Corporate Board Member for MAIL. "We are laying the groundwork by expanding our network and creating innovative shipping solutions."

Intelligent solutions that make customers' lives easier

Today, the parcel business makes up around one-fifth of revenue in the MAIL division. In 2011, DHL Parcel alone transported some three million parcels per day in Germany. There is a demand for innovative solutions that make customers' lives easier and that goes for the entire value chain, from collecting parcels from customers to high-tech sorting and delivering. Examples of such successful solutions: Packstations, which were introduced in 2001. In Germany, there are already around 2,500 stations and more than 2.5 million registered users. Since 2005, deliverers have collected parcels from private households and since 2007 there have been "postboxes" for parcels, the so-called Paketboxes.

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2 There are currently around 2,500 Packstations in Germany.

3 In the future, a parcel will be just as fast as a letter.

4 Making things as easy as possible for our customer is the goal pursued by each and every one of our employees.

Online shopping is a growth driver

E-commerce, an economic sector that has seen impressive growth for years, offers an enormous opportunity for growth in the logistics sector. According to *Bundesverband des Deutschen Versandhandels* (the German e-commerce and distance selling trade association), the 2011 Christmas season generated €4.4 billion in revenue for businesses involved in e-commerce, 22% more than in 2010. DHL transported up to six million parcels a day during this time. That figure is normally around three million. According to the Deutsche Post DHL study Shopping 4.0, published in February 2012, one in three Germans shopped online at least three times in the past six months. The e-commerce sector is likely to be boosted further by the rising number of smart devices and online networking through social media.

Guaranteed quality, even for sensitive items

Books, CDs, clothing and consumer electronics are currently the main items being purchased online. The future is likely to see even more areas open up to retailers and logistics providers, not least as a result of changing demographics. For instance, a growing number of retail customers will purchase medicine and groceries online one day. By expanding the parcel network, adding new vehicles and permanently optimising delivery rounds, DHL is well prepared to offer the right solutions for these requirements as well, and one of these solutions is faster parcel transit times, something that is very important for sensitive parcels in particular. In future 95% of all parcels in Germany should arrive at their destinations on the next day, just as fast as a letter. Improved efficiency will make this possible. Parcel centres will one day be able to handle 28,000 to

5 E-commerce is booming and offers a good opportunity for growth in the logistics industry.

6 In future, 95% of all parcels should reach their destinations the next day.

7 Since 2007, we have also provided "postboxes" for parcels.

50,000 parcels an hour depending on location and demand, a 150% increase from the 20,000 parcels we process each hour today.

Transparency makes it simple

Simply grow also means making things both easier and more understandable for customers. That is why Deutsche Post DHL is taking aim at transparency. In the future, a state-of-the-art IT infrastructure will allow customers to see the current status of their parcels practically in real time. As a result, individuals will also be able to decide at short notice whether their parcel should be delivered at home, at the office or at a Packstation. Sending items will also become easier for business customers. When the new concept is in place, they will be able to post a parcel later in the evening with the peace of mind that their customers will still receive the product on time. “Our customers will experience a marked improvement in our already market-leading quality and reliability,” says Jürgen Gerdes about the planned innovations.

Deutsche Post DHL’s internet services

@ www.dhl.com

@ www.deutschepost.com

One of 33 parcel centres in Germany.

PLANNING INTELLIGENTLY

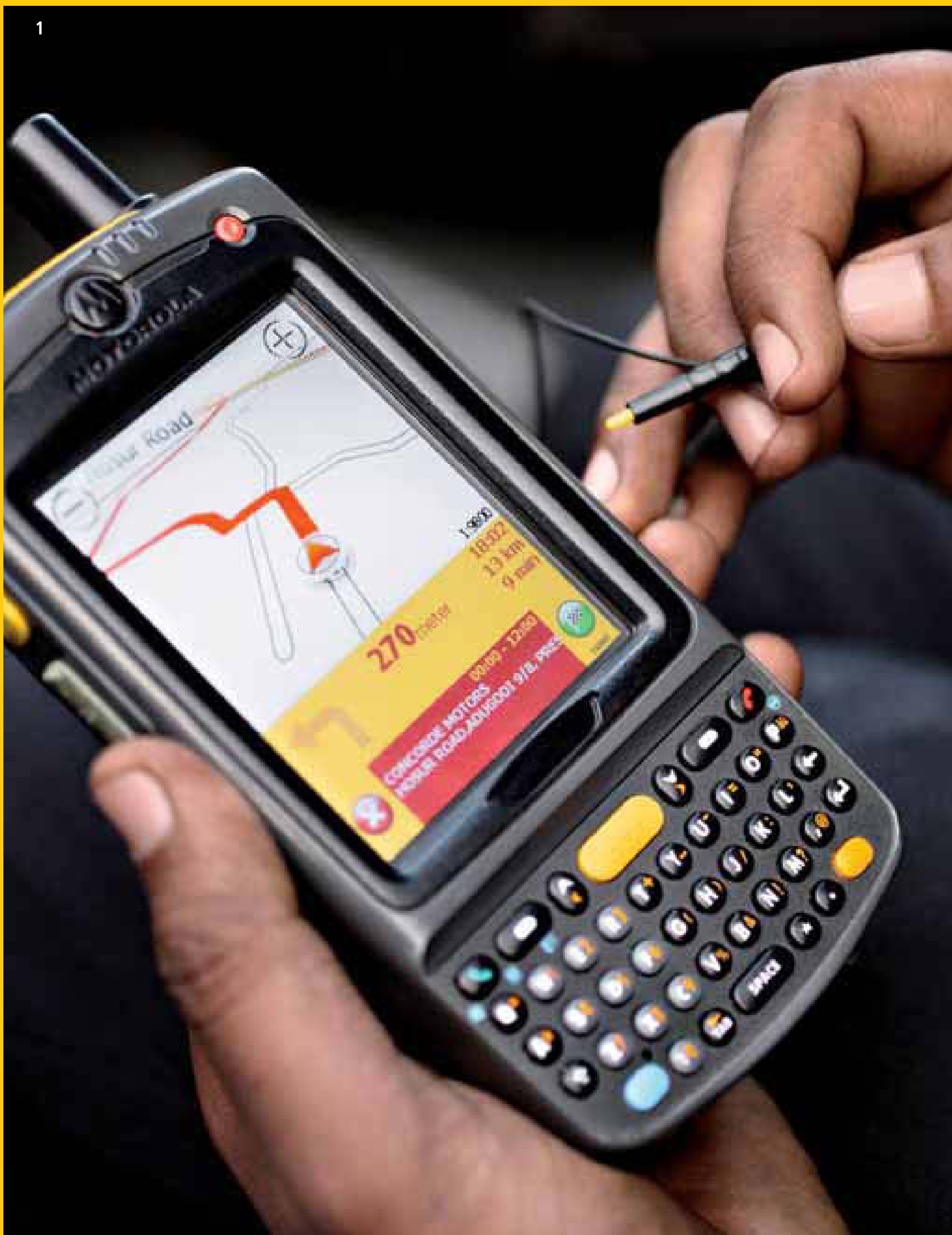
30%
IMPROVEMENT IN CARBON EFFICIENCY
by 2020.

15%
FEWER KILOMETRES
driven by the SmartTrucks in tests conducted in Germany and routes completed on average 8% faster.

1,000
PARCELS
transported by the SmartTruck each day in the Bonn test region.

INCREASING EFFICIENCY

Dynamic route planning is what the SmartTruck is about. This state-of-the-art delivery vehicle saves time, money and emissions by intelligently navigating the best route in real time.



1 Couriers can now find the fastest route through traffic using GPS-based route planning.

Bangalore, the “Silicon Valley of India” and the country’s third largest city, is also one of its administrative, industrial, commercial and service centres. You have to know the city’s maze of streets and alleyways well to find your way around here, even more so to find the quickest way to get from one place to another and avoid congestion. Now try to do that amongst the flood of around 4.2 million vehicles toiling through the streets of this megacity – a number that’s growing all the time. Traffic jams and delays, not to mention the pungent smell of exhaust fumes, are as commonplace as the cars.

Navigating through the maze

A number of the couriers at DHL’s subsidiary, Blue Dart, of which DHL holds an 80% share, now have it a lot easier. Their SmartTrucks help them navigate the quickest route through Bangalore’s busy streets. India’s largest air express provider has been taking part in a trial project to test these intelligent vehicles since summer 2011. What is so special about the SmartTruck? “Shipments are sorted automatically before the vehicles leave the distribution centre,” explains Anil Khanna, Managing Director at Blue Dart Express Ltd. Once sorted and loaded, the parcels arrive at their destinations faster than ever with the SmartTruck’s help. The vehicles are equipped with dynamic route-planning software that uses GPS technology to calculate the optimal route based on the current order situation in the van. The GPS unit follows the van’s every move in real time, automatically reacting to current traffic information and incoming orders.

From Berlin to Bangalore

After successful tests in Berlin, Bonn and Cologne, the plan was to integrate the system into the global IT infrastructure and test the SmartTruck in a megacity outside Europe. Bangalore presented an ideal test location. The city and its 8.5 million residents are experiencing an economic boom. Blue Dart operates an 84,000 m² logistics centre at the airport just 40 kilometres outside the city. Routes into the city are long and the streets are almost always congested.

Designed in Germany, the SmartTruck system required considerable modification before it could be used in Bangalore. After all, Indian cities are quite different from German ones. For example,

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many streets in Bangalore do not have names and there are no house numbers. Delivery addresses are often incomplete and postcodes missing. Teams from Blue Dart and DHL worked together closely to flesh out the differences that impact the software and develop solutions that led to a custom-built SmartTruck concept for the Indian market.

Higher efficiency, better service

By May 2012, SmartTrucks should be covering all incoming shipments from the Asia Pacific region on five separate inner-city routes in Bangalore – but results are already coming in. “We are seeing higher parcel processing capabilities, shorter transit times, synchronised letter and parcel processes and fewer kilometres being travelled by each vehicle,” says Anil Khanna. This means one thing for our customers: better service. The SmartTruck thus offers a solution for one of the most important future challenges for the express business: the growing complexity of logistics, especially in chronically congested cities and megacities. That is a considerable

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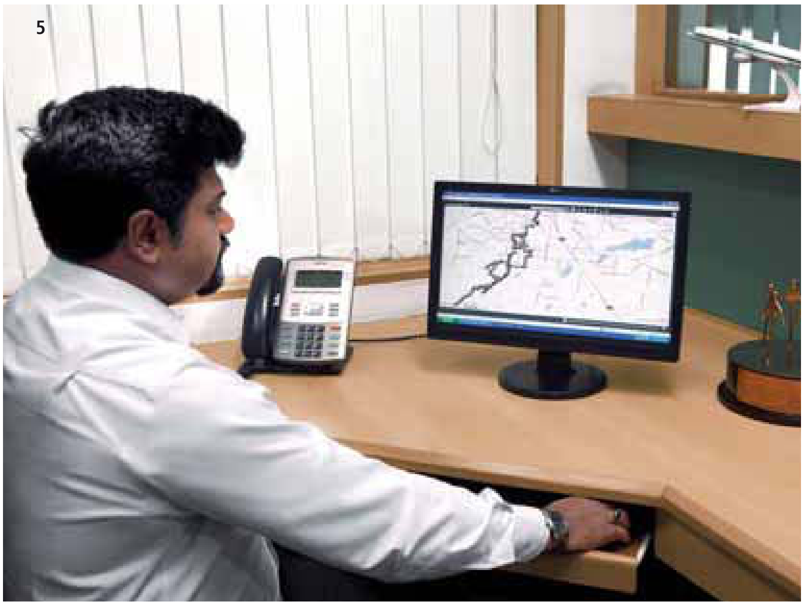

5

6

2 DHL's subsidiary, Blue Dart, is the largest air express provider in India.

3 A congested street in the metropolis of Bangalore.

4 The system uses GPS to calculate the optimal route.

5 Vehicle movements are tracked in real time.

6 Tests have resulted in a higher volume of processed parcels and shorter transit times.

competitive edge. "Our customers' primary concern is that their parcels are collected and delivered on time," says Mr Khanna.

The environment also wins

Yet SmartTrucks fulfil another, equally important, goal. They reduce our carbon footprint. In 2008, Deutsche Post DHL was the first global logistics provider to set a clear, quantifiable goal with its environmental protection programme GoGreen. By 2020, the Group intends to improve the carbon efficiency of its own operations as well as those of its subcontractors by 30%. Katharina Tomoff, Head of GoGreen at Deutsche Post DHL, points to the importance of this target, particularly in the Asian region: "In emerging markets such as India, we absolutely have to find solutions to grow in an environmentally friendly way."

The SmartTruck is one of the solutions that will reduce CO_2 emissions in our daily operations. Although we are not yet able to quantify the savings from our ongoing test project in India, the results of our tests in Germany are encouraging. In Berlin, for example, our intelligent transporters drove on average 15% fewer kilometres and routes were completed 8% faster. Shorter routes mean reduced fuel consumption and lower emissions. "Solutions such as the SmartTruck help us reduce fuel consumption and underscore our leading role in environmental protection," says Katharina Tomoff.

7 The open road: GPS guides the SmartTruck along the optimal route.

8 DHL holds an 80% share in Blue Dart.

The SmartTruck

The test project was first presented in March 2009. Two vehicles equipped with dynamic route planning commenced delivery operations in Berlin's Mitte district. Since October 2010, the Group has also used SmartTrucks for express delivery in the Cologne/Bonn region. In the summer of 2011, Bangalore became the first test region outside of Europe. DHL also presented the intelligent delivery vehicle at Expo 2010 in Shanghai.

The Indian megacity of Bangalore.

A

GROUP MANAGEMENT REPORT

BUSINESS AND ENVIRONMENT

Business activities and organisation

The leading mail and logistics group

Deutsche Post DHL maintains a global network that allows us to offer our customers everything they need for transporting, storing and processing goods and information, from standard products to customised solutions. We aim to fulfil our customers' requirements comprehensively and we place great value on quality and sustainability. Through our climate protection, disaster management and education programmes, we demonstrate social responsibility.

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.

We are the only provider of universal postal services in Germany. In our MAIL division, 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 are the first in the market to offer secure, user-identified written communication on the internet.

Glossary, page 250
Glossary, page 250

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 solutions for corporate information and communications management tailored precisely to the needs of our customers.

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 even more efficient use of our resources whilst reacting flexibly to the rapidly changing demands of our business and our customers.

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

A presence that spans the globe

Further information, page 252 f.

Deutsche Post DHL operates around the world. The map shows our most important locations.

Change in Board of Management

In March 2011, Roger Crook was appointed to the Board of Management as head of the GLOBAL FORWARDING, FREIGHT division. He succeeded Hermann Ude, who left the company on 31 March 2011.

New CCO position created as cross-divisional DHL function

As at 1 October 2011, we created the position of Chief Commercial Officer (CCO) within the CEO's board department. This position combines the cross-divisional management of key DHL customers with our innovation activities. The goal is to further strengthen DHL's customer focus in all its business units.

Disclosures required by takeover law

Disclosures required under sections 289 (4) and 315 (4) of the *Handelsgesetzbuch* (HGB – German Commercial Code) and explanatory report

Composition of issued capital, voting rights and transfer of shares

As at 31 December 2011, 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 that 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 waiting period of four years (three-year waiting period for the 2008 tranche) has expired, 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 21 et seq. of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act), KfW and the Federal Republic of Germany are the only shareholders that 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) and 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 is permitted for a maximum of five years in each case. 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 the law requires a greater majority 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 21 April 2009 (Authorised Capital 2009) and 25 May 2011 (Contingent Capital 2011) 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, or conversion obligations. The AGM resolution on Contingent Capital 2011 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 treasury shares as well as to acquire treasury shares through derivatives) authorise the Supervisory Board to amend the wording of the Articles of Association if the purchased treasury 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 on 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 such authorisation.

When new shares are issued on the basis of 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.

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 25 May 2011 authorising the Board of Management, subject to the consent of the Supervisory Board, to issue bonds with warrants, convertible bonds and/or income bonds as well as profit participation certificates, or a combination thereof, (hereinafter referred to collectively as "bonds") in an aggregate principal amount of up to €1 billion, on one or more occasions on or before 24 May 2016, thereby granting options or conversion rights for up to 75 million shares having a total share in the share capital not to exceed €75 million. The bond conditions may also provide for a conversion obligation at the time of maturity of the bonds or at another time or may entitle the company or the Group company to grant the bond holders or creditors shares in the company in lieu of payment of all or part of the sum of money payable. The share capital is contingently increased by up to €75 million in order to grant shares to the holders or creditors of the options, conversion rights or conversion obligations after exercise of their rights for the purpose of settling the entitlements related to the options or rights or fulfilling the conversion obligations (Contingent Capital 2011, article 5 (3) of the Articles of Association). When issuing bonds, pre-emptive subscription rights may only be disapplied subject to the terms of the aforementioned resolution and to the consent of the Supervisory Board. Further details may be found in the motion adopted by the AGM under agenda item 6 of the AGM of 25 May 2011.

Authorisation to issue 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 necessary to take advantage of favourable market situations at short notice, for example by offering bonds with options, conversion rights or conversion obligations on shares in the company 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 the authorisation.

Finally, the AGM of 28 April 2010 authorised the company to buy back shares on or before 27 April 2015 up to an amount not to exceed 10% of the share capital existing as at the date of the resolution. Such authorisation is subject to the proviso that at no time should the shares thus acquired, 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 permissible under the law, particularly to redeem the purchased treasury 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.

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

To supplement the above 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 treasury shares through the use of derivatives, namely by servicing options that, upon their exercise, require the company to acquire treasury shares (put options), by exercising options that, upon their exercise, grant the company the right to acquire treasury shares (call options) or by servicing or exercising 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 exceed 18 months, must expire by no later than 27 April 2015 and be selected such that treasury shares may not be acquired by exercising the options 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 facility with a volume of €2 billion from 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 139 ff.

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 139 ff.

Economic parameters

Global economy continues to grow

The global economy continued on its upwards path in 2011, albeit at a slower pace compared with the prior year. Emerging markets remained the mainstay, although growth in these countries weakened somewhat over the course of the year. The industrial countries, by contrast, suffered from an economic downturn with growth falling overall by nearly half, with unusually high discrepancies between regions; whilst some countries recorded high growth rates, others fell back into recession. Global economic output in the reporting year increased by 3.8% (previous year: 5.2%). However, growth in global trade slowed considerably, from 12.7% in 2010 to just under 7% (IMF: 6.9%, OECD: 6.7%).

A.03 Global economy: growth indicators in 2011

%	Gross domestic product (GDP)	Exports	Domestic demand
China	9.2	20.3	n/a
Japan	−0.9	0.0	−0.1
USA	1.7	6.8	1.6
Euro zone	1.6	7.0	0.6
Germany	3.0	8.2	2.1

Data partially estimated, as at 13 February 2012.
Sources: Postbank Research, national statistics.

Asian countries again generated the highest economic momentum. Even there, the upturn lost some speed: growth was 7.9% compared with the very strong growth of 9.5% in the prior year.

China's GDP grew by a robust 9.2% (previous year: 10.4%). Exports increased by 20.3%, down from 31.3% in the prior year. Since imports were up 24.9% (previous year: 38.7%), the country's trade surplus decreased noticeably from US$182 billion to US$155 billion. The country, however, remains attractive to foreign investors, who made direct investments of US$116 billion (previous year: US$106 billion).

The Japanese economy suffered in 2011 from the aftermath of the devastating earthquake in March. Economic output was down sharply in the first half of the year, a decline that could not be offset by the significant recovery in the second half. Exports, private consumption and investments were nearly stagnant, whilst imports were up considerably. GDP decreased by 0.9% (previous year: 4.4%).

In the United States, the economy picked back up again in the second half of the year after a weak start. Corporate investments trended higher, increasing by around 10% (previous year: 15%). Private consumption grew only marginally again on account of the weak labour market and moderately rising incomes. The economy did not experience a notable uplift from foreign trade despite the fact that exports continued to increase. Instead, declining government spending and inventory investment had a substantial impact on the economic trend. The housing market remained a weak spot. GDP only grew 1.7% (previous year: 3.0%).

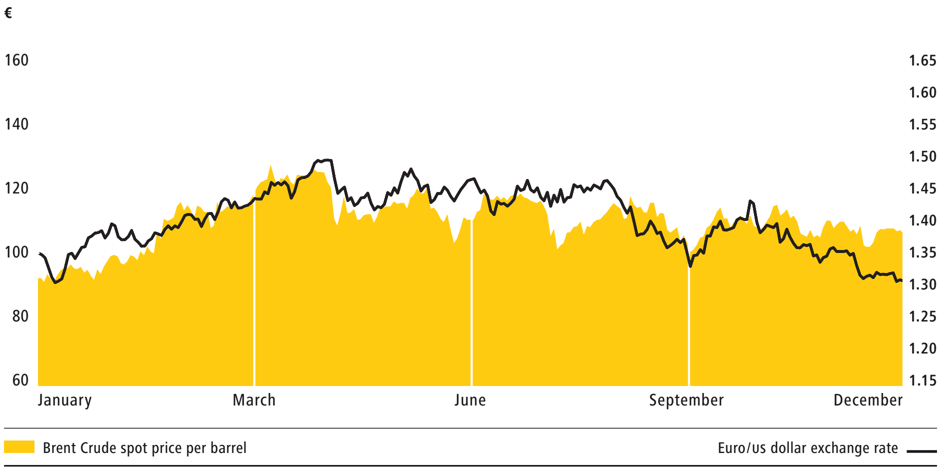
In the euro zone, the moderate 1.6% increase in GDP (previous year: 1.9%) was primarily a result of the very good start to the year. As the year progressed, economic output grew only slightly and may have actually declined in the fourth quarter. Gross fixed capital formation and foreign trade provided economic stimulus. By contrast, private households increased spending only minimally. The economy was slowed primarily by the national debt crisis, which continued to intensify. The need to consolidate state budgets in the countries affected continued to rise, with spending cuts and tax increases putting the brakes on private consumption and corporate investment. Developments varied greatly again: whilst Germany and Austria recorded high growth rates, the increase in France was moderate and in Italy weak. Greece and Portugal were in a recession.

German GDP in the reporting year increased by 3.0% (previous year: 3.7%), sparked again by foreign trade. Exports were up by a solid 8%. However, the primary growth driver was domestic demand. Corporate and construction spending was up considerably. Private consumption continued to rise, albeit only moderately. The sustained upturn had a very positive impact on the labour market. The average annual number of unemployed workers in Germany fell by approximately 260,000 to around 2.98 million. The country saw the best unemployment (annual average of 7.1%) and employment rates (annual average of over 41 million) since reunification.

Crude oil prices up

At the end of the reporting year, a barrel of Brent Crude was US$107.55 (previous year: US$94.70). The annual average price of oil was around US$111, some 39% higher than in the prior year (approximately US$80). Over the course of the year the price of oil fluctuated significantly between US$93 and US$127. At the beginning of the year, it saw a sharp increase based on the robust global economy and the wave of protests in northern Africa, which also swept Libya, an important oil-producing country. As the economy cooled, the price decreased again. In addition, the oil supply continued to increase because the OPEC members exceeded their production quotas.

A.04 Brent Crude spot price and euro/US dollar exchange rate in 2011



A very volatile euro

The European Central Bank (ECB) raised its key interest rate in two phases in April and July by a total of 0.5 percentage points to 1.5% in an effort to combat rising inflation. However, the rate was reduced in November and then again in December to 1.0%, due to higher economic risks. By contrast, the US Federal Reserve maintained its very expansive monetary policy, indicating that it intends to keep its key interest rate between 0% and 0.25% until well into 2014 as long as unemployment remains high and inflation does not increase.

The development of both the euro and the US dollar was shaped by the ever-changing economic outlook and the national debt crisis. The strong growth in the euro zone and the first increase in the ECB's key interest rate early on caused the euro to rise considerably to its 2011 high of just under US$1.49 in May. Uncertainty regarding the solvency of some EMU countries, fears of recession and a return to expansive monetary policy at the ECB led to a strong downwards trend in the second half of the year. The euro ended the year at over US$1.29, a 3.2% decrease compared with the prior year. Measured against the pound sterling, the euro posted a 2.5% loss.

National debt crisis affects bond markets

The European national debt crisis caused extremely mixed developments in the bond markets. The yield on German ten-year government bonds declined to a low of 1.67% through autumn, rising again by the end of the year to 1.83% (previous year: 2.96%). The return on ten-year US government bonds decreased even more in 2011 by 1.4 percentage points to 1.88%. Turbulence involving EMU government bonds put pressure on other segments of the market and, as a result, risk premiums for corporate bonds increased considerably in the second half of 2011.

International trade continues to grow

International trade continued to grow in the year under review, with trade volumes (transported quantity in tonnes) increasing by around 6% worldwide. Trade between the emerging markets in the Asia Pacific region, Latin America and the Middle East saw above-average growth.

A.05 Trade volumes: compound annual growth rate 2010 to 2011

% Exports / Imports	Africa	Asia Pacific	Europe	Latin America	Middle East	North America
Africa	1.5	11.0	−10.0	0.2	8.3	7.4
Asia Pacific	6.2	7.3	4.8	5.5	10.5	2.7
Europe	1.3	7.6	3.4	8.0	11.6	−0.3
Latin America	1.2	11.4	2.6	6.6	11.3	6.8
Middle East	8.1	10.0	2.4	7.9	8.7	10.6
North America	2.8	8.7	16.5	6.5	8.5	6.1

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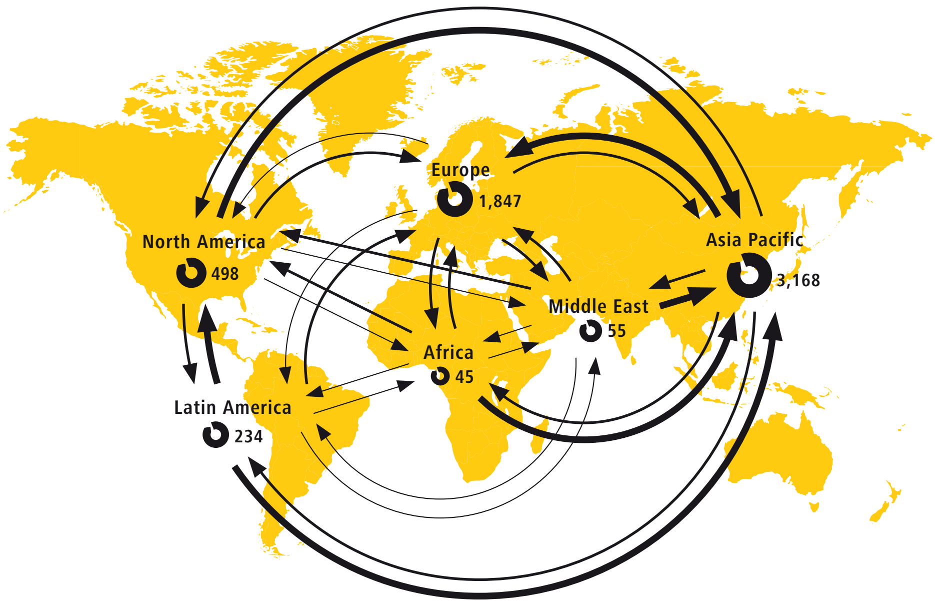
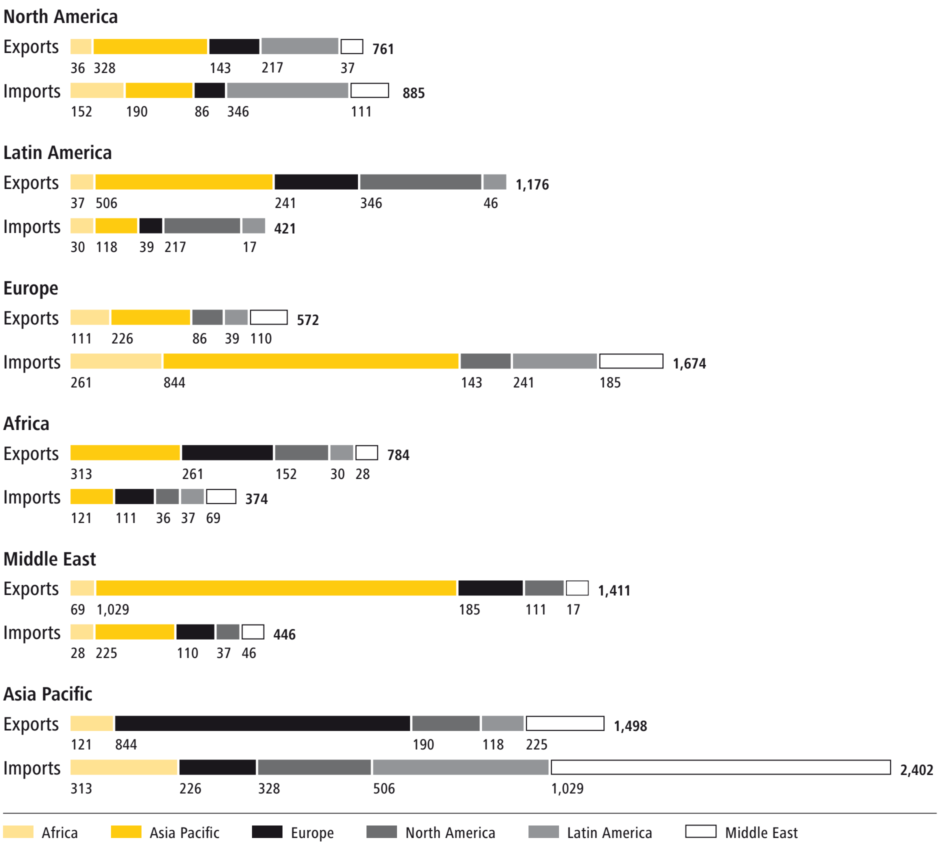
A.06 **Major trade flows: 2011 volumes**

million tonnes



Intra-regional | More than 300 | 300 to 100 | Less than 100



Our markets

Deutsche Post DHL is represented in more than 220 countries and territories. The following table provides an overview of market volumes in key regions. The relevant market parameters and our market shares are detailed in the Divisions chapter.

Page 60 ff.

A.07 Market volumes

Global	Europe	Americas	Asia Pacific, Eastern Europe, Africa and the Middle East
• Cross-border mail market (outbound, 2011): €6.9 bn[1] • Air freight (2010): 23.1m tonnes[2] • Ocean freight (2010): 29.3m TEUs[3] • Contract logistics (2010): €147 bn[4]	• German mail communication market, business customers (2011): €4.3 bn[1] • German dialogue marketing market (2011): €18.5 bn[1] • International express market (2010): €5.8 bn[5] • Road transport (2010): €157.9 bn[6]	• Domestic mail market USA (2010): €43.1 bn[7] • International express market (2010): €5.4 bn[8]	• International express market Asia Pacific (2010): €5.4 bn[9] • International express market Eastern Europe, Africa and the Middle East (2010): €0.5 bn[9]

[1] Company estimates.
[2] Data based solely on export freight tonnes. Source: includes content provided by copyright © Global Insight (Deutschland) GmbH, 2011. 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, 2011. 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, IE, IT, NL, PL, SE, UK. Source: Market Intelligence 2011, annual reports, press releases and company estimates.
[6] Country base: total for 19 European countries, excluding bulk and specialties transport. Source: MRSC MI freight reports 2008–2011, Eurostat 2010.
[7] Source: USPS product revenue, 2011.
[8] Includes express product Time Definite International. Country base: CA, MX, BR, US. Source: Market Intelligence 2011, annual reports, press releases and company estimates.
[9] Includes express product Time Definite International. Country base: AU, CN, HK, IN, JP, KR, SG, TW as well as AE, RU, TR, ZA. Source: Market Intelligence 2011, annual reports, press releases and company estimates.

Factors affecting our business

Our business is materially affected by a number of different factors. As part of our Strategy 2015, we systematically and continuously review these key factors. Beyond various economic parameters, we have identified four long-term trends that have an especially large impact on our business:

1. **Globalisation:** We believe that 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 will see further sharp increases, as will those in other emerging regions, such as South America and the Middle East. Our DHL divisions are in an above-average position in these regions. Hardly any other company in our industry offers integrated logistics solutions for all means of transport and in all parts of the world to the extent that we do.

2. **Outsourcing:** Especially in times of economic uncertainty, companies need to reduce costs and streamline business processes. That is why firms are increasingly outsourcing activities that are not part of their core business. Moreover, supply chains are becoming more complex, international and as a result more prone to disruptions. Consequently, customers are placing ever more value on stable, integrated solutions that offer a comprehensive range of services and modes of transport, thereby safeguarding the reliability of supply chains.
3. **Digitalisation:** The internet is changing sustainably the way we exchange goods and information. We increasingly see electronic communication taking the place of physical communication. This is causing volumes and revenues to decline, especially in the traditional mail business. We have responded to this by launching our E-Postbrief product. This trend is also causing a boom in online trade, which presents us with enormous growth potential, especially in our parcel business.
4. **Climate change:** Environmental awareness is having an impact on the logistics industry as never before. It is not only that our customers are increasingly asking for climate-neutral products, one of our primary concerns as the world's leading logistics company is to do our part to increase CO_2 efficiency. That is why we offer our customers an extensive range of energy-saving transport options and climate-neutral products and why we have set ourselves an ambitious climate protection goal.

Legal environment

Note 51

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

Group management

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 EBIT.

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

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

A.08 EAC calculation

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**

We apply a standard WACC of 8.5% across the divisions and this also represents a minimum target for projects and investments within the Group. The weighted average cost of capital is generally adjusted to adhere to the current situation on the financial markets. However, the goal is not to match every short-term change but to reflect long-term trends. WACC is reviewed once annually. As in previous years, we did not change the WACC in order that our internal resource allocation should not be influenced by short-term fluctuations in capital market interest rates. A constant WACC also ensures that EAC is comparable with previous years.

EAC improved substantially in 2011, rising from €670 million to €1,229 million. The increase resulted primarily from the improvement in profitability of our DHL divisions, whereas the cost of capital went up moderately by 3.6%.

A.10 EBIT after asset charge (EAC)

€m	2010 adjusted[1]	2011	+/– %
EBIT	1,835	2,436	32.8
− Asset charge	–1,165	–1,207	–3.6
= **EAC**	**670**	**1,229**	**83.4**

[1] Prior-year figures adjusted due to a revision of the calculation base.

Our net asset base increased by €980 million to €14,356 million in the reporting year due, amongst other reasons, to the Group's increasing investment activity. Advance payments for cargo aircraft as well as investments in new sorting systems and our vehicle fleet increased property, plant and equipment year-on-year by 5.9%. In addition, the utilisation of restructuring provisions increased our net asset base. The restructuring provisions had reduced our net asset base as operating liabilities in the prior year. The rise in intangible assets is attributable to currency effects, which raised goodwill, and to the acquisition of Tag Group.

Net working capital was on a par with the prior year despite the fact that revenues and freight volumes in the DHL divisions increased in the reporting year: the rise in trade receivables of 6.9% was more than offset by an increase in trade payables of 8.2%.

A.11 Net asset base (unconsolidated)

€m	31 Dec. 2010 adjusted[1]	31 Dec. 2011	+/– %
Intangible assets including goodwill	11,852	12,200	2.9
+ Property, plant and equipment	6,125	6,488	5.9
+ Trade receivables	6,011	6,426	6.9
+ Other operating assets	3,146	3,264	3.8
− Operating provisions	–3,620	–3,396	6.2
− Trade payables	–5,672	–6,135	–8.2
− Other operating liabilities	–4,466	–4,491	–0.6
= **Net asset base**	**13,376**	**14,356**	**7.3**

[1] Prior-year figures adjusted due to a revision of the calculation base.

DEUTSCHE POST SHARES

European national debt crisis affects financial markets

Sentiment in the international equity markets was positive at the beginning of 2011. The EURO STOXX 50, for instance, reached its 2011 high of 3,068 points in February. The devastating earthquake in Japan, however, caused markets to fall, a trend that did not reverse until companies reported surprisingly positive first quarter figures. The DAX peaked at 7,527 points on 2 May. In the second half of the year, the national debt crisis in the euro zone dominated the equity markets. The DAX and EURO STOXX 50 sank to annual lows of 5,072 and 1,995 points respectively. Equity markets only began to recover towards the end of the year amidst a persistently volatile environment. The DAX ended the year at 5,898 points, a loss of 14.7%. This was somewhat better than the EURO STOXX 50, which fell 17.5% year-on-year. The Dow Jones Index was up 5.6%, despite sustained weakness in the US economy.

A.12 Deutsche Post shares: multi-year review

		2005	2006	2007	2008	2009	2010	2011
Year-end closing price	€	20.48	22.84	23.51	11.91	13.49	12.70	11.88
High	€	21.23	23.75	25.65	24.18	13.79	14.46	13.83
Low	€	16.48	18.55	19.95	7.18	6.65	11.18	9.13
Number of shares	millions	1,193.9	1,204.0[1]	1,208.2[1]	1,209.0[1]	1,209.0	1,209.0	1,209.0
Market capitalisation as at 31 December	€m	24,425	27,461	28,388	14,399	16,309	15,354	14,363
Average trading volume per day	shares	3,757,876	5,287,529	6,907,270	7,738,509	5,446,920	5,329,779	4,898,924
Annual performance including dividend	%	24.1	14.9	6.9	−45.5	18.3	−1.4	−1.3
Annual performance excluding dividend	%	21.2	11.5	2.9	−49.3	13.3	−5.9	−6.5
Beta factor[2]		0.75	0.80	0.68	0.81	0.91	0.95	1.19
Earnings per share[3]	€	1.99	1.60	1.15	−1.40	0.53	2.10	0.96
Cash flow per share[4]	€	3.23	3.28	4.27	1.60	−0.48	1.59	1.96
Price-to-earnings ratio[5]		10.3	14.3	20.4	−8.5	25.5	6.0	12.4
Price-to-cash flow ratio[4, 6]		6.4	7.0	5.5	7.4	−28.1	8.0	6.1
Dividend	€m	836	903	1,087	725	725	786	846[7]
Payout ratio	%	37.4	47.1	78.6	–	112.6	30.9	72.7[8]
Dividend per share	€	0.70	0.75	0.90	0.60	0.60	0.65	0.70[7]
Dividend yield	%	3.4	3.3	3.8	5.0	4.4	5.1	5.9

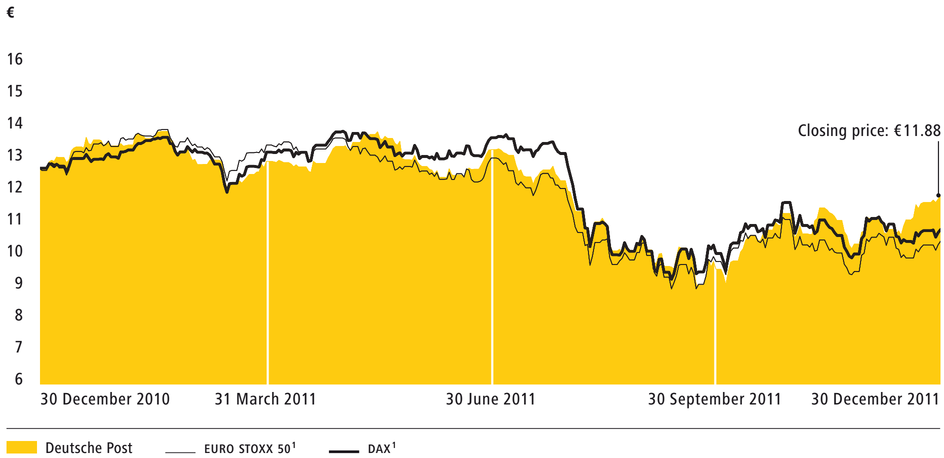
[1] Increase due to exercise of stock options Note 37.
[2] From 2006: Beta three years; source: Bloomberg.
[3] Based on consolidated net profit after deduction of non-controlling interests Note 22.
[4] Cash flow from operating activities.
[5] Year-end closing price/earnings per share.
[6] Year-end closing price/cash flow per share.
[7] Proposal.
[8] Excluding Postbank effects: 57.8%.

A.13 Peer group comparison: closing prices

		30 Sep. 2011	30 Dec. 2011	+/– %	30 Dec. 2010	30 Dec. 2011	+/– %
Deutsche Post DHL	€	9.63	11.88	23.4	12.70	11.88	–6.5
PostNL[1]	€	3.31	2.46	–25.7	19.21	2.46	–87.2
FedEx	US$	67.68	83.51	23.4	92.96	83.51	–10.2
UPS	US$	63.15	73.19	15.9	72.68	73.19	0.7
Kuehne + Nagel	CHF	102.80	105.50	2.6	130.00	105.50	–18.8

[1] Previous year's prices correspond to a different company structure.

A.14 Share price performance

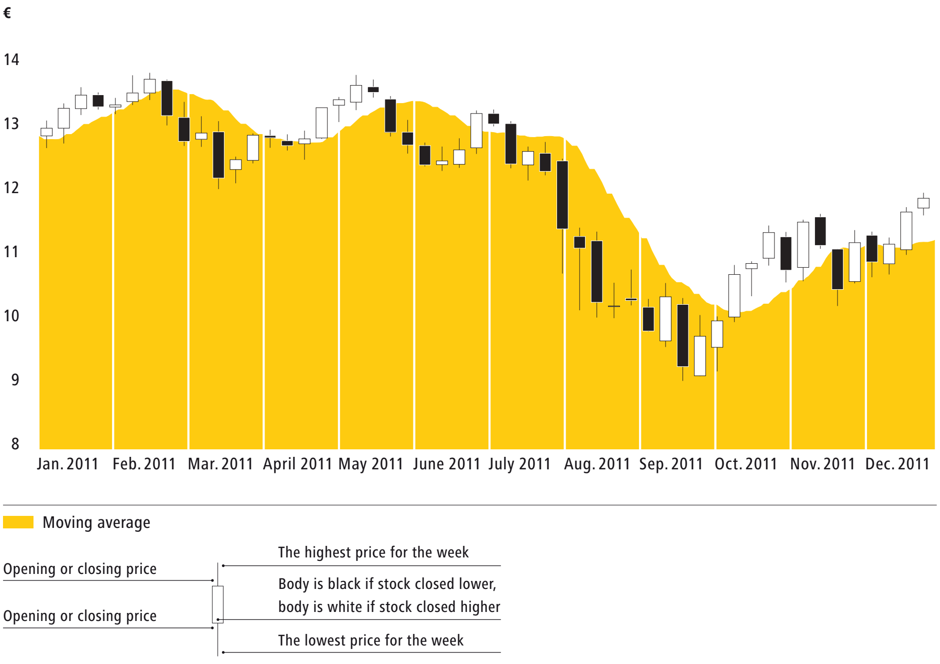


[1] Rebased to the closing price of Deutsche Post shares on 30 December 2010.

Deutsche Post shares lose significantly less than the DAX

Our shares started the year 2011 well, reaching a high of €13.83 on 18 February. However, the stock price could not escape the downwards trend in the markets despite the good results for 2010 we reported on 10 March, and only began to reverse course after we reported our first-quarter results on 10 May. Subsequently, it fluctuated widely in an uncertain and nervous market, hitting its annual low of €9.13 on 23 September. It then performed much better than the DAX and the EURO STOXX 50, a result that was based in part on the positive trend in our business in the third quarter and our increased forecast for full-year 2011, and climbed back to close the year at €11.88 on 30 December 2011, having risen 11.0% since 9 November 2011 when we published the figures for the first nine months. By comparison, the DAX lost 1.1% and the EURO STOXX 50 gained only 0.6% in this period. Over the year as a whole, our share lost 6.5% in value, much less than the DAX and the EURO STOXX 50. Average daily trading volumes of Deutsche Post shares fell slightly year-on-year to 4.9 million shares (previous year: 5.3 million shares).

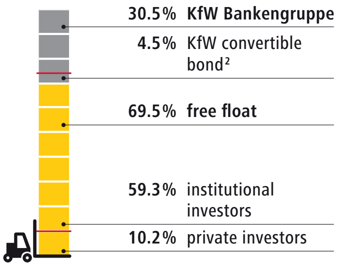
A.15 Candlestick graph/30-day moving average



Majority of analysts recommend Deutsche Post shares

At the end of 2011, 36 analysts were following Deutsche Post shares. A total of 30 analysts issued a "buy" recommendation on our shares, four more than a year earlier. Three analysts issued a neutral recommendation regarding Deutsche Post shares and only three recommended selling. The average price target decreased slightly at year end to €14.66 compared with the prior year (€16.35) despite our profit forecast, which we raised during the course of the year. Analysts anticipate a weakening macroeconomic situation and therefore valued the shares lower.

A.16 Shareholder structure[1]



[1] As at 31 December 2011.
[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.

Deutsche Post shares remain popular amongst private investors

The number of shares held by private investors rose again compared with the previous year, increasing from 7.5% to 10.2% of all issued shares. KfW Bankengruppe continued to hold 30.5% of our shares. The free float is 69.5%. Amongst identified institutional investors, the greatest numbers of issued shares are held in the United Kingdom (15.0%), the United States (11.4%) and Germany (8.2%). Our 25 largest institutional investors hold a total of 24.2% of all issued shares.

Focused investor relations work appreciated

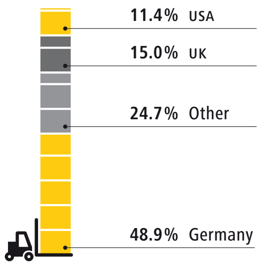
The Group having successfully completed all major restructuring efforts, investors in 2011 returned their attention to the development of operations and the business outlook in our divisions. This allowed us to take our equity story on the offensive and show investors how we are successfully implementing our Strategy 2015.

In the MAIL division, we focused on the solid growth of our parcel business. The Generations Pact agreed upon with the trade unions in October for age-based career solutions in Germany as well as the decision by the German Federal Network Agency on the future calculation of mail prices also met with a positive response. In our DHL divisions, investors primarily praised the positive business performance in Asia. Key topics at meetings with investors were the actions we are taking to further expand our market leadership in the region and global trends in volume. The market was especially optimistic about our decision to again raise our full-year outlook in November 2011 despite the fact that the global economy had weakened overall in the second half of the year.

Once more we conducted a detailed target group analysis using investor targeting in the reporting year in order to address the specific needs of investors in the world's most important financial centres. The Investor Relations team held a total of 516 separate meetings with institutional investors in 2011, with members of the Board of Management taking part in 107 of those meetings. This intense work by our Investor Relations team was recognised again this year in the renowned Extel Survey conducted by Thomson Reuters. We won second place in the transport sector. Our CEO, Dr Frank Appel, was awarded second place amongst CEOs in our sector and Lawrence Rosen third place amongst CFOs. In *Manager Magazin*'s annual ranking, our annual report took first place amongst DAX companies and was ranked the best annual report overall.

Employees, page 84

A.17 Shareholder structure by region[1]



[1] As at 31 December 2011.

ECONOMIC POSITION

Overall assessment by the Board of Management

An impressive result achieved

In a time of economic uncertainty, Deutsche Post DHL, as a global logistics company, achieved an impressive result in financial year 2011. Thanks to our presence in the world's growth markets, we were able to increase revenues in all DHL divisions, in some areas quite considerably. The extensive restructuring measures we have implemented in recent years have substantially improved our profitability, as reflected in the noticeable increase in our margins. The MAIL division stabilised revenue, due above all to strong growth in our parcel business. Given that operating cash flows have likewise trended in a very positive direction and that we continue to benefit from our good net liquidity position, the Group's financial position remains very solid in the opinion of the Board of Management.

Significant events

Interest in Postbank reclassified

In accordance with the contractual arrangements governing the planned sale of Postbank to Deutsche Bank, we reclassified our remaining 39.5% shareholding in Postbank as held for sale at the end of February 2011. The carrying amount of the investment as at the reclassification date was €1,801 million.

Earnings

A.18 Selected indicators for results of operations

		2010	2011
Revenue	€m	51,388	52,829
Profit from operating activities (EBIT)	€m	1,835	2,436
Return on sales[1]	%	3.6	4.6
Consolidated net profit for the period[2]	€m	2,541	1,163
Earnings per share[3]	€	2.10	0.96
Dividend per share	€	0.65	0.70[4]

[1] EBIT/revenue.
[2] After deduction of non-controlling interests, including Postbank.
[3] Including Postbank.
[4] Proposal.

Changes in portfolio and reporting

In order to strengthen the focus on our core activities in the Supply Chain business unit in the United States, we sold Exel Transportation Services Group (ETS), a provider of freight brokerage and intermodal services in the USA and Canada, on 1 April 2011.

On the same date, we incorporated a specialist provider of internet advertising services into the MAIL division by acquiring all shares of Adcloud GmbH, Cologne, Germany.

The acquisition of the 100% interest in Eurodifarm srl., Lodi, Italy, was completed in the middle of May 2011. As part of the SUPPLY CHAIN division, the company specialises in the temperature-controlled distribution of pharmaceutical and diagnostic products.

On 1 June 2011, we acquired all the shares of Standard Forwarding LLC, East Moline, USA. This acquisition expands our freight business capacities in the Freight business unit.

DHL Express Canada sold its domestic business to the transport company TransForce at the end of June and is now focusing on international express services in Canada.

In the middle of July, we acquired Tag EquityCo Limited, Cayman Islands, together with its subsidiaries. The Tag Group is an international provider of marketing execution and production services. The company has been assigned to the Williams Lea business unit. We expect to achieve synergies and economies of scale through the combined service offering.

Due to a change in the legal framework in China, we sold our domestic express business to the Chinese company Unitop Industry, Shenzhen, in the third quarter.

In the MAIL division, we adjusted our method of reporting revenues and materials expense in the Williams Lea business unit at the end of 2011. Discounts granted to customers are no longer recognised under materials expense but are consistently deducted from revenues. The prior-year figures were adjusted.

As at 1 July, we transferred the Home Delivery business in Germany from the SUPPLY CHAIN division to the MAIL division. The significant synergies between this delivery service and the German parcel business will allow us to cultivate the market in this sector more intensively.

Consolidated revenue up 2.8%

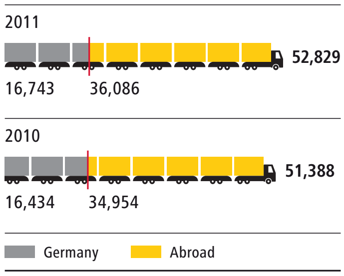
In financial year 2011, consolidated revenue rose €1,441 million or 2.8% year-on-year to €52,829 million. The share of consolidated revenue generated abroad increased from 68.0% to 68.3% despite negative currency effects of €642 million. The changes in the portfolio reduced revenue by €627 million. Without these effects, revenue would have increased by 5.3%.

In the fourth quarter, revenue rose 2.1% to €14,126 million (previous year: €13,835 million). It was impacted by negative currency effects of €42 million and portfolio changes amounting to €152 million.

Other operating income declined by 7.5%, from €2,217 million to €2,050 million in the year under review. The higher figure last year was largely attributable to the reversal of provisions recognised for restructuring.

A.19 Consolidated revenue

€m



Transport costs push up materials expense

The materials expense rose €1,164 million to €30,544 million in the year under review due to an increase in transport volumes, freight costs and oil prices.

Staff costs edged up by 0.7% to €16,730 million (previous year: €16,609 million).

By contrast, depreciation, amortisation and impairment losses decreased slightly by €22 million to €1,274 million.

Other operating expenses were down significantly year-on-year, at €3,895 million (previous year: €4,485 million). In 2010, the figure mainly included expenses attributable to asset disposals arising from the sale of business units in the UK, France and Austria.

A.20 Consolidated EBIT

[1] In the previous year EBIT before non-recurring items was €2,205 million.

Significantly improved consolidated EBIT

Profit from operating activities (EBIT) improved significantly year-on-year, rising 32.8% or €601 million to €2,436 million. In the fourth quarter of 2011, profit increased 14.1% to €599 million. The smaller increase is largely attributable to the expenses arising in connection with the sale of business units in the UK, France and Austria in the first half of the previous year.

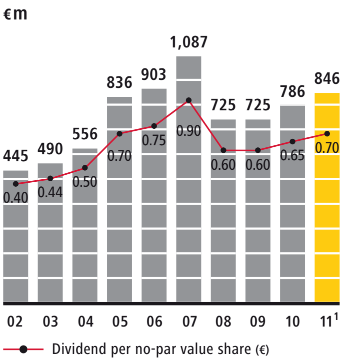
Net finance costs amounted to €777 million in the reporting year (previous year: net financial income of €989 million). The figure for financial year 2010 had been lifted in particular by €1,453 million by the initial fair value measurement of a forward related to the second tranche of the Postbank sale.

Profit before income taxes declined from €2,824 million to €1,659 million in 2011. Income taxes increased by €199 million to €393 million, due to higher taxable income.

Net profit and earnings per share down year-on-year

Consolidated net profit for the period declined during the year under review, falling from €2,630 million to €1,266 million. Of this amount, €1,163 million is attributable to shareholders of Deutsche Post AG and €103 million to non-controlling interest holders. In the previous year, above all the initial measurement of the forward from the sale of Postbank had lifted consolidated net profit for the period by €1,453 million. Both basic and diluted earnings per share fell from €2.10 to €0.96.

A.21 Total dividend and dividend per no-par value share



[1] Proposal.

Dividend of €0.70 per share proposed

At the Annual General Meeting on 9 May 2012, the Board of Management and the Supervisory Board will make a proposal to the shareholders to pay a dividend per share of €0.70 for financial year 2011 (previous year: €0.65). The distribution ratio based on the consolidated net profit attributable to Deutsche Post AG shareholders amounts to 72.7%. The net dividend yield based on the year-end closing price of our shares is 5.9%. The dividend will be distributed on 10 May 2012 and is tax-free for shareholders resident in Germany.

Financial position

Financial management is a centralised function in the Group

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

Responsibility for these 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 act as interfaces between headquarters and the operating companies, advise the companies on all financial management issues and ensure compliance with Group-wide requirements.

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.

Maintaining financial flexibility and low cost of capital

The Group's finance strategy builds on the principles and aims of financial management. In addition to the interests of shareholders, the 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 a dynamic performance metric known as funds from operations to debt (FFO to debt), calculated on a rolling 12-month basis. Our strategy additionally 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 and 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.22 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 flows 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 cost of capital (WACC)[1].

[1] Weighted average cost of capital Group management, page 40 f.

Funds from operations (FFO) represents operating cash flows 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.

A.23 FFO to debt

€m	2010	2011
Operating cash flow before changes in working capital	2,109	2,234
+ Interest and dividends received	59	72
– Interest paid	183	163
+ Adjustment for operating leases	1,055	1,104
+ Adjustment for pensions	198	153
+ Non-recurring income/expenses	531	208
= Funds from operations (FFO)	**3,769**	**3,608**
Reported financial liabilities	7,022	7,010
– Financial liabilities related to the sale of Deutsche Postbank AG	4,164	4,344
– Financial liabilities at fair value through profit or loss	115	137
+ Adjustment for operating leases	5,527	5,295
+ Adjustment for pensions	5,323	5,639
– Surplus cash and near-cash investments[1]	2,893	2,286
= Debt	**10,700**	**11,177**
FFO to debt (%)	**35.2**	**32.3**

[1] Surplus cash and near-cash investments are defined as cash and cash equivalents and investment funds callable at sight, less cash needed for operations.

FFO to debt declined versus the prior year, primarily due to the decrease in our liquidity as a result of higher capital expenditure. Funds from operations also decreased slightly in the reporting year.

Cash and liquidity managed centrally

The cash and liquidity of our globally active subsidiaries is managed centrally by Corporate Treasury. More than 80% 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' intragroup revenue is also pooled and managed by our in-house bank in order to avoid external bank charges and margins through intercompany clearing. Payment transactions are executed in accordance with uniform guidelines using standardised processes and IT systems.

Limiting market risk

The Group uses both primary and derivative financial instruments to limit market risk. Interest rate risk is managed exclusively via 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.

Note 48

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 as well as providing adequate flexibility. Our most important source of funds is net cash from operating activities.

Since our liquidity remains good, the five-year syndicated credit facility issued in December 2010 at a total volume of €2 billion was not drawn down during the year under review. This syndicated credit facility guarantees us favourable market conditions and acts as a secure, long-term liquidity reserve. It does not contain any covenants concerning the Group's financial indicators.

As part of our banking policy, we 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, including 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.

In view of the fact that the bond issued by Deutsche Post Finance B.V. in the amount of €0.7 billion will fall due in October 2012, as well as of the European Commission's state aid ruling, the Board of Management has decided to establish a Debt Issuance Programme in the amount of €3 billion. This offers us the possibility of issuing bonds in customised tranches up to a stipulated total amount and enables us to react flexibly to changing market conditions.

Note 51

Group issues 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 remains adequate

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.

standardandpoors.com, moodys.com

The creditworthiness of our Group is reviewed on an ongoing basis by rating agencies Standard & Poor's and Moody's Investors Service. In the second half of 2011, both agencies confirmed their ratings of "BBB+" and "Baa1", respectively. This means that the capacity of the Group to meet its financial obligations continues to be classified as adequate. Deutsche Post DHL is well positioned in the transport and logistics sector with these ratings. 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. The effects of the EU state aid ruling are described in the outlook section of the Annual Report.

dp-dhl.com/en/investors.html

Note 51

A.24 Agency ratings

	+ Rating factors	− Rating factors
Standard & Poor's Long-term: BBB+[1] Short-term: A-2[1] Outlook: stable[1]	• Global network, with leading market positions in international European and Asian express delivery services. • Dominant position in the German mail market. • Largest global integrated logistics provider. • Strong diversification and good scale benefit.	• Structural volume decline in the mail business and margin dilution from the lower-margin logistics business. • Regulatory risk evidenced by recent legislation where Deutsche Post lost its value-added-tax exemption for business customers. • Significant exposure to the cyclical, highly fragmented and fairly low-margin integrated logistics markets.
Moody's Investors Service Long-term: Baa1 Short-term: P-2 Outlook: stable	• Scale and global presence as one of the largest logistics companies in the world. • Large and relatively robust mail business. • Success in restoring profitability at the logistics activities while reducing the negative impact of a change in VAT treatment at the MAIL division. • Improved liquidity profile thanks to syndicated credit facility and conservative financial profile of the Group. • Improving operating performances and key credit metrics.	• Exposure to mature mail business and overall macroeconomic trends. • Increased liberalization of the German mail market.

[1] Credit watch negative.

Liquidity and sources of funds

As at the balance sheet date, the Group had cash and cash equivalents of €3.1 billion (previous year: €3.4 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 and these short-term money market investments had a volume of €1.8 billion at the balance sheet date.

The financial liabilities reported in our balance sheet break down as follows:

A.25 Financial liabilities

€m	2010	2011
Bonds	1,682	1,659
Due to banks	359	163
Finance lease liabilities	210	175
Liabilities to Group companies	137	102
Liabilities at fair value though profit or loss	115	137
Other	4,519	4,774
	7,022	**7,010**

The largest single items are the two listed bonds issued by 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.

Other financial liabilities mainly comprise the transaction with Deutsche Postbank AG shares in the form of a mandatory exchangeable bond, cash collateral and a hedging liability. Further information on recognised financial liabilities is contained in the Notes. Note 44

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

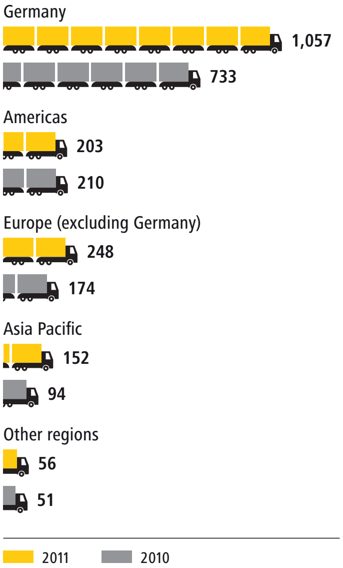
A.26 Operating lease liabilities by asset class

€m	2010	2011
Land and buildings	5,554	5,294
Technical equipment and machinery	115	80
Other equipment, operating and office equipment, transport equipment, miscellaneous	471	486
Aircraft	951	765
	7,091	**6,625**

Operating lease obligations decreased significantly year-on-year to €6.6 billion because the reduction in the remaining terms of legacy agreements, especially for real estate and aircraft, is not matched by the same volume of new leases. Note 50

A.27 Capex by region

€m



Capital expenditure rises in line with expectations

The Group's aggregate capital expenditure (capex) amounted to €1,716 million at the end of 2011 (previous year: €1,262 million), up 36%.

Funds were used mainly to replace and increase assets as follows: €1,430 million was invested in property, plant and equipment and €286 million in intangible assets excluding goodwill. Investments in property, plant and equipment were mainly attributable to advance payments and assets under development (€637 million). Of this amount, 45% was allotted to Express Aviation. The remaining investments in property, plant and equipment were distributed as follows: transport equipment (€277 million), technical equipment and machinery (€238 million), IT equipment (€95 million) and other operating and office equipment (€87 million).

Our investments continued to focus strongly on Europe, the Americas and Asia. Within Europe, investments were centred on Germany and the UK, whereas in the Americas, key focus was on the United States, Mexico, Canada and Brazil. In Asia Pacific investments centred on China, India, Australia and Singapore.

A.28 Capex and depreciation, amortisation and impairment losses, full year

	MAIL		EXPRESS		GLOBAL FORWARDING, FREIGHT		SUPPLY CHAIN		Corporate Center/ Other		Group	
	2010 adjusted	2011	2010	2011	2010	2011	2010 adjusted	2011	2010	2011	2010	2011
Capex (€m)	446	433	286	602	102	135	214	252	214	294	1,262	1,716
Depreciation, amortisation and impairment losses (€m)	332	354	373	337	98	101	289	287	204	195	1,296	1,274
Ratio of capex to depreciation, amortisation and impairment losses	1.34	1.22	0.77	1.79	1.04	1.34	0.74	0.88	1.05	1.51	0.97	1.35

A.29 Capex and depreciation, amortisation and impairment losses, Q4

	MAIL		EXPRESS		GLOBAL FORWARDING, FREIGHT		SUPPLY CHAIN		Corporate Center/ Other		Group	
	2010 adjusted	2011	2010	2011	2010	2011	2010 adjusted	2011	2010	2011	2010	2011
Capex (€m)	146	200	134	245	34	61	81	73	104	96	499	675
Depreciation, amortisation and impairment losses (€m)	103	119	87	88	25	26	74	78	48	49	337	360
Ratio of capex to depreciation, amortisation and impairment losses	1.42	1.68	1.54	2.78	1.36	2.35	1.09	0.94	2.17	1.96	1.48	1.88

MAIL invests in technology and quality leadership

Capital expenditure in the MAIL division fell in the reporting year from €446 million to €433 million. Investments related in particular to technical equipment and machinery (€138 million), internally generated software (€90 million) and other operating and office equipment (€62 million). We continue to invest in our technology and quality leadership in the mail market: the flat sorters purchased have a higher throughput and CO_2 efficiency to further improve delivery. We are also testing carbon-neutral delivery and taking measures intended to ease the work load of our employees, for example by buying e-bikes, work clothing and new operating equipment. We have expanded electronic platforms such as the E-Postbrief and our *DieRedaktion.de* journalists' portal. To consolidate and expand our market leadership in Germany, we made major investments in our parcel business during 2011. One focus was our Production Concept 2012, which is aimed at establishing flexible IT structures and systems and adjusting production capacities to increasing shipment volumes. To meet customer demand, we expanded our network of Packstations. We continued to extend our *MeinPaket.de* shopping portal for small and medium-sized e-commerce retailers to strengthen this customer group's ties with our company. We also restructured and improved the retail outlet network of Deutsche Post AG.

EXPRESS strengthens infrastructure

In the EXPRESS division, capital expenditure rose by 110% to €602 million (previous year: €286 million). During 2010 investments had been scaled back in the light of the global economic crisis. In the reporting year the investing activity was resumed to meet our regular investment requirements and actually increased in line with our strong growth. Capital expenditure in property, plant and equipment related mainly to advance payments and assets under development (€429 million), technical equipment and machinery (€50 million), aircraft (€36 million), IT (€21 million) and transport equipment (€20 million). Investments in intangible assets related to software (€7 million), as well as to advance payments and intangible assets under development (€3 million).

The advance payments and investments were primarily made to purchase new aircraft and carry out regulatory maintenance of the existing fleet. The ground network infrastructure has been strengthened throughout the regions. In the Asia Pacific region, we are currently investing in our new North Asia Hub in Shanghai. We have also bolstered our presence in the growth markets of India and China. In the Americas region, we focused investment on Mexico, Canada and our hub in Cincinnati (USA). In Europe, we modernised our Leipzig hub as well as terminals in Italy, the UK, Austria and Sweden.

GLOBAL FORWARDING, FREIGHT expands IT solutions

In the GLOBAL FORWARDING, FREIGHT division, a total of €135 million was invested in the year under review (previous year: €102 million). Of this figure, €100 million was attributable to the Global Forwarding business unit, where we continued to improve IT solutions for our global applications. Additionally, we fitted out and modernised our warehouses, especially in the Asia Pacific and Europe regions.

Funds of €35 million were invested in the Freight business unit, where they were used primarily for property, plant and equipment and transport equipment in the UK and Germany.

SUPPLY CHAIN invests in growth

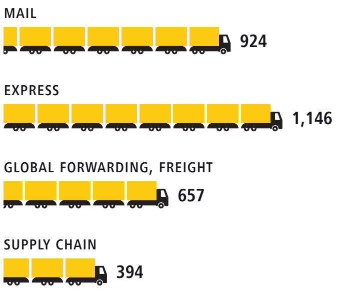
In the SUPPLY CHAIN division, capex rose by 18% compared with the prior year to €252 million (previous year: €214 million). Of that amount, €223 million related to the Supply Chain business unit, €26 million to the Williams Lea business and €3 million to central entities. Approximately 60% of the funds were used to support new business. The Americas region focused on new business investments, primarily in the Consumer, Retail, Life Sciences & Healthcare sectors and in Latin America in the Automotive sector. In the UK, there has been continued investment within the Retail and Consumer sectors to expand the warehousing and transport solutions for new and existing customers, along with major investments in the Life Sciences & Healthcare sector to assist with start-ups and ongoing transport operations. Capital expenditure was significantly lower in other parts of Europe, where most funds were expended for replacement and renewal investments. In our Williams Lea business unit we concentrated primarily on marketing solutions and IT development.

Cross-divisional investments increase

Cross-divisional capital expenditure rose from €214 million in 2010 to €294 million in 2011. Capital expenditure for the purchase of vehicles had been considerably reduced in previous years, resulting in a significantly higher demand for new vehicles in the reporting year. IT investments increased as well, essentially due to licence purchases.

A.30 Operating cash flow by division, 2011

€m



Increase in net cash from operating activities

Net cash from operating activities rose €444 million in 2011 to €2,371 million. This was largely attributable to the improved EBIT and the cash inflow from changes in working capital. Gains from disposals of non-current assets in the amount of €54 million (previous year: losses of €279 million) have been adjusted in the net loss from disposal of non-current assets line item. The resulting cash flow is presented in net cash used in investing activities. The cash inflow before changes in working capital also increased, up from €2,109 million to €2,234 million. The cash inflow of €137 million from changes in working capital is mainly due to the smaller increase in receivables and other assets than in the previous year. In 2010, changes in working capital resulted in a cash outflow of €182 million.

A.31 Selected cash flow indicators

€m	2010	2011
Cash and cash equivalents as at 31 December	3,415	3,123
Change in cash and cash equivalents	284	–305
Net cash from operating activities	1,927	2,371
Net cash from/used in investing activities	8	–1,129
Net cash used in financing activities	–1,651	–1,547

Net cash used in investing activities amounted to €1,129 million. Investments in property, plant and equipment (€1,716 million) were the most significant item in this area. These were used mainly to expand our European and Asian infrastructures and modernise our IT, and for investments in the aircraft fleet. Disposals of non-current assets resulted in a net cash inflow of €285 million, compared with a net cash outflow of €12 million in the previous year, which was due in part to the sale of the day-definite domestic express business in France and the UK. The proceeds from the sale of subsidiaries and other business units amounting to €58 million in the reporting year were mainly attributable to the sale of Exel Transportation Service and of DHL Express Canada's domestic express business. €84 million was used to acquire subsidiaries and other business units, mainly for the purchase of Tag, Eurodifarm and Standard Forwarding. In the previous year, net cash from investing activities amounted to €8 million, mainly due to the sale of money market funds in the amount of €1,200 million. During the year under review, we sold money market funds in the amount of €403 million.

In the past, free cash flow was characterised by substantial changes in financial assets. In order to improve the informative value of free cash flow from an operating perspective, we have changed the way we report this indicator, as shown in the following table.

A.32 Calculation of free cash flow

€m	2010	2011	Q4 2010	Q4 2011
Net cash from operating activities	**1,927**	**2,371**	**1,025**	**1,262**
Sale of property, plant and equipment and intangible assets	198	211	72	17
Acquisition of property, plant and equipment and intangible assets	–1,174	–1,716	–425	–646
Cash outflow arising from change in property, plant and equipment and intangible assets	**–976**	**–1,505**	**–353**	**–629**
Disposal of subsidiaries and other business units	–265	58	3	–1
Acquisition of subsidiaries and other business units	–74	–84	0	–14
Cash outflow arising from acquisitions/divestments	**–339**	**–26**	**3**	**–15**
Interest received	55	72	19	17
Interest paid	–183	–163	–47	–27
Net interest paid	**–128**	**–91**	**–28**	**–10**
Free cash flow	**484**	**749**	**647**	**608**

Free cash flow increased from €484 million in the previous year to €749 million. In the fourth quarter of 2011, free cash flow changed from €647 million in the previous year to €608 million.

Net cash used in financing activities declined by €104 million year-on-year to €1,547 million. The largest item in this area was the dividend payment to our shareholders, which increased by €61 million to €786 million. In addition, the change in financial liabilities resulted in a €224 million decline in the cash outflow year-on-year, to €417 million due in part to the early repayment of a municipal bond in the previous year.

Cash and cash equivalents fell from €3,415 million as at 31 December 2010 to €3,123 million due to the changes in the cash flows from the individual activities.

Assets and liabilities

A.33 Selected indicators for net assets

		2010	2011
Equity ratio	%	28.3	29.2
Net liquidity (–)/net debt (+)	€m	–1,382	–938
Net interest cover		14.3	26.8
FFO to debt[1]	%	35.2	32.3

[1] Calculation Financial position, page 50.

Consolidated total assets increase

The Group's total assets amounted to €38,408 million as at 31 December 2011, €645 million higher than at 31 December 2010.

Since the planned sale of Postbank is expected to take place in less than 12 months, it was necessary to reclassify all of the associated non-current assets and liabilities to the relevant current balance sheet items. In addition, the carrying amount of the investment in Postbank was reclassified as held for sale.

These reclassifications were the main reason why non-current assets declined by €3,268 million to €21,225 million: investments in associates and non-current financial assets decreased by €1,797 million and €2,509 million respectively. Intangible assets rose by €348 million to €12,196 million, largely because the acquisition of Tag, Eurodifarm and Standard Forwarding and currency translation differences increased goodwill. At €6,493 million, property, plant and equipment also exceeded the previous year's level (€6,130 million). A large proportion of this is attributable to investments in infrastructure. Deferred tax assets increased by €180 million to €1,153 million year-on-year.

At €17,183 million, current assets were €3,913 million higher than at 31 December 2010. Current financial assets rose from €655 million to €2,498 million, largely as a result of the above-mentioned reclassifications in connection with the sale of Postbank. The positive business performance also had an impact on receivables and other current assets, which increased from €8,641 million to €9,089 million. By contrast, cash and cash equivalents declined from €3,415 million to €3,123 million. Assets held for sale increased from €113 million to €1,961 million as at the reporting date, mainly because the remaining equity interest in Postbank was reclassified.

At €11,009 million, equity attributable to Deutsche Post shareholders was €498 million or 4.7% higher than at 31 December 2010. Whilst consolidated net profit for the period and positive currency effects increased equity, it was reduced by the dividend payment to our shareholders.

Current and non-current liabilities increased by €561 million from €17,640 million to €18,201 million, primarily because trade payables rose by €461 million to €6,168 million. At €4,106 million, other current liabilities were slightly higher than the prior-year figure (€4,047 million). At €7,010 million, financial liabilities remained practically unchanged from their level as at 31 December 2010 (€7,022 million). However, there was a fundamental change in the maturity structure: the liabilities relating to the planned Postbank sale were reclassified from non-current financial liabilities to current financial liabilities, in line with the methodology applied to the related assets. Current and non-current provisions were reduced from €9,427 million to €9,008 million, mainly due to the utilisation of restructuring provisions.

Balance sheet indicators remain positive

Our net liquidity declined from €1,382 million as at 31 December 2010 to €938 million as at 31 December 2011, in part because cash paid to acquire property, plant and equipment and intangible assets increased substantially to €1,716 million (previous year: €1,174 million). The equity ratio improved by 0.9 percentage points to 29.2%. Net interest cover shows the extent to which net interest obligations are covered by EBIT. This indicator increased from 14.3 to 26.8. As we have net liquidity, the informative value of net gearing is limited. We therefore do not present or comment on it here.

A.34 Net liquidity (–)/net debt (+)

€m	2010	2011
Non-current financial liabilities	6,275	1,346
+ Current financial liabilities	747	5,588
= Financial liabilities	7,022	6,934
– Cash and cash equivalents	3,415	3,123
– Current financial assets	655	2,498
– Long-term deposits[1]	120	56
– Positive fair value of non-current financial derivatives[1]	2,531	94
= Financial assets	6,721	5,771
– Financial liabilities to Williams Lea minority shareholders	28	36
– Mandatory exchangeable bond[2]	2,796	2,926
– Collateral for the put option[2]	1,248	1,298
+ Net effect from measurement of Postbank derivatives[3]	2,389	2,159
= Non-cash adjustments	1,683	2,101
Net liquidity (–)/net debt (+)	–1,382	–938

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

DIVISIONS

Overview

A.35 Key figures by operating division

€m	2010 adjusted	2011	+/–%	Q4 2010 adjusted	Q4 2011	+/–%
MAIL						
Revenue	13,913	13,973	0.4	3,825	3,853	0.7
of which Mail Communication	5,597	5,430	–3.0	1,487	1,458	–2.0
Dialogue Marketing	2,595	2,605	0.4	713	690	–3.2
Press Services	797	782	–1.9	209	201	–3.8
Value-Added Service	229	238	3.9	59	66	11.9
Parcel Germany	2,927	3,179	8.6	888	972	9.5
Retail Outlets	800	822	2.8	217	226	4.1
Global Mail	1,735	1,693	–2.4	480	467	–2.7
Pension Service	102	100	–2.0	24	23	–4.2
Consolidation/Other	–869	–876	–0.8	–252	–250	0.8
Profit from operating activities (EBIT)	1,120[2]	1,107	–1.2	224[3]	246	9.8
Return on sales (%)[1]	8.1	7.9	–	5.9	6.4	–
Operating cash flow	1,042	924	–11.3	544	487	–10.5
EXPRESS						
Revenue	11,111	11,766	5.9	2,904	3,122	7.5
of which Europe	4,960	5,009	1.0	1,270	1,318	3.8
Americas	1,831	1,887	3.1	478	489	2.3
Asia Pacific	3,374	3,718	10.2	897	996	11.0
EEMEA (Eastern Europe, the Middle East and Africa)	1,216	1,284	5.6	326	351	7.7
Consolidation/Other	–270	–132	51.1	–67	–32	52.2
Profit from operating activities (EBIT)	497[4]	927	86.5	218[5]	248	13.8
Return on sales (%)[1]	4.5	7.9	–	7.5	7.9	–
Operating cash flow	904	1,146	26.8	251	454	80.9
GLOBAL FORWARDING, FREIGHT						
Revenue	14,341	15,044	4.9	3,898	3,936	1.0
of which Global Forwarding	10,725	11,094	3.4	2,914	2,907	–0.2
Freight	3,735	4,088	9.5	1,018	1,064	4.5
Consolidation/Other	–119	–138	–16.0	–34	–35	–2.9
Profit from operating activities (EBIT)	383[6]	429	12.0	131[7]	126	–3.8
Return on sales (%)[1]	2.7	2.9	–	3.4	3.2	–
Operating cash flow	244	657	>100	141	260	84.4
SUPPLY CHAIN						
Revenue	13,061	13,223	1.2	3,502	3,548	1.3
of which Supply Chain	11,997	11,999	0.0	3,209	3,182	–0.8
Williams Lea	1,062	1,225	15.3	294	367	24.8
Consolidation/Other	2	–1	–	–1	–1	–
Profit from operating activities (EBIT)	231[8]	362	56.7	46[9]	73	58.7
Return on sales (%)[1]	1.8	2.7	–	1.3	2.1	–
Operating cash flow	343	394	14.9	125	183	46.4

1 EBIT/revenue.
2 Before non-recurring items (adjusted): €1,154 million.
3 Before non-recurring items (adjusted): €254 million.
4 Before non-recurring items: €785 million.
5 Before non-recurring items: €239 million.
6 Before non-recurring items: €390 million.
7 Before non-recurring items: €132 million.
8 Before non-recurring items (adjusted): €272 million.
9 Before non-recurring items (adjusted): €62 million.

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
- 65 million letters per working day
- 2.9 million parcels per working day

BUSINESS UNITS AND MARKET POSITIONS

The postal service for Germany

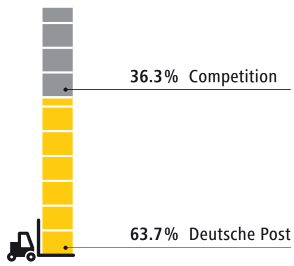
Deutsche Post DHL is Europe's largest postal company. We deliver 65 million letters every working day in Germany alone. We offer all types of products and services to both private and business customers, ranging from standard letters and merchandise to special services such as cash on delivery and registered mail. Customer service is always our number one priority: today, our customers can purchase stamps at retail outlets, stamp dispensers, online or via text message.

Our E-Postbrief product, launched in July 2010, provides a secure, confidential and reliable platform for electronic communication. It can be used for everything from personalised customer communication to bulk mailing. E-Postbrief allows companies, public authorities and private individuals not only to meet high security standards but also to reduce processing costs.

Our mail business is focused on Germany, where the mail market has been fully liberalised since the beginning of 2008. Since July 2010, we have been required to apply value added tax to revenues generated from business customers. Since then competition has become more intense, whilst at the same time the increasing use of electronic communication is resulting in a continuing shrinkage of the German mail market. In the year under review, the market for business communications was approximately €4.3 billion (previous year, adjusted: €4.6 billion). We adjusted how we present the market shares to more precisely reflect actual market conditions. Here we report on the competitive business customer market. We now indicate those companies that are service providers

A.36 Domestic mail communication market, business customers 2011

Market volume: €4.3 billion

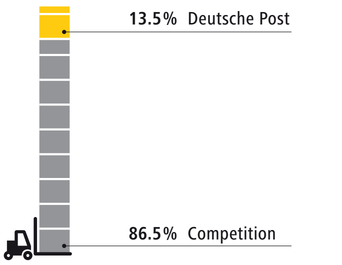


Source: company estimate.

to business customers, i.e., both competitors who offer end-to-end solutions as well as consolidators who offer partial services. Our market share declined slightly from 64.4% to 63.7%.

A.37 Domestic dialogue marketing market, 2011

Market volume: €18.5 billion



Source: company estimate.

Targeted and cross-media advertising

Advertisers can use our solutions to design and print advertising mail themselves and send it at reasonable rates via our company. Dialogue marketing is only effective if addresses are constantly updated without breaching data protection regulations. We provide our customers with online tools and services to ensure the quality of their addresses and for the efficient identification of target groups. Companies may rent addresses from these identified target groups from us for their own advertising campaigns as needed. We also offer our customers a broad range of digital dialogue marketing solutions to use for cross-media and targeted communication.

The German dialogue marketing market comprises advertising mail along with telephone and e-mail marketing. In the reporting year, this market shrank slightly by 1.1% year-on-year to a volume of €18.5 billion. Some companies considerably reduced advertising expenditure, especially the charitable sector and lottery organisations. We were able to achieve a slight increase in our share of this highly fragmented market to 13.5%.

Newspaper and magazine subscriptions

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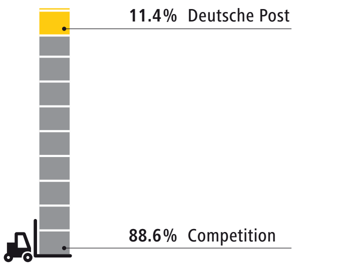
Glossary, page 250

We deliver newspapers and magazines throughout Germany and on the day specified by the customer. Our Press Services business unit offers customers two products in this context: preferred periodicals, which is the traditional method publishers use to post the publications to which their customers have subscribed, and standard periodicals, which companies primarily use to distribute customer or employee magazines via Deutsche Post DHL. We also partner with publishers to sell subscriptions to over 500 newspapers and magazines both online and offline as part of our Deutsche Post *Leserservice*, a service that has seen much success. Our special services include electronic address updating as well as complaint and quality management. In addition, we offer publishers and journalists an online marketplace for journalistic content: *DieRedaktion.de*.

A.38 Domestic press services market, 2011

Market volume: 15.9 billion items



Source: company estimate.

According to company estimates, the German press services market had a total volume of 15.9 billion items in 2011, a decline of 3.0% on the prior year. Newspaper and magazine circulation has decreased although weights have seen a slight recovery. Our competitors are mainly companies that deliver regional daily newspapers. In an overall shrinking market, we continued to maintain our share at 11.4%.

Value-added services support customers' mail communications

Our customers entrust us with components of their mail communications value chain. 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

At some 20,000 retail outlets and points of sale, around 2,500 Packstations and around 1,000 Paketboxes, we are available for our customers practically everywhere to send and collect parcels and small packages at any time they like. We ship about 2.9 million of these items in Germany each working day. Our Packstations are located in approximately 1,600 towns and cities across Germany. Nearly 90% of all residents in Germany are just about ten minutes or less away from the nearest Packstation.

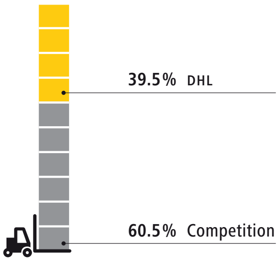
Private customers can also go online to purchase shipping boxes, buy postage for parcels, place collection orders and track items.

We are also continually evolving our services for business customers. We transport catalogues, goods and returns and we support both online buyers and sellers, a business that continues to boom, from the moment the order is placed and the purchase is made to shipping the product and hedging against non-payment. Our shopping portal, *MeinPaket.de*, is a pertinent example. Designed with small and medium-sized retailers in mind, customers can use it to position their products online. *MeinPaket.de* places security for retailers and shoppers at centre stage. The site uses a central checkout function that allows customers to make purchases in a secure environment. With our Home Delivery service we can now also offer our customers in Germany transport services for heavy shipments such as furniture or large appliances.

The German parcel market volume totalled around €7.3 billion in 2011, nearly 7% more than the prior year. For years now, e-commerce has been a central driver of growth. In 2011 Germans purchased products online at record levels, leading to another year of double-digit growth in e-commerce. This had a positive impact on growth in the mail-order and parcel services businesses. Overall, we expanded our market share in the reporting year to approximately 40%.

A.39 Domestic parcel market, 2011

Market volume: €7.3 billion



Source: company estimate.

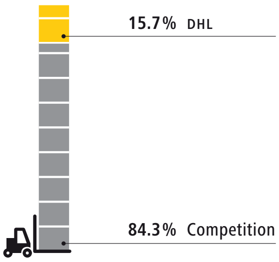
Sending mail and small packages internationally

Our core market of Germany is not the only place in which we offer our services. We also carry mail across borders and offer international dialogue marketing services. In addition, we serve business customers in key domestic mail markets, including the United States, the UK and Spain. Since the end of 2010 we have offered return services to online retailers in ten European countries, this is a service we intend to expand in 2012.

Delivering high-quality services is important to us. We rank amongst the top postal companies in the world in terms of transit times, and 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. Foreign customers tap into our expertise and experience in order to do business successfully on the German market.

A.40 International mail market, 2011 (outbound)

Market volume: €6.9 billion



Source: company estimate.

The global market volume for outbound international mail was approximately €6.9 billion in 2011 (previous year, adjusted on account of new UPU figures: €6.7 billion). The market is growing because the economy is recovering from the crisis and more heavy items are being shipped instead of simple letters. Despite increasing competition, we were able to grow with the market and maintain our share of 15.7%.

REVENUE AND EARNINGS PERFORMANCE

Revenue slightly above prior year on fewer working days

As at 1 July 2011, we transferred the Home Delivery business in Germany from the SUPPLY CHAIN division to the MAIL division. We report on this service for deliveries to both private and business customer addresses as part of our Parcel Germany business unit.

Through the third quarter of 2011, part of the reduction in revenue resulting from customer discounts was recognised under materials expense rather than revenue. The prior-year figures were adjusted.

In the year under review, revenue was €13,973 million, slightly above the prior year's figure of €13,913 million despite the fact that the number of working days was down by 0.3. The fourth quarter contained 1.1 working days fewer than the same period in the prior year.

Since 1 July 2010, we have been required to apply VAT to revenues generated from business customers. In order to retain this key customer group, we increased our graduated discount scale, which lowered our revenue. We encountered negative currency effects of €23 million in the year 2011.

Number of business customer letters stable

In the Mail Communication business unit, we delivered the same volume of letters on behalf of our business customers as we did in the prior year. The fact that there were 1.1 fewer working days was only noticeable in the fourth quarter. Revenue in financial year 2011 declined from €5,597 million to €5,430 million on account of the increased discounts. Even though we retained and won quality-conscious customers, some of our price-sensitive customers turned to competitors.

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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.41 Mail Communication: volumes

mail items (millions)	2010	2011	+/– %	Q4 2010	Q4 2011	+/– %
Business customer letters	6,566	6,564	0.0	1,742	1,697	–2.6
Private customer letters	1,260	1,245	–1.2	378	362	–4.2
Total	**7,826**	**7,809**	**–0.2**	**2,120**	**2,059**	**–2.9**

Addressed advertising mail up slightly

In the Dialogue Marketing business unit, we optimised our portfolio in the fourth quarter, which meant cutting ties with a number of customers. Sales volumes were down slightly whilst profitability improved. In the first three quarters of the reporting year, sales volumes increased for addressed advertising mail and for our product *Einkauf-aktuell*. Customers are again expanding their advertising budgets. In the reporting year, revenue in the Dialogue Marketing business unit was up 0.4% to €2,605 million (previous year: €2,595 million).

A.42 Dialogue Marketing: volumes

mail items (millions)	2010	2011	+/– %	Q4 2010	Q4 2011	+/– %
Addressed advertising mail	6,074	6,123	0.8	1,697	1,660	–2.2
Unaddressed advertising mail	4,285	4,105	–4.2	1,247	1,149	–7.9
Total	**10,359**	**10,228**	**–1.3**	**2,944**	**2,809**	**–4.6**

Press services revenue down

Revenue in the Press Services business unit totalled €782 million in the reporting year, 1.9% below the prior-year figure of €797 million. Circulations continued their downwards trend in the German press services market and some publications were discontinued. Nevertheless, average publication weights remained stable.

Value-added service business grows considerably

Revenue in the Value-Added Services business unit reached €238 million in the reporting year, exceeding the prior year's figure of €229 million by 3.9%. The rise was even more palpable in the fourth quarter, during which revenue was up 11.9% to €66 million (previous year, adjusted: €59 million). We were able to generate growth above all in our document management and mailroom services.

Strong growth trend in parcel business continues

In our Parcel Germany business unit, revenue in the reporting year was €3,179 million, exceeding the prior-year figure of €2,927 million. This reflects growth of a pleasing 8.6%. The fourth quarter saw even higher revenue, rising 9.5% to €972 million (previous year: €888 million). The flourishing e-commerce business is the primary reason for this strong growth. Our range of products and delivery services are playing a significant role in this growth. With our Home Delivery service, since the middle of 2011 we have now also been able to offer our customers in Germany transport services for heavy shipments such as furniture or large appliances.

A.43 Parcel Germany: volumes

parcels (millions)	2010 adjusted	2011	+/– %	Q4 2010 adjusted	Q4 2011	+/– %
Business customer parcels[1]	678	755	11.4	201	226	12.4
Private customer parcels	114	115	0.9	38	39	2.6
Total	**792**	**870**	**9.8**	**239**	**265**	**10.9**

[1] Including intra-group revenue.

Retail outlets generate increased revenue

Revenue generated by our approximately 20,000 retail outlets and sales points amounted to €822 million in the reporting year, a 2.8% increase over the previous year (€800 million). Growth in the fourth quarter amounted to 4.1%.

International mail portfolio adjusted

In the Global Mail business, revenue and volumes declined year-on-year primarily because we discontinued the bulk mail business in the Netherlands. Full-year 2011 revenue was €1,693 million, 2.4% below the prior year (€1,735 million). In the fourth quarter, revenue declined by 2.7% to €467 million (previous year: €480 million). Revenue in the reporting year was impacted by negative currency effects of €23 million. We saw encouraging growth in our traditional export business and in international mail from the United States and the Asia Pacific region.

A.44 Mail International: volumes

mail items (millions)	2010	2011	+/–%	Q4 2010	Q4 2011	+/–%
Global Mail	6,005	2,987	–50.3	1,497	638	–57.4

EBIT below prior year's high figure due to VAT

EBIT in the MAIL division was €1,107 million in financial year 2011, 1.2% below the prior year's high figure of €1,120 million. The VAT-related discounts in the mail business and expenses from investments in digital growth areas put pressure on earnings. In the fourth quarter of 2011, earnings improved from €224 million to €246 million. Return on sales was 7.9% in the reporting year.

Operating cash flow was €924 million (previous year, adjusted: €1,042 million). This was impacted by the VAT requirement introduced on 1 July 2010 and the changes in working capital associated with it. Working capital was €–913 million and below the prior-year figure of €–947 million.

EXPRESS division

PRODUCTS	REGIONS	NETWORK
DHL Time Definite	Europe	220 countries and territories
DHL Same Day	Americas	3 main global hubs
DHL Day Definite	Asia Pacific	34,000 Service Points
	EEMEA (Eastern Europe, the Middle East and Africa)	2.5 million customers
		31,000 vehicles

BUSINESS UNITS AND MARKET POSITIONS

World market leader for international express services

In the EXPRESS division, we transport urgent documents and goods reliably and on time from door to door. Our network spans more than 220 countries and territories, in which some 100,000 employees provide services for more than 2.5 million customers. As a global network operator that applies standardised processes, 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 and respond specifically to customers' wishes. It is not by accident that DHL is the world market leader in international express services.

Standardised portfolio of 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 Collect and Return and Medical Express. Customers in high-tech industries in particular use our Collect and Return service, in which goods in need of repair are collected from the end user, taken in for repairs and then returned to the user.

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DHL has also increased activities for customers in the Life Sciences & Healthcare sector, as well as improving processes in clinical trials transport and introducing globally applicable standards. Since 2011 we have tracked all Medical Express shipments in real time at our quality control centres. This allows us to respond immediately to any disruptions in the process of transporting these ultra-sensitive shipments.

In our Same Day product line, we have expanded our DHL Jetline service to a number of countries, including India. Urgent shipments requiring same-day delivery are collected within one hour of the customer's order and flown on the next flight to reach their destination as soon as possible. This is made possible by our comprehensive and flexible network.

We work constantly on making it as easy as possible for customers to do business with us. Customers can use the new Receiver Paid service to import documents and goods from more than 220 countries and territories, even if they are not registered with us, and thus benefit from our global presence. Our customer service takes the order directly and the customer pays the invoice upon collecting the shipment at one of our Service Points.

Our aircraft fleet – economical and ecological all over the world

In 2011, we increased the capacity of our intercontinental aircraft fleet by adding four Boeing 747s and one 777. This allows us to offer our customers additional connections between Europe, Asia and America, which improves our service and shortens delivery times.

To meet the rising demand in Asia, we put two additional Boeing 747s into operation during the reporting year to service the regional routes between Hong Kong and Shanghai and between Hong Kong and Tokyo. For routes within Europe, we have purchased eighteen Airbus A300-600s that are currently being converted in Dresden from passenger aircraft to freighters and which will be delivered to us successively until 2013. The new aircraft will not only enable us to expand our capacity in response to increasing demand but will also contribute to meeting climate protection goals. Compared with the old aircraft, the new aircraft will use up to 20% less fuel and emit less CO_2. We are thus supporting the Group's sustainability strategy. Another key factor is how aircraft capacity is utilised. Our load factor is approximately 75% on intercontinental routes, which is again well over the international sector average of approximately 51%.

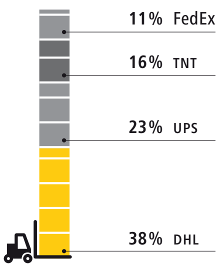
Corporate responsibility, page 87

Well positioned in the global express business

DHL has again succeeded in maintaining its leading position in the international express business. As in the previous year, we led the international express market in all regions outside of the Americas. Moreover, we are continuing to expand our presence and infrastructure in growth markets such as Asia, for example through construction of the North Asia Hub in Shanghai, which will go into operation in 2012.

A.45 European international express market, 2010[1,2]: top 4

Market volume: €5,788 million



[1] Includes the TDI express product.
[2] Country base: BE, CH, DE, ES, FR, IE, IT, NL, PL, SE, UK.

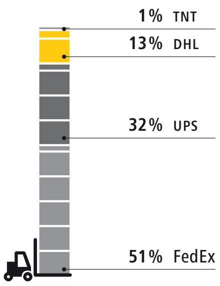
Source: Market Intelligence 2011, annual reports and desk research.

Leading position in Europe maintained

In Europe, we raised our market share in the international express segment to 38% in 2010, thus remaining the market leader. To meet increasing demand we expanded the loading area at our Leipzig hub. A total of 3,000 new jobs were created in the region. The site is becoming increasingly important globally: more than 50 aircraft take off and land in Leipzig each day. This testifies to the success of our focus on the international express business and the improvement of our service quality.

A.46 Americas international express market, 2010[1,2]: top 4

Market volume: €5,387 million



[1] Includes the TDI express product.
[2] Country base: BR, CA, MX, US.

Source: Market Intelligence 2011, annual reports and desk research.

Demand rises in the Americas region

Our focus on the international express business has also continued to prove fruitful in the US market. In 2011, we expanded our global hub in Cincinnati in order to meet rising demand from international customers for time-critical shipments.

In September, we launched a direct route between Cincinnati and Panama. The new route cuts one day off delivery time from all locations in the USA, Canada, Asia and the Caribbean islands to Panama and from Panama to all DHL destinations worldwide.

At the end of June 2011 we divested our domestic business in Canada. However, we agreed on a ten-year partnership with TransForce, the new owner. This allows us to take optimum advantage of our respective strengths in the international and domestic segments for the benefit of our customers.

Market leadership strengthened in Asia

In Asia, we expanded our leading market position in the international express business by two percentage points to 36%. We have broadened our service in this important, profitable market with respect to guaranteed pre-9 and pre-12 deliveries: these shipments can now be sent to Europe to three times as many postcodes as before. Additionally, the number of Asian countries from which customers can send this product to the United States has doubled. Demand in the region for the product increased by 67%.

Following the devastating earthquake in Japan in March 2011, we were able to resume service after just 48 hours without endangering the safety of our employees or failing to adhere to any legal requirements. Due to the efforts of our employees, we had resumed full service quality after just one week.

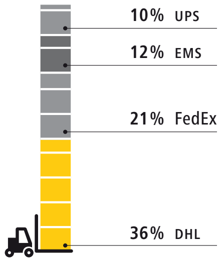
Constant growth in emerging markets

In the EEMEA region (Eastern Europe, the Middle East and Africa), recent market studies indicate that we improved our market share in the international express business by one additional percentage point to 47% compared with 2009. We have been growing steadily in these markets for many years, and our leading position has been confirmed at an even higher level.

In 2011 we were faced with special challenges due to political unrest in North Africa and the Middle East. Nonetheless we remained a reliable partner for our customers. In Bahrain, Egypt and Syria we were able to maintain our service. In other countries, disruptions occurred only when we were subject to legal restrictions or were not able to fully ensure the safety of our employees.

A.47 Asia Pacific international express market, 2010[1,2]: top 4

Market volume: €5,430 million

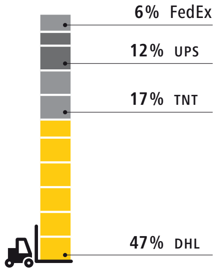


[1] Includes the TDI express product.
[2] Country base: AU, CN, HK, IN, JP, KR, SG, TW.

Source: Market Intelligence 2011, annual reports and desk research.

A.48 International express market in the EEMEA region, 2010[1,2]: top 4

Market volume: €544 million



[1] Includes the TDI express product.
[2] Country base: AE, RU, TR, ZA.

Source: Market Intelligence 2011, annual reports and desk research.

REVENUE AND EARNINGS PERFORMANCE

International shipment volumes boost revenue growth strongly

We increased revenue substantially in the EXPRESS division with a rise of 5.9% in 2011 to €11,766 million (previous year: €11,111 million). The increase occurred despite the fact that the prior-year figure still included revenue of €334 million from businesses that have since been sold: the day-definite domestic businesses in the UK and France and the domestic express businesses in China, Canada and Australia. Excluding these sales and negative currency effects of €226 million, revenue grew by an encouraging 10.9%. The rise in revenue was mainly attributable to the rise in international time-definite shipment volumes.

In the Time Definite International (TDI) product line, our customers sent 10.2% more shipments each day in the reporting year than in the prior year and weight per shipment rose by 6.9%. Additional revenues from fuel surcharges partially offset the higher fuel costs.

Per-day shipment volumes for the TDI product line again improved significantly in the fourth quarter, rising 11.6% compared with the fourth quarter of 2010 and even exceeding the annual average. The business disposals referred to above resulted in daily shipment volumes increasing by only 1.3% on the prior-year quarter in the Time Definite Domestic (TDD) product line and declining by 11.3% year-on-year in the Day Definite Domestic (DDD) product line.

A.49 EXPRESS: revenue by product

€m per day[1]	2010 adjusted	2011	+/–%	Q4 2010 adjusted	Q4 2011	+/–%
Time Definite International (TDI)	27.4	30.8	12.4	29.0	32.9	13.4
Time Definite Domestic (TDD)	5.0	5.2	4.0	5.3	5.2	–1.9
Day Definite Domestic (DDD)	4.8	3.6	–25.0	4.2	3.5	–16.7

[1] To assure comparability, product revenues were translated at uniform exchange rates. These revenues are also the basis for the weighted calculation of working days.

A.50 EXPRESS: volumes by product

thousands of items per day[1]	2010 adjusted	2011	+/–%	Q4 2010 adjusted	Q4 2011	+/–%
Time Definite International (TDI)	490	540	10.2	517	577	11.6
Time Definite Domestic (TDD)	643	684	6.4	678	687	1.3
Day Definite Domestic (DDD)	501	411	–18.0	468	415	–11.3

[1] To assure comparability, product revenues were translated at uniform exchange rates. These revenues are also the basis for the weighted calculation of working days.

Volumes up substantially in the Europe region

In the Europe region we posted revenue of €5,009 million in the reporting year, slightly surpassing last year's level of €4,960 million. The figure for 2010 still included revenue of €201 million related to the sold day-definite domestic businesses in the UK and France. Excluding these sales and positive currency effects of €10 million, the increase in revenue amounted to 4.8% and was primarily due to the considerable rise of 10.3% in daily shipment volumes in the TDI product line compared with the prior year.

At 12.2%, growth in daily TDI volumes was even higher in the fourth quarter of 2011 than for the year as a whole and in the preceding quarters.

Revenue up sharply in the Americas region

Revenue in the Americas region surpassed the prior-year amount, growing by 3.1% to €1,887 million in 2011 (previous year: €1,831 million). This figure includes the sale of our domestic express business in Canada in the amount of €109 million and negative currency effects of €116 million. Excluding these factors, revenue rose markedly in the Americas region with an increase of 15.3%.

Daily shipment volumes in the TDI product line grew by 12.5% year-on-year. At 15.1%, growth in the fourth quarter was even higher, primarily due to our sustained good business trend in the United States.

Asia Pacific region continues to drive express business

The Asia Pacific region continues to drive growth in our express business. Revenue climbed by 10.2% year-on-year to €3,718 million (previous year: €3,374 million), despite the fact that the prior-year figure still included revenue of €24 million from the sold domestic express businesses in China and Australia. Excluding these sales and negative currency effects of €50 million, the rise in revenue was an impressive 12.4% in the reporting year.

Per-day shipment volumes in the TDI product line increased by 10.3% in 2011 compared with the prior year, with fourth-quarter growth amounting to 10.5%.

Business in the EEMEA region improves steadily

Despite the challenges due to the political unrest in the Middle East, our revenue in the EEMEA region (Eastern Europe, the Middle East and Africa) rose by 5.6% to €1,284 million, up from €1,216 million in the previous year. This figure contains negative currency effects of €80 million. Excluding these effects, growth amounted to 12.2%. Daily shipment volumes increased on the prior year in all product lines.

EBIT reaches a record high

EBIT for the EXPRESS division rose from €497 million in 2010 to €927 million in the reporting year, its highest level to date. Return on sales also increased significantly, growing from 4.5% to 7.9%. The fact that we achieved higher revenues and volumes in all regions and focused keenly on international express services made a major contribution to this improvement. The previous year's EBIT had been impacted by restructuring costs in the amount of €288 million, mainly due to the disposals in France and the UK.

EBIT for the fourth quarter of 2011 improved from €218 million to €248 million year-on-year, with return on sales amounting to 7.9% (previous year: 7.5%). In the fourth quarter of 2010, earnings had been impacted by restructuring costs of €21 million.

Due to higher income, lower cash outflows for restructuring and strict working capital management, operating cash flow amounted to €1,146 million in the year under review (previous year: €904 million). In the fourth quarter, operating cash flow grew significantly from €251 million to €454 million.

GLOBAL FORWARDING, FREIGHT division

REGIONS

Global Forwarding

Worldwide
> 150 countries and territories

Freight

Europe, CIS, the Middle East, North Africa, USA
> 50 countries

LOCATIONS

Global Forwarding

> 850 branches

Freight

> 160 branches

PRODUCTS

Global Forwarding

Air freight
Ocean freight
Industrial projects
Transport management
Customs clearance

Freight

Full truckload
Part truckload
Less than truckload
Intermodal transport

BUSINESS UNITS AND MARKET POSITIONS

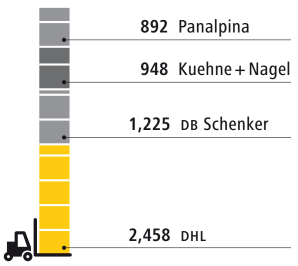
Broker between customers and freight carriers

With its wide range of coverage and comprehensive offering for transporting freight by air, sea or land, DHL is one of the leading global logistics companies. The products and services offered by our Global Forwarding and Freight business units extend from standardised logistics operations to multimodal transport solutions and highly individualised industrial projects. Our workforce of around 42,000 employees co-operates with reliable partners to ensure that our operations run smoothly and are carried out to our customers' satisfaction.

Our business model is very asset-light, as it is based on the brokerage of transport services between our customers and freight carriers. This allows us to consolidate shipments to achieve higher volumes and to leverage our purchasing power. Moreover, our wide network coverage enables us to optimise goods routing.

A.51 Air freight market, 2010: top 4

thousand tonnes[1]



[1] Data based solely on export freight tonnes.
Source: annual reports, publications and company estimates.

Market leader in air freight and number two in ocean freight

In the Global Forwarding business unit, 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 goods by air or sea every day. Our products and services cover standard transport, multi-link transport chains and specialised solutions such as industrial projects for specific sectors, including temperature-controlled and secure shipments. To complement our product offer, we provide additional transport-related services that include handling customs formalities and providing insurance services and warehousing solutions, and the integrated management of customers' end-to-end supply chains aimed at making them more efficient. Most of our customers come from the Technology, Automotive, Chemicals, Consumer, Retail (including Fashion & Apparel) and Energy sectors. We also provide customised solutions to niche industries such as motor sport.

Air freight market weaker than in prior year

After high volumes in 2010, the air freight market was weak in the first half of 2011, followed by a significant drop in volumes in the second half of the year. According to IATA, the global airline industry association, worldwide freight tonne kilometres flown had dropped 5% by the end of September compared with the end of March. Load factors also declined due to carriers adding new cargo aircraft to their fleets.

In its air freight business, DHL transports a significant share of the world's technology and manufacturing products. Transport volumes in these sectors were weaker than in the rest of the market during the year under review.

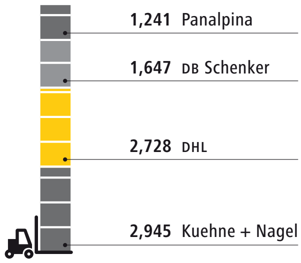
The numerous natural disasters and political instability seen in 2011 had only a marginal impact on our air freight business. Our operations in Japan were able to maintain services in the aftermath of the devastating earthquake of 11 March.

Ocean freight business sees lower volume growth

The ocean freight market remained on a relatively steady growth path compared with the prior year, although it weakened towards the end of the year. Despite slower market growth, new capacities were added, which led to a drop in freight rates. Our volumes in the full-container-load (FCL) market were on par with the prior year though somewhat behind the market pace, owing to strategic customer portfolio decisions at the end of 2010, which led to a major one-time loss in volume. We did make significant gains in our less-than-container-load (LCL) business.

A.52 Ocean freight market, 2010: top 4

thousand TEUS[1]



[1] Twenty-foot equivalent units. At the beginning of 2011 we adapted our systems for recording transport volumes, which also resulted in a slight retroactive adjustment.

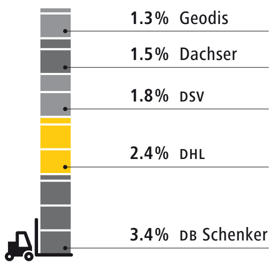
Source: annual reports, publications and company estimates.

Road freight market experiences solid growth

The European road freight market showed growth of 3% to 5% in 2011, driven by increases in volumes and prices. DHL's Freight business unit will continue to be number two in the European market. With some 12,000 employees around the world, we have a strong footprint both inside and outside Germany. In 2011, we outperformed the overall market in terms of growth. We are currently developing new products and services to further strengthen our market position.

A.53 European road transport market, 2010: top 5

Market volume: €157.9 billion[1]



[1] Country base: total for 19 European countries, excluding bulk and specialties transport.

Source: MRSC MI freight reports 2008 – 2011, Eurostat 2010.

REVENUE AND EARNINGS PERFORMANCE

Freight forwarding business increases revenue and earnings

The GLOBAL FORWARDING, FREIGHT division increased revenue in the reporting year by 4.9% to €15,044 million (previous year: €14,341 million). Excluding negative currency effects of €146 million, revenue growth was 5.9%. Overall, our freight forwarding business performed well and was profitable despite noticeable weakening in the market. Moreover, we restructured our Global Forwarding business unit organisation in the second half of the year, by changing the structure of our global and regional headquarters. This adjustment resulted in non-recurring costs of €16 million in the fourth quarter.

In the Global Forwarding business unit, revenue increased by 3.4% from €10,725 million to €11,094 million. The increase was 5.2% after adjustment for negative currency effects of €193 million. We were able to improve gross profits by 7.4% to €2,468 million in the reporting year (previous year: €2,298 million).

Gross profits in air and ocean freight at high level

In financial year 2011, gross profits in the air and ocean freight business continued their positive trend, although revenues and volumes came under pressure in the second half of the year. Fuel prices remained high whilst freight rates declined. Overall, we were able to stabilise our margins at a high level.

Our air freight volumes were down slightly by 1.3% compared with the prior year. Full-year revenue increased 2.6%. In the fourth quarter revenue was down 4.3% as a result of a considerable cooling in the air freight market in the second half of the year and because the normally high seasonal business did not materialise in the fourth quarter. Consequently, our fourth-quarter volumes were 6.8% below the prior year. Nevertheless, we increased full-year gross profit by 6.3%. We benefited from the improved purchasing conditions that resulted from greater market capacities.

A.54 Global Forwarding: revenue

€m	2010	2011	+/–%	Q4 2010	Q4 2011	+/–%
Air freight	5,431	5,573	2.6	1,500	1,436	–4.3
Ocean freight	3,446	3,544	2.8	925	895	–3.2
Other	1,848	1,977	7.0	489	576	17.8
Total	**10,725**	**11,094**	**3.4**	**2,914**	**2,907**	**–0.2**

A.55 Global Forwarding: volumes

thousands		2010 adjusted[1]	2011	+/–%	Q4 2010 adjusted[1]	Q4 2011	+/–%
Air freight	tonnes	4,435	4,378	–1.3	1,185	1,105	–6.8
of which exports	tonnes	2,458	2,447	–0.4	656	624	–4.9
Ocean freight	TEUS[2]	2,728	2,724	–0.1	681	682	0.1

[1] At the beginning of 2011 we adapted our systems for recording transport volumes, which also resulted in a slight retroactive adjustment.
[2] Twenty-foot equivalent units.

In ocean freight, we maintained our volumes in the reporting year despite the weak economic trend. We also considerably improved our margins. Revenue was up year-on-year by 2.8%. We saw a year-on-year decline in revenue of 3.2% in the fourth quarter, which was attributable to the seasonal price surcharges that were applied in the previous year. Nevertheless, we increased full-year gross profit by 16.0%, primarily because we focused on selective growth in attractive areas of business.

In our industrial project business (in table A.54 reported as part of Other), revenue and gross profit performed much better in the second half of the year, as expected, after a subdued first half. Revenue and gross profit saw encouraging growth compared with the prior year.

Overland transport sees stable growth

The Freight business unit generated revenue of €4,088 million in 2011, exceeding the previous year's figure of €3,735 million by 9.5%. This includes positive currency effects of €47 million. Excluding these effects revenue exceeded the previous year's figure by 8.2%. Revenue increases were seen primarily in Germany, the Nordic countries and Eastern Europe. In the United States, we acquired Standard Forwarding in June 2011 with an eye towards developing our overland transport business outside Europe. This business generated around 1% of the business unit's revenue growth. Despite persistent pressure on margins because peak season business was more pronounced than in the prior year, gross profit was €1,054 million, exceeding the prior-year figure by 6.4%. Overall we increased our productivity on account of strict cost management, increased business and a stable workforce, amongst other things.

Strongly improved EBIT and operating cash flow

Due to high gross profit margins and strict cost management, EBIT in the GLOBAL FORWARDING, FREIGHT division was up significantly from €383 million to €429 million. This increase reflects a gain of 12.0%. The prior-year EBIT figure contained restructuring costs of €7 million. Return on sales amounted to 2.9% in the reporting year (previous year: 2.7%). In the fourth quarter EBIT declined by 3.8% from €131 million to €126 million. The prior-year figure contained restructuring costs of €1 million. Fourth-quarter earnings were impacted primarily by the structural adjustments of €16 million described above; return on sales therefore declined from 3.4% to 3.2%.

Despite revenue growth, net working capital was significantly below the prior year, due to improved receivables management especially in the fourth quarter. Thus, we improved operating cash flow significantly in the reporting year by €413 million to €657 million (previous year: €244 million).

SUPPLY CHAIN division

SUPPLY CHAIN LOGISTICS SOLUTIONS

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

SUPPLY CHAIN FOCUS SECTORS	WILLIAMS LEA SERVICES	SUPPLY CHAIN PRODUCTS
Consumer	Marketing Solutions	Lead Logistics Provider
Retail	Office Document Solutions	Co-Packing
Technology	Customer Correspondence Management	Integrated Logistics Procurement
Life Sciences & Healthcare		Technical Services
Automotive		E-Fulfilment
Energy		Airline Business Solutions

BUSINESS UNITS AND MARKET POSITIONS

Customer-centred outsourcing solutions

The SUPPLY CHAIN division comprises the two business units of 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, the management of companies' information and communication processes.

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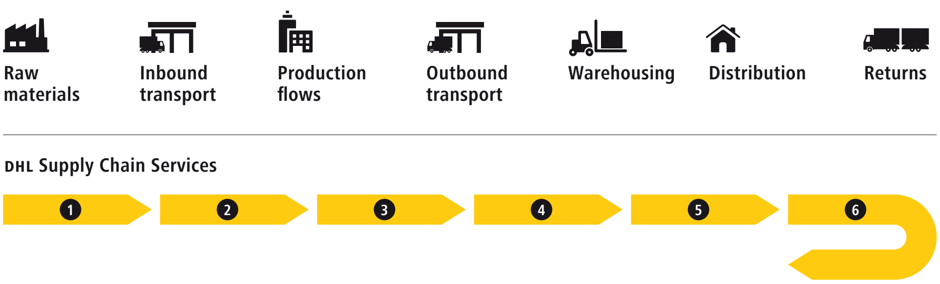
End-to-end offering in contract logistics

In the Supply Chain business, we provide customers in many industry sectors with logistics services along the entire supply chain. From planning, sourcing, production, storage and delivery to returns logistics and value-added services, customers rely on us to ensure a smooth logistics flow.

A.56 Logistics and value-added services along the entire supply chain



1 **Plan** – Laying the foundation for a supply chain
2 **Source** – Getting the materials at the time required
3 **Make** – Supporting product manufacturing
4 **Store & Customise** – Getting it ready to sell
5 **Deliver** – Getting it where it needs to be
6 **Return** – Bringing it back when it's not needed

We offer warehousing, distribution, managed transport and value-added services as well as business process outsourcing, supply chain management and consulting solutions. We ensure that our customers' products and information reach their markets quickly and efficiently, thus securing them competitive advantages. With local insight and global scale, we serve customers in more than 60 countries and support them in optimising their complex processes.

In order to strengthen the focus on our core business of contract logistics, in April 2011 we disposed of Exel Transportation Services Group (ETS), a provider of freight brokerage and intermodal services in North America.

Our Supply Chain business provides expert solutions in six focus sectors: Consumer, Retail, Technology, Life Sciences & Healthcare, Automotive and Energy. In 2011, we aligned our global management structure to enable the development and implementation of sector-specific supply chain solutions at a cross-regional level. In addition, each sector head is supported by a team of dedicated specialists who handle the customer projects and ensure implementation of global sector solutions on a regional level.

Consumer and Retail are two of our largest sectors. Both of these offer major growth potential for the division, since we manage the supply chains all the way from the source of supply to the end customer. 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.

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Customers in the Technology sector require fast, flexible and efficient supply chains, and demand for integrated product and service logistics is increasing. Our offerings 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, which are being developed across all DHL divisions.

Glossary, page 250

We are also increasingly providing 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 growing steadily and quality control at the highest possible level is a must for all our customers. In the reporting year we acquired Eurodifarm, a specialist in the controlled-temperature distribution of pharmaceutical and diagnostic products. The purchase strengthens our market leadership in Italy in this sector.

The Automotive industry is one of our truly global sectors. Production is continuing to shift to emerging markets such as China, India and Brazil, in which we have a strong presence. For our inbound-to-manufacturing, aftermarket logistics and lead logistics provider solutions, the key factor is our ability to offer a high degree of global flexibility and reliability whilst lowering costs.

Glossary, page 250

The fast-growing Energy sector is another market in which the DHL divisions provide integrated logistics solutions for both the build and run phases of major projects. With our Maintenance, Repair & Operation services we offer streamlined supply chain solutions that can reduce costs by 20% whilst increasing maintenance productivity by up to 25%.

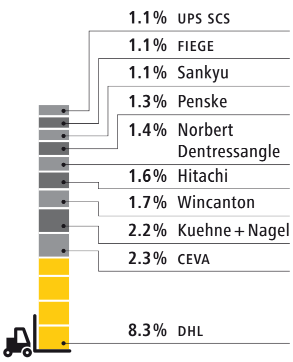
Experts in corporate information solutions

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.

In July 2011, we acquired Tag Group, an international provider of marketing execution and production services. The acquisition expands our fast-growing Marketing Solutions business.

A.57 Contract logistics market, 2010: top 10

Market volume: €147 billion



Source: Transport Intelligence; figures estimated except for DHL, CEVA, Kuehne + Nagel; exchange rates: as at April 2011.

Global market leader in contract logistics

DHL is the global market leader in contract logistics with a market share of 8.3% (2010). In this highly fragmented market, the top ten players account for only about 23% of the overall market, the size of which is estimated to be €147 billion. We are the regional market leader in our key regions of North America, Europe and Asia Pacific and also have a very strong position in rapidly growing markets such as Brazil, India, China and Mexico. 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 and marketing production. 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 in the Williams Lea business unit.

REVENUE AND EARNINGS PERFORMANCE

Revenue up 5.7% excluding portfolio changes and currency effects

As at 1 July 2011, we transferred the Home Delivery business in Germany to the MAIL division. The prior-year segment reporting figures were adjusted accordingly.

Earnings, page 46 f.

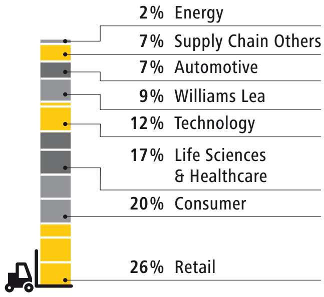
The principal objective in the SUPPLY CHAIN division was to achieve profitable growth from a leaner organisation with increased revenues and improved operational efficiency. With this in mind we streamlined organisational processes and made a number of portfolio changes that impacted the year-on-year revenue and earnings trend. These included the sale of Exel Transportation Services (ETS) and the acquisitions of Eurodifarm and Tag Group.

Revenue increased by 1.2% year-on-year to €13,223 million in financial year 2011 (previous year: €13,061 million). The sale of ETS and negative currency effects reduced revenue growth by €683 million and the acquisitions of Eurodifarm and Tag increased revenue by €103 million. Excluding these major effects, revenue grew by 5.7% with the Life Sciences & Healthcare and Automotive sectors providing the largest increase.

Fourth-quarter revenue increased by 1.3% from €3,502 million to €3,548 million. Excluding the portfolio changes and currency effects mentioned above, revenue growth was 4.3%.

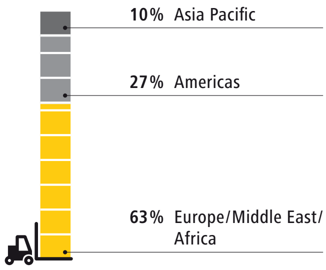
A.58 SUPPLY CHAIN: revenue by sector, 2011

Total revenue: €13,223 million



A.59 SUPPLY CHAIN: revenue by region, 2011

Total revenue: €13,223 million



Substantial share of revenue generated from key customers

Revenue in the Supply Chain business unit totalled €11,999 million in the reporting year, much in line with the prior-year level of €11,997 million. Growth amounted to 5.2% excluding the ETS disposal, the Eurodifarm acquisition and negative currency effects. Revenue from our 19 key global customers grew by 6.7% to represent almost 16% of total revenue in the Supply Chain business.

In the Americas region, the sale of ETS reduced the growth achieved in our focus sectors with the Consumer sector seeing the largest impact. Good progress was made in the Life Sciences & Healthcare and Energy sectors due to increased business activity and additional revenue from new business.

The Asia Pacific region continued to achieve the highest level of regional revenue growth, particularly in Australia, China, Thailand and India. In Australia we gained new business in the Life Sciences & Healthcare sector and in China we benefited from a steady rise in domestic demand. Operations in those Japanese areas affected by the earthquake in March 2011 returned to full capacity.

Revenue also improved due to increased volumes and new business gains in the UK, Africa and Eastern Europe. We continued to expand the Life Sciences & Healthcare sector, as evidenced by higher revenue in the UK businesses and the acquisition of Eurodifarm in Italy.

Williams Lea revenue increased by 15.3% in 2011 to €1,225 million (previous year: €1,062 million). Excluding the revenue generated by the Tag acquisition and adverse currency effects, growth was 11.8%. Most of this growth came from the Marketing Solutions business in the Americas and new business in the European banking sector.

Additional contracts worth €1.3 billion concluded

In the Supply Chain business unit we concluded additional contracts worth approximately €1.3 billion in annualised revenue with both new and existing customers. This represents around 1,200 contracts with an average deal size of just over €1 million, an 8% increase over 2010. We increased new business in all of our focus sectors and furthered our "above-the-wing" product offering in Airline Business Solutions through the new Qantas contract in Australia. The annualised contract renewal rate remained at the high level achieved in 2010.

Williams Lea continued to win new business, including a number of sizeable Marketing Solutions contracts.

Earnings increase significantly

EBIT for the SUPPLY CHAIN division improved significantly in 2011 with a rise of 56.7% to €362 million (previous year: €231 million). The increase included a gain on the disposal of ETS amounting to €23 million, including transaction costs. The prior-year figure contained restructuring costs of €41 million. The EBIT margin continued to improve, rising from 1.8% to 2.7% primarily due to an increase in business activity and continued focus on operating improvement and cost reduction initiatives.

Fourth-quarter EBIT improved from €46 million in the prior year to €73 million. The EBIT margin for the quarter was 2.1% (previous year: 1.3%).

Operating cash flow was €394 million for 2011, an increase of €51 million over the €343 million achieved in the previous year. Higher earnings and lower cash outflows for restructuring were partly offset by an increase in working capital.

NON-FINANCIAL PERFORMANCE INDICATORS

Employees

Slight increase in number of employees

As a global mail and logistics provider, our business is all about people. Our company rests on our employees, who possess a wide range of qualifications and perform a great variety of functions. With their talents, skills and commitment, these individuals make an important contribution every day to our becoming the provider of choice for our customers and the investment of choice for our shareholders. This is how we realise our Strategy 2015 and ensure our sustained economic success.

As at 31 December 2011, we employed 423,502 full-time equivalents in more than 220 countries and territories and therefore 1.1% more than in the previous year. Staff costs rose slightly also as a result by 0.7% to €16,730 million (previous year: €16,609 million).

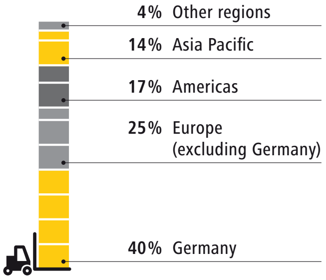
A.60 **Number of employees**

	2010	2011	+/– %
At year-end			
Headcount[1]	467,088	471,654	1.0
Full-time equivalents[2]	**418,946**	**423,502**	**1.1**
of which MAIL[3]	146,005	147,487	1.0
EXPRESS	87,536	84,440	–3.5
GLOBAL FORWARDING, FREIGHT	41,359	41,881	1.3
SUPPLY CHAIN[3]	130,710	136,810	4.7
Corporate Center/Other	13,336	12,884	–3.4
of which Germany	165,781	168,108	1.4
Europe (excluding Germany)[3]	108,241	108,208	0.0
Americas	68,268	70,291	3.0
Asia Pacific	61,239	61,112	–0.2
Other regions[3]	15,417	15,783	2.4
Average for the year			
Headcount	464,471	467,188	0.6
of which hourly workers and salaried employees	413,830	418,375	1.1
Civil servants	46,866	44,421	–5.2
Trainees	3,775	4,392	16.3
Full-time equivalents	**421,274**	**423,348**	**0.5**

[1] Including trainees.
[2] Excluding trainees.
[3] Adjusted.

In the MAIL division, the number of employees rose slightly by 1.0% to 147,487. New personnel were hired particularly in the Parcel Germany business unit, which benefited from strong growth in e-commerce. The effect of the new hires was partially offset by the discontinuation of our bulk mail business in the Netherlands.

A.61 Employees by region, 2011[1]



[1] Full-time equivalents as at 31 December.

In the EXPRESS division, the number of employees dropped by 3.5% to 84,440 (previous year: 87,536) because we sold our domestic express businesses in Canada, China and Australia. Excluding the effects of these disposals, we employed slightly more people than in the prior year, primarily to handle the heavy volumes.

The number of full-time equivalents in the GLOBAL FORWARDING, FREIGHT division went up by 1.3% to 41,881 due to our purchase of Standard Forwarding in the USA.

The SUPPLY CHAIN division increased its staff level by 4.7% to 136,810 due to the acquisition of Tag Group, an international marketing service provider, and to growth in new and existing business in Asia Pacific, the Americas and the UK.

At Corporate Center/Other, the number of employees declined by 3.4% to 12,884. Productivity was further increased in indirect functions such as IT and real estate.

We continue to employ most of our personnel in Germany, where the number of employees rose slightly, as in the Americas and the Other regions. Employee numbers dropped slightly in the Asia Pacific region, due above all to the sale of our domestic express business in China.

Our current planning calls for increasing slightly the number of employees in financial year 2012.

Fostering a Group-wide leadership culture

Quality personnel management is a core element of sustainable company development. Our executives therefore make a crucial contribution to implementing our Group strategy. However, only when they align their personnel management styles towards our guiding principle of "respect and results" are they able to serve as role models. We have defined the following five competencies to ensure good management. Executives should:

- make customers more successful,
- shape direction,
- drive high performance,
- support the development of others and
- be willing to work on their own development.

To further these objectives, we have developed initiatives aimed at promoting a comprehensive leadership culture across the entire Group. Executives attend multi-day workshops designed to help them reflect on and find ways to improve their own conduct. We are already implementing this training initiative for upper and middle management with additional levels to follow.

Employee survey provides yardstick for progress

Our Group-wide employee opinion survey is the main tool we use for measuring the advances we have made in implementing Group strategy and how executive conduct has progressed. We conducted the survey for the fifth time in 2011 with 80% of all employees participating (previous year: 79%). The findings improved across all survey questions and key performance indicators for the third year in a row, thus indicating a stable upwards trend.

The highest scores were awarded to the categories of "customer promise" (80%; previous year: 77%), "co-operation" (77%; previous year: 74%) and "working conditions" (76%; previous year: 73%). The category "strategy" registered one of the highest growth rates at 70%, an improvement of 6 percentage points on the prior year. We also made progress in the area of "active leadership", which increased from 63% in the previous year to 67%. This parameter will flow directly into senior management evaluations. The ratings for measures taken as a result of the preceding survey also improved (2011: 59%;

previous year: 53%). Compared with other companies, this is a good result. Nevertheless, we would like to continue to improve in 2012 and increase the sustainability of our follow-up measures.

Development and growth opportunities for our workforce

The main task of quality personnel services is to promote the development and growth of our employees. In 2011, over 80,000 of our employees around the world took advantage of the more than 3,500 courses available through mylearningworld.net, our online training platform. We cultivate selected top performers by offering them the opportunity to obtain an MBA or to participate in special programmes to promote talent. Our goal is to fill more management positions from our own ranks and we encourage our employees to gather experience in different divisions.

Our internal placement rate for upper and middle management fell slightly to 85.2% in the reporting year, down from 88.9% in the previous year. In 2011, 11.7% of internal job placements involving these management positions were cross-divisional (previous year: 15.3%; amongst upper management: 24.8%). To improve comparability, we expanded the basis for calculating cross-divisional moves to include both upper and middle management.

Our divisions also offer programmes designed to meet their own specific needs. In the MAIL division, the focal point of our personnel development efforts is shifting from participation in seminars to on-the-job training. More than 20,000 employees received sector-specific training during the reporting year.

In the EXPRESS division, all employees completed the basic course of the extensive Certified International Specialist training programme. All will participate in further specialised training.

In the GLOBAL FORWARDING, FREIGHT division, more than 26,000 employees (62%) in this division have completed at least one e-learning course.

In the SUPPLY CHAIN division, around 3,500 sales employees were trained in special sales skills. In addition, more than 1,500 managers participated in our Leadership Enrichment Programme during the reporting year.

Strategic personnel planning

In many countries, the demographics are undergoing a notable shift and thus directly affect the composition of the working population. Our employment structure is also being increasingly impacted, presenting us with both a challenge and an opportunity for forward-looking personnel work. To analyse the changing situation and provide an early warning system, we have developed an instrument known as Strategic Workforce Management, which supplies answers based on facts to questions such as the risks related to employees' ageing and to workforce capacity, to succession planning, transfer options and need-based adaptation of training programmes. Now that we have successfully completed three test projects in Germany and Mexico, Strategic Workforce Management will be carried over to other countries.

Generations Pact made for age-based career solutions at Deutsche Post

In October 2011, Deutsche Post AG and the trade unions agreed upon a trendsetting model for age-based working solutions. The goal is to enable older employees to work actively until they reach the legal retirement age, allowing us to retain their knowledge and experience for the business.

The Generations Pact supplements the partial retirement programme available under German law. During the active working phase, our employees can invest in so-called working-time accounts and use this investment immediately before they enter retirement. We have also set up a demographic fund to increase the payments received by employees during the partial retirement phase.

The Generations Pact is also intentionally designed to improve employment opportunities for young people. More than 1,000 trainees will be hired in 2012 upon completing their training and around 2,350 temporary employees have already received offers of permanent employment at the end of 2011/at the beginning of 2012.

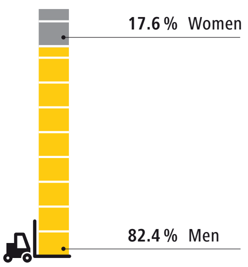
Making the most of our diversity

We think of the diversity of our workforce as an opportunity and a competitive edge. That is why Diversity Management is an established part of our long-term personnel strategy. Through a host of activities, we intend to identify the diversity that is alive and well in our Group, to integrate employees and to win over applicants. Today, we are already a multicultural company; employees from more than 150 countries work for us in Germany alone.

We are committed to ensuring that people with a disability enjoy equal treatment when it comes to taking part in working life. The average annual employment rate of people with a disability is 8.3% at Deutsche Post AG (as at 27 January 2012), well above the national average in the German private sector of 3.9% in 2009 (source: *Bundesagentur für Arbeit* (German federal employment agency)). Furthermore, we again held a competition to design barrier-free workplaces during the year under review.

In 2011, our Diversity Management was awarded the German Diversity Prize sponsored by Henkel, McKinsey and *Wirtschaftswoche* magazine in the category of "most diverse employer".

A.62 Gender distribution in management[1], 2011



[1] Based on upper and middle management.

Increasing the share of women in management positions

We are an equal opportunity employer. In 2011, we again placed particular emphasis on increasing the share of women in management positions. We consulted specialists and executives in various divisions and regions to identify barriers to advancement and develop growth initiatives for female talent. In connection with a joint declaration by all DAX 30 companies, we have made it our goal to fill 25% to 30% of all management positions becoming vacant with women. Currently, the share of women in executive positions in the Group is 17.6% worldwide (previous year: 14.6% amongst top executives; 16.9% amongst all management positions). In order to ensure uniform presentation of these figures, the basis for calculation was adjusted and now includes upper and middle management.

In addition, since 2010 the Group has been participating in an EU-funded project called "INNOVATIVE! Leading together with women". The project aims to create awareness amongst executives and employees, encourage them to participate and reinforce the ability of highly qualified women to further their careers.

A.63 Work-life balance[1]

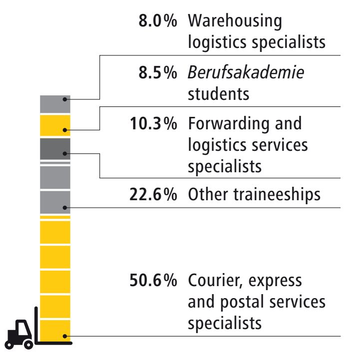
Headcount	2010	2011
State-regulated parental leave	2,036	1,809
Unpaid holiday for family reasons	2,419	2,286
Part-time employees[2]	63,126	65,322
Share of part-time employees (%)	36.9	37.5

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

Providing opportunities for young people

We hired approximately 1,950 trainees and students in Germany during the reporting year. Around 1,000 young people were offered an employment contract after completing their training. Since 2008, more than 3,500 such trainees have become permanent, full-time employees. We foster the top 5% of our trainees in Germany in our *Top-Azubi* talent programme. These trainees are offered special seminars and permanent contracts upon successfully completing their training. Furthermore, we give young people whose career prospects seem bleak a chance of a traineeship as part of our *Perspektive Gelb* job entrance programme. In 2011, we took on nearly 80% of the approximately 120 participants in the class of 2010.

A.64 Traineeships, Deutsche Post DHL, worldwide[1]



[1] Number of trainees, annual average: 4,392.

Acquiring young talent

We are increasingly making use of the internet to reach potential young applicants. Each year, we publish more than 12,000 job openings online and receive an average of over 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.

Our Group-wide Graduate Opportunities Worldwide (GROW) programme is aimed at attracting suitable young people for specialist and leadership positions. We hired 26 college and 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 in addition to the traditional internship. It complements our partnership with AIESEC, the international student-run organisation.

Systematically promoting health and safety

To maintain and promote the health and safety of our workforce, 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. Targeted initiatives and activities are implemented to improve our employees' health. Our Health Work Group is an example of one of these initiatives. At 7.4%, we managed to maintain the illness rate for 2011 in Germany at the prior-year level.

As a transport company, road safety is a central part of our preventative efforts in the area of occupational safety. We implement traffic safety measures including appropriate online training on a Group-wide basis, we co-operate with domestic and international traffic safety organisations and we develop informational materials for accident prevention.

A.65 Illness rate[1]

[1] All organisational units in Germany.

Our corporate health management system received yet more awards in 2011: the European Commission and the BKK *Bundesverband* (German association of company health insurance funds) presented us with the German Corporate Health Award. We received the Corporate Health Award from the *Handelsblatt* business newspaper and EuPD Research, a market research institute, 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 once again in the reporting year.

A.66 Occupational safety[1]

	2010	2011[4]
Number of workplace accidents[2]	17,374[3]	12,829
Accident rate (number of accidents per 1,000 employees per year)	100	74
Number of working days lost due to accidents (calendar days)	377,889[3]	320,613
Working days lost per accident	21.8	25.0
Number of fatalities due to workplace accidents	0	2

[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 2 February 2012, accident reports possible until 1 March.

Implementing our employees' ideas

Suggestions for improvements coming from our employees help to make our Group more economical and improve our ability to compete in the market. In 2011, Deutsches Institut für Ideen- und Innovationsmanagement GmbH (Idea Management Centre) honoured us as the "company with the best idea management in Germany". We received the *DeutscherIdeenPreis*™ (German idea award) from *Deutsches Institut für Betriebswirtschaft* (German institute for business management) as the top-ranking corporation in the service, commerce and education sector. We also made it to the final round of the *Innovationspreis der Deutschen Wirtschaft* (German business award for innovation). In addition to Germany, we have thus far introduced our successful overall concept for idea management to 27 organisational units worldwide and made it available in 16 languages. During the year under review, we held a Group-wide ideas competition on the topic of "simplification". Some 10,000 suggestions were received, many of which were used to make progress in this core element of our Strategy 2015. Our successful idea management proves just how much potential can be unleashed in a business like logistics when employees play an active role.

A.67 Idea management

		2010	2011
Savings per employee	€	470.83	496.43
Suggestions for improvements	number	227,803	214,337
Accepted suggestions for improvements	number	183,323	174,680
Benefit	€m	219.5	234.1
Cost[1]	€m	9.3	8.4

[1] Based in part on forecasts.

Corporate responsibility

Striking a balance between economic and social responsibility goals

Corporate responsibility is an integral part of our Strategy 2015. Therefore, we put our experience and global presence to good use to help people and the environment, striking a balance between our economic and social responsibility goals. "Living responsibility" is our motto for the Group's corporate responsibility initiatives. We focus on protecting the environment (GoGreen), helping to manage disasters (GoHelp) and promoting education (GoTeach). We also support the voluntary work of our employees. In 2011, we called on our workforce around the world for the first time to take part in Global Volunteer Day. More than 50,000 staff members in over 160 countries volunteered their time to help children, young people and senior citizens. Our Living Responsibility Fund is used to support financially the local community projects for which our employees volunteer.

Strategic focus, page 110 ff.

Interacting with stakeholders

In February 2011 we invited representatives from industry, politics, the media and society to Corporate Responsibility Day for the first time and discussed the prospects for corporate responsibility with them. We shall continue this dialogue and ask the stakeholders, for example, what we can do to raise our commitment.

Our performance again received high ratings

In 2011 our performance in the area of corporate responsibility again received high ratings from independent qualified agencies and institutes. Sustainable Asset Management gave us a rating of 87 out of 100 points (previous year: 85 points). The average score for other transport and logistics companies was 59 points. The DJSI World and Europe indices as well as FTSE4Good again confirmed our company's membership and we continue to be listed by the French rating agency Vigeo in the Advanced Sustainability Performance Index Eurozone. With a score of 99 out of 100 points (previous year: 97) from the Carbon Disclosure Project, we have taken a leading position worldwide in the Carbon Disclosure Leadership Index (CDLI).

In our Corporate Responsibility Report, which will be published on our website on 3 May 2012, we shall provide additional information and key performance indicators on corporate responsibility that are not included in the Group Management Report.

dp-dhl.com/en/responsibility.html

Improve CO_2 efficiency by 30 % by 2020

We aim to minimise the impact of our business operations on the environment and, as early as 2008, we were the first logistics company ever to set a quantifiable CO_2 efficiency target. By the year 2020 we intend to improve the CO_2 efficiency of our own operations and those of our subcontractors by 30 % compared with 2007. In the process we shall reduce our operating costs and open up new market opportunities.

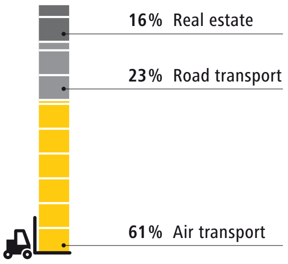
ghgprotocol.org/standards

We account for and quantify our CO_2 emissions based on the principles of the internationally recognised GHG Protocol Corporate Standard. In our European air freight business, this also includes the requirements of the European Union Emissions Trading System (EU ETS). In order to maintain consistency following the integration of aviation into the EU ETS, we changed the distinction between our own and subcontracted air freight transports (Scope 1 and Scope 3) to comply with these rules and adjusted the prior-year figures accordingly.

The GHG Protocol distinguishes between direct carbon 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 transport subcontractors (Scope 3). In the reporting year we expect Scope 3 to be approximately 80% of the total. More detailed information will be provided in the Corporate Responsibility Report.

A.68 CO_2 emissions, 2011

Total: around 5.3 million tonnes[1]



[1] Scopes 1 and 2.

In 2011, our Scope 1 and Scope 2 carbon emissions were approximately 5.3 million tonnes (previous year, adjusted: 5.0 million tonnes). These CO_2 emissions resulted from our direct use of roughly 490 million litres of liquid fuel (diesel, petrol etc.), 20 million kilowatt hours of gaseous fuels (natural gas, biogas) as well as 1,020 million kilograms (after redefinition; corresponds to 1,275 million litres) of kerosene and 3,180 million kilowatt hours of energy (electricity, green electricity, natural gas etc.) in our facilities. The rise in our Scope 1 carbon emissions was mainly due to the increased demand for air transport, which we operate ourselves to a large extent.

GoGreen – progress in all five action areas

dp-dhl.com/en/responsibility/environment.html

Our GoGreen programme consists of five essential action areas. We made substantial progress in all areas in the reporting year.

- **Providing transparency:** We use our internal financial system to record data on our carbon emissions. This is done by using recorded fuel and energy consumption data and transport data, for example, from flight logs. We started to use this system to calculate the emissions of our transport subcontractors (Scope 3). We intend to roll this out across the entire Group by the end of 2012.
- **Improving efficiency:** Around the world we have more than 4,000 vehicles in operation that are powered by hybrid or electric engines, burn alternative fuels or have received electronic or aerodynamic improvements. This is how we are doing our part to help protect the environment and reduce our carbon footprint. We are in the process of installing intelligent lighting and heating systems in our buildings and we have begun using renewable resources, for example by installing rainwater treatment and solar energy facilities.
- **Mobilising employees:** We continued to raise awareness amongst our employees about our GoGreen programme through training and by introducing a carbon calculator. In the reporting year, for instance, an online portal for company cars was launched. Drivers are now able to monitor their fuel consumption and compare it to the company average to raise awareness about their own consumption. As part of World Environment Day, over 15,000 employees from 180 countries took part in a variety of community initiatives to help protect their local environments. Through these initiatives our staff helped Deutsche Post DHL donate 6,000 trees to the organisation Plant for the Planet.

- **Offering green solutions:** Our GoGreen products and services offer customers the opportunity to improve their green balance sheet. Using carbon certificates from climate protection projects, they can offset the emissions that result from their shipments. These products are available in our mail, parcel and express business in more than 40 countries (previous year: 30). In our logistics business, GoGreen is available worldwide. Furthermore, in our GLOBAL FORWARDING, FREIGHT division we offer the Carbon Dashboard, which enables customers to see the CO_2 emissions along their entire logistics chain, a tool that will help them improve their carbon efficiency.
- **Demonstrating leadership:** At the global level, we are working 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. We are one of the founding members of the Aviation Initiative for Renewable Energy in Germany (AIREG), which promotes the use of renewable energy in aviation in Germany. We have also played a significant role in driving the European alliance to make fuel consumption in road transport more transparent. Similar initiatives have been started in China and India; other Asian countries will follow.

GoHelp – three areas of disaster management

We leverage our global presence, logistics expertise and the commitment of our employees for our disaster management initiatives. We engage in three areas to help people in disaster-prone regions: disaster preparedness, disaster response and recovery.

@ dp-dhl.com/en/responsibility/society.html

The Get Airports Ready for Disaster (GARD) programme prepares local authorities and airport staff for possible disasters. Our DHL Disaster Response Teams (DRTs) provide support on the ground when disaster strikes. The Group's We Help Each Other (WHEO) fund enables employees to donate money for colleagues affected by a natural disaster. We provide the support as part of the GARD and DRT programmes in co-operation with the United Nations (UN), free of charge.

In the year under review, we ran GARD training programmes together with the UN Development Programme in Bangladesh and Indonesia. Further training programmes are planned in 2012 in Asia and South America.

Our DRTs are backed by a pool of more than 400 trained employees around the world who are ready to deploy in an emergency within 72 hours. In 2011 our teams deployed twice: for the earthquake in New Zealand and the floods in El Salvador.

In 2011 around 835 employees from the United States, Japan, Poland, Thailand and New Zealand, amongst others, received financial assistance from the WHEO fund.

GoTeach – better education and greater equality in education

As one of the world's largest employers with a high demand for qualified employees, Deutsche Post DHL promotes better education and educational systems. We have partnered with the organisations Teach For All and SOS Children's Villages since 2010. Our co-operation with these organisations is personified primarily by the voluntary commitment of our employees.

@ dp-dhl.com/en/responsibility/society/global_partnership_with_teach_for_all.html

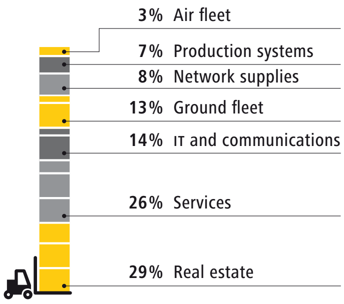
@ dp-dhl.com/en/responsibility/society/global_partnership_with_sos_childrens_villages.html

- **Teach For All:** The network currently includes organisations in 23 countries that recruit outstanding university graduates to work as assistant teachers, known as fellows, for two years in underprivileged schools. Deutsche Post DHL is supporting Teach For All's goal to expand the network to over 30 countries by the year 2013. In addition, we are working closely with six country organisations in Argentina, Chile, Germany, India, Peru and Spain. A further partnership in Brazil is planned for 2012.
- **SOS Children's Villages:** This partnership fosters the empowerment and employability of young people between 15 and 25. We guide them in their preparations for their careers and provide them with initial work experience. Since 2011, we have partnerships in Brazil, Madagascar, South Africa and Vietnam. The programmes are tailored to the precise needs in each country in co-operation with the partner organisation. Other countries are to follow.
- **UPstairs:** We offer our employees' children the opportunity to earn a higher school-leaving qualification or degree through scholarships. In the year under review, 60 scholarships were awarded in South Africa, Mexico, Indonesia and Romania. In the year 2012, UPstairs will be introduced in at least 60 countries. We shall increase the number of scholarships to over 1,000 by the year 2014.

Procurement

A.69 Procurement expenses, 2011

Volume: €9.1 billion



Rise in expenditure

In the year under review, the Group centrally purchased goods and services having a total value of approximately €9.1 billion (previous year: €8.5 billion). As in previous years, this figure does not include transport services, which are generally procured separately by the divisions. However, the divisions received support from Procurement, which was greater in 2011 than in previous years. Procurement works continuously to reduce the Group's expenditures and this includes providing support to the divisions to make important investments cost-effectively.

Corporate Procurement, for instance, has been providing support in the area of aviation since 2011, including involvement in the purchase of 18 new Airbus A300-600 aircraft. A further example is a master agreement for aircraft fuel, into which the department entered for European Air Transport, an express business and a Group subsidiary operating out of the hub in Leipzig, Germany. The agreement reduces annual costs by more than €1 million; the fuel can be called off as needed and fewer fuel transports increase energy efficiency.

The procurement team supported the MAIL division in the reporting year with the selection and order placement of new sorting solutions. Capacity and processing speed increased by around 40% as a result during the testing phase.

Procurement again focused on evaluating key suppliers and developing the Group's relationships with them. The new financing and payment model which we have been testing in co-operation with a bank since 2010 in Germany and other European countries, was expanded in the reporting year. The Group benefits from this new model because it allows the divisions to optimise their working capital. Our suppliers also benefit as the model opens up advantageous financing options.

Procurement makes progress as an internal service department

Procurement is a centralised function in the Group. The heads of Global Sourcing and their 14 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.

Procurement is an internal service department, which we reorganised to some extent in the reporting year. We reduced the number of procurement regions from five to four and we now take greater advantage of regional co-operations. In our Global Sourcing departments, we consolidated product categories and thereby leveraged synergies. Furthermore, a category manager was named for "new procurement services".

These new services also include procurement services provided by our operating divisions for customers with increasing support from Procurement. We offer integrated procurement and logistics services, especially in our supply chain business. In 2011, we expanded these services in all of our procurement regions.

Environmentally aware procurement

A "green team" of staff members from a number of regions and product categories makes sure that the purchasing decisions made take account of environmental aspects.

In 2011, we completed a comprehensive analysis to determine how much of the electricity consumed by the Group stems from renewable energy sources. The result was around 40% worldwide. The goal is to increase this figure considerably. The project team has developed some initial national-level initiatives.

We had already introduced a global paper policy in 2010, stipulating that priority was given to purchasing and using recycled paper. It applies to purchases of paper, paper products, printed materials and packaging materials, and any external service provider making purchases for the Group must also observe this policy. During the past years, the share of recycled paper in use by the Group increased continuously. The Group has made a commitment to use paper and paper products as efficiently and sparingly as possible.

Procurement also supports the divisions with recycling projects. For example, waste recycling was optimised at 15 Global Mail locations in the Americas region.

Continuous modernisation of our vehicle fleet also plays an important role in protecting the environment. For example, 1,300 new low-emission Mercedes-Benz Sprinters were utilised for parcel delivery. The 3.5-tonne vans run on low-emission Euro-5 engines. Most of the vehicles purchased in the reporting year contribute to lower emissions, including 250 lorries from Iveco, Mercedes-Benz, MAN and DAF. 154 new vehicles which emit fewer pollutants were added to our express fleet in Mexico.

We are testing vehicles with environmentally friendly drive systems in a number of test projects. Of particular note are the electric vehicles being tested for mail and parcel delivery in Germany. A total of six electric scooters and 53 electric-powered vans are currently being evaluated. In the greater Berlin area, ten electric urban delivery vehicles were in operation for testing in the reporting year. We are also testing 12 Renault Kangoos, 18 Mercedes-Benz Vito E-Cells and 13 Iveco Electric Dailys. Our delivery vehicle fleet in New York's Manhattan was converted to hybrid and electric vans. As a result we anticipate our CO_2 emissions will be reduced by half compared with conventional vehicles.

In the lorry category, we began in the reporting year to test the next generation of Mercedes-Benz Atego hybrid vehicles. DHL Express trialled the SmartTruck for the first time outside Germany in the megacity of Bangalore in southern India. These trials were preceded by successful test runs in Berlin and the Cologne/Bonn area.

Greater use of procurement systems

The use of IT applications to procure goods and services more efficiently again increased in 2011. Our GeT electronic ordering system, for instance, was used mainly in Germany, the United States, Mexico and several other European countries. Use of the system increased over the year and it was prepared for launch in Asia, where it is scheduled to be introduced in 2012.

We also use e-sourcing to make our procurement processes more efficient and transparent. This allows us to handle all the steps in the tender process electronically. To foster adoption of the system, we set up a help desk in eight languages to assist suppliers. The system, administered by a central team, is now also being used in other countries.

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

We operate a first-class, efficient and environmentally friendly nationwide transport and delivery network in Germany consisting of 82 mail centres and 33 parcel centres that process 65 million letters and some 2.9 million parcels each working day. In the reporting year, we slightly increased the high level of automation in our mail business, which is over 90%.

Our customers rate the quality of our services based on whether posted items reach their destinations quickly, reliably and undamaged. We again achieved excellent results in letter transit times within Germany: according to surveys conducted by Quotas, a quality research institute, well over 95% of the letters posted during our daily opening hours or before final post box collections are delivered to their recipients the next day. In order to ensure this level of quality in the long term, our quality management is based on a system that is certified each year by TÜV Nord, a recognised certification and testing organisation.

In the parcel business, we nearly achieved the previous year's very good transit time results. Just under 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 Co-operation. According to EU specifications, 85% of all cross-border letters posted within the EU must be delivered within three days of posting. We exceeded this specification significantly with a rate of 96%.

Our E-Postbrief product meets high data protection and security standards as described in the risk report. Furthermore, *Kommission für Jugendmedienschutz der Landesmedienanstalten* (German Commission for the Protection of Minors in the Media) certified the product's age-control mechanism with the highest possible level of quality.

Opportunities and risks, page 107

Due to our co-operation with retailers, our approximately 20,000 retail outlets and sales points have increased average weekly opening times from 49 to 50 hours. Surveys of our retail outlet customers are conducted annually by the TNS Infratest *Kundenmonitor Deutschland*, the largest consumer satisfaction study in Germany, to determine their level of satisfaction with our services. Our service quality has been receiving top marks for years. In the reporting year, we maintained our high marks from the previous year: more than 90% of customers were served within three minutes. Overall, impartial mystery shoppers tested our retail outlets approximately 30,000 times over the year for the study using a method certified by TÜV Rheinland.

A central characteristic of the quality of our products is also environmental protection. In Germany, we employ a TÜV Nord-certified environmental management system in our mail and parcel businesses. As part of our GoGreen initiative, we offer private 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.

Corporate responsibility, page 88 f.

Service quality translates into competitive advantage in the express business

As in the past, our chief priority in 2011 was to deliver the best-possible service quality to our customers. This objective places high demands on our products, processes, infrastructure and employees. We track the ever-changing requirements of our customers and measure our services proactively and reactively, by, for instance, using mystery shoppers and by maintaining a dialogue with customers on various media platforms.

As part of our First Choice initiative, we work steadily on improving our internal and external processes. For instance, an employee survey taken at our largest customer in the UK indicated a need to make some changes in customer service. In response, we set up a separate service hotline for the customer and trained our employees accordingly. Any problems that arise can now be handled much more quickly. The satisfied customer subsequently extended its contract.

Strategic focus, page 111

As experts in the international express business, we also offer solutions for small and medium-size enterprises. Since 2011 we have been providing them with comprehensive shipping information simply and transparently on our website under Small Business Solutions.

dhl.com

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, can be altered immediately. In the case of sensitive shipments, we immediately take all necessary measures to ensure that the items reach the recipient at the agreed time and in the agreed quality. It has been part of our standard procedure in further improving our service to track all premium products, for example Medical Express shipments, at our quality control centres until they are delivered.

Operational safety, compliance with standards and the quality of service at our facilities are reviewed regularly. Around 170 locations have been certified by the Transported Asset Protection Association (TAPA), one of the world's most renowned safety associations. This has also applied to all gateways in the United States since 2011. In 2010, we began recording all certification processes using a uniform system and managing them globally. Since then we have been ISO 9001-certified in Europe. Moreover, we meet the fundamental ISO 14001 environmental management standard in 22 European countries. We aim to achieve certification pursuant to these two ISO standards in all regions and all countries.

Glossary, page 250

Customer proximity translates into competitive advantage in the freight forwarding business

Striving to understand and fulfil our customers' expectations, we again surveyed more than 19,000 participants in 47 countries to find out how satisfied they are with our services. These key customers account for 69% of total revenue in the GLOBAL FORWARDING, FREIGHT division. Based on the results of the customer survey, all country organisations have developed and implemented specific plans for improvements.

In making these improvements, we utilise the First Choice methodology aimed at putting the customer at the centre of all our activities. In the year under review, we began working with 18 of our top global customers to analyse and improve their processes as part of our Customer Improvement Programme. We are currently developing similar plans with another 52 customers. 780 individual activities started in 2011 have already delivered upwards of €70 million in increased revenue as well as cost savings of over €12 million.

Strategic focus, page 111

Customers are becoming increasingly aware that our continuous improvement process offers them added value. For example, we received the Global Supplier Award from ZF Friedrichshafen in November 2011, making us the first logistics provider ever to receive the award. ZF Friedrichshafen is a leading global automotive supplier for driveline and chassis technology with 121 production companies in 27 countries. In bestowing the award, the company recognised its successful co-operation with us.

For a customer in the Electronics sector, we improved our on-time performance from 92% to 97% and exceeded the customer's expectations for shipping quantities by more than 600,000 freight shipments annually.

For another customer in the European air freight sector we developed a dedicated Aerospace Service Desk managing all inflows and outflows of goods in the region. This enhances the customer's transparency regarding costs, transport and inventories.

For the Life Sciences & Healthcare sector, DHL Solutions & Innovations (DSI) introduced smart sensor technology to monitor key functions such as temperature. The new technology enables customers to obtain in-transit data related to their temperature-sensitive goods.

Glossary, page 250

Quality translates into competitive advantage in the supply chain business

Our goal is to lead the supply chain industry in every respect. We therefore implement practices and methodologies that provide our customers with the highest level of service and the most added value. We use globally tested processes in order to offer our customers everywhere comparable solutions and uniformly high service standards. Our relentless drive to improve our processes has paid off, as witnessed by the results of a customer survey from 2010: eight out of ten 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 2011, we again achieved more than 95% of our service standards worldwide.

In order to enhance and ensure the existing high quality of service to our customers, in 2011 we implemented the Path to Quality programme as the quality management system used within the supply chain business to ensure consistency, transparency, simplicity and robustness of logistics processes. Customers recognise the benefits of the results achieved using the Path to Quality system, which was featured in *Quality World*, a trade publication.

Brands

A.70 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 Service	• Global Mail • Parcel Germany	• Express	• Global Forwarding • Freight	• Supply Chain
Sub-brand					• Williams Lea

Value of our brands growing steadily

A high level of awareness and a positive brand image are very important for our success as a global service provider. This is why we work continuously to ensure professional brand management. In line with our Strategy 2015, we are optimising our position as *Die Post für Deutschland* (the postal service for Germany) and the logistics company for the world, and independent studies show that we are on the right track.

In 2011, consulting company Semion Brand-Broker calculated Deutsche Post's brand value to be €12,946 million. The 2% increase in value ranks us number six amongst the most valuable German brands for the second time in a row. Factors analysed included financial value, brand protection, brand image and brand strength.

In the Global 500 rankings of Brand Finance plc, London, a UK market research company, the DHL brand climbed 16 places from number 107 in 2010 to number 91 in 2011. Brand Finance calculates current brand value by benchmarking the strength, risk and future potential of a brand relative to the competition. The study put the brand value of DHL at US$9.78 billion in 2011, up from US$7.30 billion in the previous year.

Employees shape the image of the Deutsche Post brand

The way in which our employees perform their daily tasks and conduct themselves towards customers has a lasting impact on the brand image of Deutsche Post. In the year under review, we continued to support our employees in acting as active ambassadors of our brand. For example, we promote their identification with the brand via an internal motivational platform known as the *Deutsche Post Fan Club*. We provide employees with sports clothing, support their participation in recreational sports and group excursions to events that we sponsor. This includes the popular *Deutsche Tourenwagen Masters* (DTM – German Touring Car Masters) race series. Our sponsoring and logistics partnership with DTM will continue and be used extensively in our internal and external brand communications.

At the end of 2011, we launched what is known as the “Extranet” to provide information to our many employees without internet access at work. The Extranet allows them to access company feature content from their personal computers.

E-Postbrief product successfully promoted

We use our position as an official partner of *Deutscher Fußball-Bund* (DFB – the German football federation) to promote the Deutsche Post brand. Along with ongoing participation in the DFB Cup, in 2011 we were a premium partner for the women's national team and a national sponsor for the FIFA Women's World Cup, successfully promoting the E-Postbrief in an integrated campaign. According to an external study, Deutsche Post had the highest level of awareness of all German world cup sponsors. An internal market study indicated that the brand had reached its highest popularity level since we began recording data in 2009.

We also used our new partnership with the Deutsche Post Marathon Bonn 2011 as a communication platform for the E-Postbrief. Our sponsorship of this major sporting event shows our support of the city in which our Group is headquartered. Several hundred of our employees took part in the marathon.

Sharper focus on DHL brand

During the reporting year, we aligned the DHL brand strategy more closely with our business strategy and targeted our international campaigns towards greater emphasis on DHL as the umbrella brand.

In 2011 DHL continued its global integrated brand campaign, which targets top decision makers in large corporations. The main message of the campaign is our customer promise to offer simplified services and sustainable solutions.

Since May 2011, DHL has also been carrying out its global "international specialists" campaign in 43 countries. The campaign focuses on our competence as a provider of international express deliveries. The advertising campaign received the Stevie Award at the 8th Annual International Business Awards in Abu Dhabi in the business services category.

Partnerships strengthen DHL brand

In addition to traditional advertising, we continue to use sponsorships as a vehicle to strengthen our brand image. In 2011, we maintained our proven international logistics partnerships with Formula 1, IMG Fashion Weeks and the *Leipzig Gewandhausorchester*.

DHL was also involved in the Volvo Ocean Race for the first time. Likewise, we became a main sponsor and the official logistics partner of Manchester United. As the official logistics partner of the 2011 Rugby World Cup in the autumn of 2011 in New Zealand, DHL was also able to showcase its brand.

All together, we took part in some 120 events in 40 countries in the reporting year as part of the DHL partner programme, bringing our logistics solutions to life.

FURTHER DEVELOPMENTS

Report on post-balance-sheet date events

Net profit and dividend unaffected by EU state aid ruling

On 25 January 2012, the European Commission concluded the formal state aid investigation that it had initiated on 12 September 2007. The issues are described in detail in the Notes. According to its decision, the Commission is requiring Deutsche Post AG to repay this state aid to the Federal Republic of Germany in the amount of €500 million to €1 billion, plus interest. No other state aid proceedings involving the Group are pending at the European Commission. Deutsche Post AG is of the opinion that the European Commission's decision of 25 January 2012 cannot withstand legal review and will appeal to the European Court of Justice in Luxembourg. Accounting will take place in accordance with the envisaged procedures.

Note 51

Postbank transaction to be completed soon

The procedure to exercise the put option on 12.1% of Deutsche Postbank AG shares was initiated in January 2012.

OUTLOOK

Overall assessment of expected performance

Our strong position as market leader in the German mail and parcel business and in nearly all of our logistics activities is the best possible basis for our further growth. We expect consolidated EBIT for full-year 2012 to reach between €2.5 billion and €2.6 billion, assuming that the world economy will grow by 3% to 3.5% and world trade will exceed that growth. The MAIL division is likely to contribute between €1.0 billion and €1.1 billion to consolidated EBIT. Compared with the previous year, we expect an additional improvement in overall earnings to approximately €1.9 billion in the DHL divisions. 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 Postbank transaction is expected to continue to improve in 2012 in line with our operating business.

Opportunities and risks

OPPORTUNITY AND RISK-CONTROLLING PROCESSES

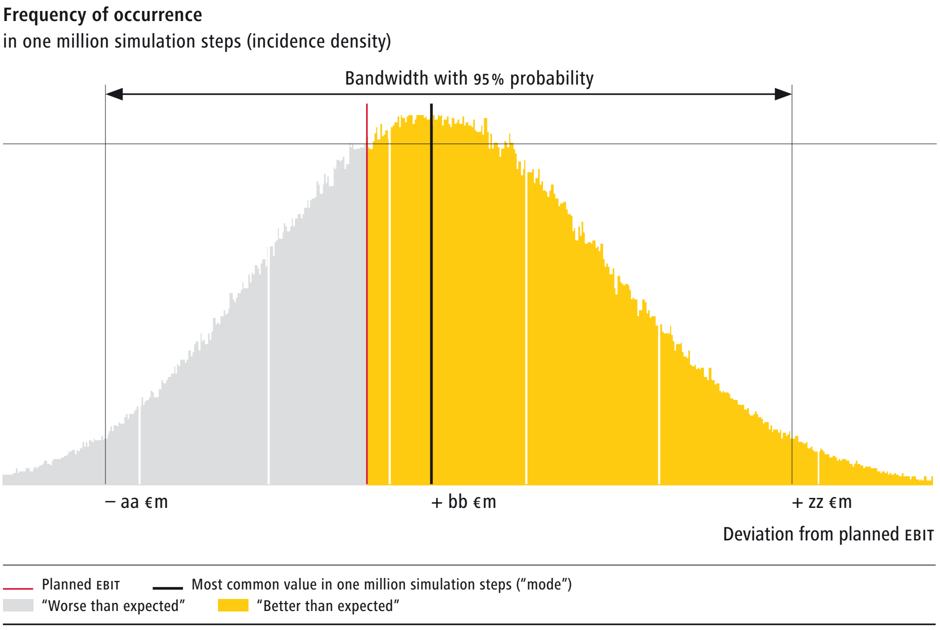
Uniform reporting standards for opportunity and risk-controlling processes

As an internationally operating logistics company, we are faced with numerous changes. Our aim is to identify the resulting opportunities and risks at an early stage and to manage them with the goal 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 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 at different hierarchical levels.

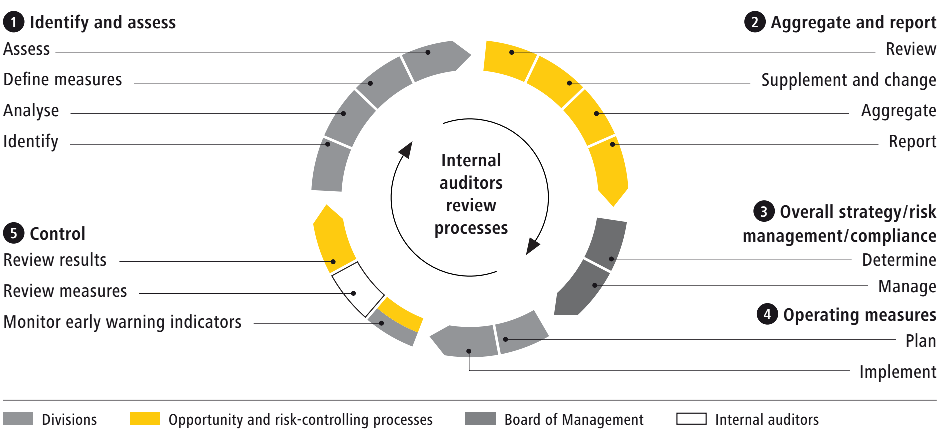
Our early identification process leads to uniform reporting standards for risk management in the Group. We make constant improvements to the IT application used for this purpose. We also use a Monte Carlo simulation for the purpose of aggregating risk in standard evaluations.

This stochastic model takes the probability of occurrence of the underlying risk and rewards into consideration and is based on the law of large numbers. For each risk, one million randomly selected scenarios are combined with each other from the distribution functions for the individual risks. The resulting totals are shown in a graph of frequency of occurrence, which thus acts as an indication of the probability of budget deviations for each unit reviewed. The graph indicates a smaller range between the absolute extreme scenarios within which the earnings for the division have a high probability of falling. The following graph shows an example of such a simulation:

A.71 Monte Carlo simulation



A.72 Opportunity and risk management process



The most important steps in our opportunity and risk management process:

1 **Identify and assess:** Opportunities and risks are defined as potential deviations from projected earnings. Managers in all divisions and regions provide an estimate of our opportunities and risks on a quarterly basis and document relevant actions. They use scenarios to assess best, expected and worst cases. Each identified 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 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. In addition, opportunities and risks are aggregated for key organisational levels. We use two methods for this. In the first method, we calculate a possible spectrum of results for the divisions and add the respective scenarios together. The totals for "worst case" and "best case" indicate the total spectrum of results for the division in question. Within these extremes, the total "expected cases" shows current expectations. The second method involves use of a Monte Carlo simulation, the results of which are regularly included in the opportunity and risk reports to the Board of Management at the divisional level.

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.

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 and risk 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*
(HGB – 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 decentralised level by those responsible locally (by a chief financial officer, for example) and at a central level by Corporate Accounting and Reporting, Taxes and Corporate Finance at the Corporate Center. Over and above 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 for customers, which is why we are aligning our services even more closely to their needs. 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 will 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. We are well positioned in the emerging economies of Brazil, Russia, India, China and Mexico (BRIC+M) and want to take advantage of arising opportunities.

Further growth prospects will result from closer co-operation between the DHL divisions. We offer integrated logistics and transport solutions from a single source to an ever-increasing extent, which gives us a major competitive advantage. DHL Solutions & Innovations (DSI) pools expertise within DHL and uses it to develop new solutions across the Group. Sector Management is our method of developing solutions for customers in selected industries as well as services tailored to the requirements of rapidly growing regions and customer segments. Against this backdrop we have created the new Chief Commercial Officer position that combines all cross-DHL initiatives, including our central key account management and innovations.

Business activities and organisation, page 30

Online communication and e-business are creating demand for transporting documents and goods. This in turn creates growth opportunities for us in our mail and parcel businesses.

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

Employees, page 86

As part of the Idea Management programme our employees have over the past years suggested many new products and process improvements. This promotes corporate innovation and allows cost savings to be made.

Opportunities in the divisions

Strategy and goals of the divisions, page 112 ff.

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.

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

Risks associated with the general business environment primarily arise from the fact that the Group provides some of its services in a regulated market. A large number of the services rendered by Deutsche Post AG and its subsidiaries are subject to sector-specific regulation by the Bundesnetzagentur (German federal network agency) pursuant to the Postgesetz (PostG – German Postal Act). This regulatory authority approves or reviews prices, formulates the terms of downstream access and undertakes special monitoring of market abuse. The general regulatory risk could lead to a decline in revenue and earnings in the event of detrimental decisions.

Glossary, page 250
Glossary, page 250

In 2011, the regulatory authority announced a benchmark decision specifying the conditions that would apply in 2012 and 2013 to regulation under the price-cap procedure for mail prices requiring approval. This stipulates that the general rate of inflation and the expected productivity growth rate for Deutsche Post AG are 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. In the year under review, the regulatory authority approved the prices to be charged in 2012 for the products regulated under the price-cap procedure.

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 reissued 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 (*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. Should the VAT tax assessments be amended, we shall take legal action where appropriate. Despite our view that the products' exemption complies with current European and German law, we cannot rule out the possibility of additional tax payments.

Since 1 July 2010, as a result of the revision of the relevant tax exemption provisions, 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 market and sector-specific conditions

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

We pay close attention to economic trends in all regions, particularly in the industrial countries. Despite the volatile climate, demand for logistics services rose in 2011 and our revenues increased accordingly. However, we cannot rule out the possibility of an economic downturn in specific regions and a stagnation or decrease in transport quantities.

The national debt crisis in the euro zone represents another element of uncertainty, not only for logistics companies, and has lowered economic expectation. Cost flexibility is therefore becoming increasingly necessary to allow a fast response to changes in market demand.

In recent years, the Group has taken measures to achieve a high level of cost flexibility. Even though experts see a substantial risk of an economic downturn in 2012, we regard the likelihood of this significantly affecting our forecast earnings as low due to our sound preparations, the experience we gathered during the last economic crisis and our global presence.

The probability of customer insolvencies is at a normal low level, for which reason we do not anticipate any significant losses due to insolvency on the part of customers from a current perspective.

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

According to security agencies, terrorism presents a particularly high risk for the western world. However, no specific threats to people, institutions or enterprises are known to us at present. We nonetheless 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 in 2010, postal companies and government authorities all over the world agreed to increase air traffic security. Deutsche Post DHL's security concepts 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, representatives of national legislative authorities and industry associations in order to ensure a high level of security and a low probability of any significant incidents occurring. 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 all aspects of security in the interest of our customers, business partners and employees.

Risks arising from corporate strategy

Over the past years, the Group has ensured that its activities are well positioned in the world's fastest growing regions and markets. We have also created efficient structures in all areas to allow us to flexibly adapt our capacities and costs to demand as a prerequisite for lasting, profitable business success. With respect to the strategic orientation of the Group, we are now focusing on our core competencies in the mail and logistics businesses with an eye towards growing organically and simplifying our processes for the benefit of customers.

In the MAIL division, we are responding to the challenges presented by the structural change from a physical to a digital business. We have counteracted the risk arising from changing demand by expanding our range of services. Due to the e-commerce boom, we expect our parcel business to continue growing robustly in the coming years and are therefore extending our parcel network. We are also expanding our range of electronic communications services, securing our standing as the quality leader and, where possible, making our transport and delivery costs more flexible. We follow developments in the market very closely. Although customer demand will change significantly over the long term, we regard the risk to successful operations in the MAIL division as low due to the measures introduced.

In the EXPRESS division, our future success depends above all on general factors such as trends in the competitive environment, costs and quantities transported. After having spent recent years successfully restructuring our business and substantially improving cost structures, we are now focusing on growth in our international business. We anticipate an increase in shipment volumes on routes to and from Asia in particular. Based on this expected growth, we are making strategic investments into our network, services, employees and the DHL brand. Against the backdrop of the past developments and the overall outlook, we do not see any unusual strategic risk for the EXPRESS 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. 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 customers a widely diversified range of products in different sectors all over the world, we can diversify our risk portfolio and balance out the incumbent risks. Moreover, our future success also depends on our ability to continuously improve our existing business and to grow in our most important markets.

Risks arising from internal processes

Logistics services are generally provided in bulk. They require a complex operating infrastructure with high quality standards to avoid any disruptions to the flow of shipments. To consistently guarantee reliability and on-time delivery, processes must be organised so as to proceed smoothly with no technical or personnel-related glitches. Any weaknesses with regard to posting and collection, sorting, transport, warehousing or delivery could seriously compromise our competitive position. We therefore adapt all processes to current circumstances as needed. We also take preventive measures to guard against disruptions or malfunctions in our operational processes. Should disruptions nonetheless occur, contingency plans will go into effect to minimise the consequences.

As an example, back in 2005 we began formulating plans in all divisions to respond to a pandemic emergency, including setting up an international crisis team. Although the risk of a pandemic has declined since then, we still aim to minimise the risk of infection for our employees in the event of an emergency whilst maintaining our business operations.

Overall, we regard the probability that the Group will experience significant effects due to downtime as low. In addition, some risks from downtime 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 customers. Should this involve capital expenditure, the Board of Management decides on any sums 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 Corporate Center/Other. The Board of Management members are regularly informed of investment decisions so that they can identify any significant risk early and take the 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. The goal is continuous IT system operation and the prevention of unauthorised access to our systems and databases.

Our operations can only run seamlessly if our essential IT systems are always available. To ensure this, we design our systems to protect against 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 can only access the data they need to do their job. 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 outdated software or from software upgrades.

We make all efforts to manage the low-probability, high-impact incidents in order to provide 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 cannot be ruled out entirely.

Security is our pledge for the E-Postbrief product. All attempts to attack the software have been repelled to date. In 2011, the product passed its first surveillance audit. This annual audit is carried out by the German Federal Office for Information Security in accordance with ISO 27001. In addition, the certification and testing organisation *Technischer Überwachungsverein* certified that the E-Postbrief product complies with data protection regulations.

Risks arising from environmental management

Our Group-wide risk management system also monitors environmental policy developments. An example is the EU's expansion of its emissions trading system to include air traffic. All airlines taking off from or landing in Europe are obliged to participate in this mandatory system from 2012 on. The system requires the airlines to submit emissions rights on the basis of their actual CO_2 emissions.

We believe that our Group is well equipped to limit any financial risk thanks to the GoGreen programme, which aims to improve our carbon efficiency by 30% by 2020 compared with 2007 levels. We modernise our aircraft fleet and optimise our network and load factor on an ongoing basis. These measures are designed to save fuel and thus reduce our carbon credit requirement. Aircraft operators are allocated emissions rights free of charge on the basis of their 2010 transport quantities. Emissions rights must be purchased at auction for any emissions not covered by the rights allocated. We consider the financial impact of these risks to be fairly low, despite the fact that their probability of occurrence is relatively high.

Corporate responsibility, page 87

Risks arising from human resources

The dedication and skills of our employees are essential to our future success. For this reason, we want to become the employer of choice in our sector. Competition remains high for qualified specialists and executives. Demographic change means that our staff are ageing, particularly in Germany, our largest market, and the pool of potential young talent is becoming smaller. The risk therefore exists that we shall not be able to recruit and retain a sufficient number of suitable employees.

In order to reduce this risk, we provide our employees with a motivating work environment and offer them suitable opportunities to take part in professional and employee development programmes. The results of our annual employee survey show that we continue to make progress in this area: compared with the previous year, employee approval ratings for "working conditions" improved by three percentage points to 76%, and the ratings for "learning and development" rose by five percentage points to 68%.

Employees, page 82 f.

In many countries, the age structure and social structures are undergoing a notable shift and thus directly affecting the composition of the working population. To analyse the changing situation, we have developed an instrument known as Strategic Workforce Management, which supplies answers based on facts to questions such as the risks related to employees' work capacity and aging.

Deutsche Post AG has entered into a Generations Pact with the trade unions to take account of the changing employment structure. The Generations Pact enables older employees to remain on the job whilst at the same time improving employment opportunities for young people.

Employees, page 84

In 2011, we placed particular emphasis on increasing the share of women in management positions. Our goal is to fill 25% to 30% of all management positions becoming vacant with women in the future. This should also contribute to meeting our needs for executives.

According to the United Nations and the World Economic Forum, there is a risk of a substantial increase in chronic, i.e., non-contagious, diseases all over the world. We are responding to this risk by continuously updating our health management programme, which has received multiple awards. State-of-the-art health management helps us to overcome the challenges of demographic change, become an employer of choice, assure high productivity levels and assume social responsibility.

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.

The first tranche involved the sale of 50 million Postbank shares via contribution as a non-cash capital increase in return for 50 million hedged new shares in Deutsche Bank AG, with any claims to payment of a purchase price for the shares 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 2011, Deutsche Post AG was still in possession of 86,417,432 Postbank shares. In the second tranche, 60 million Postbank shares will be 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 as 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). In January 2012, the process to exercise the put option was initiated by Deutsche Post AG.

Note 48

The changes in the fair value of the forward transaction (second tranche) and the call and put options (third tranche) led to volatility on the balance sheet during the financial year. Until the shares are fully transferred, the changes in the fair value of the options and the forward transaction will continue to impact net financial income/net finance costs. The risk involved is described in greater detail in the Notes to the consolidated financial statements along with information on other financial risks. We do not consider the risks described therein to represent a threat to the continued existence of the Group as a going concern.

Risks from pending legal proceedings

The European Commission's decision of 25 January 2012 concluded the formal state aid investigation that it had initiated on 12 September 2007. In its review of the funding of civil servants' pensions, the European Commission concluded that Deutsche Post AG had received illegal state aid in this area. It said that the pension relief granted to Deutsche Post AG by the *Bundesnetzagentur* during the price approval process led to Deutsche Post AG having to pay lower social security contributions for civil servants than its competitors pay for salaried employees, resulting in a benefit to Deutsche Post AG of between €500 million and €1 billion that it must repay to the Federal Republic of Germany. The precise amount has to be calculated by the Federal Republic. Deutsche Post AG is of the opinion that the European Commission's decision of 25 January 2012 cannot withstand legal review and will appeal to the European Court of Justice in Luxembourg.

More information about the state aid proceedings and other information on legal risk are provided in the Notes. We do not regard the risks ensuing from pending legal proceedings as representing a threat to the Group's continued existence as a going concern.

Note 51

Other risks faced by the Group

Our financing and insurance strategy enabled us to make significant savings in 2011 as well. It 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

No identifiable risks threatening the Group

Deutsche Post DHL is well positioned in terms of its operations. Strategically, the Group is positioned to benefit from momentum on the markets. We have laid the foundation for the company to continue on an upwards path, regardless of whether the economic upswing continues or economic output returns to normal. We are even well prepared for a possible economic collapse given that in previous years we have further optimised our cost structures and in many cases we can make them more flexible. In Germany, our future corporate profits could be affected by changes in the regulatory conditions pertaining to 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

Strong competitive position will support further growth

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

Achievements of Strategy 2015 are gauged regularly

Strategy and goals of the divisions, page 112 ff.

Corporate responsibility, page 87

Our Strategy 2015 has three objectives: we want to be the provider of choice for customers, an attractive investment for shareholders and the employer of choice for our staff. Our Group strategy is closely intertwined with the business strategies of our divisions. We take regular stock of the progress we make in terms of customer and employee satisfaction as well as the growth and profitability of our divisions.

As the largest company in our industry, we also take our environmental and social responsibility seriously. The programmes and initiatives we have implemented in this respect are summarised by our motto of "living responsibility".

Since the manner in which a company's employees act and behave is vital in determining its ability to perform at a high level, our guiding principle is "respect and results". Attaining first-class results is a fundamental prerequisite for our becoming the employer of choice for our employees, the provider of choice for our customers and the investment of choice for our shareholders.

Good results achieved from growth and simplification initiatives

Our Strategy 2015 is intended to help us to unlock our full potential. We also want to make it as easy as possible for customers to meet their logistics requirements. In 2010 we therefore introduced Group-wide initiatives aimed at "growth and simplification". The initiatives generated very good results in the year under review.

We aim for growth in our core products that exceeds the annual growth of their respective markets by one to two percentage points. Our Sector Management solutions for customers in selected industrial sectors have been especially successful, as have been our services tailored to the needs of fast-growing regions and customer segments. Against this backdrop, we have created the new position of Chief Commercial Officer, who oversees all cross-DHL initiatives including our central key account management and innovations.

Business activities and organisation, page 30

With respect to the "simplification" part of our motto, we have succeeded in improving internal and external processes alike. We have grown and at the same time measurably increased customer satisfaction by focusing our business activities even more intently on the advantages offered by our comprehensive range of products and our global presence.

Customers and quality, page 92 ff.

Taking Strategy 2015 to the next level

We adhere to our priorities of growth and simplification in implementing our Group strategy, both on a divisional level and in terms of selected cross-divisional issues. The business strategies of the divisions provide the basis and are supplemented by the following cross-divisional initiatives intended to increase the satisfaction of customers, employees and investors:

Strategy and goals of the divisions, page 112 ff.

- **Chief Commercial Officer:** The newly created position of Chief Commercial Officer will be geared towards the industrial sectors in order to reinforce customer centricity in all DHL business units. Our goal is to provide excellent consulting in industry-specific solutions along with transparent, smoothly running processes at the customer interface. Our account managers will be provided with the appropriate training and central support to allow them to perform these duties with even greater success.

Business activities and organisation, page 30

- **BRIC+M:** We are well positioned in the emerging economies of Brazil, Russia, India, China and Mexico (BRIC+M) and want to take advantage of the opportunities presenting themselves in these markets. Each month, workshops are held to discuss and make decisions on strategic and tactical procedure. The workshops are supported directly by the Group Board of Management.
- **First Choice:** Thus far our Group-wide initiatives to enhance service quality and customer centricity have focused on using uniform instruments to improve internal processes in particular. We shall continue to develop additional components with the goal of ensuring a uniform management philosophy to support decentralised change processes and decision-making processes.
- **Finance:** In the area of finance we plan to simplify processes and structures, intensify our co-operation with business partners and increase application of the shared services approach. This will allow us to improve our effectiveness and reduce our finance costs.

- **Personnel:** We want to increase standardisation in our global personnel processes and to simplify them even more in order to gain added resources for improving our service quality in the future. We shall continue to promote diversity in the Group, to improve co-operation between the divisions and to support cross-divisional career moves. We also want to increase the share of women in executive positions. In connection with a joint declaration by all DAX 30 companies, we have made it our goal to fill 25% to 30% of all management positions becoming vacant with women.
- **IT:** Given the increased importance of IT as a driver for product benefits and innovations, our CEO has assumed responsibility for the Group-wide IT Board. Measures have been agreed on to ensure that our IT will represent an even greater competitive advantage in the future.

STRATEGY AND GOALS OF THE DIVISIONS

MAIL division

The following strategic approaches are how we aim to meet the challenges of our business, both today and in the future. Our central goal is to ensure that our MAIL division continues to make a stable contribution of at least €1 billion to the Group's earnings in the future.

- **Making costs more flexible:** To achieve this goal, we are always adapting our networks to changing market conditions and making costs more flexible. We cut costs wherever possible and sensible. We also retain the high quality of our services and protect 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. In our parcel business, a new production system allows us to sort and transport parcels more efficiently, saving costs along the way.
- **Providing the highest quality to our customers:** We want to offer our customers the best service at the highest level of quality and at fair prices. We are, therefore, modernising the sorting equipment and IT architecture in our mail network on an ongoing basis. We are also investing in our parcel network and adapting it to increasing volumes. We are working faster: 95% of all items sent in Germany reach their destination the next day. Moreover, our customers receive real-time track and trace data and we are doing this with the environment in mind: the majority of our delivery services in Germany will be completely carbon neutral in the future. 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. This includes our network of around 2,500 Packstations. We are also expanding our successful co-operation with retailers.
- **Motivating our workforce:** The key to high quality and high performance are happy and dedicated employees, day in and day out. The 2011 collective agreement in Germany established an innovative Generations Pact. We demonstrate how much we value our people by listening to them, equipping them with state-of-the-art tools, counselling them on health issues and, at some locations, making childcare available.

Glossary, page 250

Employees, page 84

- **Tapping new online markets:** We are taking advantage of our expertise in physical communications to offer competent electronic communications. The internet is already facilitating customers' access to our services, allowing them, for example, to calculate and purchase postage and also locate retail outlets and Packstations online and by mobile telephone. We are investing in future growth areas in all our businesses: beyond our E-Postbrief product, our platform for secure electronic communications, we are active in the growing industry of online advertising. We operate Europe's largest platform for targeting (online advertising space marketing), provide the largest online German marketplace for journalistic content, and we are the first parcel delivery service in Germany to operate its own shopping portal. New user-friendly features beyond its basic features will be added to the E-Postbrief.

Glossary, page 250

EXPRESS division

Our "FOCUS" strategic programme extends to four areas:

- **Employee motivation:** Our employees are very important to us and constitute our main competitive advantage in retaining current customers and winning new ones. Our Certified International Specialist (CIS) training initiative ensures that employees have the requisite knowledge of the international express business at their disposal. The programme additionally reinforces the team atmosphere in and loyalty to the division. 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. We regularly honour employees who have proved to be outstanding International Specialists through special achievements. Since September 2011, all our employees have been CIS-certified. They are now being trained in additional modules specific to their functions.
- **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. We make it as easy as possible for our customers to give feedback on our performance, from conventional customer service to in-person surveys. Moreover, we use our First Choice methodology constantly to review customer behaviour and customer response and to 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:** To ensure a stable earnings contribution and continue growing over the long term, we monitor costs continuously and make sustainable investments in our business. For instance, we are expanding and revamping our fleet of aircraft to enable us to offer additional and more frequent flight connections. An international advertising campaign has been initiated to increase the name recognition of the DHL brand. We also actively seek profitable business opportunities, for example through the establishment of a new hub in Shanghai to expand our Asia business. We uncover potential and take measures accordingly to improve our earnings through targeted monitoring of our portfolio. Each country and each location in our network has contributed to these endeavours.

Brands, page 97

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. We aim to continuously achieve growth that exceeds the market average and to consolidate our leading position. To achieve this goal, we pursue three approaches:

Customer orientation and sector growth

We are in the process of strengthening our expertise and expanding our offers for individual sectors. In the Life Sciences & Healthcare sector, DHL has expanded its infrastructure footprint to encompass 27 competence centres. The 100 % acquisition of LifeConEx is significant in enhancing our service portfolio in this sector.

In the Engineering & Manufacturing sector, we now service European aerospace customers' needs via a single point of contact. In Asia, we have expanded our network by adding stations in, for example, China, Singapore and New Zealand.

In the Retail sector, we have implemented several regional direct-to-store distribution concepts that reduce inventory levels and simplify customs clearance in multiple destination countries. This solution is highly efficient for retailers expanding into new markets such as Asia.

In the Automotive sector, we decided to invest in setting up a network of competence centres. The centres commenced operations in January 2011 in China, India, the USA, Germany, Brazil and Mexico with further ones planned. The objective is to ensure that customers receive the highest level of operational excellence.

Increasing our presence in key and growth markets

We are increasing our international presence in all the areas in which we see the greatest growth opportunities. In the key Chinese market, increasing domestic consumption is moving the transport business inland. To capitalise on this trend, we added four branches and 17 sales offices to our network in 2011. We have also continued to grow in the south-east Asia market, having, for example, established additional branches in Vietnam, Pakistan and Indonesia. We also set up 30 new connections for the LCL market from Asia to Europe, in the Middle East, and to Latin America and Africa, accelerating our cargo movement in these growing trade lanes. To leverage the benefits of increased trade in the ASEAN free trade zone, we consolidated our network connecting Singapore, Thailand and Malaysia. The Asia Connect service also opens the door for the future setup of road freight between China and south-east Asia. In the United States, we invested in eight new sales locations and further expanded our air freight trade lane traffic from North America to Russia, India, China, Mexico and South Korea.

Glossary, page 250

In Europe, we established in the Global Forwarding business unit direct export services from Central and Eastern Europe to Asia via the port of Koper in Slovenia. Customers who forward their LCL transports via Koper achieve significantly shorter transit times than those available on routes through ports in northern Europe.

To simplify our air freight services between Europe and North America, we launched Liberty STAR in May 2011. This product offers air freight shipments between the two continents with defined transit times and at all-inclusive rates.

Arranging processes efficiently

We are in the process of creating the necessary basis for providing the highest level of operational excellence. For example, we have significantly reduced the complexity of our information technology. For key customers, we are making increasing use of standardised IT applications and thus considerably enhancing the transparency of transport routes and costs. Our customer self-service portal, DHLi.com, is being adopted by a rising number of customers.

In order to reduce costs and simplify the IT landscape, we have decommissioned approximately 10% of our legacy applications and reduced our corresponding investments. The cost savings are being invested in several initiatives to standardise our business processes and make them more efficient, thus allowing seamless interaction of all global IT applications with future target environments, standardised IT support and automated software updates. In addition, we have launched a global programme for harmonising our hardware. We are prepared to accept short-term hindrances to earnings growth for the sake of these measures.

SUPPLY CHAIN division

Our Growth Through Excellence strategy introduced in 2010 is based on two main pillars:

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

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. With our Operations Excellence programme, 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 reduce costs significantly and to manage them effectively in order to increase our overall profitability. We achieve this by leveraging purchasing efficiency, operating discipline and best practices. We thus succeeded in substantially reducing our direct costs in 2011. 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 this end, we have launched a top talent management programme.

Strategic focus, page 111

❷ **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 sectors of Consumer, Retail, Technology, Life Sciences & Healthcare, Automotive and Energy. For each of these sectors, we have established dedicated global sector teams to offer our customers comprehensive supply chain solutions 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 proven operating standards and practices. One example of such a comprehensive solution in the Technology sector is our Technical Services offering. Technical services refer to processes that are integrated into the respective supply chain solutions and which significantly reduce warehouse and transport costs as a result of shorter repair cycles. Together with Acer, a customer of ours in India, we significantly simplified that company's processes by combining the former 21 spare parts warehouses into three regional repair centres. DHL does not only manage the spare parts but ensures that the defective devices are collected at Acer's local service providers and carries out the required repair activities as well as subsequent delivery of the units to the customers.

Thus far we have replicated six strategic products worldwide: Lead Logistics Provider, Co-Packing, Integrated Logistics & Procurement, Technical Services, E-Fulfilment and Airline Business Solutions. 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 understand our customers' business objectives and strategies better, which enables us to offer them added value. Feedback from customers and customer surveys also assists us in continuously enhancing the effectiveness of our sales activities.

Future organisation

Change in Board of Management

The Supervisory Board of Deutsche Post AG resolved on 14 December 2011 to appoint Angela Titzrath to the Group Board of Management. As at 1 May 2012, she will succeed Walter Scheurle, who will resign his post as Board Member for Personnel effective as at the end of April following twelve years of successful service. He will continue to assist the company in an advisory capacity until he enters retirement.

Future economic parameters

Economic upturn with risks

The global economy is likely to maintain its growth course in 2012 but there are considerable risks. Sharply rising commodity prices may cause inflation to increase appreciably, especially in emerging markets, and may significantly slow the upturn. The national debt crisis in the euro zone in particular may have a highly adverse effect on international financial markets. If these risks remain manageable, the International Monetary Fund (IMF) expects an increase in global economic output of 3.3%. At the start of the year, most institutes were still giving relatively conservative estimates of growth in global trade (IMF: 3.8%, OECD: 4.8%).

A.73 Global economy: growth forecasts

%	2011	2012
Global trade volume	**6.9**	**3.8**
Real gross domestic product		
Global	3.8	3.3
Industrial nations	1.6	1.2
Emerging markets	6.2	5.4
Central and Eastern Europe	5.1	1.1
CIS countries	4.5	3.7
Emerging markets in Asia	7.9	7.3
Middle East and northern Africa	3.1	3.2
Latin America and the Caribbean	4.6	3.6
Sub-Saharan Africa	4.9	5.5

Source: International Monetary Fund (IMF) world economic outlook, January 2012.

In China, the government is making efforts to keep inflation under control and to slow down the economy. The economy is therefore expected to grow somewhat more slowly (IMF: 8.2%).

The Japanese economy may be able to recover from the economic downturn. Exports are forecast to increase considerably and gross fixed capital formation will also likely see a strong rise on account of the rebuilding efforts after the earthquake. A rise in private consumption is anticipated. GDP is therefore expected to grow (IMF: 1.7%, OECD: 2.0%, Postbank Research: 2.1%).

In the United States, the economy is projected to revive but not to gain any significant momentum. Investments in machinery and equipment as well as construction spending are expected to increase. The surplus on the housing market, however, is likely to curb the upwards trend. Private consumption will probably rise moderately, reflecting the slight decline in unemployment. Foreign trade and government spending is not expected to provide stimulus. Forecasts call for GDP growth to accelerate slightly overall (IMF: 1.8%, OECD: 2.0%, Postbank Research: 2.4%).

The euro zone economy is expected to experience a profound weak phase. To combat the national debt crisis, spending will be cut and taxes increased, which will likely also slow private consumption and gross fixed capital formation. As a result of weak domestic demand, imports are likely to rise at a considerably slower pace than exports so that foreign trade may have a positive impact on growth. However, total GDP is likely to increase only marginally (ECB: 0.3%, Postbank Research: 0.6%). A decline in economic output cannot be ruled out. The vast discrepancies between the member states are likely to remain.

This development will probably slow the German economy noticeably, an effect that will be seen mostly in exports. Investments in machinery and equipment as well as construction spending are expected to increase but not by as much as in 2011. Annual average employment figures are forecast to rise considerably, which is likely to boost private consumption further. However, GDP is expected to record only weak to moderate growth (*Sachverständigenrat*: 0.9%, Postbank Research: 1.2%).

If the global economy grows, the demand for crude oil will increase. The supply will probably be expanded as this occurs and, as a result, crude oil prices are likely to see only a moderate average increase in 2012.

The US Federal Reserve has announced that it will keep its key interest rate at a very low level for a longer period of time. A consistent rate between 0% and 0.25% can therefore be expected for 2012. The ECB will probably keep its key interest rate at 1.0%. Nevertheless, capital market interest rates may rise, although a weak economy and low key interest rates are likely to keep yield spreads tight.

World trade grows, especially through Asia

The trend in the industrial countries is likely to be shaped by elevated economic risks. Consequently, the emerging markets in Asia are again expected to play a significant role in the growth of global trade in the year 2012. Whilst growth in global trade volumes (transported quantity in tonnes) is likely to remain unchanged at approximately 6% in 2012, growth on the Asian routes is projected to increase further.

Mail business in the digital age

Glossary, page 250

Demand for mail in Germany depends on the trend in the ways our customers communicate and the extent to which electronic media continue to replace the physical letter. We expect the market for mail communication to shrink, though 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 again in 2012. This market is cyclical and currently finds itself in transition. We are seeing an overall shift in advertising expenditures as companies budget more for digital media and less for traditional advertising. The trend towards targeted advertising and combinations with internet offers is likely to continue. Moreover, we expect companies to resort increasingly 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 subscription numbers and average weights, thus also impacting our future revenue. We plan to increase the number of digital products we offer 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, parcels and small packages.

In the parcel market, which is likely to continue to grow in Germany, we expect to profit from business and private customer activities in the online marketplace. We shall continue to drive this development and to expand our market position with our own range of products and delivery services.

International express business continues to grow

Experience shows that growth of the international express market is highly dependent on the general economy. Despite the restrained projections for overall economic growth, however, we are optimistic regarding 2012 in light of the trend in our shipment volumes.

This also applies to our earnings. A continuing focus on costs together with initiatives to increase efficiency and quality will make a crucial contribution to improving earnings. Targeted, sustainable investments are necessary for our future growth. We are confident that we are able to remain on a growth path and further strengthen or defend our leading market position.

Moderate market growth in the freight forwarding business

The decline in demand that set in during the second half of 2011 in the logistics and freight forwarding sector is likely to continue in the coming months because the overall economic outlook for 2012 is more moderate.

In the air freight market, freight rates are strongly influenced by the supply side and the willingness of carriers to reduce their capacities. Some have already announced such intentions. Growth opportunities are seen in inter-Asian trade and in the expanding Chinese domestic market.

The ocean freight market, currently shaped by low margins, and even losses in some areas, finds itself in a phase of consolidation. The number of market players is likely to decline and those who remain are therefore expected to experience considerable growth. Global trade and the demand for sea freight are expected to continue to increase, especially on trade lanes between Asia and Latin America and within Asia as well as between Asia and the Middle East. We also anticipate that freight rates will remain at their current level until the second quarter of 2012. This is due to increasing market capacities. Supply-side capacity adjustments are foreseen in the short and medium term so that rates are likely to increase in 2012 on the whole. This will, in turn, put more pressure on margins in the freight forwarding sector.

In 2011, road transport volumes recovered from the crisis. For 2012 we anticipate regular market growth, assuming long-term growth rates.

Supply Chain market remains resilient

Due to the nature of the industry, the market for contract logistics stayed relatively resilient throughout the most recent economic downturn, a development that appears likely to continue in 2012.

Demand for Supply Chain services is expected to see particularly robust growth in emerging markets such as China, India, Brazil and Mexico.

At Williams Lea, we anticipate strong growth on the basis of our unique product offering and the increasing development of our broad DHL customer base, especially within the Marketing Solutions business, which was enhanced by the acquisition of Tag.

Despite the uncertainty of the economic climate, our business model in combination with our extensive global reach and Growth Through Excellence strategy ensure that we shall continue to improve our existing business steadily and to grow new business profitably.

Revenue and earnings forecast

The global economy is expected to continue to see moderate growth in 2012 with an increase of 3% to 3.5%. The international trading volumes relevant for our business are likely to exceed the projected growth of the global economy. We are therefore anticipating the corresponding revenue growth, particularly in the DHL divisions.

For financial year 2012, we expect consolidated EBIT to reach between €2.5 billion and €2.6 billion. The MAIL division is likely to contribute between €1.0 billion and €1.1 billion to this figure. Compared with the previous year, we expect an additional improvement in overall earnings to approximately €1.9 billion in the DHL divisions. At around €–0.4 billion, the Corporate Center/Other result should be on a par with the previous year.

We plan to increase capital expenditure by approximately 6% to €1.8 billion. We shall remain around this level in the following years. In line with our Group strategy, we are targeting organic growth and anticipate only a few small acquisitions in 2012, as in the previous year. In 2012, operating cash flow will only be impacted to a very minor extent by the restructuring measures resolved in 2009.

Even in the face of an uncertain economic climate, particularly in the western economies, we believe that the Group will experience good earnings momentum. The positive trend in our earnings that we are anticipating for 2012 is likely to continue into 2013. The cost reduction measures and growth programmes initiated in the MAIL division are expected to stabilise EBIT, even though letter volumes are likely to continue their slow decline due to electronic substitution. In the DHL divisions, we expect EBIT, taking the earnings contribution in 2010 as the baseline, to improve at an annual average of 13% to 15% in the period from 2011 to 2015 as trading volumes continue to recover.

Consolidated net profit before effects from the Postbank transaction is expected to continue to improve in 2012 in line with our operating business.

Our finance strategy calls for paying out 40% to 60% of net profits as dividends as a general rule. At the Annual General Meeting on 9 May 2012, we intend to propose to the shareholders that a dividend per share of €0.70 be paid for financial year 2011 (previous year: €0.65).

Projected financial position

Rating figures to feel temporary effect

As a result of the state aid ruling of the European Commission and the associated cash outflow, our significant rating figures will be affected temporarily. The rating agency Standard & Poor's has accordingly put our credit rating on credit watch with negative implications. Therefore, we cannot rule out the possibility that our rating will be lowered throughout the course of the year.

Note 51

Liquidity remains solid

We anticipate a deterioration in our liquidity in the first half of 2012 as a result of the annual prepayment due to Bundes-Pensions-Service für Post und Telekommunikation in January and the dividend payment for financial year 2011 in May. However, our operating liquidity situation will improve again significantly towards the end of the year due to the upturn in business that is normal in the second half.

In view of the October 2012 maturity date for the bond issued by Deutsche Post Finance B.V. in the amount of €0.7 billion and the state aid ruling of the European Commission, we are nevertheless currently analysing the option of refinancing under the Debt Issuance Programme. Since the cash outflow cannot be fully covered by available liquidity, we intend to borrow from the capital market during the course of the year.

Financial position, page 51

The fact that the mandatory exchangeable bond (second tranche) subscribed in connection with the sale of Postbank will mature on 25 February 2012 has no impact on our net debt or liquidity, given that the bond will be settled via a transfer of Postbank shares and not in the form of cash.

Capital expenditure continues to remain high

We will continue to make investments in 2012. All in all, we plan to increase capital expenditure by approximately 6% to €1.8 billion. We shall remain around this level in the following years. The majority of the spending will go for IT, machinery, transport equipment and aircraft.

In the MAIL division, we shall be further expanding our parcel network in addition to reinforcing digital growth areas. Investments in the mail and parcel business will increase versus the prior year.

In the EXPRESS division, we intend to increase investments in line with business growth. We shall be renewing and expanding our global network in order to sustain our high quality level even in the face of increasing volumes. Investments will centre on our aircraft fleet and in some countries also extend to the infrastructure on the ground.

In the GLOBAL FORWARDING, FREIGHT division, capital expenditure is expected to rise in 2012. We plan to optimise IT solutions in the Global Forwarding business unit. Regionally, we shall be investing primarily in Asia, Europe, the Middle East and Africa.

In the SUPPLY CHAIN division, investments are likewise expected to increase, although no substantial projects are planned. Additional investments will focus on supporting new business and securing and expanding existing business in America and the UK.

Cross-divisional capital expenditure will decrease slightly year-on-year in 2012. Investments will again be centred on our vehicle fleet and IT.

This Annual Report contains forward-looking statements that relate to the business, financial performance and results of operations of Deutsche Post AG. Forward-looking statements are not historical facts and may be identified by words such as "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets" and similar expressions. As these statements are based on current plans, estimates and projections, they are subject to risks and uncertainties that could cause actual results to be materially different from the future development, performance or results expressly or implicitly assumed in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as at the date of this presentation. Deutsche Post AG does not intend or assume any obligation to update these forward-looking statements to reflect events or circumstances after the date of this Annual Report.

@ Any internet sites referred to in the Group Management Report do not form part of the report.

B

CORPORATE GOVERNANCE

REPORT OF THE SUPERVISORY BOARD

WULF VON SCHIMMELMANN
Chairman

DEAR SHAREHOLDERS,

In the 2011 financial year, despite a turbulent economic and political environment, Deutsche Post DHL took positive steps towards its three targets: to be the provider, investment and employer of choice.

Advising and overseeing the Board of Management

In 2011, the Supervisory Board scrutinised Group and divisional strategy and performance at four Supervisory Board meetings and at a closed meeting. At the meetings, 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 regularly discussed the global economic situation, the effects of the amended value added tax legislation and regulatory issues as well as the development of acquisitions and products within the divisional growth strategies. Amongst the matters discussed was the acquisition of Tag EquityCo Limited in July 2011. All important decisions were discussed in detail with the Board of Management. It 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 plenary meetings.

Four meetings during the reporting year

Two Supervisory Board 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 9 March 2011, with the auditors in attendance, we discussed and approved the annual and consolidated financial statements for 2010. At that meeting we accepted Hermann Ude's resignation from the Board of Management and approved the conditions of his severance agreement. The Supervisory Board appointed Roger Crook to succeed him as a member of the Board of Management for three years until March 2014 and agreed on the terms of his contract of employment. Ken Allen was appointed as a member of the Board of Management for a further five years until March 2017. In addition, we dealt with aspects of Board of Management remuneration, decided on the disposal of the US subsidiary Exel Transportation Services (ETS) and discussed the results of the efficiency review of the work of the Supervisory Board.

At the Supervisory Board meeting of 30 June 2011, we examined, amongst other matters, aspects of the Board of Management's remuneration, in particular its appropriateness. In addition, we discussed how the company could support Supervisory Board members by providing them with basic and further training measures.

At the meeting of 7 September 2011, we agreed to extend Lawrence Rosen's mandate and contract for a further five years until August 2017. Prior to the meeting, the company organised a Directors' Day to provide Supervisory Board members with basic and further training. Selected speakers talked about current topics and developments, including accounting and corporate governance. Following the meeting, the Supervisory Board held a one-and-a-half-day closed meeting to discuss in detail the implementation of Strategy 2015 within the Group and the divisions. In order to provide an outside perspective to supplement the views of the Group, the Supervisory Board invited a number of high-ranking guest speakers.

At the Supervisory Board's last meeting of the year on 14 December 2011, we adopted the business plan for 2012. The Supervisory Board extended the Board of Management mandate and employment contract of Chief Executive Officer Dr Frank Appel for another five years until October 2017 and appointed Angela Titzrath as a member of the Board of Management and as Labour Director for three years. Angela Titzrath will succeed Walter Scheurle who, after twelve successful years as the Board Member for Personnel, is retiring at his own request. We discussed again the remuneration of the Board of Management, including the agreement of targets for 2012. We also submitted our Declaration of Conformity with the German Corporate Governance Code.

Hard work by the committees

The Executive Committee met six times during the year under review. The agenda focused primarily on business-related questions and Board of Management matters, such as the appointment of Board of Management members and the remuneration for the Board of Management.

The Personnel Committee met four times, examining in detail the proportion of women in executive positions in the Group. Similarly, the Group's voluntary commitment announced in October 2011 was addressed at length as were the measures planned and implemented to promote women to executive positions. Another topic was the annual employee opinion survey.

The Finance and Audit Committee met seven times. Hero Brahms, the committee's chairman, is a financial expert as defined by section 100 (5) and section 107 (4) of the *Aktiengesetz* (AktG – German Stock Corporation Act). At its February meeting, the committee examined the annual and consolidated financial statements for 2010. 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 2011 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.

With regard to the acquisition and disposal of companies, the committee meeting of 28 February 2011 discussed the sale of the US subsidiary Exel Transportation Services (ETS) and was informed about the acquisition of Eurodifarm srl. and AdCloud GmbH. Owing to his supervisory board mandate at Live Holding AG, which has an indirect holding in AdCloud, Hero Brahms did not participate in the discussion and resolutions concerning AdCloud. At the June meeting, the acquisition of Tag EquityCo Limited was again discussed.

The committee 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 2012 Audit Plan. The appropriateness of the Group's accounting system was discussed by the committee together with the auditor.

The Nomination Committee met once in 2011 and recommended to the Supervisory Board and the AGM the re-election of Hero Brahms, Werner Gatzer and Elmar Toime and proposed the appointment of Prof. Dr-Ing. Katja Windt and Thomas Kunz owing to the departure of Willem G. van Agtmael and Harry Roels.

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

In 2011, there were no meetings of the Mediation Committee formed pursuant to section 27 (3) of the *Mitbestimmungsgesetz* (MitbestG – German Co-determination Act).

Changes to the composition of the Supervisory Board and Board of Management

The following changes occurred in 2011 with regard to the shareholder representatives of the Supervisory Board of Deutsche Post AG: Willem G. van Agtmael and Harry Roels did not offer themselves for re-election and left the Supervisory Board at the end of the AGM of 25 May 2011. At the 2011 AGM Prof. Dr-Ing. Katja Windt and Thomas Kunz were appointed until the end of the AGM that will ratify the acts of management carried out during the financial year 2015. Werner Gatzer and Elmar Toime were re-elected for the same term of office. Hero Brahms was re-elected until the end of the AGM that will rule on ratification of the acts of management for financial year 2013. There were no changes to the employee representatives.

The company's Board of Management changed as follows: Hermann Ude resigned from the Board of Management on 8 March 2011. Roger Crook was appointed to succeed him as the member of the Board of Management responsible for GLOBAL FORWARDING, FREIGHT from 9 March 2011. The Board of Management mandate of Ken Allen was extended on 9 March 2011, that of Lawrence Rosen on 7 September 2011 and that of Dr Frank Appel on 14 December 2011, each for five years. Walter Scheurle announced his intention to retire in 2012. Angela Titzrath was named his successor as Board Member for Personnel and as Labour Director.

Conflict of interest reported

Hero Brahms announced at the Supervisory Board meeting of 9 March 2011 that as a precaution, he had not participated in the discussions and decision-making of the Finance and Audit Committee meeting of 28 February 2011 concerning the purchase of AdCloud GmbH, in order to avoid a potential conflict of interest. Hero Brahms holds a supervisory board mandate at Live Holding AG, which has an indirect interest in AdCloud. Werner Gatzer also participated in the Supervisory Board discussions regarding the intention of the German tax authorities to qualify several mail products that Deutsche Post AG considers to be VAT exempt retroactively as subject to VAT. The tax authorities of the German federal states are responsible for administering VAT. There was therefore no conflict of interests.

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

In December 2011, 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 2011, Deutsche Post AG complied with all recommendations of the German Corporate Governance Code as amended on 26 May 2010. The company plans to continue complying with the recommendations of the code as amended on 26 May 2010. The Corporate Governance Report (page 133 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, Düsseldorf, (PwC) audited the annual and consolidated financial statements for financial year 2011, 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 2011 at the financial statements meeting held on 7 March 2012. 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 2011. Based on the final outcome of the examination of the annual and consolidated financial statements, on the management reports and on 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 €0.70 per share.

We would like to thank the Board of Management and all the employees of the Group for their particularly hard work in the past year. The Supervisory Board is confident that the company is very well prepared for the future.

Bonn, 7 March 2012
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

Hero Brahms
Management consultant

Werner Gatzer
State Secretary, Federal Ministry of Finance

Prof. Dr Henning Kagermann
Former CEO of SAP AG

Thomas Kunz (since 25 May 2011)
President of Danone Waters, member of the Executive Committee of Danone S.A., France (until 30 September 2011)

CEO of Danone Dairy, member of the Executive Committee of Danone S.A., France (since 1 October 2011)

Roland Oetker
Managing Partner, ROI Verwaltungsgesellschaft mbH

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.

Prof. Dr-Ing. Katja Windt (since 25 May 2011)
Professor of Global Production Logistics at Jacobs University, Bremen

Left in financial year 2011

Willem G. van Agtmael (until 25 May 2011)
Managing Partner, E. Breuninger GmbH & Co.

Harry Roels (until 25 May 2011)

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
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

B.02 Committees of the Supervisory Board

Executive Committee

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

Mediation Committee (pursuant to section 27 (3) of the German Co-determination Act)

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

Nomination Committee

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

BOARD OF MANAGEMENT

1 DR FRANK APPEL
CHIEF EXECUTIVE OFFICER

Born in 1961
Member since November 2002,
CEO since February 2008
Appointed until October 2017

2 KEN ALLEN
EXPRESS

Born in 1955
Member since February 2009
Appointed until February 2017

3 ROGER CROOK
GLOBAL FORWARDING, FREIGHT

Born in 1957
Member since March 2011
Appointed until March 2014

4 BRUCE EDWARDS
SUPPLY CHAIN

Born in 1955
Member since March 2008
Appointed until March 2016

5 JÜRGEN GERDES
MAIL

Born in 1964
Member since July 2007
Appointed until June 2015

6 LAWRENCE ROSEN
FINANCE, GLOBAL BUSINESS SERVICES

Born in 1957
Member since September 2009
Appointed until August 2017

7 WALTER SCHEURLE
PERSONNEL

Born in 1952
Member from April 2000 until April 2012

New member of the Board of Management

ANGELA TITZRATH
PERSONNEL

Born in 1966
Member from May 2012
Appointed until April 2015

Former member of the Board of Management

HERMANN UDE
GLOBAL FORWARDING, FREIGHT

Born in 1961
Member from March 2008 until March 2011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MANDATES

B.03 Mandates held by the Board of Management

Membership of supervisory boards required by law	Membership of comparable bodies	
Lawrence Rosen Deutsche Postbank AG	**Ken Allen** DHL Sinotrans International Air Courier Ltd.[1] (Board of Directors) **Roger Crook** DHL Global Forwarding Management (Asia Pacific) Pte. Ltd.[1] (Board of Directors)	**Bruce Edwards** Ashtead plc (Board of Directors) Greif, Inc. (Board of Directors) Williams Lea Group Limited[1] (Board of Directors) Williams Lea Holdings PLC[1] (Board of Directors, Chair)

[1] Group mandate.

B.04 Mandates held by the Supervisory Board

Shareholder representatives		Employee representatives
Membership of supervisory boards required by law	**Membership of comparable bodies**	**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 (until 23 January 2012) Live Holding AG (Chair) Telefunken SE (Chair, until 31 March 2011) Krauss-Maffei-Wegmann GmbH & Co. KG **Werner Gatzer** g.e.b.b. mbH Bundesdruckerei GmbH ÖPP Deutschland AG (until 3 January 2011) Flughafen Berlin-Schönefeld GmbH (since 8 April 2011) **Prof. Dr Henning Kagermann** BMW AG Deutsche Bank AG Münchener Rückversicherungs-Gesellschaft AG **Roland Oetker** Evotec AG (since 16 June 2011) **Dr Ulrich Schröder** Deutsche Telekom AG KfW IPEX-Bank GmbH (until 31 March 2011) DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH **Elmar Toime** message AG (Chair)	**Prof. Dr Wulf von Schimmelmann** (Chair) Accenture Corp., Ireland (Board of Directors) Western Union Company, USA (Board of Directors) Thomson Reuters Corp., Canada (Board of Directors), since 20 July 2011 **Hero Brahms** M.M. Warburg & Co. KGaA (Shareholders' Committee), until 14 April 2011 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** Rheinisch-Bergische Verlagsgesellschaft mbH (Supervisory Board), since 8 April 2011 **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) **Left in financial year 2011** **Willem G. van Agtmael** (until 25 May 2011) Charlottenklinik für Augenheilkunde (Board of Trustees)	**Rolf Bauermeister** Deutsche Postbank AG **Andreas Schädler** PSD Bank Köln eG (Chair) **Helga Thiel** PSD Bank Köln eG (Deputy Chair)

CORPORATE GOVERNANCE REPORT

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

In this Annual Corporate Governance Statement, the company presents the main components of Deutsche Post DHL's 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.

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

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

In December 2011, 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 26 May 2010 have been complied with since the last Declaration of Conformity in December 2010 and that Deutsche Post AG intends to comply with all recommendations of the Code as amended on 26 May 2010 in the future."

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

With the guiding principle of "respect and results", we set our corporate governance the daily challenge 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 for living conditions in the regions in which we operate. This is a responsibility that we take seriously.

In 2011 we carried out another employee opinion survey, in which 80% of our employees took part. We are proud that, on the whole, our employees are satisfied with their working conditions. The results will be carefully analysed at all levels and intensively discussed since they indicate where we can make improvements.

Employees, page 82 f.

In addition, we regularly collect data on how satisfied customers are with our services. The *Kundenmonitor* independent market study in 2011 indicated that 95% of private customers surveyed in Germany were satisfied with the Deutsche Post mail and retail outlet service.

Our corporate responsibility rests on the competencies of the company and the experience of our employees. We want to lead the way in innovative and sustainable logistics solutions. Pursuant to our motto "living responsibility", we focus on three areas: GoGreen (environmental protection), GoHelp (disaster management) and GoTeach (promoting education). We are the first global logistics provider to set itself a quantitative carbon efficiency target. We had set ourselves the goal of improving carbon effi-

Corporate responsibility, page 87 ff.

ciency in our own processes by 10% by 2012 but managed to exceed this target in 2011. To support the programme we have developed our own controlling solution. Carbon emissions are managed and reported by means of defined indicators. In recognition of this, Deutsche Post DHL received the first Green Controlling Prize to be awarded by the Péter Horváth Foundation and the *Internationaler Controller Verein* (international controllers' association). The Group was again confirmed by leading indices as a member on the strength of its commitment to corporate responsibility.

Within the framework of the GoHelp programme, we apply our expertise towards helping people in disaster areas quickly. In this context, our Disaster Response Teams were deployed in New Zealand and El Salvador. In addition, we provided disaster-prevention training to the managers of the international airports in Nepal, Bangladesh and Indonesia.

With our GoTeach programme, we take action worldwide to improve education and promote fair opportunities for education. We concluded partnerships with organisations that supply university graduates to work as temporary schoolteachers in underprivileged areas, implemented a scholarship programme for the children of our employees and initiated a partnership with the child-aid organisation SOS Children's Villages.

As part of our commitment to social responsibility, we encouraged our employees to get involved in Global Volunteer Day for the first time in 2011. More than 50,000 of our employees volunteered to help children, young people and the elderly. In addition, we used the Living Responsibility Fund to support our employees' voluntary commitment in local projects.

Code of Conduct, diversity 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 some 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 the health and well-being of our employees as well as equal opportunities and diversity.

We consider the health and safety of our employees to be prerequisites for performance and motivation and a key to the company's continued success. Our global health policy, a multitude of measures to promote health and the numerous awards we have won are a reflection of the high esteem that our exemplary company health management system has enjoyed for years. In 2011, for the second year in a row, we won the Corporate Health Award in the transport/logistics category granted under the auspices of the German Federal Ministry of Labour and Social Affairs.

In 2011 Deutsche Post DHL won the first ever German Diversity Award in the Most Diverse Employer category. Concerning the promotion of women to executive positions, in October 2011 Deutsche Post DHL undertook to ensure that women occupied 25% to 30% of all upper and middle managerial positions for which there was a vacancy. To achieve this objective, we have already implemented targeted development actions and will supplement our catalogue of measures.

The Supervisory Board discussed in detail the Group's diversity strategy, with particular focus on the objective of increasing the number of women on the Board of Management. It sees the efforts for greater diversity as being part of long-term succession planning, for which the Supervisory Board and Board of Management are jointly responsible. In the opinion of the Supervisory Board, the targeted increase in the number of women in executive positions is necessary to ensure that, overall, more suitable female candidates are available for vacant positions on the Board of Management. This will allow the Supervisory Board to give more consideration to women when appointing members to the Board of Management. The international composition of the Board of Management already strongly reflects the global activity of the company.

The Code of Conduct is underpinned by two guidelines. The anti-corruption policy gives clear instructions on how to handle gifts, benefits and offers of hospitality. Improper payments (bribery) are prohibited. The competition compliance policy 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 obliges them to adhere to ethical and ecological standards. A ban on child and forced labour is in place. Salaries and working times must comply with national laws and regulations.

At Deutsche Post DHL, the Chief Compliance Officer is responsible for the compliance management system and reports directly to the Chief Financial Officer. Important compliance management activities include the process to identify possible compliance risks, the evaluation of business partners with regard to compliance, the procedures for reporting potential breaches of laws or guidelines, policy management and the development and implementation of training and communication measures.

The Chief Compliance Officer is supported by the Global Compliance Office, which establishes compliance management standards on a Group-wide scale and supports the corresponding activities of the divisions.

In 2011, pursuant to Deutsche Post DHL's continuous review and development of the compliance management system, the position of Divisional Compliance Officer was created in all of the four operating divisions. These officers report to the board member responsible for the divisions concerned. The Divisional Compliance Officer supplies input for the Chief Compliance Officer's report to the Group's Board of Management, with information on compliance cases and how they are dealt with as well as advances in the development of compliance organisation and processes. The Chief Compliance Officer is also advised by the Compliance Committee, which is composed of members from the divisions and representatives of certain corporate departments such as Internal Audit and Controlling.

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.

Members, page 130
Mandates, page 132

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.

Members, page 129
Mandates, page 132

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, with special meetings being held whenever particular developments or measures need to be discussed or decided quickly. In financial year 2011, the Supervisory Board met for four plenary meetings, 18 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 and decisions 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 should lead to that member's resignation from the Board. In the Supervisory Board's estimation, the Supervisory Board contains a sufficient number of independent members.

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. Their duties include preparing or deciding on investments and transactions in the various divisions. 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.

For the members of the Board of Management, see Board of Management and mandates held by the Board of Management.

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The Supervisory Board has formed five committees to ensure efficient discharge of its duties; in particular, these 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 Executive Committee's duties include arranging the appointment of members of the Board of Management and the establishment of management board remuneration by the plenary meeting of the Supervisory Board. The current members of the Executive Committee are Wulf von Schimmelmann (Chair), Andrea Kocsis (Deputy Chair), Rolf Bauermeister, Werner Gatzer, Roland Oetker and Stefanie Weckesser.

The Finance and Audit Committee oversees the accounting process, the effectiveness of the internal control system, the risk management and internal auditing systems as well as the financial statement audit. It examines questions of compliance and discusses the half-yearly and quarterly financial reports with the Board of Management before they are published. Based on its own preliminary assessment, it makes proposals for the approval of the annual and consolidated financial statements by the Supervisory Board. The current members of the Finance and Audit Committee are Hero Brahms (Chair), Wolfgang Abel (Deputy Chair), Werner Gatzer, Thomas Koczelnik, Stefan Schulte and Helga Thiel. 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.

The Personnel Committee discusses human resources principles for the Group. The Personnel Committee's current members are Andrea Kocsis (Chair), Wulf von Schimmelmann (Deputy Chair), Thomas Koczelnik and Roland Oetker.

The Mediation Committee carries out the duties assigned to it pursuant to the *Mitbestimmungsgesetz* (MitbestG – German Co-determination Act). The current members of the Mediation Committee are Wulf von Schimmelmann (Chair), Andrea Kocsis (Deputy Chair), Rolf Bauermeister and Roland Oetker.

The Nomination Committee presents to the shareholder representatives on the Supervisory Board recommendations on the choice of members of the Supervisory Board by the AGM. In doing so, it takes into consideration the objectives adopted by the Supervisory Board concerning its composition. The current members of the Nomination Committee are Wulf von Schimmelmann (Chair), Werner Gatzer and Roland Oetker.

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Information about the work of the Supervisory Board and its committees in financial year 2011 is also contained in the report of the Supervisory Board. You can find information about the members of the Supervisory Board and the composition of the Supervisory Board committees under the sections Supervisory Board and mandates held by the Supervisory Board.

Targets for the composition of the Supervisory Board

In December 2010, the Supervisory Board determined 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. Prof. Dr-Ing. Katja Windt, who was elected by the 2011 AGM, is an established logistics specialist and has an excellent reputation, also in other industries. Her election brought the proportion of women on the Supervisory Board to 30%. The company's international operations are adequately taken into account. Swiss-born Thomas Kunz, recently elected at the 2011 AGM, possesses extensive knowledge and experience gained in his many years as a member of the top management team within the French Danone group.

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, insofar as they concern the Board of Management, are given in the remuneration report.

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Senior executives of the Group take part in a global Share Matching Scheme. Within the framework of this plan, executives of grades B to D of our Role Classification System (RCS) must invest 15%, and may invest up to 50%, of their annual variable remuneration in Deutsche Post stock at the current share price. Executives of grades E and F may invest up to 50% of their annual variable remuneration. After a four-year holding period and a corresponding period of affiliation with the Group, the executives receive one bonus share for every Deutsche Post share purchased and continuously held under the plan.

Note 52

In addition, selected executives receive stock appreciation rights (SARS) in annual tranches as a long-term remuneration component. Apart from the fact that they do not need to make a personal investment, the structure of this remuneration element corresponds to that described in the remuneration report for the Board of Management.

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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 2011

The total remuneration paid to individual Board of Management members for financial year 2011 was determined by the Supervisory Board, which held consultations to resolve on the remuneration system for the Board of Management, including the main contractual elements. In so doing it obtained advice from an independent remuneration consultant.

The Board of Management remuneration reflects the size and global reach of the company, its economic and financial situation and the roles 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 2011 is in line with standard market practice, appropriate to the tasks involved and designed to reward performance; it comprises fixed (non-performance-related) elements and variable (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 paid to the Board of Management is predominantly medium and long-term based. Half of the variable remuneration consists of a long-term incentive plan with a four-year calculation period; the other half is made up of an annual bonus linked to the company's yearly profits, with 50% of the annual bonus flowing into a medium-term component with a three-year calculation period. Thus only 25% of the variable remuneration component is paid out on the basis of a one-year calculation.

The medium-term component described is applicable to all employment contracts and contract renewals entered into after the effective date of the *Gesetz zur Angemessenheit der Vorstandsvergütung* (VorstAG – German Act on the Appropriateness of Management Board Remuneration) (5 August 2009). For all contracts concluded prior to that date, 25% of the annual bonus flows into the medium-term component until the cessation of the term of the contract.

The amount of 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 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 that have been agreed based on demanding objectives is rewarded with the maximum annual bonus not to 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.

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 2011, 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 on which 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 SARS not exercised during this two-year period will expire.

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 twenty consecutive trading days prior to the issue date. The performance period is the last sixty 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 attributable to the related tranche will expire without replacement or compensation.

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). All contracts concluded since 9 March 2011 contain a clause stipulating that no special remuneration paid may be taken into account in the calculation of the severance payment cap, nor may the value of rights allocated from long-term incentive plans.

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 their 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* (AktG – 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* (UmwG – 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, taking effect on the cessation of their contracts. During the one-year non-compete period, former Board of Management members receive 100% 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. Lawrence Rosen is subject to a non-compete clause effective for two years after the cessation of his contract. 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 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 in office at 31 December 2011 has been promised any further benefits after leaving the company.

Other provisions

Hermann Ude's Board of Management contract was rescinded as at the end of 31 March 2011 and he was paid the sum of €2,972,083. Just as with active Board of Management members, the pension capital on his virtual pension account will accrue interest at an annual rate equal to the "iBoxx Corporates AA 10+ Annual Yield" rate, or at an annual rate of 2.25% at minimum, until his pension benefits fall due. Hermann Ude is subject to a non-compete clause and a non-solicitation clause until 31 March 2012. He is being paid a sum of €77,500 each month by way of compensation during this period for a total of €930,000 and will retain possession of the SARs allocated to him.

Amount of remuneration paid to active members of the Group Board of Management in financial year 2011

The remuneration paid to active members of the Board of Management in financial year 2011 totalled €12.05 million (previous year: €11.97 million). This amount comprised €7.41 million in non-performance-related components (previous year: €7.07 million) and €4.64 million in the performance-related component paid out (previous year: €4.90 million). An additional €2.32 million of the performance-related component was transferred to the medium-term component and will be paid out in 2014 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 2,771,178 SARS in financial year 2011 for a total value of €6.96 million (previous year: €4.99 million) at the time of issue (1 July 2011). 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 2011: cash components

€	Non-performance-related		Performance-related		
Board members	Annual base salary	Fringe benefits	Annual bonus	Total	Share of annual bonus transferred to medium-term component[2]
Dr Frank Appel, Chairman	1,745,017	33,990	1,308,804	**3,087,811**	436,268
Ken Allen	835,833	119,222	626,123	**1,581,178**	208,708
Roger Crook (since 9 March 2011)	579,797	142,092	290,228	**1,012,117**	290,228
Bruce Edwards	919,902	91,758	496,451	**1,508,111**	421,317
Jürgen Gerdes	930,000	22,906	465,000	**1,417,906**	465,000
Lawrence Rosen[1]	860,000	19,270	645,000	**1,524,270**	215,000
Walter Scheurle	930,000	19,892	697,500	**1,647,392**	232,500
Hermann Ude (until 8 March 2011)	163,188	3,242	108,861	**275,291**	53,485

[1] In financial year 2011, an additional €473,000 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 is described in the 2009 Annual Report.
[2] This amount will be paid out in 2014 provided the sustainability indicator is fulfilled.

B.06 Remuneration paid to the Group Board of Management in 2011: share-based component with long-term incentive effect

€ Active board members	Number of SARS	Value of SARS on grant date (1 July 2011)	Change in value of total SARS granted from 2008 to 2011 on 31 Dec. 2011 compared with value on grant date
Dr Frank Appel, Chairman	689,502	1,730,650	−2,748,612
Ken Allen	342,630	860,001	−1,092,314
Roger Crook (since 9 March 2011)	284,862	715,003	−250,679
Bruce Edwards	370,518	930,000	−1,753,956
Jürgen Gerdes	370,518	930,000	−1,753,956
Lawrence Rosen	342,630	860,001	−1,092,314
Walter Scheurle	370,518	930,000	−1,753,956

Remuneration paid to the Group Board of Management in the previous year (2010)

B.07 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	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] An additional €1,869,000 was paid out in the financial year 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 2009 Annual Report.
[2] This amount will be paid out in 2013 provided the sustainability indicator is fulfilled.

B.08 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

Pension commitments under the previous system

Dr Frank Appel, Jürgen Gerdes and Walter Scheurle have direct, final-salary based 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 in full. 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 Pension commitments under the previous system in financial year 2011: individual breakdown

	Pension commitments			
	Pension level on 31 Dec. 2011 %	Maximum pension level %	Service cost for pension obligation, financial year 2011 €	Present value (DBO) as at 31 Dec. 2011 €
Dr Frank Appel, Chairman	25	50	552,899	7,180,293
Jürgen Gerdes[1]	0	50	166,362	3,804,581
Walter Scheurle	60	60	651,031	8,324,557
Total			**1,370,292**	**19,309,431**

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

B.10 Pension commitments under the previous system in the previous 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.

Pension commitments under the new system

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 to a virtual pension account for the Board of Management member concerned. The maximum contribution period is 15 years. Since financial year 2010, pension capital has accrued interest at an annual rate equal to the "iBoxx Corporates AA 10+ Annual Yield" rate, or at an annual rate of 2.25% at minimum, and will continue to do so until the pension benefits fall due. Previously, the pension capital accrued interest at the discount rate applicable to pension provisions recognised for tax purposes. 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, taking into account the average "iBoxx Corporates AA 10+ Annual Yield" for the past ten full calendar years as well as the individual data of the surviving dependants and a future pension increase of 1%.

B.11 Board of Management pension commitments under the new system in financial year 2011: individual breakdown

€	Total contribution for 2011	Present value (DBO) as at 31 Dec. 2011	Service cost for pension obligation, financial year 2011
Ken Allen	250,250	705,775	266,023
Roger Crook (since 9 March 2011)	187,688	189,914	0
Bruce Edwards	301,000	1,114,883	322,872
Lawrence Rosen	301,000	1,636,856	326,478
Hermann Ude (until 8 March 2011)	677,250[1]	1,765,277	333,183
Total	**1,717,188**	**5,412,705**	**1,248,556**

[1] The total contribution for 2011 consists of a pro-rata amount for three months in the amount of €75,250 plus the €602,000 credited to Hermann Ude in connection with his departure from the company.

B.12 Board of Management pension commitments under the new system in the previous 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**

Benefits for former Board of Management members

Benefits paid to former members of the Board of Management or their surviving dependants amounted to €7.4 million in financial year 2011 (previous year: €5.7 million). The defined benefit obligation (DBO) for current pensions calculated under IFRSs amounted to €57.0 million (previous year: €42.9 million). The change (€13.3 million) is due to the greater number of pensioners as their pension benefits have fallen due. No additional obligations have been incurred in this context. Rather, the existing obligations due to pension entitlements including the 2011 service costs have decreased to €25.7 million (previous year: €35.4 million).

Supervisory Board remuneration

Pursuant to article 17 of the Articles of Association of Deutsche Post AG resolved by the Annual General Meeting, the annual remuneration paid to the members of the Supervisory Board comprises a non-performance-related, i.e., fixed, component, a variable component geared towards sustainable corporate development and the attendance allowance.

The fixed component has been gradually adjusted to the average figure for DAX 30 enterprises. Since 1 January 2011, it has amounted to €40,000 (previous year: €30,000). The variable remuneration component for financial year 2011 will amount to €1,000 for each €0.02 by which the consolidated net profit per share for financial year 2013 exceeds the consolidated net profit per share for financial year 2010. This variable remuneration component will fall due for payment as at the end of the 2014 AGM. The variable remuneration component is subject to a cap equal to 50% of the fixed component.

The Supervisory Board chairman and the Supervisory Board committee chairs receive an additional 100% of the fixed and variable remuneration, and the Supervisory Board deputy chair 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 chair or deputy chair, for part of the year are remunerated on a pro-rata basis.

Supervisory Board members receive an attendance allowance of €1,000 for each plenary meeting of the Supervisory Board or committee meeting that they attend, as in 2010. They are entitled to reimbursement of 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.

The remuneration for 2011 totalled €1,410,000 (previous year: €1,097,000). The following table shows the remuneration paid to each Supervisory Board member:

B.13 Remuneration paid to Supervisory Board members in 2011

€ Board members	Fixed component	Attendance allowance	Total
Prof. Dr Wulf von Schimmelmann (Chair)	140,000	16,000	**156,000**
Andrea Kocsis (Deputy Chair)	120,000	14,000	**134,000**
Wolfgang Abel	60,000	10,000	**70,000**
Willem van Agtmael (until 25 May 2011)	15,000	1,000	**16,000**
Rolf Bauermeister	60,000	10,000	**70,000**
Hero Brahms	80,000	11,000	**91,000**
Heinrich Josef Busch	40,000	4,000	**44,000**
Werner Gatzer	80,000	16,000	**96,000**
Prof. Dr Henning Kagermann	40,000	3,000	**43,000**
Thomas Koczelnik	80,000	15,000	**95,000**
Anke Kufalt	40,000	4,000	**44,000**
Thomas Kunz (since 25 May 2011)	25,000	2,000	**27,000**
Roland Oetker	80,000	15,000	**95,000**
Harry Roels (until 25 May 2011)	15,000	1,000	**16,000**
Andreas Schädler	40,000	4,000	**44,000**
Sabine Schielmann	40,000	4,000	**44,000**
Dr Ulrich Schröder	40,000	3,000	**43,000**
Dr Stefan Schulte	60,000	9,000	**69,000**
Helga Thiel	60,000	11,000	**71,000**
Elmar Toime	40,000	4,000	**44,000**
Stefanie Weckesser	60,000	10,000	**70,000**
Prof. Dr-Ing. Katja Windt (since 25 May 2011)	25,000	3,000	**28,000**

The remuneration system applicable in financial year 2009 provided for performance-related remuneration with a long-term incentive effect that would have fallen due for payment as at the end of the 2012 AGM. This remuneration component would have been payable (previous year: no payment) in the event of an increase in the consolidated revenue for 2011 compared with 2008. Since this requirement was not met, no performance-related remuneration with long-term incentive effect will be paid out for financial year 2009.

B.14 Remuneration paid to Supervisory Board members in 2010

€ Board members	Fixed component	Attendance allowance	Total
Prof. Dr Wulf von Schimmelmann (Chair)	105,000	16,000	**121,000**
Andrea Kocsis (Deputy Chair)	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**

C

C.01 INCOME STATEMENT

1 January to 31 December

€m	Note	2010 adjusted[1]	2011
Revenue	11	51,388	52,829
Other operating income	12	2,217	2,050
Total operating income		53,605	54,879
Materials expense	13	−29,380	−30,544
Staff costs	14	−16,609	−16,730
Depreciation, amortisation and impairment losses	15	−1,296	−1,274
Other operating expenses	16	−4,485	−3,895
Total operating expenses		−51,770	−52,443
Profit from operating activities (EBIT)		**1,835**	**2,436**
Net income from associates	17	56	60
Other financial income		2,251	590
Other finance costs		−1,335	−1,391
Foreign currency result		17	−36
Net other financial income/net other finance costs	18	933	−837
Net financial income/net finance costs		**989**	**−777**
Profit before income taxes		**2,824**	**1,659**
Income taxes	19	−194	−393
Consolidated net profit for the period	20	**2,630**	**1,266**
attributable to Deutsche Post AG shareholders		2,541	1,163
attributable to non-controlling interests	21	89	103
Basic earnings per share (€)	22	**2.10**	**0.96**
Diluted earnings per share (€)	22	**2.10**	**0.96**

[1] Note 5.

C.02 STATEMENT OF COMPREHENSIVE INCOME

1 January to 31 December

€m	Note	2010	2011
Consolidated net profit for the period		**2,630**	**1,266**
Currency translation reserve			
Changes from unrealised gains and losses		522	193
Changes from realised gains and losses		20	−26
Other changes in retained earnings			
Changes from unrealised gains and losses		1	1
Changes from realised gains and losses		0	0
Hedging reserve in accordance with IAS 39			
Changes from unrealised gains and losses		−67	−5
Changes from realised gains and losses		109	2
Revaluation reserve in accordance with IAS 39			
Changes from unrealised gains and losses		6	−7
Changes from realised gains and losses		−16	0
Revaluation reserve in accordance with IFRS 3			
Changes from unrealised gains and losses		−1	−1
Changes from realised gains and losses		0	0
Income taxes relating to components of other comprehensive income	19	1	−1
Share of other comprehensive income of associates (after tax)		93	10
Other comprehensive income (after tax)		**668**	**166**
Total comprehensive income		**3,298**	**1,432**
attributable to Deutsche Post AG shareholders		3,197	1,331
attributable to non-controlling interests		101	101

C.03 BALANCE SHEET

€m	Note	31 Dec. 2010	31 Dec. 2011
ASSETS			
Intangible assets	24	11,848	12,196
Property, plant and equipment	25	6,130	6,493
Investment property	26	37	40
Investments in associates	27	1,847	44
Non-current financial assets	28	3,193	729
Other non-current assets	29	465	570
Deferred tax assets	30	973	1,153
Non-current assets		**24,493**	**21,225**
Inventories	31	223	273
Income tax assets	32	223	239
Receivables and other current assets	33	8,641	9,089
Current financial assets	34	655	2,498
Cash and cash equivalents	35	3,415	3,123
Assets held for sale	36	113	1,961
Current assets		**13,270**	**17,183**
Total ASSETS		**37,763**	**38,408**
EQUITY AND LIABILITIES			
Issued capital	37	1,209	1,209
Other reserves	38	1,535	1,714
Retained earnings	39	7,767	8,086
Equity attributable to Deutsche Post AG shareholders	40	10,511	11,009
Non-controlling interests	41	185	190
Equity		**10,696**	**11,199**
Provisions for pensions and similar obligations	42	4,513	4,445
Deferred tax liabilities	30	215	255
Other non-current provisions	43	2,440	2,174
Non-current provisions		7,168	6,874
Non-current financial liabilities	44	6,275	1,366
Other non-current liabilities	45	401	347
Non-current liabilities		6,676	1,713
Non-current provisions and liabilities		**13,844**	**8,587**
Current provisions	43	2,259	2,134
Current financial liabilities	44	747	5,644
Trade payables	46	5,707	6,168
Income tax liabilities	32	463	570
Other current liabilities	45	4,047	4,106
Liabilities associated with assets held for sale	36	0	0
Current liabilities		10,964	16,488
Current provisions and liabilities		**13,223**	**18,622**
Total EQUITY AND LIABILITIES		**37,763**	**38,408**

C.04 CASH FLOW STATEMENT

1 January to 31 December

€m	Note	2010	2011
Consolidated net profit for the period attributable to Deutsche Post AG shareholders[1]		2,541	1,163
Consolidated net profit for the period attributable to non-controlling interests		89	103
Income taxes		194	393
Net other financial income/net other finance costs		–933	837
Net income from associates		–56	–60
Profit from operating activities (EBIT)		1,835	2,436
Depreciation, amortisation and impairment losses		1,296	1,274
Net loss/income from disposal of non-current assets		279	–54
Non-cash income and expense		27	–7
Change in provisions		–953	–897
Change in other non-current assets and liabilities		–74	–63
Income taxes paid		–301	–455
Net cash from operating activities before changes in working capital		**2,109**	**2,234**
Changes in working capital			
Inventories		1	–37
Receivables and other current assets		–1,258	–406
Liabilities and other items		1,075	580
Net cash from operating activities	47.1	**1,927**	**2,371**
Subsidiaries and other business units		–265	58
Property, plant and equipment and intangible assets		198	211
Other non-current financial assets		55	16
Proceeds from disposal of non-current assets		–12	285
Subsidiaries and other business units		–74	–84
Property, plant and equipment and intangible assets		–1,174	–1,716
Other non-current financial assets		–28	–80
Cash paid to acquire non-current assets		–1,276	–1,880
Interest received		55	72
Dividend received		4	0
Current financial assets		1,237	394
Net cash from/used in investing activities	47.2	**8**	**–1,129**
Proceeds from issuance of non-current financial liabilities		20	18
Repayments of non-current financial liabilities		–597	–338
Change in current financial liabilities		–64	–97
Other financing activities		54	–60
Proceeds from transactions with non-controlling interests		0	0
Cash paid for transactions with non-controlling interests		–73	–1
Dividend paid to Deutsche Post AG shareholders		–725	–786
Dividend paid to non-controlling interest holders		–73	–99
Purchase of treasury shares		–10	–21
Interest paid		–183	–163
Net cash used in financing activities	47.3	**–1,651**	**–1,547**
Net change in cash and cash equivalents		284	–305
Effect of changes in exchange rates on cash and cash equivalents		67	13
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		3,064	3,415
Cash and cash equivalents at end of reporting period	47.4	**3,415**	**3,123**

[1] The profit before income taxes item on the basis of which cash flows are calculated has been changed to consolidated net profit for the period attributable to Deutsche Post AG shareholders to increase transparency. The presentation of the prior-year figures has been adjusted. This change did not affect the calculation.

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	37	38	38	38	38	39	40	41	
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**
Balance at 1 January 2011	1,209	2,158	53	6	–682	7,767	10,511	185	10,696
Capital transactions with owner									
Dividend	0	0	0	0	0	–786	–786	–99	–885
Transactions with non-controlling interests	0	0	0	0	0	–59	–59	0	–59
Changes in non-controlling interests due to changes in consolidated group	0	0	0	0	0	0	0	3	3
Purchase of treasury shares	–2	0	0	0	0	–20	–22	0	–22
Share Matching Scheme (issuance)	0	33	0	0	0	0	33	0	33
Share Matching Scheme (exercise)	2	–21	0	0	0	20	1	0	1
							–833	**–96**	**–929**
Total comprehensive income									
Consolidated net profit for the period	0	0	0	0	0	1,163	1,163	103	1,266
Currency translation differences	0	0	0	0	165	0	165	–2	163
Other changes	0	0	3	–1	0	1	3	0	3
							1,331	**101**	**1,432**
Balance at 31 December 2011	**1,209**	**2,170**	**56**	**5**	**–517**	**8,086**	**11,009**	**190**	**11,199**

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 2011, are generally based on the same accounting policies used in the 2010 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 2011 and the adjustment of prior-period amounts disclosed 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 the Bonn Local Court.

These consolidated financial statements were authorised for issue by a resolution of the Board of Management of Deutsche Post AG dated 17 February 2012.

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 2011 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

	2010	2011
Number of fully consolidated companies (subsidiaries)		
German	80	76
Foreign	747	754
Number of proportionately consolidated joint ventures		
German	1	1
Foreign	16	13
Number of companies accounted for using the equity method (associates)[1]		
German	28	31
Foreign	31	28

[1] The interest in Deutsche Postbank AG has been measured in accordance with IFRS 5 since March 2011.

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 58.

Acquisitions in 2011

Acquisitions, 2011

Name	Country	Segment	Interest in %	Date of acquisition
Adcloud GmbH (Adcloud), Cologne	Germany	MAIL	100	1 April 2011
Eurodifarm srl. (Eurodifarm), Lodi	Italy	SUPPLY CHAIN	100	11 May 2011
Standard Forwarding LLC (Standard Forwarding), East Moline	USA	GLOBAL FORWARDING, FREIGHT	100	1 June 2011
Tag EquityCo Limited (Tag Equity), Grand Cayman	Cayman Islands	SUPPLY CHAIN	100	11 July 2011
LifeConEx LLC (LifeConEx), Plantation	USA	GLOBAL FORWARDING, FREIGHT	100	29 July 2011
Post Logistics Australasia, Melbourne (Post Logistics Australasia)	Australia	SUPPLY CHAIN	Asset deal	1 October 2011

ACQUISITION OF TAG EQUITY

In mid-July 2011, Deutsche Post DHL acquired the company Tag EquityCo Limited, Cayman Islands, together with its subsidiaries. Tag Equity is an international provider of marketing execution and production services. The company has been assigned to the Williams Lea business unit within the SUPPLY CHAIN segment. Final purchase price allocation is presented in the following tables.

Final purchase price allocation for Tag Equity

€m	Carrying amount	Adjustments	Fair value
ASSETS			
Non-current assets	13	–	**13**
Customer relationships	–	47	**47**
Brand name	–	4	**4**
Software	–	11	**11**
Current assets	54	–	**54**
Cash and cash equivalents	5	–	**5**
	72	**62**	**134**
EQUITY AND LIABILITIES			
Non-current liabilities and provisions	–	–	**–**
Deferred tax liabilities	–	16	**16**
Current liabilities and provisions	102	–	**102**
	102	**16**	**118**
Net assets			**16**

The customer relationships will be amortised over 20 years using the straight-line method, whilst the software will be amortised over five years. The brand name has an indefinite useful life.

Goodwill for Tag Equity

€m	Fair value
Cost	91
Less net assets	16
Goodwill	**75**

The transaction costs for this acquisition amounted to €6 million. In addition, shareholder loans of €33 million were repaid.

The companies contributed €76 million to consolidated revenue and €11 million to consolidated EBIT since the date of initial consolidation. Inclusion of the companies as at 1 January 2011 would have affected consolidated revenue by adding €67 million and consolidated EBIT by adding €8 million.

Insignificant acquisitions in 2011

In the period up to 31 December 2011, Deutsche Post DHL acquired further subsidiaries that did not materially affect the Group's net assets, financial position and results of operations, either individually or in the aggregate. These insignificant acquisitions are presented in the following:

Adcloud is a specialised provider of internet advertising space marketing and placement services. Eurodifarm is a specialist in the temperature-controlled distribution of pharmaceutical and diagnostic products. Standard Forwarding, a US company in the forwarding business, was acquired in order to expand capacity in the Freight business unit. Deutsche Post DHL acquired all of the shares of its LifeConEx LLC, USA, joint venture, previously held by LCAG USA Inc., USA. This company provides end-to-end cold chain logistics services for the life sciences industry. The change in the method of consolidation resulted in a gain of €1.3 million, which is reported in other operating income. Under the terms of an asset deal, DHL Supply Chain Pty. Limited, Australia, has acquired from Post Logistics Australasia assets and liabilities relating to its road freight transport and warehousing and storage services.

Insignificant acquisitions, 2011

€m 1 January to 31 December	Carrying amount	Adjustments	Fair value
ASSETS			
Non-current assets	17	–	**17**
Current assets	25	–	**25**
Cash and cash equivalents	8	–	**8**
	50	**–**	**50**
EQUITY AND LIABILITIES			
Non-current liabilities and provisions	6	–	**6**
Current liabilities and provisions	40	–	**40**
	46	**–**	**46**
Net assets			**4**

Goodwill, 2011

€m	Fair value
Cost	63
Less net assets	4
Plus effects from change in consolidation method	1
Goodwill	**60**

The transaction costs for the insignificant acquisitions amounted to €2.6 million.

Variable purchase prices, which are given in the table below, were agreed for the acquisitions:

Contingent consideration

Basis	Period for financial years from/to	Results range from	Fair value of payment obligation
Revenue and gross income	2011 to 2013	€0 to €25 million	€5.8 million
EBITDA	2011 and 2012	unlimited	€1 million
Revenue and EBITDA	2011 to 2013	€0 to €3 million	€2 million

The insignificant companies contributed €68 million to consolidated revenue and €–3 million to consolidated EBIT since the date of initial consolidation. Inclusion of the companies as at 1 January 2011 would not have materially affected consolidated revenue and consolidated EBIT.

€98 million was expended on purchasing subsidiaries in the period up to 31 December 2011, plus a further €8 million for subsidiaries already acquired in previous years. In addition, Deutsche Post DHL received €8 million in purchase price adjustments relating to companies acquired in previous years. The purchase prices of the acquired companies were paid in cash.

Acquisitions in 2010

In the period up to 31 December 2010, Deutsche Post DHL acquired two entities that did not materially affect 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
Cost	23
Less net assets	1
Difference	22
Less non-controlling interests[1]	2
Goodwill	**20**

[1] Non-controlling interests were recognised at their carrying amount.

Inclusion of the companies as at 1 January 2010 would not have materially affected consolidated revenue and consolidated EBIT.

A total of €23 million was spent in financial year 2010 on acquiring subsidiaries and €51 million for subsidiaries acquired in previous years. The purchase prices of the acquired companies were paid in cash. Further information about cash flows can be found in Note 47.

Disposal and deconsolidation effects in 2011

The disposal and deconsolidation effects of companies and business units in financial year 2011 were as follows:

Disposal and deconsolidation effects, 2011

€m 1 January to 31 December	Exel Transportation Services	DHL Express Canada	Miscellaneous	Total
Non-current assets	0	11	2	**13**
Current assets	0	2	0	**2**
Assets held for sale[1]	113	0	18	**131**
Cash and cash equivalents	0	0	10	**10**
Assets	**113**	**13**	**30**	**156**
Non-current liabilities and provisions	0	0	0	**0**
Current liabilities and provisions	0	5	11	**16**
Liabilities associated with assets held for sale[1]	62	0	11	**73**
Equities and liabilities	**62**	**5**	**22**	**89**
Net assets	**51**	**8**	**8**	**67**
Total consideration received	55	10	2	**67**
Income (+) / expenses (–) from the currency translation reserve	24	1	1	**26**
Non-controlling interests	0	0	3	**3**
Deconsolidation gain (+) / loss (–)	**28**	**3**	**–2**	**29**

[1] Data before deconsolidation.

Disposal gains are shown under other operating income; disposal losses are reported under other operating expenses.

SUPPLY CHAIN SEGMENT

In April 2011, Deutsche Post DHL sold the freight forwarding company Exel Transportation Services Inc., USA, including Exel Trucking Inc., USA, and Exel Transportation Services Inc. (Canadian Branch), Canada, to the US-based Hub Group. The assets and liabilities as at 31 March 2011 were presented as held for sale in accordance with IFRS 5.

EXPRESS SEGMENT

At the end of June 2011, DHL Express Canada sold its domestic Canadian express business to TransForce, a transport company. The two companies have entered into a ten-year strategic alliance. The domestic express business is to be handled by TransForce's Loomis Express subsidiary. DHL Express Canada will continue to provide international express services.

The sale of four Chinese companies, the sale of assets of the Australian company Western Australia and the sale of Northern Kope Parcel Express, Australia, are reported in the Miscellaneous column. The assets and liabilities had previously been classified in accordance with IFRS 5.

GLOBAL FORWARDING, FREIGHT SEGMENT

Part of the transport and warehouse services business of DHL Freight Netherlands B.V., the Netherlands, was sold in the third quarter of 2011. The effects are presented in the Miscellaneous column.

Disposal and deconsolidation effects in 2010

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
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**
Assets	**54**	**70**	**80**	**6**	**210**
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**
Equity and liabilities	**39**	**91**	**66**	**2**	**198**
Net assets	**15**	**–21**	**14**	**4**	**12**
Total consideration received	–26	–243	1	4	**–264**
Income (+)/expenses (–) from the currency translation reserve	–12	0	0	0	**–12**
Deconsolidation gain (+)/loss (–)	**–53**	**–222**	**–13**	**0**	**–288**

[1] Data before deconsolidation.

In March of the previous year, DHL Express UK sold its day-definite domestic business. In April, DHL Supply Chain Austria sold parts of its contract logistics operations. The sale of DHL Express France's day-definite domestic business, and of DHL Freight France's champagne business, was completed in June. The disposal effects attributable to Fulfilment Plus GmbH, Germany, Exel Delamode Logistics SRL, Romania, and Innogistics LLC, USA, are presented together in the Miscellaneous column. The deconsolidations resulted in an aggregate loss of €288 million, which is reported under other operating expenses.

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	2010[1]	2011[1]
BALANCE SHEET		
Intangible assets	97	100
Property, plant and equipment	20	24
Receivables and other assets	64	73
Cash and cash equivalents	16	17
Trade payables, other liabilities	68	66
Provisions	12	17
Financial liabilities	63	63
INCOME STATEMENT		
Revenue[2]	260	271
Profit from operating activities (EBIT)	13	22

[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, EV Logistics, Canada, AeroLogic GmbH, Germany, and Bahwan Exel LLC, Oman. Shareholdings are disclosed in Note 58.

3 Significant transactions

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. 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.

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 was €1,493 million as at 31 December 2011. Changes in fair value of €–160 million in 2011 (previous year: €200 million) are presented in net other financial income/net other finance costs; Note 18.

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 2011, the liability amounted to around €2.9 billion including interest (previous year: €2.8 billion). 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.

As the planned Postbank sale is expected to occur in the first quarter of 2012, all related non-current assets and liabilities were reported as current assets and liabilities. The options have been reported under current financial assets and current financial liabilities since the first quarter of 2011. 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 current financial liabilities along with the interest expense.

The remaining 39.5% interest in Deutsche Postbank AG previously accounted for using the equity method and presented under investments in associates was reclassified as held for sale at the end of February 2011; Note 36.

The effects of the planned Postbank sale are as follows for 2011:

Effects of the planned Postbank sale

€m	2010	2011
BALANCE SHEET		
Investments in associates/assets held for sale	1,797	1,916
Non-current/current financial assets	2,509	2,278
Non-current/current financial liabilities	4,164	4,344
INCOME STATEMENT		
Net income from associates	52	58
Net other financial income/net other finance costs	1,517	−359

See Note 57 for further developments in relation to the Postbank sale.

4 New developments in international accounting under IFRSS

The following Standards, changes to Standards and Interpretations are required to be applied on or after 1 January 2011:

	Effective for financial years beginning on or after	Significance
IAS 32 (Financial Instruments: Presentation)	1 February 2010	Relevant, not significant
Improvements to IFRSS (2010)	1 July 2010/ 1 January 2011	Relevant, not significant
IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments)	1 July 2010	Relevant, not significant
IAS 24 (Related Party Disclosures)	1 January 2011	Early application of partial exemption; relevant
IFRIC 14 (Prepayments of a Minimum Funding Requirement)	1 January 2011	Relevant, not significant

The amendment to IAS 32 (Financial Instruments: Presentation) regarding the classification of rights issues requires rights, options and warrants on a fixed number of the entity's own equity instruments for a fixed amount of any currency to be reported as equity instruments if they are offered pro rata to all existing owners of the same class of equity instruments. The amendments had no material effect on the consolidated financial statements.

On 6 May 2010, the IASB issued its minor annual Improvements to IFRSS. Unless otherwise provided for in individual cases, the changes are required to be applied retrospectively for the first time for financial years commencing on or after 1 January 2011. The changes had no significant influence on the consolidated financial statements.

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 effects on the consolidated financial statements were insignificant.

The amendments to IAS 24 (Related Party Disclosures) primarily comprise modified definitions, the introduction of a partial exemption from the disclosure requirements for government-related entities and clarification that executory contracts are also reportable transactions. Deutsche Post DHL has applied the partial exemption since 31 December 2010. The changes result in additional disclosure requirements.

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 application of the amended Interpretation has no material effect on the consolidated financial statements.

New accounting pronouncements adopted by the EU and 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.

	Effective for financial years beginning on or after	Significance
Disclosures – Transfers of Financial Assets (Amendments to IFRS 7)	1 July 2011	Relevant, not significant

The amendments to IFRS 7 (Financial Instruments: Disclosures) concern additional disclosure requirements for transfers of financial assets that should enable users of financial statements to gain a better understanding of the effects of risks remaining with the entity. The amendments are effective for financial years beginning on or after 1 July 2011. The effects on the Group are not significant.

New accounting requirements not yet adopted by the EU (endorsement procedure)

The IASB and the IFRIC issued further Standards and Interpretations in financial year 2011 and in previous years whose application is not yet mandatory for financial year 2011. The application of these IFRSs is dependent on their adoption by the EU.

	Issue date	Effective for financial years beginning on or after	Significance
IFRS 9 (Financial Instruments)	12 November 2009	1 January 2015	Under review
Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to IFRS 1)	20 December 2010	1 July 2011	Irrelevant
Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12)	20 December 2010	1 January 2012	Under review
IFRS 10 (Consolidated Financial Statements)	12 May 2011	1 January 2013	Under review
IFRS 11 (Joint Arrangements)	12 May 2011	1 January 2013	Under review
IFRS 12 (Disclosures of Interests in Other Entities)	12 May 2011	1 January 2013	Increased disclosure requirements
IAS 27 (Separate Financial Statements)	12 May 2011	1 January 2013	Under review
IAS 28 (Investments in Associates and Joint Ventures)	12 May 2011	1 January 2013	Under review
IFRS 13 (Fair Value Measurement)	12 May 2011	1 January 2013	Increased disclosure requirements
Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)	16 June 2011	1 July 2012	Relevant, not significant
Amendments to IAS 19 (Employee Benefits)	16 June 2011	1 January 2013	Relevant
IFRIC 20 (Stripping Costs in the Production Phase of a Surface Mine)	19 October 2011	1 January 2013	Irrelevant
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32 (Financial Instruments))	16 December 2011	1 January 2014	Under review
Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7 (Financial Instruments: Disclosures))	16 December 2011	1 January 2013	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 introduced 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 2015. Earlier application is permitted. The EU has deferred the decision on whether to endorse this Standard for the time being. The corresponding effects on the Group of the parts of IFRS 9 that have already been issued are being assessed.

The amendment to IAS 12 (Deferred Tax: Recovery of Underlying Assets) introduces a mandatory rebuttable presumption in respect of the treatment of temporary taxable differences for investment properties where the fair value model is applied in accordance with IAS 40. The new rule is important for countries where the tax rules governing the use and the sale of such assets differ. As part of this amendment, SIC-21 (Income Taxes – Recovery of Revalued Non-Depreciable Assets) was also incorporated into IAS 12. The effects on the consolidated financial statements are being assessed.

IFRS 10 (Consolidated Financial Statements) introduces a uniform definition of control for all entities that are to be consolidated in the consolidated financial statements. The standard also contains comprehensive requirements on determining a relationship where control exists. IFRS 10 supersedes IAS 27 (Consolidated and Separate Financial Statements) as well as SIC-12 (Consolidation – Special Purpose Entities). Special purpose entities previously consolidated in accordance with SIC-12 are now subject to IFRS 10. The effects on the Group are currently being assessed.

IFRS 11 (Joint Arrangements) supersedes IAS 31 (Interests in Joint Ventures). The previous option to proportionately consolidate for joint ventures has been removed. Changes in the new Standard's terminology and the classification of entities as joint ventures must, however, be considered, and not all joint ventures that are currently subject to proportionate consolidation will have to be accounted for under the equity method in the future. IFRS 11 provides a uniform definition of the term "joint arrangements" and distinguishes between joint operations and joint ventures. The interest in a joint operation is recognised on the basis of direct rights and obligations, whereas the interest in the profit or loss of a joint venture must be accounted for under the equity method. The mandatory application of the equity method to joint ventures will now follow the requirements of the revised IAS 28 (Investments in Associates and Joint Ventures). The effects on the Group are currently being assessed.

IFRS 12 (Disclosure of Interests in Other Entities) combines the disclosure requirements for all interests in subsidiaries, joint ventures, associates and unconsolidated structured entities into a single standard. Under IFRS 12, an entity is required to provide quantitative and qualitative disclosures about the types of risks and financial effects associated with the entity's interests in other entities. IFRS 12 results in increased disclosure requirements.

The existing standards IAS 27 (Consolidated and Separate Financial Statements) and IAS 28 (Investments in Associates) were revised in conjunction with the new standards IFRS 10, IFRS 11 and IFRS 12. IAS 27 (Separate Financial Statements) (revised 2011) now only contains requirements applicable to separate financial statements. IAS 28 was renamed as IAS 28 (Investment in Associates and Joint Ventures) (revised 2011) and the scope of application was extended to include accounting for joint ventures under the equity method. The requirements of SIC-13 (Jointly Controlled Entities – Non-Monetary Contributions by Venturers) were incorporated into IAS 28.

On 12 May 2011, IFRS 13 (Fair Value Measurement) was issued, which sets out a uniform, cross-standard framework for the measurement of fair value. In addition, IFRS 13 requires a specific presentation of the techniques used to determine fair value. The application of the new standard will result in additional disclosure requirements.

The amendments to IAS 1 (Presentation of Items of Other Comprehensive Income) require entities in future to classify items presented in other comprehensive income by whether or not they will be reclassified to profit or loss in subsequent periods (recycling). The amendments have no significant effect on the consolidated financial statements.

On 16 June 2011, the IASB issued a revised version of IAS 19 (Employee Benefits). These requirements significantly affect the recognition and measurement of the cost of defined benefit plans and termination benefits. Furthermore, there are corresponding effects on the balance sheet and additional disclosure requirements for employee benefits. In relation to defined benefit plans, the recognition of actuarial gains and losses (remeasurements) in other comprehensive income for the period, and the future use of a uniform discount rate for provisions for pensions and similar obligations, and for pension assets, are of particular significance. The effects of the detailed requirements on the recognition of administrative expenses are still being assessed. The same applies to the changes in relation to the classification of termination benefits.

The amendments to IAS 32 (Financial Instruments: Presentation) provide clarification on the conditions for the offsetting of financial assets and liabilities in the balance sheet. A right of set-off must be legally enforceable for all counterparties, both in the normal course of business and also in the event of insolvency, and it must exist at the balance sheet date. In addition, the Standard specifies which gross settlement systems can be regarded as net settlement for this purpose. The additions to IFRS 7 arising from these amendments require comprehensive disclosure of the rights of set-off, especially for those rights that do not result in offsetting under IFRSs.

5 Adjustment of prior-period amounts

Income statement

€m	2010	Adjustments	2010 adjusted
Revenue	51,481	−93	**51,388**
Materials expense	−29,473	93	**−29,380**

Up until the third quarter of 2011, part of the reduction in income attributable to customer discounts was recognised under materials expense rather than revenue. The prior-period amounts were adjusted. No opening balance sheet as at 1 January 2010 is presented because it was not affected by the adjustment.

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 2011, currency translation differences amounting to €165 million (previous year: €533 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	2010 EUR 1 =	2011 EUR 1 =	2010 EUR 1 =	2011 EUR 1 =
USD	USA	1.34	1.29	1.32	1.40
CHF	Switzerland	1.25	1.22	1.37	1.23
GBP	UK	0.86	0.84	0.86	0.87
SEK	Sweden	8.97	8.93	9.49	9.01

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 2011, income of €185 million (previous year: €197 million) and expenses of €189 million (previous year: €195 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

Uniform accounting policies are applied to the annual financial statements of the entities that have been included in the consolidated financial statements. The consolidated financial statements are prepared under the historical cost convention, except where items are required 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 and 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 20 years. Impairment losses are recognised in accordance with the principles described in the section headed Impairment.

Intangible assets that are not affected by legal, economic, contractual, or other factors that might restrict their useful lives are considered to have indefinite useful lives. They are not amortised but are tested for impairment annually or whenever there are indications of impairment. They mainly include brand names from business combinations. 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.

Useful lives

years	2010	2011
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

If there are indications of impairment, an impairment test must be carried out; see the section headed Impairment.

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 (CGUs 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 financial income/net finance costs. 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 48.2.

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 five and 50 years using the straight-line method. 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 payments 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 are reported under net financial income/net finance costs, the other components 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, since early 2001, 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 €531 million (previous year: €541 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).

Some of the defined benefit pension plans have been closed to new entrants (e.g., in the UK) or additionally to further increases in benefits for existing beneficiaries (e.g., in the USA); in these cases, there has been a switch to defined contribution plans.

In 2011, employer contributions totalling €198 million were paid in respect of defined contribution pension plans for the Group's hourly workers and salaried employees (previous year: €237 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 10.75% (previous year: 0.5% to 11.5%).

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 30.

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 49.

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 management to make certain assumptions and estimates that may 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. Examples of the main areas where assumptions, estimates and the exercise of management judgement occur are the recognition of provisions for pensions and similar obligations, the calculation of discounted cash flows for impairment testing and purchase price allocations, taxes and legal proceedings.

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 present value of the total obligations of pension plans in Germany. For Group companies in the UK, such a change in the discount rate would result in a decrease or increase in the present value of the total obligation of around €600 million. Since actuarial gains and losses are spread over a number of years 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 have only a partial effect or no effect at all 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 51. 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 2012 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 2011 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.

10 Segment reporting

Segments by division

€m	MAIL		EXPRESS		GLOBAL FORWARDING, FREIGHT		SUPPLY CHAIN		Corporate Center/ Other		Consolidation		Group	
1 Jan. to 31 Dec.	2010[1,2]	2011	2010	2011	2010	2011	2010[1]	2011	2010[1]	2011	2010[1]	2011	2010[2]	2011
External revenue	13,822	13,877	10,788	11,383	13,738	14,385	12,969	13,119	71	65	0	0	51,388	52,829
Internal revenue	91	96	323	383	603	659	92	104	1,231	1,195	−2,340	−2,437	0	0
Total revenue	13,913	13,973	11,111	11,766	14,341	15,044	13,061	13,223	1,302	1,260	−2,340	−2,437	51,388	52,829
Profit/loss from operating activities (EBIT)	1,120	1,107	497	927	383	429	231	362	−395	−389	−1	0	1,835	2,436
Net income from associates	0	1	0	0	4	1	0	0	52	58	0	0	56	60
Segment assets	4,100	4,325	8,323	8,663	7,727	7,931	5,959	6,314	1,167	3,167	−246	−254	27,030	30,146
Investments in associates	8	0	28	28	15	16	0	0	1,796	0	0	0	1,847	44
Segment liabilities[3]	2,875	2,919	2,525	2,699	2,777	2,944	2,863	2,924	818	820	−188	−186	11,670	12,120
Capex	446	433	286	602	102	135	214	252	214	294	0	0	1,262	1,716
Depreciation and amortisation	315	323	349	331	98	101	285	274	191	195	0	0	1,238	1,224
Impairment losses	17	31	24	6	0	0	4	13	13	0	0	0	58	50
Total depreciation, amortisation and impairment losses	332	354	373	337	98	101	289	287	204	195	0	0	1,296	1,274
Other non-cash expenses	373	321	792	189	73	108	144	115	58	40	0	0	1,440	773
Employees[4]	148,066	147,434	88,384	86,100	41,729	42,847	129,331	133,615	13,764	13,352	0	0	421,274	423,348

Information about geographical areas

€m	Germany		Europe (excluding Germany)		Americas		Asia Pacific		Other regions		Group	
1 Jan. to 31 Dec.	2010[2]	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010[2]	2011
External revenue	16,434	16,743	16,951	17,475	8,888	8,808	7,147	7,611	1,968	2,192	51,388	52,829
Non-current assets	4,085	4,465	7,198	7,313	3,261	3,376	3,231	3,361	329	329	18,104	18,844
Capex	733	1,057	174	248	210	203	94	152	51	56	1,262	1,716

[1] Adjusted prior-period amounts, see segment reporting disclosures.
[2] Adjustment of prior-period amounts, see Note 5.
[3] Including non-interest-bearing provisions.
[4] 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, Global Mail, Retail Outlets and the Pension Service. Effective 1 July 2011, the Home Delivery business in Germany was transferred from the SUPPLY CHAIN division to the MAIL division. The following companies are affected: DHL Home Delivery GmbH, DHL Solutions Großgut GmbH and IT4Logistics AG. The aim is to use existing common functions and overlaps to enable selective market targeting and open up new growth opportunities. The prior-period amounts 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.

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.

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 2011, the Home Delivery business in Germany was transferred from the SUPPLY CHAIN division to the MAIL division. The following companies are affected: DHL Home Delivery GmbH, DHL Solutions Großgut GmbH and IT4Logistics AG. The aim is to use existing common functions and overlaps to enable selective market targeting and open up new growth opportunities. The prior-period amounts were adjusted accordingly.

In addition to the reportable segments given above, segment reporting comprises the following categories:

Corporate Center/Other

Corporate Center/Other 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). Goodwill of €–114 million arising from earlier intra-group transactions was reclassified from Corporate Center/Other to Consolidation. The adjustment had no effect on the business segments. The prior-period amounts were adjusted accordingly.

Consolidation

The data for the divisions are presented following consolidation of interdivisional transactions. The transactions between the divisions are eliminated in the Consolidation column. Goodwill of €–114 million arising from earlier intra-group transactions was reclassified from Corporate Center/Other to Consolidation. The adjustment had no effect on the business segments. The prior-period amounts were adjusted accordingly.

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. 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	
	2010[1]	2011	2010	2011	2010[1]	2011	2010[1]	2011
External revenue	51,317	52,764	71	65	0	0	**51,388**	**52,829**
Internal revenue	1,109	1,242	1,231	1,195	−2,340	−2,437	**0**	**0**
Revenue	52,426	54,006	1,302	1,260	−2,340	−2,437	**51,388**	**52,829**
Other operating income	1,863	1,825	1,509	1,305	−1,155	−1,080	**2,217**	**2,050**
Materials expense	−30,334	−31,644	−1,408	−1,335	2,362	2,435	**−29,380**	**−30,544**
Staff costs	−15,726	−15,854	−902	−894	19	18	**−16,609**	**−16,730**
Other operating expenses	−4,906	−4,429	−692	−530	1,113	1,064	**−4,485**	**−3,895**
Depreciation, amortisation and impairment losses	−1,092	−1,079	−204	−195	0	0	**−1,296**	**−1,274**
Profit/loss from operating activities (EBIT)	2,231	2,825	−395	−389	−1	0	**1,835**	**2,436**
Net income from associates	4	2	52	58	0	0	**56**	**60**
Net other financial income/ net other finance costs	–	–	–	–	–	–	**933**	**−837**
Income taxes	–	–	–	–	–	–	**−194**	**−393**
Consolidated net profit for the period	–	–	–	–	–	–	**2,630**	**1,266**
of which attributable to								
Deutsche Post AG shareholders	–	–	–	–	–	–	**2,541**	**1,163**
Non-controlling interests	–	–	–	–	–	–	**89**	**103**

[1] Prior-period amounts adjusted, see Note 5 and segment reporting disclosures.

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	2010	2011
Total assets	37,763	38,408
Investment property	−37	−40
Non-current financial assets including investments in associates	−5,040	−773
Other non-current assets	−387	−454
Deferred tax assets	−973	−1,153
Income tax assets	−223	−239
Receivables and other assets	−35	−10
Current financial assets	−623	−2,470
Cash and cash equivalents	−3,415	−3,123
Segment assets	**27,030**	**30,146**
of which Corporate Center/Other[1]	1,167	3,167
Total for reportable segments[1]	26,109	27,233
Consolidation[1]	−246	−254

[1] Prior-period amounts adjusted, see segment reporting disclosures.

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	2010	2011
Total equity and liabilities	37,763	38,408
Equity	−10,696	−11,199
Consolidated liabilities	**27,067**	**27,209**
Non-current provisions	−7,168	−6,874
Non-current liabilities	−6,676	−1,713
Current provisions	−298	−287
Current liabilities	−1,255	−6,215
Segment liabilities	**11,670**	**12,120**
of which Corporate Center/Other[1]	818	820
Total for reportable segments[1]	11,040	11,486
Consolidation[1]	−188	−186

[1] Prior-period amounts adjusted, see segment reporting disclosures.

INCOME STATEMENT DISCLOSURES

11 Revenue

€m	2010[1]	2011
Revenue	51,388	52,829

[1] Prior-period amounts adjusted, see Note 5.

Revenue increased by €1,441 million (2.8 %) year-on-year to €52,829 million. The increase was due to the following factors:

Factors affecting revenue increase

€m	2011
Organic growth	2,710
Portfolio changes[1]	–627
Currency translation effects	–642
Total	**1,441**

[1] See explanations in Note 2.

As in the prior-year period, there was no revenue in financial year 2011 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 areas are presented in the segment reporting.

12 Other operating income

€m	2010	2011
Income from the reversal of provisions	509	398
Income from currency translation differences	197	185
Rental and lease income	173	177
Insurance income	169	165
Income from fees and reimbursements	142	143
Income from work performed and capitalised	124	117
Gains on disposal of non-current assets	55	116
Income from the remeasurement of liabilities	111	98
Commission income	93	94
Reversals of impairment losses on receivables and other assets	81	89
Income from prior-period billings	49	49
Income from the derecognition of liabilities	42	34
Income from loss compensation	21	21
Recoveries on receivables previously written off	11	17
Income from derivatives	16	13
Subsidies	10	11
Income from trade-related insurance deductions	4	7
Miscellaneous	410	316
Other operating income	**2,217**	**2,050**

Other operating income decreased mainly because income from reversals of provisions for restructurings was higher in the previous year.

Amongst other things, gains on disposal of non-current assets include €28 million in deconsolidation effects from the sale of the US-based Exel Transportation Services Group; Note 2.

Subsidies relate to grants for the purchase or production of assets. The grants are reported as deferred income and recognised in the income statement over the useful lives of the assets.

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

13 Materials expense

€m	2010	2011
Cost of raw materials, consumables and supplies, and of goods purchased and held for resale		
Goods purchased and held for resale	1,512	1,564
Aircraft fuel	690	1,034
Fuel	744	804
Packaging material	308	290
Spare parts and repair materials	93	85
Office supplies	72	69
Other expenses	91	111
	3,510	3,957
Cost of purchased services		
Transportation costs	17,823	18,329
Cost of temporary staff	1,871	1,953
Expenses from non-cancellable leases	1,693	1,640
Maintenance costs	969	974
IT services	652	659
Expenses from cancellable leases	453	485
Expenses for the use of Postbank branches	484	450
Commissions paid	411	440
Other lease expenses (incidental expenses)	184	239
Other purchased services[1]	1,330	1,418
	25,870	26,587
Materials expense	**29,380**	**30,544**

[1] Prior-period amount adjusted, see Note 5.

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	2010	2011
Wages, salaries and compensation	13,271	13,350
of which expenses under Share Matching Scheme	33	35
of which expenses from 2006 SAR Plan/LTIP	21	24
Social security contributions	1,973	2,022
Retirement benefit expenses	947	915
Expenses for other employee benefits	275	317
Expenses for severance payments	143	126
Staff costs	**16,609**	**16,730**

€15 million of the expenses under the Share Matching Scheme (previous year: €17 million) is attributable to cash-settled share-based payments and €20 million (previous year: €16 million) to equity-settled transactions.

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.

With the exception of interest unwinding of discounts recognised in net financial income/net finance costs, retirement benefit expenses include 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, 18 and 42.

The average number of Group employees in the year under review, broken down by employee group, was as follows:

Employees

	2010	2011
Hourly workers and salaried employees	413,830	418,375
Civil servants	46,866	44,421
Trainees	3,775	4,392
Employees	**464,471**	**467,188**

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 2011 amounted to 423,502 (31 December 2010: 418,946). The number of employees at consolidated joint ventures amounted to 1,199 on a proportionate basis (previous year: 1,622).

15 Depreciation, amortisation and impairment losses

€m	2010	2011
Amortisation of intangible assets, excluding the impairment of goodwill	288	306
Depreciation of property, plant and equipment		
Land and buildings (including leasehold improvements)	190	175
Technical equipment and machinery	228	233
Other equipment, operating and office equipment, vehicle fleet	432	418
Aircraft	158	142
Advance payments	0	0
	1,008	968
	1,296	**1,274**
Impairment of goodwill	0	0
Depreciation, amortisation and impairment losses	**1,296**	**1,274**

Depreciation, amortisation and impairment losses declined by €22 million year-on-year to €1,274 million. This figure includes impairment losses of €50 million (previous year: €58 million). The impairment losses are attributable to the segments as follows:

Impairment losses on non-current assets

€m	2010	2011
MAIL	**17**	**31**
Intangible assets	4	29
Property, plant and equipment	13	2
of which technical equipment and machinery	10	1
EXPRESS	**24**	**6**
Intangible assets	1	0
Property, plant and equipment	23	6
of which land and buildings	1	0
of which transport equipment	0	2
of which aircraft	21	1
SUPPLY CHAIN	**4**	**13**
Intangible assets	1	0
Property, plant and equipment	3	13
of which land and buildings (including leasehold improvements)	2	7
of which technical equipment and machinery	1	6
Corporate Center/Other	**13**	**0**
Property, plant and equipment	13	0
of which land and buildings	13	0
Impairment losses	**58**	**50**

The impairment losses on intangible assets included in the MAIL segment mainly relate to software that is no longer in use. The transport equipment impairment losses disclosed for the EXPRESS segment are due to the reclassification of the domestic express business in Australia and China as assets held for sale in accordance with IFRS 5; Notes 2 and 36.

16 Other operating expenses

€m	2010	2011
Travel and training costs	323	343
Other business taxes	376	315
Cost of purchased cleaning, transport and security services	287	289
Warranty expenses, refunds and compensation payments	228	241
Telecommunication costs	249	234
Advertising expenses	164	220
Write-downs of current assets	217	210
Insurance costs	124	203
Consulting costs	192	198
Expenses from currency translation differences	195	189
Office supplies	183	173
Entertainment and corporate hospitality expenses	132	151
Services provided by the Federal Posts and Telecommunications Agency	78	111
Other public relations expenses	117	93
Expenses for public relations and customer support	65	86
Voluntary social benefits	140	80
Expenses from disposal of assets	421	69
Commissions paid	65	63
Legal costs	207	62
Contributions and fees	41	61
Monetary transaction costs	30	33
Prior-period other operating expenses	17	31
Audit costs	30	30
Expenses from derivatives	71	28
Donations	19	17
Additions to provisions	116	9
Miscellaneous	398	356
Other operating expenses	**4,485**	**3,895**

The decrease in other operating expenses is due primarily to the higher losses on the disposal of assets in the previous year. These related to the deconsolidation losses on the sale of business activities in the UK, France 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	2010	2011
Net income from associates	56	60

Investments in companies on which a significant influence can be exercised and which are accounted for using the equity method contributed €60 million (previous year: €56 million) to net financial income/net finance costs. €58 million (previous year: €52 million) of this amount is attributable to Deutsche Postbank AG, which has been accounted for as an associate since March 2009 and measured in accordance with IFRS 5 since March 2011.

18 Net other financial income/net other finance costs

€m	2010	2011
Other financial income		
Interest income	52	74
Income from other equity investments and financial assets	7	8
Other financial income	2,192	508
	2,251	**590**
Other finance costs		
Interest expenses	–712	–660
of which on discounted provisions for pensions and other provisions	–362	–299
Write-downs of financial assets	–102	–98
Other finance costs	–521	–633
	–1,335	**–1,391**
Foreign currency result	17	–36
Net other financial income/net other finance costs	**933**	**–837**

Write-downs of financial assets also contain impairments of €63 million (previous year: €52 million) in Corporate Center/Other of the equity interest in Deutsche Postbank AG due to the decline in the share price at the time of reclassification as well as a further €9 million (previous year: €16 million) impairment in the MAIL segment of the equity-accounted company Unipost Servicios Generales S.L., Spain.

Net financial income/net finance costs includes interest income of €74 million (previous year: €52 million) as well as interest expense of €660 million (previous year: €712 million). These result from financial assets and liabilities that were not measured at fair value through profit or loss.

The main factor affecting the net other finance costs of €837 million (previous year: net other financial income of €933 million) is the planned sale of Postbank. In addition, this item includes the changes in value resulting from the measurement of the Deutsche Postbank shares before and after they were reclassified as held for sale in accordance with IFRS 5; Notes 3 and 36.

Effects of planned sale of Postbank

€m	2010	2011
Interest expense on exchangeable bond	–125	–130
Interest expense on cash collateral	–48	–50
Net gain/loss on recognition and subsequent measurement of the forward	1,653	–160
Net gain/loss on measurements of the option (tranche III)	89	–71
Impairment loss (–) on measurement of shares before reclassification under IFRS 5	–52	–63
Impairment loss (–)/reversal of impairment loss (+) on shares under IFRS 5	0	115
Total	**1,517**	**–359**

Impairment loss (–)/reversal of impairment loss (+) on shares under IFRS 5 comprises impairment losses of €136 million offset against impairment loss reversals of €251 million.

19 Income taxes

€m	2010	2011
Current income tax expense	–467	–565
Current recoverable income tax	5	21
	–462	**–544**
Deferred tax expense from temporary differences	–94	–29
Deferred tax income from tax loss carryforwards	362	180
	268	**151**
Income taxes	**–194**	**–393**

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	2010	2011
Profit before income taxes	2,824	1,659
Expected income taxes	–842	–494
Deferred tax assets not recognised for initial differences	27	14
Deferred tax assets of German Group companies not recognised for tax loss carryforwards and temporary differences	430	164
Deferred tax assets of foreign Group companies not recognised for tax loss carryforwards and temporary differences	–77	54
Effect of current taxes from previous years	–75	–106
Tax-exempt income and non-deductible expenses	311	–68
Differences in tax rates at foreign companies	32	43
Income taxes	**–194**	**–393**

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 in respect of 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 €0.8 billion as at 31 December 2011 (previous year: €0.9 billion).

The effects from deferred tax assets of German Group companies not recognised for 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 for tax loss carryforwards and temporary differences relate primarily to the Americas region.

€39 million (previous year: €714 million) of the effects from deferred tax assets not recognised for 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 for tax loss carryforwards and of deductible temporary differences from a prior period reduced the deferred tax expense by €144 million (previous year: €399 million). Effects from unrecognised deferred tax assets amounting to €239 million (previous year: €634 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 €881 million (previous year: €759 million) was recognised in the balance sheet for companies that reported a loss in the previous year or in the current period as, based on tax planning, realisation of the tax asset is probable.

In financial year 2011, 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 €106 million (previous year: expense of €75 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
2011			
Currency translation reserve	167	0	167
Other changes in retained earnings	1	0	1
Hedging reserve in accordance with IAS 39	–3	1	–2
Revaluation reserve in accordance with IAS 39	–7	–2	–9
Revaluation reserve in accordance with IFRS 3	–1	0	–1
Share of other comprehensive income of associates	10	0	10
Other comprehensive income	**167**	**–1**	**166**
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**

20 Consolidated net profit for the period

In financial year 2011, the Group generated a consolidated net profit for the period of €1,266 million (previous year: €2,630 million). Of this figure, €1,163 million (previous year: €2,541 million) was attributable to Deutsche Post AG shareholders.

21 Non-controlling interests

The net profit attributable to non-controlling interest holders increased by €14 million to €103 million.

22 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 2011 were €0.96 (previous year: €2.10).

Basic earnings per share

		2010	2011
Consolidated net profit for the period attributable to Deutsche Post AG shareholders	€m	2,541	1,163
Weighted average number of shares outstanding	number	1,208,951,725	1,208,878,374
Basic earnings per share	€	**2.10**	**0.96**

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 5,040,103 rights to shares as at the reporting date.

Diluted earnings per share

		2010	2011
Consolidated net profit for the period attributable to Deutsche Post AG shareholders	€m	2,541	1,163
Weighted average number of shares outstanding	number	1,208,951,725	1,208,878,374
Potentially dilutive shares[1]	number	1,122,990	1,799,459
Weighted average number of shares for diluted earnings[1]	number	1,210,074,715	1,210,677,833
Diluted earnings per share	€	**2.10**	**0.96**

[1] The adjustment of the prior-year figure had no effect on diluted earnings.

23 Dividend per share

A dividend per share of €0.70 is being proposed for financial year 2011. Based on the 1,209,015,874 shares recorded in the commercial register as at 31 December 2011, this corresponds to a dividend distribution of €846 million. In the previous year the dividend amounted to €0.65 per share. Further details on the dividend distribution can be found in Note 40.

BALANCE SHEET DISCLOSURES

24 Intangible assets

24.1 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 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 January 2011	1,087	462	859	1,383	11,759	92	15,642
Additions to consolidated group	0	4	49	12	136	0	201
Additions	98	0	0	106	4	82	290
Reclassifications	8	0	0	47	0	–42	13
Disposals	–37	0	0	–39	–34	–11	–121
Currency translation differences	2	15	32	7	209	1	266
Balance at 31 December 2011	1,158	481	940	1,516	12,074	122	16,291
Amortisation and impairment losses							
Balance at 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
Reversals 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 2010/1 January 2011	775	432	396	1,065	1,093	33	3,794
Additions to consolidated group	0	0	0	1	0	0	1
Amortisation	98	0	71	108	0	0	277
Impairment losses	28	0	0	1	0	0	29
Reclassifications	0	0	0	1	0	0	1
Reversals of impairment losses	0	0	0	–1	0	0	–1
Disposals	–25	0	0	–28	–7	0	–60
Currency translation differences	3	14	18	3	15	1	54
Balance at 31 December 2011	879	446	485	1,150	1,101	34	4,095
Carrying amount at 31 December 2011	279	35	455	366	10,973	88	12,196
Carrying amount at 31 December 2010	312	30	463	318	10,666	59	11,848

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.

The additions to goodwill represent the goodwill of Tag Equity, Eurodifarm, Standard Forwarding, Adcloud and LifeConEx; Note 2.

Of the net disposals of goodwill, €23 million relates to the Exel Transportation Services Group, €3 million to DHL Express Canada and €1 million to the partial disposal of Parcel Direct Group Pty. Ltd.; Notes 2 and 36.

24.2 Allocation of goodwill to CGUs

€m	2010	2011
Total goodwill[1]	**10,666**	**10,973**
MAIL	**662**	**687**
MAIL National	94	n.a.
MAIL International	568	n.a.
EXPRESS	**4,158**	**4,161**
GLOBAL FORWARDING, FREIGHT		
DHL Global Forwarding	3,723	3,843
DHL Freight	268	280
SUPPLY CHAIN		
DHL Supply Chain	1,647	1,699
Williams Lea	322	417

[1] Goodwill from reconciliation amounts to €–114 million (previous year: €–114 million).

The structure of the MAIL CGU has been adjusted compared with the previous year. The MAIL National and MAIL International CGUs have been combined in accordance with the criteria set out in IAS 36.68 as they are no longer managed separately by top management. The prior-period amount was adjusted on a pro forma basis to assure comparability.

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 planning for EBIT, depreciation/amortization and investment planning adopted by management, as well as changes in net working capital, 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 2012 to 2014. It is supplemented by a perpetual annuity representing the value added from 2015 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 rates applied are based on long-term real growth figures for the relevant economies, growth expectations for the relevant sectors and long-term inflation forecasts for the countries in which the CGUs operate. The cash flow forecasts are based both on past experience and on the effects of the anticipated future general market trend. In addition, the forecasts take into account growth in the respective geographical submarkets and in global trade, and the ongoing trend towards outsourcing logistics activities. Cost trend forecasts 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	
	2010	2011	2010	2011
SUPPLY CHAIN				
DHL Supply Chain	9.5	9.2	2.5	2.5
Williams Lea	9.7	7.8	2.0	2.0
GLOBAL FORWARDING, FREIGHT				
DHL Freight	9.6	9.4	2.0	2.0
DHL Global Forwarding	9.5	9.2	2.5	2.5
MAIL[1]	n.a.	8.6	n.a.	0.5
MAIL National	9.2	n.a.	0.0	n.a.
MAIL International	8.8	n.a.	1.0	n.a.
EXPRESS[2]	10.6	n.a.	2.0	n.a.

[1] In financial year 2011, the MAIL National and MAIL International CGUs were combined in accordance with the criteria set out in IAS 36.68.
[2] No figures given for financial year 2011 due to the application of IAS 36.99 in the year under review.

All conditions set out in IAS 36.99 were met for the EXPRESS CGU as at 31 December 2011, with the result that no new detailed calculation was made of the recoverable amount. There was no risk of impairment as at 31 December 2011.

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 2011.

When performing the impairment test, Deutsche Post DHL conducted sensitivity analyses as required by IAS 36.134. These analyses did not reveal any risk of impairment to goodwill.

25 Property, plant and equipment

25.1 Overview

€m	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Aircraft	Vehicle fleet and transport equipment	Advance payments and assets under development	Total
Cost							
Balance at 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 2010/1 January 2011	**4,613**	**4,416**	**2,481**	**1,433**	**1,969**	**234**	**15,146**
Additions to consolidated group	24	18	9	0	6	0	**57**
Additions	60	238	182	36	277	637	**1,430**
Reclassifications	26	128	43	120	63	–414	**–34**
Disposals	–87	–268	–140	–120	–269	–18	**–902**
Currency translation differences	28	18	2	–9	3	7	**49**
Balance at 31 December 2011	**4,664**	**4,550**	**2,577**	**1,460**	**2,049**	**446**	**15,746**
Depreciation and impairment losses							
Balance at 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**
Reversals 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 2010/1 January 2011	**2,086**	**3,349**	**1,895**	**572**	**1,109**	**5**	**9,016**
Additions to consolidated group	18	10	5	0	1	0	**34**
Depreciation	167	226	209	141	205	0	**948**
Impairment losses	8	7	2	1	2	0	**20**
Reclassifications	–6	–11	0	0	11	0	**–6**
Reversals of impairment losses	–4	–1	0	0	0	0	**–5**
Disposals	–73	–254	–129	–111	–226	–2	**–795**
Currency translation differences	22	18	4	–7	4	0	**41**
Balance at 31 December 2011	**2,218**	**3,344**	**1,986**	**596**	**1,106**	**3**	**9,253**
Carrying amount at 31 December 2011	**2,446**	**1,206**	**591**	**864**	**943**	**443**	**6,493**
Carrying amount at 31 December 2010	**2,527**	**1,067**	**586**	**861**	**860**	**229**	**6,130**

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.

25.2 Finance leases

The following assets are carried as non-current assets resulting from finance leases:

€m	2010	2011
Land and buildings	57	51
Technical equipment and machinery	8	6
Other equipment, operating and office equipment	25	17
Aircraft	281	249
Vehicle fleet and transport equipment	3	4
Finance leases	**374**	**327**

The corresponding liabilities from finance leases are included under financial liabilities; see Note 44.3.

26 Investment property

€m	2010	2011
Cost		
As at 1 January	45	53
Reclassifications	10	13
Disposals	–3	–5
Currency translation differences	1	0
As at 31 December	**53**	**61**
Depreciation		
As at 1 January	13	16
Reclassifications	3	5
As at 31 December	**16**	**21**
Carrying amount as at 31 December	**37**	**40**

Rental income for this property amounted to €3 million (previous year: €1 million), whilst the related expenses amounted to €4 million (previous year: €2 million). The fair value amounted to €90 million (previous year: €77 million).

27 Investments in associates

Investments in associates changed as follows:

€m	2010	2011
As at 1 January	1,772	1,847
Changes in Group's share of equity		
Changes recognised in profit or loss	56	60
Profit distributions	–4	0
Changes recognised in other comprehensive income	93	10
Impairment losses	–69	–72
Elimination of intercompany profits and losses	–1	0
Reclassified to current assets	0	–1,801
Carrying amount as at 31 December	**1,847**	**44**

Investments in associates principally relate to Air Hong Kong Ltd, China, Danzas AEI Emirates LLC, United Arab Emirates and Unipost Servicios Generales S.L., Spain. The complete list is shown in Note 58 in the list of shareholdings.

The decline in investments in associates is largely due to the reclassification as held for sale at the end of February 2011 of the carrying amount of the investment in Deutsche Postbank AG (€1,801 million); Notes 3 and 36.

Further disclosures on impairment losses are contained in Note 18.

The following tables show a summary of the aggregate income statements and balance sheets of the associates. The amounts do not relate to the shares attributable to Deutsche Post DHL, but are presented based on a notional 100% shareholding.

Aggregate results

€m	2010	2011
Revenue	8,841[1]	584
Net profit for the year	139	4

[1] For Deutsche Postbank AG, revenue includes interest income, commission income and net trading income.

Aggregate balance sheets

€m	2010	2011
Assets	215,179	513
Liabilities and provisions	209,451	410

28 Non-current financial assets

€m	2010	2011
Available-for-sale financial assets	142	172
Loans and receivables	468	428
Assets at fair value through profit or loss	2,531	94
Held-to-maturity financial assets	5	0
Lease receivables	47	35
Non-current financial assets	**3,193**	**729**

The decrease in assets at fair value through profit or loss resulted from the reclassification of the put option related to the planned sale of the interest in Deutsche Postbank to Deutsche Bank AG. This was reclassified as current due to its maturity date; see also Note 34. This item also includes derivatives for hedging the currency risk.

Write-downs on non-current financial assets amounting to €13 million (previous year: €13 million) were recognised in the income statement because the assets were impaired. €12 million (previous year: €10 million) of this amount is attributable to assets at fair value through profit or loss and €1 million (previous year: €3 million) to available-for-sale financial assets.

Compared with the market rates of interest prevailing at 31 December 2011 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 €15 million (previous year: €16 million). The principal amount of these loans totals €17 million (previous year: €22 million).

Details on restraints on disposal are contained in Note 48.2 (Collateral).

29 Other non-current assets

€m	2010	2011
Pension assets	375	453
Miscellaneous	90	117
Other non-current assets	**465**	**570**

Further information on pension assets can be found in Note 42.

30 Deferred taxes

€m	2010		2011	
	Assets	Liabilities	Assets	Liabilities
Intangible assets	39	210	38	224
Property, plant and equipment	85	43	92	44
Non-current financial assets	13	71	22	54
Other non-current assets	4	50	7	49
Other current assets	33	18	40	48
Provisions	196	12	269	40
Financial liabilities	332	61	215	75
Other liabilities	54	32	115	47
Tax loss carryforwards	499	–	681	–
Gross amount	**1,255**	**497**	**1,479**	**581**
Netting	–282	–282	–326	–326
Carrying amount	**973**	**215**	**1,153**	**255**

€523 million (previous year: €387 million) of the deferred taxes on tax loss carryforwards relates to tax loss carryforwards in Germany and €158 million (previous year: €112 million) to foreign tax loss carryforwards.

No deferred tax assets were recognised for tax loss carryforwards of around €12.4 billion (previous year: €10.9 billion) and for temporary differences of around €2,097 million (previous year: €2,724 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. A refined method for determining unused loss carryforwards was applied for the first time as at the current balance sheet date. The prior-period amounts were adjusted. 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 2024.

Deferred taxes have not been recognised for temporary differences of €572 million (previous year: €375 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	Netting	Total
2011				
Deferred tax assets	571	908	–326	**1,153**
Deferred tax liabilities	326	255	–326	**255**
2010				
Deferred tax assets	171	1,084	–282	**973**
Deferred tax liabilities	98	399	–282	**215**

31 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	2010	2011
Raw materials, consumables and supplies	161	170
Finished goods and goods purchased and held for resale	44	55
Work in progress	13	28
Spare parts for aircraft	5	20
Advance payments	0	0
Inventories	**223**	**273**

32 Income tax assets and liabilities

€m	2010	2011
Income tax assets	223	239
Income tax liabilities	463	570

All income tax assets and liabilities are current and have maturities of less than one year.

33 Receivables and other current assets

€m	2010	2011
Trade receivables	6,011	6,426
Prepaid expenses	683	672
Current tax receivables	490	586
Deferred revenue	508	480
Income from cost absorption	83	86
Creditors with debit balances	37	39
Receivables from sale of assets	17	29
Receivables from Group companies	35	27
Receivables from employees	31	25
Receivables from loss compensation (recourse claims)	19	23
Receivables from insurance business	20	16
Receivables from cash-on-delivery	13	13
Receivables from Bundes-Pensions-Service für Post und Telekommunikation e.V.	14	11
Receivables from private postal agencies	8	8
Miscellaneous other assets	672	648
Receivables and other current assets	**8,641**	**9,089**

Of the tax receivables, €470 million (previous year: €388 million) relates to VAT, €71 million (previous year: €66 million) to customs and duties, and €45 million (previous year: €36 million) to other tax receivables. Miscellaneous other assets include a large number of individual items.

34 Current financial assets

€m	2010	2011
Available-for-sale financial assets	420	8
Loans and receivables	150	215
Held-to-maturity financial assets	0	0
Financial assets at fair value through profit or loss	38	2,234
Lease receivables	47	41
Current financial assets	**655**	**2,498**

The increase in assets at fair value through profit or loss is attributable to the reclassification of the put option related to the planned sale of the interest in Deutsche Postbank; see Note 28.

Of the available-for-sale financial assets, €8 million (previous year: €407 million) was measured at fair value. Details on restraints on disposal are contained in Note 48.2 (Collateral).

35 Cash and cash equivalents

€m	2010	2011
Cash equivalents	2,056	1,914
Bank balances	837	751
Cash in transit	350	311
Cash	28	18
Other cash and cash equivalents	144	129
Cash and cash equivalents	**3,415**	**3,123**

36 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	
	2010	2011	2010	2011
Investment in Deutsche Postbank AG (Corporate Center/Other)	0	1,916	0	0
Deutsche Post AG – real estate (Corporate Center/Other)	71	21	0	0
Deutsche Post Immobilienentwicklung Grundstücksgesellschaft mbH & Co. Logistikzentren KG, Germany – real estate (Corporate Center/Other)	25	15	0	0
US Express Aviation, USA – aircraft (EXPRESS segment)	12	4	0	0
Miscellaneous	5	5	0	0
Assets held for sale and liabilities associated with assets held for sale	**113**	**1,961**	**0**	**0**

As part of the planned sale of Deutsche Postbank shares and in accordance with the contractual arrangements, the shares of Deutsche Postbank AG held by Deutsche Post AG amounting to a 39.5% interest (86,417,432 shares) were reclassified as held for sale at the end of February 2011. Following reclassification, the investment in Deutsche Postbank is measured in accordance with IFRS 5.

Key figures for Deutsche Postbank shares

		31 Dec. 2010	31 Dec. 2011
Fair value of interest in Deutsche Postbank	€m	1,797	2,086
Stock market price	€	20.80	24.135

In 2010, the write-down of the carrying amount of the investment due to the decline in the share price amounted to €52 million. In the financial year under review, the last measurement of the carrying amount of the investment prior to its reclassification resulted in an impairment loss of €63 million. This was presented in write-downs of financial assets; see Note 18. Additional write-downs of €136 million were recognized following the reclassification of the Deutsche Postbank interest to assets held for sale in February 2011. In accordance with IFRS 5.21, any subsequent increase in fair value less costs to sell of the held-for-sale interest in Deutsche Postbank AG must be recognised as a gain, but not in excess of the cumulative impairment loss. All previous write-downs in the total amount of €251 million were reversed due to the increase in Postbank's share price to €24.13 as at the end of 2011.

The equity item includes €81 million in income from the IAS 39 revaluation reserve and €44 million in expenses from the currency translation reserve that are attributable to Deutsche Postbank AG.

The partial sale of the Australian domestic express business of Parcel Direct Group Pty Ltd., Australia, was completed for the sale of the assets of Western Australia and Northern Kope. The sale of other assets realised €1 million from the currency translation reserve; see also Note 2.

Of the €71 million planned property sales by Deutsche Post AG, sales of €15 million were completed in the financial year and properties worth €34 million were reclassified back to non-current assets.

Deutsche Post Immobilienentwicklung Grundstücksgesellschaft, Germany, still plans to sell two properties. These properties, as well as two other properties, the sale of which has in the meantime been completed, were reclassified in the previous year from property, plant and equipment to assets held for sale. The most recent appraisal prior to reclassification had resulted in an impairment loss of €13 million.

Surplus aircraft capacity that was no longer required following the restructuring of US Express Aviation was classified in accordance with IFRS 5 in the previous year.

37 Issued capital

37.1 Share capital

KfW Bankengruppe (KfW), see Note 53.1, 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	2010	2011
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**

37.2 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

€	2010	2011
As at 1 January	1,209,015,874	1,209,015,874
Treasury shares acquired	–769,794	–1,676,178
Treasury shares issued	769,794	1,676,178
As at 31 December	**1,209,015,874**	**1,209,015,874**

Deutsche Post AG acquired 1.67 million shares at a total price of €21 million, including transaction costs, in a number of transactions in order to settle entitlements due under the 2010 tranche of the bonus programme for executives (Share Matching Scheme). The average purchase price per share was €12.79. The acquisition of treasury shares reduced the issued capital.

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.

The issued capital increased again when the shares were issued to the executives. Changes in treasury shares are presented in the statement of changes in equity.

Authorised/contingent capital as at 31 December 2011

	Amount €m	Purpose
Authorised Capital 2009	240	Increase in share capital against cash/non-cash contributions (until 20 April 2014)
Contingent Capital 2011	75	Issue of option/conversion rights (24 May 2016)

On 25 May 2011, the Annual General Meeting resolved to contingently increase the share capital by up to €75 million to grant option or conversion rights or to settle conversion obligations to the holders of bonds with warrants, convertible bonds and/or income bonds, as well as profit participation certificates (Contingent Capital 2011).

37.3 Authorisation to acquire treasury shares

By way of a resolution adopted by the Annual General Meeting on 28 April 2010, the company is authorised to acquire treasury 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 is authorised to acquire treasury shares using derivatives. As at the reporting date in the previous year, Deutsche Post AG did not hold any treasury shares on 31 December 2011.

37.4 Disclosures on corporate capital

The equity ratio was 29.2% in financial year 2011 (previous year: 28.3%). 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. Due to the company's net liquidity, the informative value of this key figure is limited and it has therefore not been disclosed.

38 Other reserves

€m	2010	2011
Capital reserves	2,158	2,170
Revaluation reserve in accordance with IAS 39	86	90
Hedging reserve in accordance with IAS 39	–33	–34
Revaluation reserve in accordance with IFRS 3	6	5
Currency translation reserve	–682	–517
Other reserves	**1,535**	**1,714**

38.1 Capital reserves

€m	2010	2011
Capital reserves as at 1 January	2,147	2,158
Additions		
Issue of rights under 2009 Share Matching Scheme	6	3
Issue of rights under 2010 Share Matching Scheme	14	17
Issue of rights under 2011 Share Matching Scheme	0	13
Exercise of rights under 2009 Share Matching Scheme	–9	0
Exercise of rights under 2010 Share Matching Scheme	0	–21
Capital reserves as at 31 December	**2,158**	**2,170**

An amount of €33 million (31 December 2010: €20 million) was transferred to the capital reserves in the period up to 31 December 2011 for the 2009, 2010 and 2011 tranches of the Share Matching Scheme.

The exercise of the rights to shares under the 2010 tranche in April 2011 reduced the capital reserves by €21 million (previous year: €9 million for the 2009 tranche) due to the issuance of treasury shares in this amount to the executives.

38.2 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	2010	2011
As at 1 January	7	87
Currency translation differences	1	1
Unrealised gains/losses	5	–8
Share of associates	90	13
Realised gains/losses	–16	0
Revaluation reserve as at 31 December before tax	**87**	**93**
Deferred taxes	–1	–3
Revaluation reserve as at 31 December after tax	**86**	**90**

38.3 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	2010	2011
As at 1 January	–78	–36
Additions	–67	–4
Disposals in balance sheet (basis adjustment)	0	0
Disposals in income statement	109	1
Hedging reserve as at 31 December before tax	**–36**	**–39**
Deferred taxes	3	5
Hedging reserve as at 31 December after tax	**–33**	**–34**

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 €10 million and unrealised gains totalling €8 million from the hedging reserve were recognised in operating profit under other operating expenses (previous year: unrealised losses of €12 million were recognised in other operating expenses). There were no disposals in net financial income/net finance costs in the financial year (previous year: €97 million). Furthermore, there were no adjusting entries for hedging transactions related to the acquisition of non-current non-financial assets (previous year: €0 million). Deferred taxes have been recognised in respect of the hedging reserve.

38.4 Revaluation reserve in accordance with IFRS 3

€m	2010	2011
As at 1 January	7	6
Changes recognised in other comprehensive income	–1	–1
Revaluation reserve in accordance with IFRS 3 as at 31 December	**6**	**5**

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.

38.5 Currency translation reserve

The currency translation reserve includes the translation gains and losses from the consolidation of the subsidiaries reporting in foreign currency.

€m	2010	2011
As at 1 January	–1,215	–682
Changes recognised in profit or loss	20	–26
Changes recognised in other comprehensive income	513	191
Currency translation reserve as at 31 December	**–682**	**–517**

39 Retained earnings

As well as the undistributed consolidated profits generated in prior periods, retained earnings also contain the effects from transactions with non-controlling interests. Changes in the reserves during the financial year are also presented in the statement of changes in equity.

€m	2010	2011
As at 1 January	6,098	7,767
Dividend payment	–725	–786
Consolidated net profit for the period	2,541	1,163
Transactions with non-controlling interests	–147	–59
Miscellaneous other changes	0	1
Retained earnings as at 31 December	**7,767**	**8,086**

The transactions with non-controlling interests of €59 million largely relate to an option to acquire the remaining interest (24%) in DHL Lemuir Logistics Private Limited, India. In addition, the transactions include the acquisition of the remaining 15% of shares in Trade Clippers Cargo, Bangladesh, and the further acquisition of 45% of the shares of SNAS Lebanon SARL, Lebanon. The transactions with non-controlling interests reported in an amount of €147 million in the previous year related to the acquisition of the remaining shares in ASTAR Air Cargo Holdings, LLC, USA, which had already been fully consolidated as a special purpose entity.

Retained earnings include the reserve for treasury shares, which changed as follows:

€m	2010	2011
As at 1 January	0	–1
Treasury shares acquired	–9	–20
Treasury shares issued	8	20
Reserve for treasury shares as at 31 December	**–1**	**–1**

Changes in treasury shares are presented in the statement of changes in equity.

40 Equity attributable to Deutsche Post AG shareholders

The equity attributable to Deutsche Post AG shareholders in financial year 2011 amounted to €11,009 million (previous year: €10,511 million).

Dividends

Dividends paid to the shareholders of Deutsche Post AG are based on the net retained profit of €1,519 million reported in Deutsche Post AG's annual financial statements in accordance with the *Handelsgesetzbuch* (HGB – German Commercial Code). The amount of €673 million remaining after deduction of the planned total dividend of €846 million (which corresponds to €0.70 per share) will be carried forward.

	Total dividend €m	Dividend per share €
Dividend distributed in financial year 2011 for the year 2010	786	0.65
Dividend distributed in financial year 2010 for the year 2009	725	0.60

The dividend is tax-exempt for shareholders resident in Germany. No capital gains tax (investment income tax) will be withheld on the distribution.

41 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	2010	2011
DHL Sinotrans International Air Courier Ltd., China	84	86
Blue Dart Express Limited, India	18	19
Lemuir Logistics Private Limited, India	18	17
Tradeteam Limited, UK	18	12
Other companies	47	56
Non-controlling interests	**185**	**190**

42 Provisions for pensions and similar obligations

The information below on pension obligations is generally broken down into the following areas: Germany, UK and Other.

42.1 Provisions for pensions and similar obligations by area

€m	Germany	UK	Other	Total
31 December 2011				
Provisions for pensions and similar obligations	4,096	140	209	4,445
Pension assets	0	266	187	453
Net pension provisions	**4,096**	**–126**	**22**	**3,992**
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**

42.2 Actuarial assumptions

The majority of the Group's defined benefit obligations relates 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	USA
31 December 2011					
Discount rate	4.75	4.75	4.75	2.50	4.75
Rate of future salary increase	2.50	3.49	2.15	2.75	–
Future inflation rate	2.00	3.00	2.00	1.50	–
31 December 2010					
Discount rate	5.00	5.50	5.00	2.75	5.50
Rate of future salary increase	2.50	3.44	2.57	3.00	–
Future inflation rate	2.00	3.00	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.

42.3 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	USA
31 December 2011					
Average expected return on plan assets	3.72	5.81	5.65	4.00	6.50
31 December 2010					
Average expected return on plan assets	4.15	6.25	5.69	4.25	7.00

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.

42.4 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
2011				
Present value of defined benefit obligation at 31 December for wholly or partly funded benefits	4,097	3,943	1,640	**9,680**
Present value of defined benefit obligation at 31 December for unfunded benefits	3,377	8	192	**3,577**
Present value of total defined benefit obligation at 31 December	7,474	3,951	1,832	**13,257**
Fair value of plan assets at 31 December	−2,106	−3,714	−1,549	**−7,369**
Unrecognised gains (+)/losses (–)	−1,272	−364	−262	**−1,898**
Unrecognised past service cost	0	0	0	**0**
Asset adjustment for asset ceiling	0	1	1	**2**
Net pension provisions at 31 December	**4,096**	**−126**	**22**	**3,992**
Pension assets at 31 December	0	266	187	**453**
Provisions for pensions and similar obligations at 31 December	**4,096**	**140**	**209**	**4,445**
2010				
Present value of defined benefit obligation at 31 December for wholly or partly funded benefits	4,003	3,294	1,589	**8,886**
Present value of defined benefit obligation at 31 December for unfunded benefits	3,272	8	183	**3,463**
Present value of total defined benefit obligation 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**

42.5 Changes in the present value of total defined benefit obligation

€m	Germany	UK	Other	Total
2011				
Present value of total defined benefit obligation at 1 January	7,275	3,302	1,772	**12,349**
Current service cost, excluding employee contributions	79	28	35	**142**
Employee contributions	9	14	15	**38**
Interest cost	356	177	76	**609**
Benefit payments	–481	–168	–83	**–732**
Past service cost	13	0	–1	**12**
Curtailments	0	0	–7	**–7**
Settlements	0	–9	–11	**–20**
Transfers	0	2	0	**2**
Acquisitions/divestitures	0	3	0	**3**
Actuarial gains (–)/losses (+)	223	469	15	**707**
Currency translation effects	0	133	21	**154**
Present value of total defined benefit obligation at 31 December	**7,474**	**3,951**	**1,832**	**13,257**
2010				
Present value of total defined benefit obligation 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 obligation at 31 December	**7,275**	**3,302**	**1,772**	**12,349**

42.6 Changes in the fair value of plan assets

€m	Germany	UK	Other	Total
2011				
Fair value of plan assets at 1 January	2,122	3,378	1,519	**7,019**
Employer contributions	160	85	39	**284**
Employee contributions	0	14	15	**29**
Expected return on plan assets	89	200	80	**369**
Gains (+)/losses (–) on plan assets	–65	86	–38	**–17**
Benefit payments	–202	–167	–74	**–443**
Transfers	2	2	0	**4**
Acquisitions	0	4	0	**4**
Settlements	0	–9	–11	**–20**
Currency translation effects	0	121	19	**140**
Fair value of plan assets at 31 December	**2,106**	**3,714**	**1,549**	**7,369**
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**

The plan assets are composed of fixed-income securities (45%; previous year: 42%), equities and investment funds (18%; previous year: 30%), real estate (17%; previous year: 19%), cash and cash equivalents (6%; previous year: 4%), insurance contracts (4%; previous year: 4%) and other assets (10%; previous year: 1%). Other assets primarily comprise alternative investments and overlay mandates for risk-based allocation management, which were used to significantly reduce equity risk in 2011.

79% (previous year: 79%) of the real estate has a fair value of €1,011 million (previous year: €1,043 million) and is owner-occupied by Deutsche Post AG.

42.7 Funded status

€m	2007 Total	2008 Total	2009 Total	2010 Total	2011 Total
Present value of defined benefit obligations at 31 December	13,529	12,246	11,664	12,349	13,257
Fair value of plan assets at 31 December	–7,772	–6,235	–6,472	–7,019	–7,369
Funded status[1]	**5,757**	**6,011**	**5,192**	**5,330**	**5,888**

[1] The funded status is recognised until financial year 2008 with the amounts of Deutsche Postbank Group included.

42.8 Gains and losses

€m	2007 Total	2008 Total	2009 Total	2010 Total	2011 Total
Actual return on plan assets	473	–632	509	475	352
Expected return on plan assets	439	415	335	374	369
Experience gains (+)/losses (–) on plan assets[1]	**34**	**–1,047**	**174**	**101**	**–17**

[1] The experience gains and losses on plan assets are recognised until financial year 2008 with the amounts of the Deutsche Postbank Group included.

€m	2007 Total	2008 Total	2009 Total	2010 Total	2011 Total
Experience gains (+)/losses (–) on defined benefit obligations	116	11	61	50	–29
Gains (+)/losses (–) on defined benefit obligations arising from changes in assumptions	1,298	635	–561	–455	–678
Total actuarial gains (+)/losses (–) on defined benefit obligations[1]	**1,414**	**646**	**–500**	**–405**	**–707**

[1] Total actuarial gains and losses on defined benefit obligations are recognised until financial year 2008 with the amounts of the Deutsche Postbank Group included.

42.9 Changes in net pension provisions

€m	Germany	UK	Other	Total
2011				
Net pension provisions at 1 January	4,150	–39	27	**4,138**
Pension expense	377	3	46	**426**
Benefit payments	–279	–1	–9	**–289**
Employer contributions	–160	–85	–39	**–284**
Employee contributions	9	0	0	**9**
Acquisitions/divestitures	0	–1	0	**–1**
Transfers	–1	0	0	**–1**
Currency translation effects	0	–3	–3	**–6**
Net pension provisions at 31 December	**4,096**	**–126**	**22**	**3,992**
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**

Payments amounting to €572 million are expected with regard to net pension provisions in 2012. Of this amount, €294 million is attributable to the Group's expected direct pension payments and €278 million to expected employer contributions to pension funds.

42.10 Pension expense

€m	Germany	UK	Other	Total
2011				
Current service cost, excluding employee contributions	79	28	35	**142**
Interest cost	356	177	76	**609**
Expected return on plan assets	–89	–200	–80	**–369**
Recognised past service cost	13	0	–1	**12**
Amortisation of unrealised gains (–)/losses (+)	18	–2	24	**40**
Effects of curtailments	0	0	–6	**–6**
Effects of settlements	0	0	3	**3**
Effects of asset ceiling	0	0	–5	**–5**
Pension expense	**377**	**3**	**46**	**426**
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**

€186 million (previous year: €169 million) of the entire pension expense was included in staff costs in 2011, and €240 million (previous year: €243 million) was included in net other financial income / net other finance costs.

43 Other provisions

€m	Non-current		Current		Total	
	2010	2011	2010	2011	2010	2011
Other employee benefits	924	779	259	274	**1,183**	**1,053**
Restructuring provisions	696	603	452	328	**1,148**	**931**
Technical reserves (insurance)	374	398	179	190	**553**	**588**
Postage stamps	0	0	450	450	**450**	**450**
Miscellaneous provisions	446	394	919	892	**1,365**	**1,286**
	2,440	**2,174**	**2,259**	**2,134**	**4,699**	**4,308**

43.1 Changes in other provisions

€m	Other employee benefits	Restructuring provisions	Technical reserves (insurance)	Postage stamps	Miscellaneous provisions	Total
As at 1 January 2011	1,183	1,148	553	450	1,365	**4,699**
Changes in consolidated group	0	0	–1	0	4	**3**
Utilisation	–535	–277	–63	–450	–599	**–1,924**
Currency translation differences	8	20	5	0	10	**43**
Reversal	–92	–97	–4	0	–204	**–397**
Unwinding of discount	21	17	8	0	11	**57**
Reclassification	0	3	–2	0	–1	**0**
Additions	468	117	92	450	700	**1,827**
As at 31 December 2011	**1,053**	**931**	**588**	**450**	**1,286**	**4,308**

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.

43.2 Miscellaneous provisions

€m	2010	2011
Tax provisions	404	384
Litigation costs	121	134
Risks from business activities	135	105
Postal Civil Service Health Insurance Fund	33	31
Assistance payments to civil servants	20	18
Miscellaneous other provisions	652	614
Miscellaneous provisions	**1,365**	**1,286**

Of the tax provisions, €264 million (previous year: €273 million) relates to VAT, €4 million (previous year: €17 million) to customs and duties, and €116 million (previous year: €114 million) to other tax provisions.

Risks from business activities comprise obligations such as expected loss and warranty obligations. Miscellaneous other provisions include a large number of individual items.

The subsidies for the Postal Civil Service Health Insurance Fund in the amount of €19 million (previous year: €21 million) previously reported as staff-related provisions were disclosed together with the provision for the Postal Civil Service Health Insurance Fund in the year under review. The prior-period amounts were adjusted.

43.3 Maturity structure

The maturity structure of the provisions recognised in financial year 2011 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
2011							
Other employee benefits	274	229	155	104	77	214	**1,053**
Restructuring provisions	328	109	403	15	12	64	**931**
Technical reserves (insurance)	190	166	79	49	33	71	**588**
Postage stamps	450	0	0	0	0	0	**450**
Miscellaneous provisions	892	159	71	28	18	118	**1,286**
	2,134	**663**	**708**	**196**	**140**	**467**	**4,308**

44 Financial liabilities

€m	Non-current		Current		Total	
	2010	2011	2010	2011	2010	2011
Bonds	1,682	963	0	696	**1,682**	**1,659**
Due to banks	44	6	315	157	**359**	**163**
Finance lease liabilities	183	148	27	27	**210**	**175**
Liabilities to Group companies	27	65	110	37	**137**	**102**
Liabilities recognised at fair value through profit or loss	15	11	100	126	**115**	**137**
Other financial liabilities	4,324	173	195	4,601	**4,519**	**4,774**
Financial liabilities	**6,275**	**1,366**	**747**	**5,644**	**7,022**	**7,010**

44.1 Bonds

The following table contains further details on the company's most significant bonds. The bonds issued by Deutsche Post Finance B.V. are fully guaranteed by Deutsche Post AG.

Major bonds

	Nominal coupon	Issue volume	Issuer	2010 Carrying amount €m	2010 Fair value €m	2011 Carrying amount €m	2011 Fair value €m
Bond 2002/2012	5.125%	€679 million	Deutsche Post Finance B.V.	713	718	696	698
Bond 2003/2014	4.875%	€926 million	Deutsche Post Finance B.V.	954	992	948	984

44.2 Amounts 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 2010 €m	Carrying amount 2011 €m
Deutsche Post International B.V., Netherlands	European Investment Bank, Luxembourg	4.923%	12/2011	123	0
Deutsche Post International B.V., Netherlands	European Investment Bank, Luxembourg	3-month floater	06/2011	8	0
Deutsche Post International B.V., Netherlands	European Investment Bank, Luxembourg	5.81%	02/2011	7	0
Other				221	163
				359	**163**

All liabilities due to the European Investment Bank, Luxembourg, expired in the reporting period. The remaining liabilities of €163 million mainly comprise current overdraft facilities due to various banks.

44.3 Finance lease liabilities

Finance lease liabilities mainly relate to the following items:

	Leasing partner	Interest rate	End of term	Asset	2010 €m	2011 €m
Deutsche Post Immobilien GmbH, Germany	Lorac Investment Management Sarl	6%	2016	Real estate	11	9
DHL Express (US) Inc., USA	Wachovia Financial Services; Wells Fargo	6.74%	2019/2022	Sorting system software	36	36
SCM Supply Chain Management Inc., Canada	Bank of Nova Scotia	variable	2012/2013	Warehouse, office equipment	34	22
Deutsche Post AG, Germany	T-Systems International GmbH, Germany	6.5%	2015	IT equipment	15	10

The leased assets are recognised in property, plant and equipment at carrying amounts of €327 million (previous year: €374 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 €198 million (previous year: €234 million).

Maturity structure

€m	Present value (finance lease liabilities)		Minimum lease payments (notional amount)	
	2010	2011	2010	2011
Less than 1 year	27	27	33	35
More than 1 year to 5 years	108	70	120	77
More than 5 years	75	78	81	86
Total	**210**	**175**	**234**	**198**

44.4 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	2010	2011
Financial liabilities at fair value through profit or loss	115	137

44.5 Other financial liabilities

€m		2010	2011
Mandatory exchangeable bond (with accrued interest)	Deutsche Post AG	2,796	2,926
Other liabilities related to the planned sale of Deutsche Postbank shares	Deutsche Post AG	1,368	1,418
Loan notes due to Exel's existing shareholders	Deutsche Post AG	40	0
Miscellaneous financial liabilities	Other Group companies	315	430
Other financial liabilities		**4,519**	**4,774**

The other financial liabilities mainly result from the transactions related to the planned sale of Deutsche Postbank shares. The 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 3.

45 Other liabilities

€m	Non-current		Current		Total	
	2010	2011	2010	2011	2010	2011
Other liabilities	401	347	4,047	4,106	**4,448**	**4,453**

45.1 Breakdown of other liabilities

€m	2010	2011
Tax liabilities	884	954
Incentive bonuses	609	592
Compensated absences	385	401
Deferred income, of which non-current: 76 (previous year: 73)	323	336
Wages, salaries, severance payments	288	292
Payables to employees and members of executive bodies	165	227
Liabilities from the sale of residential building loans, of which non-current: 221 (previous year: 273)	278	223
Social security liabilities	181	152
Debtors with credit balances	116	124
Overtime claims	100	102
COD liabilities	58	76
Other compensated absences	70	63
Accrued rentals	23	27
Liabilities from cheques issued	20	21
Liabilities from loss compensation	15	17
Accrued insurance premiums for damages and similar liabilities	19	16
Insurance liabilities	13	9
Miscellaneous other liabilities, of which non-current: 50 (previous year: 55)	901	821
	4,448	4,453

Of the tax liabilities, €523 million (previous year: €504 million) relates to VAT, €280 million (previous year: €252 million) to customs and duties, and €151 million (previous year: €128 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.

Miscellaneous other liabilities include a large number of individual items.

45.2 Maturity structure

€m	2010	2011
Less than 1 year	4,047	4,106
More than 1 year to 2 years	43	38
More than 2 years to 3 years	15	34
More than 3 years to 4 years	13	13
More than 4 years to 5 years	30	11
More than 5 years	300	251
Maturity structure of other liabilities	4,448	4,453

There is no significant difference between the carrying amounts and the fair values of the other liabilities due to their short maturities or market interest rates. There is no significant interest rate risk because most of these instruments bear floating rates of interest at market rates.

46 Trade payables

Trade payables also include liabilities to Group companies in the amount of €33 million (previous year: €35 million).

€m	2010	2011
Trade payables	5,707	6,168

€955 million of the trade payables (previous year: €844 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

47 Cash flow disclosures

The cash flow statement is prepared in accordance with IAS 7 (Statement of Cash Flows) 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.

47.1 Net cash from operating activities

Cash flows from operating activities are calculated by adjusting consolidated net profit/loss for tax expenses, 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 before changes in working capital increased by €125 million year-on-year to €2,234 million. This is largely due to the markedly improved EBIT, which rose by €601 million to €2,436 million. The depreciation, amortisation and impairment losses contained in EBIT are non-cash effects and are therefore adjusted. They decreased from €1,296 million to €1,274 million. The gains on the disposal of non-current assets of €54 million 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. In the previous year, losses from the disposal of non-current assets of €279 million were incurred, primarily as a result of the sale of business units in the UK, France and Austria. The reduction in working capital led to a cash inflow of €137 million, in particular because receivables and other assets rose by less than in the previous year. In the comparative period, the rise in working capital resulted in cash outflows of €182 million. In the reporting period, net cash from operating activities increased by €444 million from €1,927 million to €2,371 million.

Non-cash income and expense

€m	2010	2011
Expense from remeasurement of assets	103	91
Income from remeasurement of liabilities	–145	–108
Income (previous year: expense) from disposal of assets	51	–8
Staff costs relating to Share Matching Scheme	16	20
Miscellaneous	2	–2
Non-cash income and expense	27	–7

47.2 Net cash used in 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.

Investing activities resulted in a cash outflow of €1,129 million in the year under review, compared to a cash inflow of €8 million in the previous year. Divestitures of non-current assets, especially property, plant and equipment, and intangible assets, led to a cash inflow of €285 million. In the previous year, the sale of business units outlined previously was the main contributing factor to cash outflows in this area. Investments in non-current assets rose markedly by €604 million to €1,880 million. In particular, significant investments were made in expanding the infrastructure in Europe and Asia, the IT systems and the aircraft fleet. The change in current financial assets contributed a cash inflow of €394 million largely due to the sale of money market funds. This is €843 million lower than in the previous year, in which the sale of money market funds led to a cash inflow of €1,200 million.

The following assets were acquired and liabilities assumed as a result of company acquisitions; see also Note 2:

€m	2010	2011
Non-current assets	0	92
Current assets (excluding cash and cash equivalents)	1	79
Provisions	0	22
Other liabilities	0	142

Free cash flow is a combination of net cash provided by operating activities and net cash used in investing activities. In the past, free cash flow was affected by significant fluctuations in financial assets. The calculation was adjusted to increase the informative value of this indicator for operating purposes, as outlined in the following table:

Calculation of free cash flow

€m	2010	2011
Net cash from operating activities	**1,927**	**2,371**
Sale of property, plant and equipment, and intangible assets	198	211
Acquisition of property, plant and equipment, and intangible assets	–1,174	–1,716
Cash outflow arising from change in property, plant and equipment, and intangible assets	**–976**	**–1,505**
Disposals of subsidiaries and other business units	–265	58
Acquisition of subsidiaries and other business units	–74	–84
Cash outflow arising from acquisitions/divestitures	**–339**	**–26**
Interest received	55	72
Interest paid	–183	–163
Net interest paid	**–128**	**–91**
Free cash flow	**484**	**749**

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. Although the cash outflow arising from the change in property, plant and equipment, and intangible assets rose considerably, a reduced cash outflow arising from acquisitions or divestitures, and in particular a much improved EBIT, led to a noticeable increase in free cash flow from €484 million in the previous year to €749 in the year under review.

47.3 Net cash used in financing activities

Net cash used in financing activities of €1,547 million was €104 million lower than in the previous year. Once again, the dividend payment to the shareholders of Deutsche Post AG, which rose by €61 million to €786 million, was the largest payment in this area. In contrast, repayments of non-current liabilities were lower and declined from €597 million to €338 million in the reporting period. The previous year was particularly affected by the repayment of a municipal bond in the amount of €178 million in the United States. Also in the previous year, the acquisition of the remaining shares in the air cargo company Astar Air Cargo led to payments for transactions with non-controlling interests that were not matched by equivalent payments in the year under review. Interest paid was reduced by €20 million to €163 million.

47.4 Cash and cash equivalents

The cash inflows and outflows described above produced cash and cash equivalents of €3,123 million; see Note 35. This represents a year-on-year reduction of €292 million. Currency translation differences of €13 million had an offsetting effect.

OTHER DISCLOSURES

48 Risks and financial instruments of the Group

48.1 Risk management

As a result of its operating activities, the Group is exposed to financial risks that may arise from changes in exchange rates, commodity prices and interest rates. The Group manages these risks centrally through the use of non-derivative and derivative financial instruments. Derivatives are used exclusively to mitigate non-derivative financial risks, and fluctuations in their fair value may not be assessed separately from the underlying transaction.

The Group's internal risk guidelines govern the universe of actions, responsibilities and controls regarding the use of derivatives. Financial transactions are recorded, assessed and processed using proven risk management software, which regularly documents the effectiveness of 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. Financial instruments are accounted for in accordance with IAS 39.

Liquidity management

The ultimate objective of central liquidity management is to secure the solvency of Deutsche Post DHL and its Group companies at all times. To achieve this objective, liquidity in the Group is centralised as much as possible in cash pools and managed in the Corporate Center.

The centrally available liquidity reserves (funding availability), consisting of central short-term financial investments and committed credit lines, are the key control parameter. The target is to have at least €2 billion available in central credit lines.

The Group had central liquidity reserves of €3.8 billion (previous year: €4.6 billion) at the reporting date, consisting of central financial investments amounting to €1.8 billion plus a syndicated credit line of €2 billion.

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 2011						
Non-current financial liabilities	71	184	995	21	34	198
Other liabilities	0	4	4	3	3	207
Non-current liabilities	**71**	**188**	**999**	**24**	**37**	**405**
Current financial liabilities	5,582	0	0	0	0	0
Trade payables	6,168	0	0	0	0	0
Other liabilities	317	0	0	0	0	0
Current liabilities	**12,067**	**0**	**0**	**0**	**0**	**0**
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**

The mandatory exchangeable bond (zero bond) of €2,568 million plus interest that was issued in February 2009 and fully subscribed by Deutsche Bank was reclassified to current financial liabilities in February 2011; see Note 3. Its settlement 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. In addition to the mandatory exchangeable bond, 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 was also reclassified to current financial liabilities in the first quarter of 2011. The put option can be exercised by Deutsche Post AG for the first time on 28 February 2012. A further current financial liability of €120 million relates to the transactions settled to hedge Deutsche Bank shares during the sale of the first 50 million Postbank shares in 2009; see Note 3. There is collateral 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 2011						
Derivative receivables – gross settlement						
Cash outflows	–1,240	–9	–2	0	0	0
Cash inflows	1,311	16	14	0	0	0
Net settlement						
Cash inflows	10	0	0	0	0	0
Derivative liabilities – gross settlement						
Cash outflows	–1,729	–15	–161	0	0	0
Cash inflows	1,642	9	165	0	0	0
Net settlement						
Cash outflows	–4	–2	0	0	0	0
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

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 "More than 3 years to 4 years", "More than 4 years to 5 years" and "More than 5 years" as at 31 December 2011, because all existing derivatives will mature by 2014.

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 international business activities of Deutsche Post DHL expose it to currency risks that are split internally for risk management purposes into balance sheet risks and currency risks from planned future transactions.

Balance sheet currency risks arise from the measurement and settlement of items in foreign currencies that have 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 €4 million (previous year: €3 million) at the reporting date; 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 €2,030 million at the reporting date (previous year: €3,383 million); the fair value was €–4 million (previous year: €–45 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 may 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 47% of the foreign currency risk for current transactions in 2012 was hedged. The relevant hedging transactions are recognised using cash flow hedge accounting; see Note 48.3 (Cash flow hedges).

In total, currency forwards and currency swaps with a notional amount of €3,317 million (previous year: €4,603 million) were outstanding at the balance sheet date. The corresponding fair value was €–27 million (previous year: €–65 million). There were no currency options at the end of 2011 (previous year: €0 million). The Group also held cross-currency swaps with a notional amount of €173 million (previous year: €211 million) and a fair value of €–6 million (previous year €–14 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 2011.

Of the unrealised gains or losses from currency derivatives recognised in equity as at 31 December 2011 in accordance with IAS 39, €–22 million (previous year: €–19 million) is expected to be recognised in income in the course of 2012.

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 €4 million at the reporting date (previous year: €3 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 €21 million at 31 December 2011 (previous year: €25 million). The total foreign currency value at risk was €23 million at the reporting date (previous year: €24 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

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 2011, the Group had entered into interest rate swaps with a notional volume of €1,005 million (previous year: €1,005 million). The fair value of this interest rate swap position was €48 million (previous year: €71 million). As in the previous year, there were no interest rate options at the reporting date.

The share of instruments with short-term interest lock-ins did not change significantly during the course of 2011. Financial liabilities with short-term interest lock-ins currently represent 55% of total financial liabilities. The effect of interest rate changes on the Group's financial position remains 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 financial income/net finance costs and must be included in the sensitivity analysis.

If the market interest rate level as at 31 December 2011 had been 100 basis points higher, net finance costs would have increased by €8 million (previous year: increased by €4 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: €0 million), nor would a reduction have reduced equity (previous year: €0 million).

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. However, the impact of the related fuel surcharges is delayed by one to two months, so that earnings may be affected temporarily if there are significant short-term fuel price variations.

In addition, a small number of commodity swaps for diesel and marine diesel fuel were used to control residual risks. The notional amount of these commodity swaps was €6 million (previous year: €42 million) with a fair value of €1 million (previous year: €5 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 €0 million (previous year: €5 million). A corresponding decline in commodity prices would also have had no 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 €1,493 million as at 31 December 2011 (previous year: €1,653 million). The net fair value of the options was €665 million as at 31 December 2011 (previous year: €736 million). Changes in the fair value of the forward and the options are included in net financial income/net finance costs until the instruments are exercised or expire. Had the fair value of Postbank shares been 10% lower as at 31 December 2011, the net fair value of the share price derivatives would have increased by €209 million, generating additional income of €209 million (previous year: €180 million) in net financial income/net finance costs. An increase in the Postbank share price would have had the opposite effect and would have resulted in a charge to net financial income/net finance costs.

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 2011.

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 €6,426 million (previous year: €6,011 million) are due within one year. The following table gives an overview of receivables that are past due:

€m			Past due at reporting date and not impaired						
	Carrying amount before impairment loss	Neither impaired nor due as at the reporting date	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 2011									
Trade receivables	6,655	4,509	746	680	261	114	50	38	28
As at 31 December 2010									
Trade receivables	6,242	4,133	900	514	197	97	51	19	34

Trade receivables changed as follows:

€m	2010	2011
Gross receivables		
As at 1 January	5,135	6,242
Changes	1,107	413
As at 31 December	**6,242**	**6,655**
Valuation allowances		
As at 1 January	−254	−231
Changes	23	2
As at 31 December	**−231**	**−229**
Carrying amount as at 31 December	**6,011**	**6,426**

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.

48.2 Collateral

€189 million (previous year: €301 million) of collateral is recognised in non-current financial assets as at the balance sheet date. This relates primarily to liabilities in conjunction with the settlement of Deutsche Post AG's residential building loans.

Collateral of €170 million is recognised in current financial assets (previous year: €39 million). The majority of this concerns collateral relating to the sale of the Deutsche Postbank AG shares still held by Deutsche Post. 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 short-term collateral relates to 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 will be released when the mandatory exchangeable bond is exercised in February 2012; it will be released for the remaining 26,417,432 shares when one of the options is exercised (see market risk).

48.3 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	2010		2011				Fair values 2011 by maturity: Assets						Fair values 2011 by maturity: 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	1,005	71	1,005	48	0	**48**	22	0	26	0	0	0	0	0	0	0	0	0
of which cash flow hedges	163	18	163	16	0	**16**	0	0	16	0	0	0	0	0	0	0	0	0
of which fair value hedges	842	53	842	32	0	**32**	22	0	10	0	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
	1,005	**71**	**1,005**	**48**	**0**	**48**	**22**	**0**	**26**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Currency transactions																		
Currency forwards	2,280	–33	1,483	20	–44	**–24**	20	0	0	0	0	0	–43	–1	0	0	0	0
of which cash flow hedges	1,052	–20	1,045	15	–37	**–22**	15	0	0	0	0	0	–36	–1	0	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	1,228	–13	438	5	–7	**–2**	5	0	0	0	0	0	–7	0	0	0	0	0
Currency options	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	0	0	0
of which cash flow hedges	0	0	0	0	0	**0**	0	0	0	0	0	0	0	0	0	0	0	0
Currency swaps	2,323	–32	1,834	33	–36	**–3**	33	0	0	0	0	0	–36	0	0	0	0	0
of which cash flow hedges	168	0	242	5	–6	**–1**	5	0	0	0	0	0	–6	0	0	0	0	0
of which held for trading	2,155	–32	1,592	28	–30	**–2**	28	0	0	0	0	0	–30	0	0	0	0	0
Cross-currency swaps	211	–14	173	0	–6	**–6**	0	0	0	0	0	0	–2	0	–4	0	0	0
of which cash flow hedges	173	–6	163	0	–4	**–4**	0	0	0	0	0	0	0	0	–4	0	0	0
of which fair value hedges	38	–8	10	0	–2	**–2**	0	0	0	0	0	0	–2	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
	4,814	**–79**	**3,490**	**53**	**–86**	**–33**	**53**	**0**	**0**	**0**	**0**	**0**	**–81**	**–1**	**–4**	**0**	**0**	**0**
Commodity price transactions																		
Commodity price swaps	42	5	6	1	0	**1**	1	0	0	0	0	0	0	0	0	0	0	0
of which cash flow hedges	42	5	6	1	0	**1**	1	0	0	0	0	0	0	0	0	0	0	0
Equity price transactions																		
Equity forwards	2,946	1,653	2,946	1,493	0	**1,493**	1,493	0	0	0	0	0	0	0	0	0	0	0
of which held for trading	2,946	1,653	2,946	1,493	0	**1,493**	1,493	0	0	0	0	0	0	0	0	0	0	0
Equity options	2,596	736	2,596	665	0	**665**	665	0	0	0	0	0	0	0	0	0	0	0
of which held for trading	2,596	736	2,596	665	0	**665**	665	0	0	0	0	0	0	0	0	0	0	0
	5,542	**2,389**	**5,542**	**2,158**	**0**	**2,158**	**2,158**	**0**	**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 €32 million (previous year: €53 million). As at 31 December 2011, there was also a €13 million (previous year: €19 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 €–2 million as at 31 December 2011 (previous year: €–8 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	2010	2011
Losses (–)/gains (+) on hedged items	–1	19
Losses (–)/gains (+) on hedging transactions	3	–21
Balance (ineffective portion)	**2**	**–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 €–26 million at the reporting date (previous year: €–15 million). The hedged items will affect cash flow for the most part in 2012.

Currency forwards with a fair value of €–3 million (previous year: €–10 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 and currency swaps. The fair value of these cash flow hedges amounted to €6 million as at 31 December 2011 (previous year: €5 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 €12 million (previous year: €15 million).

The risks from the purchase of diesel and marine diesel fuels, which cannot be passed on to customers, were hedged using commodity swaps that fall due in 2012. The fair value of these cash flow hedges amounted to €1 million as at year-end (previous year: €5 million). There was minor hedge ineffectiveness.

48.4 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 2011

€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	729			
at cost	566	0	0	103
at fair value	163	0	68	69
Other non-current assets	570			
outside IFRS 7	570	0	0	0
Receivables and other current assets	9,089			
at cost	7,685	0	0	0
outside IFRS 7	1,404	0	0	0
Current financial assets	2,498			
at cost	256	0	0	0
at fair value	2,242	2,191	0	8
outside IFRS 7	0	0	0	0
Cash and cash equivalents	3,123	0	0	0
Total ASSETS	**16,009**	**2,191**	**68**	**180**
EQUITY AND LIABILITIES				
Non-current financial liabilities[1]	–1,366			
at cost	–1,355	0	0	0
at fair value	–11	–6	0	0
outside IFRS 7	0	0	0	0
Other non-current liabilities	–347			
at cost	–221	0	0	0
outside IFRS 7	–126	0	0	0
Current financial liabilities	–5,644			
at cost	–5,518	0	0	0
at fair value	–126	–82	0	0
Trade payables	–6,168	0	0	0
Other current liabilities	–4,106			
at cost	–317	0	0	0
outside IFRS 7	–3,789	0	0	0
Total EQUITY AND LIABILITIES	**–17,631**	**–88**	**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	
	428	0	0	35	566
	0	0	26	0	163
	0	0	0	0	0
	7,685	0	0	0	7,685
	0	0	0	0	0
	215	0	0	41	256
	0	0	43	0	2,242
	0	0	0	0	0
	3,123	0	0	0	3,123
	11,451	**0**	**69**	**76**	**–**
	−1,207	0	0	−148	−1,355
	0	0	−5	0	−11
	0	0	0	0	0
	−221	0	0	0	−221
	0	0	0	0	0
	−5,491	0	0	−27	−5,518
	0	0	−44	0	−126
	−6,168	0	0	0	−6,168
	−317	0	0	0	−317
	0	0	0	0	0
	−13,404	**0**	**−49**	**−175**	**–**

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.

No assets were reclassified in financial years 2011 and 2010.

				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	
	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**	**–**

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 as 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 €103 million (previous year: €81 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 2011 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: 2011

€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	137	26	0
Current financial assets at fair value	8	2,234	0
Non-current financial liabilities at fair value	0	–5	–6
Current financial liabilities at fair value	0	–82	–44

The fair value of currency forwards was measured on the basis of discounted expected future 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.

Level 3 mainly comprises options entered into in connection with intercompany transactions. These options are measured using recognised valuation models, taking plausible assumptions into account; measurement depends largely on financial ratios. Losses of €13 million from the change in fair value impacted net financial income/net finance costs in 2011; see Note 18.

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	–100	–37

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	2010	2011
Loans and receivables	–75	–94
Held-to-maturity financial assets	0	0
Financial assets and liabilities at fair value through profit or loss		
Trading	1,757	231
Fair value option	7	–1
Other financial liabilities	–84	1

The net gains and losses mainly include the effects of the fair value measurement, impairment and disposals (disposal gains/losses) of financial instruments. In financial year 2011, the measurement of the forward and the options entered into to transfer the remaining Postbank shares had a material effect on net gains and losses. The derivatives had a much stronger effect in 2010 as the effect on net gains and losses of the forward on 60 million Postbank shares had to be fully recognised for the first time due to the amendment to IAS 39.2g. 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 38. 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.

49 Contingent liabilities

The Group's contingent liabilities total €2,767 million (previous year: €2,469 million). €24 million of the contingent liabilities relates to guarantee obligations (previous year: €12 million), €119 million to warranties (previous year: €133 million) and €125 million to liabilities from litigation risks (previous year: €153 million). The other contingent liabilities amounting to €2,499 million (previous year: €2,171 million) mainly relate to obligations from formal state aid proceedings, see Notes 51 and 57, and tax-related items.

In addition, there is a contingent liability to the French tax authorities, which is not included in total contingent liabilities. The tax authorities have not yet provided documentation about the matter at issue. It is therefore impossible to estimate the actual amount of this liability, preventing its recognition.

50 Other financial obligations

In addition to provisions, liabilities and contingent liabilities, there are other financial obligations amounting to €6,625 million (previous year: €7,091 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	2010	2011
Land and buildings	5,554	5,294
Aircraft	951	765
Transport equipment	439	443
Technical equipment and machinery	115	80
Other equipment, operating and office equipment	20	31
IT equipment	12	12
Lease obligations	**7,091**	**6,625**

The decrease in lease obligations by €466 million to €6,625 million is a consequence of the reduction in the remaining terms of legacy agreements, especially for real estate and aircraft, which are not matched by the same volume of new leases.

Maturity structure of minimum lease payments

€m	2010	2011
Less than 1 year	1,433	1,479
More than 1 year to 2 years	1,199	1,100
More than 2 years to 3 years	914	867
More than 3 years to 4 years	731	668
More than 4 years to 5 years	557	526
More than 5 years	2,257	1,985
Maturity structure of minimum lease payments	**7,091**	**6,625**

The present value of discounted minimum lease payments is €5,003 million (previous year: €5,311 million), based on a discount factor of 6.50% (previous year: 6.50%). Overall, rental and lease payments amounted to €2,364 million (previous year: €2,330 million), of which €1,640 million (previous year: €1,693 million) relates to non-cancellable leases. €2,526 million (previous year: €2,745 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 €90 million (previous year: €194 million).

51 Litigation

Many of the services provided by Deutsche Post AG and its subsidiaries are subject to sector-specific regulation by the *Bundesnetzagentur* (German federal network agency) under the *Postgesetz* (German Postal Act). The *Bundesnetzagentur* approves or reviews prices, formulates the terms of downstream access and has special supervisory powers to combat market abuse. This general regulatory risk could lead to a decline in revenue and earnings in the event of negative decisions.

Legal risks arise, amongst other things, 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 approval 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, they are now, however, being continued in the Münster Higher Administrative Court, as the court of second instance, due to a successful constitutional complaint.

Legal risks also result from appeals by Deutsche Post against other price approvals granted by the regulatory authority.

Deutsche Post AG increased its discounts for downstream access on 1 July 2010. Deutsche Post competitors and their associations filed complaints against these discount increases with the *Bundesnetzagentur*. 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. In October 2011, several competitors of Deutsche Post AG brought an action in the Cologne Administrative Court against the *Bundesnetzagentur* with the aim of reversing the discount increases. The claim has not yet been served on Deutsche Post AG and it is therefore not currently possible to assess the specific risks arising from this. 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 the courts will not come to a different conclusion that would have negative effects on Deutsche Post AG's revenue and earnings.

In its decision dated 14 June 2011, the *Bundesnetzagentur* concluded that First Mail Düsseldorf GmbH, a subsidiary of Deutsche Post AG, and Deutsche Post AG had contravened the discounting and discrimination prohibitions under the *Postgesetz*. The companies were instructed to remedy the breaches that had been identified. Both companies appealed against the ruling to the Cologne Administrative Court. Furthermore, First Mail Düsseldorf GmbH filed an application to suspend the execution of the ruling until a decision was reached in the principal proceedings. The Cologne Administrative Court and the Münster Higher Administrative Court both dismissed this application. First Mail Düsseldorf GmbH announced in December 2011 that it would cease trading at the end of the year and it retracted its appeal on 19 December 2011. Deutsche Post AG continues to pursue its appeal against the *Bundesnetzagentur* ruling.

The European Commission's decision of 25 January 2012 concluded the formal state aid investigation that it had initiated on 12 September 2007. 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 intended 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 was 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 cooperation 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. The *Monopolkommission* (German Monopoly Commission) had also previously alleged that Deutsche Post AG permits Deutsche Postbank AG to use its retail outlets at below-market rates, and that in so doing it contravenes the prohibition on state aid enshrined in the EC Treaty. The European Commission extended its official state aid proceedings on 10 May 2011. The extension concerned the funding arrangements for civil servants' pensions, which were to be examined more closely, including the pension obligations factored into the price approval process.

In its decision of 25 January 2012, the European Commission concluded that Deutsche Post AG and its predecessor, Deutsche Bundespost POSTDIENST, did not receive any excessive state funding for the universal services provided in the years 1989 to 2007 and that therefore no incompatible state aid was granted. Equally, the European Commission found no evidence of illegal state aid with respect to the guarantees issued by the German state. It also did not find fault with the cooperation agreements between Deutsche Post AG and Deutsche Postbank AG, and between Deutsche Post AG and DHL Vertriebs GmbH. The European Commission did not revisit the 1999 sale of shares of Deutsche Postbank AG to Deutsche Post AG in its ruling.

However, in its review of the funding of civil servants' pensions, the European Commission concluded that Deutsche Post AG had received illegal state aid in this area. It said that the pension relief granted to Deutsche Post AG by the *Bundesnetzagentur* during the price approval process led to Deutsche Post AG having to pay lower social security contributions for civil servants than its competitors pay for salaried employees, resulting in a benefit to Deutsche Post AG of between €500 million and €1 billion. According to the Commission, this benefit represents illegal state aid that must be repaid by Deutsche Post AG to the Federal Republic of Germany. The precise amount has to be calculated by the Federal Republic. Deutsche Post AG is of the opinion that the European Commission's decision of 25 January 2012 cannot withstand legal review and will appeal to the European Court of Justice in Luxembourg.

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.

52 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 receive part of their variable remuneration for the financial year in the form of shares of Deutsche Post AG in the following year (incentive shares); all Group executives can specify an increased equity component individually by converting a further portion of their variable remuneration for the financial year (investment shares). If certain conditions are met, the executive will again be awarded the same number of Deutsche Post AG shares four years later (matching shares).

Share Matching Scheme

		2009 tranche	2010 tranche	2011 tranche
Grant date		1 Nov. 2009	1 Jan. 2010	1 Jan. 2011
Term	months	53	63	63
End of term		March 2014	March 2015	March 2016
Share price at grant date	€	11.48	13.98	12.90
Number of incentive shares	in thousands	430	638	691
Number of matching shares expected	in thousands	762	1,674	1,913

In the consolidated financial statements as at 31 December 2011, €33 million (previous year: €20 million) was recognised in equity for the grant of variable remuneration components; see table in Note 38.1.

2006 Stock Appreciation Rights (SAR) Plan for executives

Since 3 July 2006, selected executives have received annual tranches of SARs 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 SARs under the 2006 and 2007 tranches expired at the end of the respective waiting periods, since the performance targets were not met. After the expiry of the waiting period for the 2008 tranche on 30 June 2011, two-sixths of the SARs granted became exercisable. However, they could not be exercised so far because the share price has not yet exceeded the issue price of €18.40.

Long-Term Incentive Plan (2006 LTIP) for members of the Board of Management

Since 1 July 2006, the members of the Board of Management receive SARs under the 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 2011. 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	2007 tranche	2008 tranche	2009 tranche	2010 tranche	2011 tranche
Issue date	1 July 2007	1 July 2008	1 July 2009	1 July 2010	1 July 2011
Issue price in €	24.02	18.40	9.52	12.27	12.67
Waiting period expires	30 June 2010	30 June 2011	30 June 2013	30 June 2014	30 June 2015

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 €24 million was recognised for financial year 2011 (previous year: €21 million).

See Note 53.2 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 €61 million (previous year: €37 million).

53 Related party disclosures

53.1 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 58, 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%. Deutsche Post AG is thus considered to be an associate of the federal government.

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 2011, Deutsche Post AG was invoiced for €70 million (previous year: €72 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 2011 Deutsche Post AG paid €0.03 million to the federal government for the final settlement for financial year 2010 and €0.06 million for financial year 2011. As agreed, the final settlement for financial year 2011 will be made by 1 July 2012.

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 2011, this initiative resulted in 15 permanent transfers (previous year: 21) and 10 secondments with the aim of a permanent transfer in 2012 (previous year: 9).

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 2011, this initiative resulted in 39 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). A control relationship exists between Deutsche Telekom and the federal government because the federal government, despite its non-controlling interest, has a secure majority at the Annual General Meeting due to its average presence there. Deutsche Telekom is therefore a related party of Deutsche Post AG. In financial year 2011, Deutsche Post DHL provided goods and services (mainly transport services for letters and parcels) for Deutsche Telekom AG and purchased goods and services (such as IT products) from Deutsche Telekom.

RELATIONSHIPS WITH DEUTSCHE BAHN AG AND ITS SUBSIDIARIES

Deutsche Bahn AG is wholly owned by the German government. Owing to this control 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.

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 €1,011 million (previous year: €1,043 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 €64 million in 2011 (previous year: €63 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 2011. There were no sales relationships between external authorities and a Group company of Deutsche Post AG in 2011.

RELATIONSHIPS WITH UNCONSOLIDATED COMPANIES, ASSOCIATES AND JOINT VENTURES

In addition to the consolidated subsidiaries, the Group has direct and indirect relationships with unconsolidated companies, associates and joint ventures 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 2011 with major related parties, resulting in the following items in the consolidated financial statements:

€m	2010	2011
Receivables	**35**	**27**
from associates	21	18
from joint ventures	5	5
from unconsolidated companies	9	4
Loans	**33**	**33**
to associates	0	0
to joint ventures	19	20
to unconsolidated companies	14	13
Receivables from in-house banking	**3**	**3**
from associates	0	0
from joint ventures	3	3
from unconsolidated companies	0	0
Financial liabilities	**137**	**102**
to associates	94	28
to joint ventures	10	5
to unconsolidated companies	33	69
Liabilities	**35**	**33**
to associates	17	10
to joint ventures	15	22
to unconsolidated companies	3	1
Revenue	**287**	**290**
from associates	267	269
from joint ventures	19	20
from unconsolidated companies	1	1
Expenses[1]	**600**	**629**
due to associates	469	445
due to joint ventures	101	163
due to unconsolidated companies	30	21

[1] Relate to materials expense and staff costs.

Deutsche Post AG issued letters of commitment in the amount of €140 million for these companies. Of this amount, €109 million was attributable to associates, €26 million to joint ventures and €5 million to unconsolidated companies.

53.2 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 or legal transactions involving related parties in financial year 2011 with the exception of an existing master postage agreement in the amount of €1 million between Deutsche Post DHL and a member of the Supervisory Board.

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	2010	2011
Short-term employee benefits (less share-based payment)	13	13
Post-employment benefits	2	3
Termination benefits	0	4
Share-based payment	1[1]	1
Total	**16**	**21**

[1] In the current financial year the changes in the value of tranches already earned were itemised for the first time. The prior-period amounts were adjusted accordingly.
See also the table "Share-based payment".

As well as the above-mentioned benefits for their work on the Supervisory Board, the employee representatives who are on the Supervisory Board and who are employed by the Group also receive their normal salaries for their work in the company. These salaries are determined at levels that are commensurate with the salary appropriate for the function or work performed in the company.

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 2010 and 2011. It is itemised in the following table:

Share-based payment

thousands of €	2010[3]	2011
	SARS	SARS
Dr Frank Appel, Chairman	97	199
Ken Allen	225	111
Roger Crook[1]	0	58
Bruce Edwards	78	114
Jürgen Gerdes	68	114
Lawrence Rosen	225	111
Walter Scheurle	58	114
Hermann Ude[2]	78	438
Share-based payment	**829**	**1,259**

[1] Since 9 March 2011.
[2] Until 8 March 2011.
[3] In the current financial year the changes in the value of tranches already earned were itemised for the first time. The prior-period amounts were adjusted accordingly.

Further details on the share-based payment granted to the members of the Board of Management in financial years 2010 and 2011 are presented in the following tables:

Share-based payment for Board of Management members in 2011

number	Dr Frank Appel	Ken Allen	Roger Crook[1]	Bruce Edwards	Jürgen Gerdes	Lawrence Rosen	Walter Scheurle	Hermann Ude[2]
SARS								
Outstanding SARS as at 1 January 2011	1,080,000	576,958	271,056	720,000	720,000	490,000	720,000	720,000
SARS granted	689,502	342,630	284,862	370,518	370,518	342,630	370,518	0
SARS lapsed	345,000	57,972	27,176	230,000	230,000	0	230,000	230,000
SARS exercised	0	0	0	0	0	0	0	0
Outstanding SARS as at 31 December 2011	**1,424,502**	**861,616**	**528,742**	**860,518**	**860,518**	**832,630**	**860,518**	**490,000**
Of which exercisable SARS as at 31 December 2011	0	28,986	13,588	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	2.73	2.62	2.81	2.65	2.65	2.62	2.65	2.01

[1] Since 9 March 2011.
[2] Until 8 March 2011.

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**
of which 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

BOARD OF MANAGEMENT REMUNERATION

The total remuneration paid to the active members of the Board of Management in financial year 2011 including the components with a long-term incentive effect totalled €19.0 million (previous year: €17.0 million). Of this amount, €7.4 million (previous year: €7.1 million) is attributable to non-performance-related components (annual base salary and fringe benefits), €4.6 million (previous year: €4.9 million) to performance-related components (variable components) and €7.0 million (previous year: €5.0 million) to components with a long-term incentive effect (SARS). The number of SARS was 2,771,178 (previous year: 1,875,000).

FORMER MEMBERS OF THE BOARD OF MANAGEMENT

The remuneration of former members of the Board of Management or their surviving dependants amounted to €7.4 million in the year under review (previous year: €5.7 million). The defined benefit obligation (DBO) for current pensions calculated under IFRSS amounted to €57.0 million (previous year: €42.9 million). The change (€13.3 million) is due to the greater number of pensioners as their pension benefits have fallen due; no additional obligations have been incurred in this context. Rather, the existing obligations due to pension entitlements, including the 2011 service costs, decreased to €25.7 million (previous year: €35.4 million).

REMUNERATION OF THE SUPERVISORY BOARD

The total remuneration of the Supervisory Board in financial year 2011 amounted to approximately €1.4 million (previous year: €1.1 million); €1.2 million of this amount was attributable to a fixed component (previous year: €0.9 million), €0 million to performance-related remuneration (previous year: €0 million) and €0.2 million to attendance allowances (previous year: €0.2 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 2011, 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.

54 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 2011 and in the previous year:

€m	2010	2011
Audits of the financial statements	5	5
Other assurance or valuation services	2	2
Tax advisory services	0	0
Other services	1	2
Auditor's fees	**8**	**9**

55 Exercise of options under section 264 (3) of the HGB

For financial year 2011, Deutsche Post AG has exercised the simplification options under section 264 (3) of the HGB for the following companies:

1. Agheera GmbH
2. Albert Scheid GmbH
3. Danzas Deutschland Holding GmbH
4. Danzas Grundstücksverwaltung Groß-Gerau GmbH
5. Deutsche Post Adress Beteiligungsgesellschaft mbH
6. Deutsche Post Assekuranz Vermittlungs GmbH
7. Deutsche Post Beteiligungen Holding GmbH
8. Deutsche Post Com GmbH
9. Deutsche Post Consult GmbH
10. Deutsche Post Customer Service Center GmbH
11. Deutsche Post DHL Beteiligungen GmbH
12. Deutsche Post DHL Corporate Real Estate Management GmbH
13. Deutsche Post DHL Corporate Real Estate Management GmbH & Co. Logistikzentren KG
14. Deutsche Post DHL Inhouse Consulting GmbH
15. Deutsche Post DHL Research and Innovation GmbH
16. Deutsche Post Direkt GmbH
17. Deutsche Post Fleet GmbH
18. Deutsche Post Immobilien GmbH
19. Deutsche Post Investments GmbH
20. Deutsche Post IT Brief GmbH
21. Deutsche Post IT Services GmbH
22. Deutsche Post Real Estate Germany GmbH
23. Deutsche Post Shop Essen GmbH
24. Deutsche Post Shop Hannover GmbH
25. Deutsche Post Shop München GmbH
26. Deutsche Post Technischer Service GmbH
27. DHL Airways GmbH
28. DHL Automotive GmbH
29. DHL Automotive Offenau GmbH
30. DHL BwLog GmbH
31. DHL Express Germany GmbH
32. DHL Food Services GmbH
33. DHL Freight Germany Holding GmbH
34. DHL Freight GmbH
35. DHL Global Forwarding GmbH
36. DHL Global Forwarding Management GmbH
37. DHL Global Management GmbH
38. DHL Home Delivery GmbH
39. DHL HUB Leipzig GmbH
40. DHL International GmbH
41. DHL Logistics GmbH
42. DHL Solution Großgut GmbH
43. DHL Solutions Fashion GmbH
44. DHL Solutions GmbH
45. DHL Solutions Retail GmbH
46. DHL Supply Chain Management GmbH
47. DHL Trade Fair & Events GmbH
48. DHL Verwaltungs GmbH
49. Erste End of Runway Development Leipzig GmbH
50. Erste Logistik Entwicklungsgesellschaft MG GmbH
51. European Air Transport Leipzig GmbH
52. First Mail Düsseldorf GmbH
53. Gerlach Zolldienste GmbH
54. InterServ Gesellschaft für Personal- u. Beraterdienstleistungen mbH
55. ITG GmbH Internationale Spedition
56. SGB GmbH
57. Werbeagentur Janssen GmbH
58. Williams Lea Deutschland GmbH
59. Williams Lea GmbH
60. Williams Lea Inhouse Solutions GmbH
61. Zweite End of Runway Development Leipzig GmbH

56 Declaration of Conformity with the German Corporate Governance Code

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 2011 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.

57 Significant events after the balance sheet date

On 25 January 2012, the European Commission concluded the formal state aid investigation that it had initiated on 12 September 2007. The issues are described in detail in Note 51, Litigation. According to its decision, the Commission is requiring Deutsche Post AG to repay this state aid to the Federal Republic of Germany in the amount of €500 million to €1 billion plus interest. No other state aid proceedings involving the Group are pending at the European Commission. Deutsche Post AG is of the opinion that the European Commission's decision of 25 January 2012 cannot withstand legal review and will appeal to the European Court of Justice in Luxembourg. Accounting will take place in accordance with the envisaged procedures.

The procedure to exercise the put option on 12.1% of Deutsche Postbank AG shares was initiated in January 2012.

58 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/Main	70.00	EUR	315	566
Adcloud GmbH	Germany, Cologne	100.00	EUR	–907	–932
Adcloud Operations Spain S.L.	Spain, Madrid	100.00	EUR	–27	–30
Admagic Limited	United Kingdom, London	100.00	EUR	8,211	587
Aerocar B.V.	Netherlands, Amsterdam	100.00	EUR	7,645	3,986
Agheera GmbH[6,9]	Germany, Bonn	100.00	EUR	25	0
Albert Scheid GmbH[6,9]	Germany, Cologne	100.00	EUR	1,022	0
Applied Distribution Group Limited[5]	United Kingdom, Bracknell	100.00	EUR	5,956	0
Axial SA	Belgium, Seneffe	100.00	EUR	2,295	–65
Blue Funnel Bulkships Limited[5]	United Kingdom, Bracknell	100.00	EUR	–2,646	0
Cargus Express Curier S.R.L.	Romania, Bucharest	100.00	EUR	–10,743	–2,607
Cargus International S.R.L.	Romania, Bucharest	100.00	EUR	1,258	1,688
Container Services Amsterdam B.V.[5]	Netherlands, Amsterdam	100.00	EUR	245	0
CPJ Travel Limited[5]	United Kingdom, Hounslow	100.00	EUR	0	0
DANMAR Lines AG	Switzerland, Basel	100.00	EUR	24,583	7
Danzas (UK) Limited[5]	United Kingdom, Staines	100.00	EUR	1,197	0
Danzas Chemicals GmbH[8]	Germany, Düsseldorf	100.00	EUR	–1,267	0
Danzas Deutschland Holding GmbH[6,9]	Germany, Frankfurt/Main	100.00	EUR	4,025	0
DANZAS Fashion B.V.	Netherlands, Venlo	100.00	EUR	–26,703	–532
Danzas Fashion NV	Belgium, Grimbergen	100.00	EUR	12	–1
Danzas Fashion Service Centers B.V.	Netherlands, Waalwijk	100.00	EUR	507	–138
Danzas Grundstücksverwaltung Frankfurt GmbH[6,9]	Germany, Frankfurt/Main	100.00	EUR	22,679	0
Danzas Grundstücksverwaltung Groß-Gerau GmbH[6,9]	Germany, Hamburg	100.00	EUR	26	0
Danzas Holding AG	Switzerland, Basel	100.00	EUR	126,500	21,590
Danzas Kiev Ltd.	Ukraine, Kiev	100.00	EUR	–2,142	–218
Danzas Verwaltungs GmbH	Germany, Frankfurt/Main	100.00	EUR	23,576	1,149
Danzas, S.L.	Spain, San Sebastián	100.00	EUR	211,654	56,231
Darshaan Properties Ltd.	Ireland, Dublin	100.00	EUR	0	–93
Deutsche Post Adress Beteiligungsgesellschaft mbH[6,9]	Germany, Bonn	100.00	EUR	30	0
Deutsche Post Adress Geschäftsführungs GmbH	Germany, Bonn	51.00	EUR	35	18
Deutsche Post Adress GmbH & Co. KG	Germany, Bonn	51.00	EUR	9,987	18,342
Deutsche Post Assekuranz Vermittlungs GmbH[6,9]	Germany, Bonn	55.00	EUR	51	0
Deutsche Post Beteiligungen Holding GmbH[6,9]	Germany, Bonn	100.00	EUR	6,655,052	0
Deutsche Post Com GmbH[6,9]	Germany, Bonn	100.00	EUR	1,126	0
Deutsche Post Consult GmbH[6,9]	Germany, Bonn	100.00	EUR	3,858	0
Deutsche Post Customer Service Center GmbH[6,9]	Germany, Monheim	100.00	EUR	43	0
Deutsche Post DHL Beteiligungen GmbH[6,9]	Germany, Bonn	100.00	EUR	882,025	0
Deutsche Post DHL Corporate Real Estate Management GmbH[6,9]	Germany, Bonn	100.00	EUR	51	0
Deutsche Post DHL Corporate Real Estate Management GmbH & Co. Logistikzentren KG	Germany, Bonn	100.00	EUR	1,300	–772
Deutsche Post DHL Inhouse Consulting GmbH[6,9]	Germany, Bonn	100.00	EUR	25	0
Deutsche Post DHL Research and Innovation GmbH[6,9]	Germany, Bonn	100.00	EUR	7,500	0
Deutsche Post Direkt GmbH[6,9]	Germany, Bonn	100.00	EUR	60	0
Deutsche Post Finance B.V.	Netherlands, Maastricht	100.00	EUR	13,693	798
Deutsche Post Fleet GmbH[6,9]	Germany, Bonn	100.00	EUR	511,115	0
Deutsche Post Global Mail (Belgium) NV	Belgium, Brussels	100.00	EUR	1,104	5
Deutsche Post Global Mail (France) SAS	France, Issy-les-Moulineaux	100.00	EUR	2,535	363
Deutsche Post Global Mail (Netherlands) B.V.	Netherlands, Utrecht	100.00	EUR	2,899	912
Deutsche Post Global Mail (Switzerland) AG	Switzerland, Basel	100.00	EUR	682	282

Reported IFRS data.
[1] Only subgroup data available. [2] Amounts from 2009. [3] Amounts from 2010. [4] Data not available. [5] Dormant. [6] Amounts after profit transfer.
[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] Amounts from 2008. [13] Inclusion in accordance with SIC 12 (SPE).
[14] Not included because they do not have significant influence on the Group's net assets, financial position and results of operations.

Affiliated companies included in the consolidated financial statements

Name	Headquarters	Group equity share %	Currency	Equity thousands	Net income thousands
Deutsche Post Global Mail (UK) Limited[5]	United Kingdom, Croydon	100.00	EUR	8,258	0
Deutsche Post Immobilien GmbH[6,9]	Germany, Bonn	100.00	EUR	25	0
Deutsche Post Insurance Limited	Ireland, Dublin	100.00	EUR	10,985	−29
Deutsche Post International B.V.[1]	Netherlands, Amsterdam	100.00	EUR	8,458,661	374,463
TheNetherlands622009 B.V.[1]	Netherlands, Apeldoorn	100.00	EUR	–	–
Deutsche Post Investments GmbH[6,9]	Germany, Bonn	100.00	EUR	400,025	0
Deutsche Post IT BRIEF GmbH[6,9]	Germany, Bonn	100.00	EUR	11,160	0
Deutsche Post IT Services GmbH[6,9]	Germany, Bonn	100.00	EUR	39,226	0
Deutsche Post Mail Distribution (Netherlands) B.V.	Netherlands, Apeldoorn	100.00	EUR	−8,184	−92
Deutsche Post Nederland C.V.	Netherlands, Utrecht	100.00	EUR	−80,083	−11,093
Deutsche Post Real Estate Germany GmbH[6,9]	Germany, Bonn	100.00	EUR	13,838	0
Deutsche Post Reinsurance S.A.	Luxembourg, Luxembourg	100.00	EUR	2,240	0
Deutsche Post Shop Essen GmbH[6,9]	Germany, Essen	100.00	EUR	25	0
Deutsche Post Shop Hannover GmbH[6,9]	Germany, Hanover	100.00	EUR	25	0
Deutsche Post Shop München GmbH[6,9]	Germany, Munich	100.00	EUR	25	0
Deutsche Post Technischer Service GmbH[6,9]	Germany, Bonn	100.00	EUR	4,012	0
Deutsche Post Zahlungsdienste GmbH[6,9]	Germany, Bonn	100.00	EUR	1,000	0
DHL Supply Chain (Finland) Oy	Finland, Vantaa	100.00	EUR	4,703	897
DHL (Cyprus) Ltd.	Cyprus, Nikosia	100.00	EUR	3,094	−54
DHL Air Limited	United Kingdom, Hounslow	100.00	EUR	13,712	3,171
DHL AirWays GmbH[6,9]	Germany, Cologne	100.00	EUR	2,152	0
DHL Automotive GmbH[6,9]	Germany, Hamburg	100.00	EUR	4,091	0
DHL Automotive Offenau GmbH[6,9]	Germany, Bonn	100.00	EUR	71	0
DHL Automotive s.r.o.	Czech Republic, Prague	100.00	EUR	6,093	−1,596
DHL Aviation (France) SAS	France, Roissy-en-France	100.00	EUR	1,463	38
DHL Aviation (Italy) S.r.l.	Italy, Milan	100.00	EUR	3,594	−295
DHL Aviation (Netherlands) B.V.	Netherlands, Amersfoort	100.00	EUR	4,378	313
DHL Aviation (UK) Limited	United Kingdom, Hounslow	100.00	EUR	7,640	920
DHL Aviation NV/SA	Belgium, Zaventem	100.00	EUR	19,510	494
DHL Beautiran SA	France, La Plaine Saint-Denis	100.00	EUR	1,672	−1,571
Exel Beziers SARL	France, La Plaine Saint-Denis	100.00	EUR	−506	−186
DHL Bwlog GmbH[6,9]	Germany, Mönchengladbach	100.00	EUR	11,615	0
DHL Distribution Holdings (UK) Limited	United Kingdom, Hounslow	100.00	EUR	41,419	39,036
DHL Ekspres (Slovenija), d.o.o.	Slovenia, Trzin	100.00	EUR	−112	−266
DHL Elancourt SARL	France, La Plaine Saint-Denis	100.00	EUR	3,524	1,356
DHL Estonia AS	Estonia, Tallinn	100.00	EUR	7,355	1,066
DHL Exel Slovakia, s.r.o.	Slovakia, Bratislava	100.00	EUR	274	878
DHL Exel Supply Chain (Denmark) A/S	Denmark, Kastrup	100.00	EUR	−19,461	397
DHL Exel Supply Chain (Poland) Sp. z o.o.	Poland, Warsaw	100.00	EUR	−3,732	−1,630
DHL Exel Supply Chain (Sweden) AB	Sweden, Stockholm	100.00	EUR	10,789	−4,136
DHL Exel Supply Chain Euskal-Log, S.L.U.	Spain, Barcelona	100.00	EUR	7,040	233
DHL Exel Supply Chain Hungary Limited	Hungary, Ullo	100.00	EUR	608	89
DHL Exel Supply Chain Limited	United Kingdom, Bedford	100.00	EUR	449,352	−4,422
DHL Exel Supply Chain Portugal, S.A.	Portugal, Alverca	100.00	EUR	6,208	−1,772
DHL Exel Supply Chain (Spain), S.L.U.	Spain, Madrid	100.00	EUR	16,184	−3,579
DHL Exel Supply Chain Trade (Poland) Sp. z o.o.	Poland, Warsaw	100.00	EUR	431	−80
DHL Exel Supply Chain Trollhättan AB	Sweden, Stockholm	100.00	EUR	−3,518	−6,366
DHL Express (Austria) GmbH	Austria, Guntramsdorf	100.00	EUR	−192	−10,583
DHL Express (Belgium) NV	Belgium, Ternat	100.00	EUR	9,317	2,255
DHL Express (Czech Republic) s.r.o.	Czech Republic, Ostrava	100.00	EUR	10,056	3,867
DHL Express (Denmark) A/S	Denmark, Brøndby	100.00	EUR	84,901	5,614
DHL Express (France) SAS	France, Roissy-en-France	100.00	EUR	−43,869	−3,751
DHL Express (Hellas) S.A.	Greece, Athens	100.00	EUR	4,898	5,597
DHL Express (Iceland) EHF	Iceland, Reykjavik	100.00	EUR	91	1
DHL Express (Ireland) Ltd.	Ireland, Dublin	100.00	EUR	483	1,092
DHL Express (Italy) S.r.l.	Italy, Milan	100.00	EUR	57,894	8,112

Affiliated companies included in the consolidated financial statements

Name	Headquarters	Group equity share %	Currency	Equity thousands	Net income thousands
DHL Express (Luxembourg) S.A.	Luxembourg, Contern	100.00	EUR	5,059	821
DHL Express (Netherlands) B.V.	Netherlands, Amersfoort	100.00	EUR	9,250	14,677
DHL Express (Norway) AS	Norway, Oslo	100.00	EUR	16,038	−6,064
DHL Express (Poland) Sp. z o.o.	Poland, Warsaw	100.00	EUR	55,694	27,615
DHL Express (Schweiz) AG	Switzerland, Basel	100.00	EUR	17,500	6,578
DHL Express (Slovakia), spol. s r. o.	Slovakia, Bratislava	100.00	EUR	4,321	−438
DHL Express (UK) Limited	United Kingdom, Hounslow	100.00	EUR	−30,333	−89
DHL Express Bulgaria EOOD	Bulgaria, Sofia	100.00	EUR	1,883	1,031
DHL Express Germany GmbH[6,9]	Germany, Bonn	100.00	EUR	6,618	0
DHL Express Hungary Forwarding and Services LLC	Hungary, Budapest	100.00	EUR	6,927	2,607
DHL Express Iberia S.L.[1]	Spain, San Sebastián	100.00	EUR	154,811	28,241
Denalur SPE, S.L.[1]	Spain, San Sebastián	100.00	EUR	–	–
DHL Express A Coruna 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, Málaga	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	6,343	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	1,005	225
DHL Express Portugal, Lda.	Portugal, Moreira da Maia	100.00	EUR	16,622	2,467
DHL Express Services (France) SAS	France, Roissy-en-France	100.00	EUR	−1,195	7,113
DHL Fashion (France) SAS	France, La Plaine Saint-Denis	100.00	EUR	2,383	−14,221
DHL Finance Services B.V.	Netherlands, Maastricht	100.00	EUR	1,795	−402
DHL FoodServices GmbH[6,9]	Germany, Cologne	100.00	EUR	258	0
DHL Freight (Belgium) NV	Belgium, Grimbergen	100.00	EUR	4,963	−196
DHL Freight (France) SAS	France, Marne-la-Vallée	100.00	EUR	3,538	−5,471
DHL Freight (Netherlands) B.V.	Netherlands, Tiel	100.00	EUR	−9,594	−4,059
DHL Freight (Sweden) AB	Sweden, Stockholm	100.00	EUR	41,020	4,940
DHL Freight and Contract Logistics (UK) Limited	United Kingdom, Milton Keynes	100.00	EUR	−2,339	2,517

Reported IFRS data.
[1] Only subgroup data available. [2] Amounts from 2009. [3] Amounts from 2010. [4] Data not available. [5] Dormant. [6] Amounts after profit transfer.
[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] Amounts from 2008. [13] Inclusion in accordance with SIC 12 (SPE).
[14] Not included because they do not have significant influence on the Group's net assets, financial position and results of operations.

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	16,717	4,935
DHL Freight Germany Holding GmbH[6,9]	Germany, Düsseldorf	100.00	EUR	301,204	0
DHL Freight GmbH[6,9]	Germany, Düsseldorf	100.00	EUR	10,737	0
DHL Freight Hungary Forwarding and Logistics Ltd.	Hungary, Budapest	100.00	EUR	47	−195
DHL Freight Services (Netherlands) B.V.	Netherlands, Tiel	100.00	EUR	5,358	2,735
DHL Freight Spain, S.L.	Spain, San Sebastián	100.00	EUR	5,331	282
DHL GBS (UK) Limited	United Kingdom, Bracknell	100.00	EUR	9,648	2,626
DHL Global Forwarding – DGF Industrial Project (DGF IP) SAS	France, La Garenne-Colombes	100.00	EUR	1,272	−463
DHL Global Forwarding (Austria) GmbH	Austria, Vienna	100.00	EUR	18,407	1,008
DHL Global Forwarding (Belgium) NV	Belgium, Zaventem	100.00	EUR	16,140	3,953
DHL Global Forwarding (CZ) s.r.o.	Czech Republic, Prague	100.00	EUR	25,218	1,912
DHL Global Forwarding (Denmark) A/S	Denmark, Kastrup	100.00	EUR	11,972	266
DHL Global Forwarding (Finland) Oy	Finland, Vantaa	100.00	EUR	4,693	2,771
DHL Global Forwarding (France) SAS	France, La Plaine Saint-Denis	100.00	EUR	49,556	7,929
DHL Global Forwarding (Ireland) Limited	Ireland, Dublin	100.00	EUR	9,401	2,647
DHL Global Forwarding (Italy) S.p.A.	Italy, Milan	100.00	EUR	48,995	16,985
DHL Global Forwarding (Luxembourg) S.A.	Luxembourg, Luxembourg	100.00	EUR	1,799	438
DHL Global Forwarding (Netherlands) B.V.	Netherlands, Hoofddorp	100.00	EUR	19,985	10,050
DHL Global Forwarding (Norway) AS	Norway, Gardermoen	100.00	EUR	445	−1,275
DHL Global Forwarding (SWEDEN) AB	Sweden, Kista	100.00	EUR	18,048	3,985
DHL Global Forwarding (UK) Limited	United Kingdom, Staines	100.00	EUR	157,847	36,127
DHL Global Forwarding GmbH[6,9]	Germany, Frankfurt/Main	100.00	EUR	14,658	0
DHL Global Forwarding Hellas S.A. of International Transportation and Logistics	Greece, Piraeus	100.00	EUR	5,734	−414
DHL Global Forwarding Hungary Kft.	Hungary, Vecses	100.00	EUR	14,615	3,137
DHL Global Forwarding Management GmbH[6,9]	Germany, Bonn	100.00	EUR	25	0
DHL Global Forwarding Portugal, Lda.	Portugal, Moreira da Maia	100.00	EUR	3,678	1,276
DHL Global Forwarding Sp. z o.o.	Poland, Lodz	100.00	EUR	8,627	3,321
DHL Global Forwarding Spain, S.L.U.	Spain, Madrid	100.00	EUR	19,144	6,061
DHL Global Mail (UK) Limited	United Kingdom, Bracknell	100.00	EUR	−42,408	−26,300
DHL Global Mail Nordic AB	Sweden, Stockholm	100.00	EUR	1,268	1,045
DHL Global Mail OOO	Russia, Moscow	100.00	EUR	6	−22
DHL Global Management GmbH[6,9]	Germany, Bonn	100.00	EUR	3,618,590	0
DHL Group Services NV/SA	Belgium, Zaventem	100.00	EUR	1,369	3
DHL Holding (France) SAS	France, Roissy-en-France	100.00	EUR	761,551	14,019
DHL Holding (Italy) S.r.l.	Italy, Milan	100.00	EUR	254,299	13,721
DHL Holdings (Ireland) Ltd.	Ireland, Dublin	100.00	EUR	93	0
DHL Home Delivery GmbH[6,9]	Germany, Bonn	100.00	EUR	179	0
DHL Hub Leipzig GmbH[6,9]	Germany, Schkeuditz	100.00	EUR	3,412	0
DHL Information Services (Europe) s.r.o.	Czech Republic, Prague	100.00	EUR	84,488	4,566
DHL Inter Limited[5]	United Kingdom, Moss End	100.00	EUR	0	0
DHL International (Albania) Ltd.	Albania, Tirana	100.00	EUR	403	153
DHL International (Ireland) Ltd.	Ireland, Dublin	100.00	EUR	1,055	6
DHL International (Romania) S.R.L.	Romania, Bucharest	100.00	EUR	3,221	849
DHL International (UK) Limited	United Kingdom, Hounslow	100.00	EUR	38,624	7,917
DHL International (Ukraine) JSC	Ukraine, Kiev	100.00	EUR	2,502	229
DHL International AB[8]	Sweden, Stockholm	100.00	EUR	4,100	0
DHL International B.V.	Netherlands, The Hague	100.00	EUR	11,604	4,795
DHL International d.o.o.	Croatia, Zagreb	100.00	EUR	2,165	295
DHL International Express (France) SAS	France, Roissy-en-France	100.00	EUR	26,805	2,777
DHL International GmbH[6,9]	Germany, Bonn	100.00	EUR	1,353,453	0
DHL International Ltd.	Malta, Luqa	100.00	EUR	456	21
DHL International NV/SA	Belgium, Diegem	100.00	EUR	11,143	2,133
DHL International ZAO, Russia	Russia, Moscow	100.00	EUR	10,663	39,570
DHL International-Sarajevo d.o.o.	Bosnia and Herzegovina, Sarajevo	100.00	EUR	474	115
DHL Investments Limited	United Kingdom, St. Helier	100.00	EUR	−33,770	−2,822

Affiliated companies included in the consolidated financial statements

Name	Headquarters	Group equity share %	Currency	Equity thousands	Net income thousands
DHL Latvia SIA	Latvia, Riga	100.00	EUR	–8	342
DHL Logistica D.O.O.	Slovenia, Brnik	100.00	EUR	1,235	340
DHL Logistics (Schweiz) AG	Switzerland, Basel	100.00	EUR	37,679	7,456
DHL Logistics (Slovakia), spol. s r.o.	Slovakia, Senec	100.00	EUR	4,208	1,580
DHL Logistics (Ukraine) Ltd.	Ukraine, Kiev	100.00	EUR	70	–72
DHL Logistics GmbH[6, 9]	Germany, Hamburg	100.00	EUR	895	0
DHL Logistics OOO	Russia, Chimki	100.00	EUR	7,514	7,535
DHL Logistics S.R.L.	Romania, Bucharest	100.00	EUR	882	151
DHL Logistik Service GmbH	Austria, Vienna	100.00	EUR	–342	741
DHL Management (Schweiz) AG	Switzerland, Basel	100.00	EUR	26,583	4,104
DHL Management Services Limited	United Kingdom, Hounslow	100.00	EUR	218	16
DHL Medjunarodni Vazdusni Ekspres d.o.o.	Serbia, Belgrade	100.00	EUR	2,894	456
DHL Mitry SARL	France, La Plaine Saint-Denis	100.00	EUR	–3,428	–1,832
DHL Nordic AB	Sweden, Stockholm	100.00	EUR	74,989	7,859
DHL Packaging s.r.o.	Czech Republic, Pohořelice	70.00	EUR	–116	114
DHL Pipelife Logistik GmbH	Austria, Vienna	100.00	EUR	107	–118
DHL Quality Cargo AS	Norway, Oslo	100.00	EUR	973	–384
DHL Rail AB	Sweden, Trelleborg	100.00	EUR	436	272
DHL Sainghin SARL	France, La Plaine Saint-Denis	100.00	EUR	–2,683	–1,466
DHL Sandouville SARL	France, La Plaine Saint-Denis	100.00	EUR	63	10
DHL SC Transport SASU	France, La Plaine Saint-Denis	100.00	EUR	–436	–1,896
DHL Service Central EURL	France, La Plaine Saint-Denis	100.00	EUR	1,001	1,360
DHL Services Limited	United Kingdom, Milton Keynes	100.00	EUR	147,947	51,099
DHL Services Logistiques SAS	France, La Plaine Saint-Denis	100.00	EUR	4,721	–3,486
DHL Shoe Logistics s.r.o.	Czech Republic, Pohořelice	100.00	EUR	1,123	21
DHL Solutions (Belgium) NV	Belgium, Mechelen	100.00	EUR	27,348	–1,056
DHL Solutions (France) SAS	France, La Plaine Saint-Denis	100.00	EUR	27,886	–3,603
DHL Solutions Fashion GmbH[6, 9]	Germany, Essen	100.00	EUR	102	0
DHL Solutions GmbH[6, 9]	Germany, Hamburg	100.00	EUR	9,240	0
DHL Solutions Großgut GmbH[6, 9]	Germany, Bonn	100.00	EUR	1,051	0
DHL Solutions Retail GmbH[6, 9]	Germany, Unna	100.00	EUR	49	0
DHL Solutions s.r.o.	Czech Republic, Ostrava	100.00	EUR	6,350	259
DHL Stenvreten Kommanditbolag	Sweden, Stockholm	100.00	EUR	–1,712	0
DHL Stock Express SAS	France, La Plaine Saint-Denis	100.00	EUR	5,155	–5,669
DHL Strasbourg SARL	France, La Plaine Saint-Denis	100.00	EUR	–58	–280
DHL Supply Chain (Belgium) NV	Belgium, Mechelen	100.00	EUR	5,037	–1,048
DHL Supply Chain (Ireland) Limited	Ireland, Dublin	100.00	EUR	14,354	815
DHL Supply Chain (Italy) S.p.A.	Italy, Milan	100.00	EUR	37,665	–65
DHL Supply Chain (Netherlands) B.V.	Netherlands, Tilburg	100.00	EUR	67,855	10,161
DHL Supply Chain (Norway) AS	Norway, Oslo	100.00	EUR	5,935	3,457
DHL Supply Chain Management B.V.	Netherlands, Tilburg	100.00	EUR	–27,624	1,175
DHL Supply Chain Management GmbH[6, 9]	Germany, Bonn	100.00	EUR	25	0
DHL Supply Chain, s.r.o.	Czech Republic, Pohořelice	100.00	EUR	8,739	2,152
DHL Systems Limited	United Kingdom, Milton Keynes	100.00	EUR	207	196
DHL Technical Distribution B.V.	Netherlands, Veghel	100.00	EUR	–2,132	–41
DHL Trade Fairs & Events GmbH[6, 9]	Germany, Frankfurt/Main	100.00	EUR	607	0
DHL Trade Fairs and Events (UK) Limited	United Kingdom, Staines	85.00	EUR	355	164
DHL Vehicle Services (UK) Limited	United Kingdom, Hounslow	100.00	EUR	0	1,796
DHL Vertriebs GmbH & Co. OHG[6, 9]	Germany, Bonn	100.00	EUR	45,000	0
DHL Verwaltungs GmbH[6, 9]	Germany, Bonn	100.00	EUR	162	0
DHL Voigt International GmbH	Germany, Neumünster	51.00	EUR	1,379	1,050
DHL Wahl International GmbH	Germany, Bielefeld	51.00	EUR	1,121	415

Reported IFRS data.
[1] Only subgroup data available. [2] Amounts from 2009. [3] Amounts from 2010. [4] Data not available. [5] Dormant. [6] Amounts after profit transfer.
[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] Amounts from 2008. [13] Inclusion in accordance with SIC 12 (SPE).
[14] Not included because they do not have significant influence on the Group's net assets, financial position and results of operations.

Affiliated companies included in the consolidated financial statements

Name	Headquarters	Group equity share %	Currency	Equity thousands	Net income thousands
DHL Worldwide Express Logistics NV/SA	Belgium, Diegem	100.00	EUR	21,125	3,330
DHL Worlwide Network NV/SA	Belgium, Diegem	100.00	EUR	20,759	1,223
DZ Specialties B.V.	Netherlands, Utrecht	100.00	EUR	87,685	4,674
Erste End of Runway Development Leipzig GmbH[6,9]	Germany, Cologne	100.00	EUR	25	0
Erste Logistik Entwicklungsgesellschaft MG GmbH[6,9]	Germany, Hanover	100.00	EUR	25	0
Eurodifarm S.r.l.	Italy, Casalmaiocco (Lodi)	100.00	EUR	7,221	2,195
European Air Transport Leipzig GmbH[6,9]	Germany, Schkeuditz	100.00	EUR	1,798	0
Exel (European Services Centre) Ltd.[5]	Ireland, Dublin	100.00	EUR	0	0
Exel (Wommelgem) NV	Belgium, Wommelgem	100.00	EUR	–4,195	–778
Exel Czech Republic s.r.o.[5]	Czech Republic, Prague	100.00	EUR	382	0
Exel de Portugal Transitários Lda.	Portugal, Lisbon	100.00	EUR	86	–5
Exel Eiendom AS	Norway, Oslo	100.00	EUR	12,582	366
Exel Environmental Developments Limited	United Kingdom, Bracknell	100.00	EUR	0	–1
Exel Europe Limited	United Kingdom, Milton Keynes	100.00	EUR	376,903	81,994
Exel Finance (1986) Limited[5]	United Kingdom, Bedford	100.00	EUR	0	0
Exel Finance Limited	United Kingdom, Bedford	100.00	EUR	372	68
Exel France SA	France, La Plaine Saint-Denis	100.00	EUR	158,586	15,247
Exel Freight Management (UK) Limited	United Kingdom, Bracknell	100.00	EUR	13,025	5,294
Exel Freight SAS	France, Roissy-en-France	100.00	EUR	303	244
Exel Group Holdings (Nederland) B.V.	Netherlands, Veghel	100.00	EUR	50,637	–1,168
Exel Head Office Services Limited[5]	United Kingdom, Bedford	100.00	EUR	0	0
Exel Healthcare (Belgium) NV	Belgium, Mechelen	100.00	EUR	81,268	24,638
Exel Holdings Limited	United Kingdom, Bedford	100.00	EUR	760,709	53,511
Exel Insurance Limited	United Kingdom, St. Peter Port	100.00	EUR	8,219	188
Exel International Holdings (Belgium) NV	Belgium, Mechelen	100.00	EUR	89,813	725
Exel International Holdings (Netherlands 1) B.V.	Netherlands, Veghel	100.00	EUR	694,148	–1,512
Exel International Holdings (Netherlands 2) B.V.	Netherlands, Veghel	100.00	EUR	1,095,510	4,792
Exel Investments Limited	United Kingdom, Bracknell	100.00	EUR	232,992	59,497
Exel Investments Netherlands B.V.	Netherlands, Veghel	100.00	EUR	225	0
Exel Limited	United Kingdom, Bracknell	100.00	EUR	924,302	4,824
Exel Logistics (Northern Ireland) Limited	United Kingdom, Mallusk	100.00	EUR	14	15
Exel Logistics Property Limited	United Kingdom, Bedford	100.00	EUR	56,725	2,412
Exel Management Services No 2 Limited[5]	United Kingdom, Bracknell	100.00	EUR	0	0
Exel Overseas Limited	United Kingdom, Bracknell	100.00	EUR	229,037	72,135
Exel Supply Chain Solutions Ltd.	Ireland, Dublin	100.00	EUR	63	383
Exel UK Limited	United Kingdom, Bracknell	100.00	EUR	52,395	2,502
F.X. Coughlin B.V.	Netherlands, Duiven	100.00	EUR	2,744	396
F.X. Coughlin (U.K.) Limited	United Kingdom, Bracknell	100.00	EUR	3,027	488
FACT Denmark A/S	Denmark, Kastrup	100.00	EUR	722	86
Fashion Logistics Limited	United Kingdom, Bracknell	100.00	EUR	1,053	617
First Mail Düsseldorf GmbH[6,9]	Germany, Düsseldorf	100.00	EUR	–2,242	0
Formation E-Document Solutions Limited	United Kingdom, London	100.00	EUR	12	0
Freight Indemnity and Guarantee Company Limited	United Kingdom, Bedford	100.00	EUR	20	0
Fusion Premedia Group Limited	United Kingdom, London	100.00	EUR	–12	0
Gerlach & Co Internationale Expediteurs B.V.	Netherlands, Venlo	100.00	EUR	2,776	375
Gerlach & Co. NV	Belgium, Antwerp	100.00	EUR	5,459	287
Gerlach AG	Switzerland, Basel	100.00	EUR	7,367	6,301
Gerlach Customs Services EOOD	Bulgaria, Sofia	100.00	EUR	–13	14
Gerlach European Customs Services, spol. s r.o.	Slovakia, Senec	100.00	EUR	114	–42
Gerlach Sp. z o.o.	Poland, Gluchowo/Komorniki	100.00	EUR	597	44
Gerlach Spol s.r.o.	Czech Republic, Rudna u Prahy	100.00	EUR	3,034	2,264
Gerlach Zolldienste GmbH[6,9]	Germany, Düsseldorf	100.00	EUR	102	0
Giorgio Gori S.r.l.	Italy, Collesalvetti (Livorno)	60.00	EUR	20,756	7,726
Giorgio Gori (France) SAS	France, Châtenoy-le-Royal	100.00	EUR	1,484	315
Global Mail (Austria) Ges.m.b.H.	Austria, Vienna	100.00	EUR	1,703	51
Gori Iberia S.L.	Spain, Barcelona	100.00	EUR	1,757	851

Affiliated companies included in the consolidated financial statements

Name	Headquarters	Group equity share %	Currency	Equity thousands	Net income thousands
Gori Iberia Transitários, Limitada	Portugal, Matosinhos	60.00	EUR	834	468
Güll GmbH	Germany, Lindau (Lake Constance)	51.00	EUR	3,250	569
Henderson Line Limited[8]	United Kingdom, Glasgow	100.00	EUR	121	0
Higgs International Limited	United Kingdom, Bracknell	100.00	EUR	13,691	505
Historia Sp. z o.o.[8]	Poland, Piaseczno	100.00	EUR	–143	0
Hull, Blyth (Angola) Limited	United Kingdom, Bracknell	100.00	EUR	–6,548	–1,405
Hyperion Properties Limited[5]	United Kingdom, Bedford	100.00	EUR	–5,363	0
Interlanden B.V.[1]	Netherlands, Apeldoorn	100.00	EUR	–21,586	6,478
Wegener Transport B.V.[1]	Netherlands, Apeldoorn	70.00	EUR	–	–
interServ Gesellschaft für Personal- und Beraterdienstleistungen mbH[6,9]	Germany, Bonn	100.00	EUR	76	0
ITG Global Logistics B.V.	Netherlands, Amsterdam	100.00	EUR	479	–140
ITG GmbH Internationale Spedition und Logistik[6,9]	Germany, Schwaig/Oberding	100.00	EUR	2,494	0
ITG Internationale Spedition GmbH	Austria, Vienna	100.00	EUR	59	7
Joint Retail Logistics Limited	United Kingdom, Bracknell	100.00	EUR	0	993
Kampton	Ireland, Cork	100.00	EUR	–90	–12
Karukera Transit SAS	France, Pointe-à-Pitre	100.00	EUR	1,190	–163
Laible AG Speditionen	Switzerland, Schaffhausen	100.00	EUR	1,275	767
LLC Customs Broker	Russia, Khimki	100.00	EUR	–14	–23
LLC Customs Services	Russia, Khimki	100.00	EUR	509	499
LLC DHL Express	Russia, Khimki	100.00	EUR	–350	–364
LLC Williams Lea	Russia, Moscow	100.00	EUR	–216	–194
McGregor Cory Limited	United Kingdom, Bracknell	100.00	EUR	19,829	4,019
McGregor Sea & Air Services Limited	United Kingdom, Bracknell	100.00	EUR	359	0
Mercury Holdings Limited	United Kingdom, Bracknell	100.00	EUR	1,912	0
Multimar Seefrachtenkontor Gesellschaft m.b.H.	Austria, Vienna	100.00	EUR	278	0
National Carriers Limited	United Kingdom, Bedford	100.00	EUR	45	42
NFC International Holdings (Ireland)	Ireland, Dublin	100.00	EUR	39,467	883
nugg.ad AG predictive behavioral targeting	Germany, Berlin	100.00	EUR	1,229	955
Ocean Group Investments Limited	United Kingdom, Bracknell	100.00	EUR	16,640	5,793
Ocean Overseas (Luxembourg) Sarl	Luxembourg, Luxembourg	100.00	EUR	1,858	4,748
Ocean Overseas Holdings Limited	United Kingdom, Bracknell	100.00	EUR	476,073	54,243
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
Pharma Logistics B.V.	Netherlands, Rotterdam	100.00	EUR	359	16
Pharma Logistics NV	Belgium, Mechelen	100.00	EUR	12,254	2,179
Power Europe (Cannock) Limited	United Kingdom, Bracknell	100.00	EUR	1,366	2,577
Power Europe (Doncaster) Limited	United Kingdom, Bracknell	100.00	EUR	1,049	1,073
Power Europe Development Limited	United Kingdom, Bracknell	100.00	EUR	0	0
Power Europe Development No. 3 Limited	United Kingdom, Bracknell	100.00	EUR	450	502
Power Europe Limited	United Kingdom, Bracknell	100.00	EUR	–1,086	–526
Power Europe Operating Limited	United Kingdom, Bracknell	100.00	EUR	8,827	2,297
PPL CZ s.r.o.	Czech Republic, Prague	100.00	EUR	85,399	10,100
Presse-Service Güll GmbH	Switzerland, St. Gallen	51.00	EUR	856	335
RDC Properties Limited	United Kingdom, Bracknell	100.00	EUR	49	46
Rosier Tankers Limited[5]	United Kingdom, Hounslow	100.00	EUR	–3,213	0
Ross House (AL) Limited[5]	United Kingdom, Bracknell	100.00	EUR	359	0
Scherbauer Spedition GmbH[7b]	Germany, Neutraubling	50.00	EUR	4,388	1,601
Selektvracht B.V.	Netherlands, Utrecht	100.00	EUR	12,660	4,493
SGB Speditionsgesellschaft mbH[6,9]	Germany, Munich	100.00	EUR	3,812	0
Smoke and Mirrors Productions Limited	United Kingdom, London	100.00	EUR	6,426	970
Speedmail International Limited[5]	United Kingdom, London	100.00	EUR	10,461	0

Reported IFRS data.
[1] Only subgroup data available. [2] Amounts from 2009. [3] Amounts from 2010. [4] Data not available. [5] Dormant. [6] Amounts after profit transfer.
[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] Amounts from 2008. [13] Inclusion in accordance with SIC 12 (SPE).
[14] Not included because they do not have significant influence on the Group's net assets, financial position and results of operations.

Affiliated companies included in the consolidated financial statements

Name	Headquarters	Group equity share %	Currency	Equity thousands	Net income thousands
StarBroker AG	Switzerland, Basel	100.00	EUR	25,495	–672
Sydney Cooper (Distribution) Ltd.[5]	Ireland, Dublin	100.00	EUR	0	0
T&B Whitwood Holdings Limited	United Kingdom, Bracknell	100.00	EUR	6	2
Tag @ Baker Street Limited[5]	United Kingdom, London	100.00	EUR	0	0
Tag @ Ogilvy Limited[5]	United Kingdom, London	100.00	EUR	165	0
Tag Acquisitions Limited	United Kingdom, London	100.00	EUR	–8,415	–1,203
Tag At RKCR/YR Limited[5]	United Kingdom, London	100.00	EUR	38	0
Tag Creative Limited	United Kingdom, London	100.00	EUR	2,449	118
Tag EquityCo Limited	Cayman Islands, Grand Cayman	100.00	EUR	7,618	–1,175
Tag Europe Limited	United Kingdom, London	100.00	EUR	38,456	5,374
Tag Germany GmbH	Germany, Düsseldorf	100.00	EUR	1,046	–31
Tag Holdco Limited	United Kingdom, London	100.00	EUR	55	0
Tag NewCo Limited	United Kingdom, London	100.00	EUR	–131	0
Tag Pac Limited	United Kingdom, London	100.00	EUR	–766	22
Tag Print Services Limited	United Kingdom, London	100.00	EUR	–310	98
Tag Response Limited	United Kingdom, London	100.00	EUR	6,681	941
Tag Storage Limited	United Kingdom, London	100.00	EUR	42,252	1,147
Tag Topco Limited	United Kingdom, London	100.00	EUR	31,252	–21,279
Tag Worldwide France SARL	France, Paris	100.00	EUR	–228	–90
Tag Worldwide Group Limited	United Kingdom, London	100.00	EUR	1,046	–2,704
Tag Worldwide Holdings Limited	United Kingdom, London	100.00	EUR	4,028	0
Tankfreight (Ireland) Ltd.[5]	Ireland, Dublin	100.00	EUR	0	0
TBMM Holdings Limited	United Kingdom, Bracknell	100.00	EUR	41	0
The Admagic Group Limited	United Kingdom, London	100.00	EUR	1	0
The Stationery Office Group Limited	United Kingdom, London	100.00	EUR	19,973	0
The Stationery Office Holdings Limited	United Kingdom, London	100.00	EUR	82,623	–4,207
The Stationery Office Limited	United Kingdom, London	100.00	EUR	168,611	18,632
Tibbett & Britten Group (Ireland) Limited	Ireland, Dublin	100.00	EUR	2,254	–2,700
Tibbett & Britten Group Limited	United Kingdom, Bracknell	100.00	EUR	26,260	71
Tibbett & Britten International Limited	United Kingdom, Bracknell	100.00	EUR	2,819	208
Tradeteam Limited	United Kingdom, Bedford	50.10	EUR	25,930	9,046
Traditrade Holding S.A.	Luxembourg, Luxembourg	100.00	EUR	22	0
Transflash McGregor (Ireland) Ltd.	Ireland, Dublin	100.00	EUR	10,441	4,987
Transportbedrijf H. de Haan Vianen B.V.[5]	Netherlands, Rotterdam	100.00	EUR	4,674	0
The Stationery Office Enterprises Limited	United Kingdom, London	100.00	EUR	–46,263	0
TSO Holdings A Limited	United Kingdom, London	100.00	EUR	19,888	0
TSO Holdings B Limited	United Kingdom, London	100.00	EUR	36,166	0
TSO Property Limited	United Kingdom, London	100.00	EUR	12,496	517
UAB DHL Lietuva	Lithuania, Vilnius	100.00	EUR	1,638	670
Véron Grauer AG	Switzerland, Basel	100.00	EUR	2,337	1,925
Vetsch AG, Internationale Transporte[1]	Switzerland, Buchs	100.00	EUR	1,204	173
Vetsch Internationale Transporte GmbH[1]	Austria, Wolfurt	100.00	EUR	–	–
Werbeagentur Janssen GmbH[6,9]	Germany, Düsseldorf	100.00	EUR	213	0
Williams Lea Belgium BVBA	Belgium, Ternat	100.00	EUR	–260	21
Williams Lea Deutschland GmbH[6,9]	Germany, Bonn	100.00	EUR	1,814	0
Williams Lea Finnland Oy	Finland, Vantaa	100.00	EUR	120	–43
Williams Lea France SAS	France, Paris	100.00	EUR	312	–445
Williams Lea GmbH[6,9]	Germany, Munich	100.00	EUR	25	0
Williams Lea Group Limited[1]	United Kingdom, London	100.00	EUR	147,686	46
Williams Lea (No.1) Ltd.[1]	United Kingdom, London	100.00	EUR	–	–
Williams Lea Group Management Services Limited	United Kingdom, London	100.00	EUR	–218	–233
Williams Lea Holdings PLC	United Kingdom, London	96.46	EUR	474,244	–1,195
Williams Lea Hungary Kft.	Hungary, Budapest	100.00	EUR	–18	8
Williams Lea Inhouse Solutions GmbH[6,9]	Germany, Bonn	100.00	EUR	1,534	0
Williams Lea Ireland Limited	Ireland, Dublin	100.00	EUR	2,149	28
Williams Lea Italia S.r.l.	Italy, Rome	100.00	EUR	9	–21

Affiliated companies included in the consolidated financial statements

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Williams Lea Limited	United Kingdom, London	100.00	EUR	64,073	8,658
Williams Lea Netherlands B.V.	Netherlands, Amsterdam	100.00	EUR	–1,379	–770
Williams Lea S.L.	Spain, Barcelona	100.00	EUR	9	–155
Williams Lea Sweden AB	Sweden, Nyköping	100.00	EUR	882	–3
Williams Lea UK Limited	United Kingdom, London	100.00	EUR	384	22
Williams Lea Ukraine	Ukraine, Kiev	100.00	EUR	133	43
Williams Lea, s.r.o.	Czech Republic, Brno	100.00	EUR	1,800	–9
World Writers Limited	United Kingdom, London	100.00	EUR	8,747	1,466
Zweite Logistik Entwicklungsgesellschaft MG GmbH[6, 9]	Germany, Bonn	100.00	EUR	25	0
Americas					
Advance Logistics Inc.	USA, Westerville	100.00	EUR	307	375
AEI Drawback Services Inc.	USA, Miami	100.00	EUR	11,319	1,081
Aero Express del Ecuador (TransAm) Ltda.	Ecuador, Guayaquil	100.00	EUR	1,923	407
Aero Express del Ecuador TransAm Cia Ltd. (Colombian Branch)	Colombia, Bogotá	100.00	EUR	503	493
Agencia de Aduanas DHL Express Colombia Ltda.	Colombia, Bogotá	100.00	EUR	2,058	–42
AGENCIA DE ADUANAS DHL GLOBAL FORWARDING (COLOMBIA) S.A. NIVEL 1	Colombia, Bogotá	100.00	EUR	2,816	–229
Air Express International USA, Inc.	USA, Miami	100.00	EUR	–33,993	–16,578
ASTAR Air Cargo Holdings, LLC	USA, Miami	100.00	EUR	–188,424	–205
Circuit Logistics Inc.	Canada, Toronto	100.00	EUR	155	125
Compass Logistics Inc.	USA, Westerville	100.00	EUR	–4	0
Connect Logistics Services Inc.	Canada, Toronto	100.00	EUR	2,424	5,593
Danzas Corporation	USA, Miami	100.00	EUR	–29,987	2,443
DHL (Bahamas) Limited	Bahamas, Nassau	100.00	EUR	949	–85
DHL (Barbados) Ltd.	Barbados, Christ Church	100.00	EUR	1,625	–60
DHL (Bolivia) SRL	Bolivia, Santa Cruz de la Sierra	100.00	EUR	6,539	1,412
DHL (BVI) Ltd.	British Virgin Islands, Tortola	100.00	EUR	1,679	29
DHL (Costa Rica) S.A.	Costa Rica, San José	100.00	EUR	12,274	–4,068
DHL (Honduras) S.A. de C.V.	Honduras, San Pedro Sula	100.00	EUR	5,524	2,112
DHL (Jamaica) Ltd.	Jamaica, Kingston	100.00	EUR	1,164	–28
DHL (Paraguay) S.R.L.	Paraguay, Asunción	100.00	EUR	6,433	2,278
DHL (Trinidad and Tobago) Limited	Trinidad and Tobago, Port of Spain	100.00	EUR	–178	–16
DHL (Uruguay) S.R.L.	Uruguay, Montevideo	100.00	EUR	9,980	4,060
DHL Aero Expresso S.A.[7a]	Panama, Panama City	49.00	EUR	23,363	2,110
DHL Arwest (Panama) S.A.[1]	Panama, Panama City	100.00	EUR	–3,138	349
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, Ecatepec	100.00	EUR	–	–
DHL Aviation (Costa Rica) S.A.	Costa Rica, San José	100.00	EUR	2,136	303
DHL Aviation Americas, Inc.	USA, Plantation	100.00	EUR	1,633	61
DHL Corporate Services SC México	Mexico, Tepotzotlán	100.00	EUR	5,412	–1,072
DHL Customer Support (Costa Rica) S.A.	Costa Rica, San José	100.00	EUR	87	437
DHL Customs (Costa Rica) S.A.	Costa Rica, San José	100.00	EUR	–1,057	–1,394
DHL Customs Brokerage Ltd.	Canada, Mississauga	100.00	EUR	–1,404	–966
DHL de Guatemala S.A.[7a]	Guatemala, Guatemala City	49.00	EUR	12,243	1,365
DHL Dominicana SA	Dominican Republic, Santo Domingo	100.00	EUR	2,126	–141
DHL Exel Supply Chain (Argentina) S.A.	Argentina, Buenos Aires	100.00	EUR	3,878	–5,981
DHL Express (Argentina) S.A.	Argentina, Buenos Aires	100.00	EUR	13,175	1,692
DHL Express (Brazil) Ltda.	Brazil, São Paulo	100.00	EUR	22,247	10,252
DHL Express (Canada) Ltd.	Canada, Mississauga	100.00	EUR	–215,703	–22,217
DHL Express (Chile) Ltda.	Chile, Santiago de Chile	100.00	EUR	33,975	19,514
DHL Express (Ecuador) S.A.	Ecuador, Quito	100.00	EUR	5,404	2,297

Reported IFRS data.
[1] Only subgroup data available. [2] Amounts from 2009. [3] Amounts from 2010. [4] Data not available. [5] Dormant. [6] Amounts after profit transfer.
[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] Amounts from 2008. [13] Inclusion in accordance with SIC 12 (SPE).
[14] Not included because they do not have significant influence on the Group's net assets, financial position and results of operations.

Affiliated companies included in the consolidated financial statements

Name	Headquarters	Group equity share %	Currency	Equity thousands	Net income thousands
DHL Express (El Salvador) S.A. de C.V.[1]	El Salvador, San Salvador	100.00	EUR	2,649	1,584
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	50,701	34,858
DHL Express Aduanas Peru S.A.C.	Peru, Callao	100.00	EUR	2,199	370
DHL Express Aduanas Venezuela C.A.	Venezuela, Caracas	100.00	EUR	2,313	1,637
DHL Express Colombia Ltda.	Colombia, Bogotá	100.00	EUR	7,216	2,764
DHL Express México, S.A. de C.V.	Mexico, Mexico City	100.00	EUR	25,147	18,878
DHL Express Peru S.A.C.	Peru, Callao	100.00	EUR	12,078	2,545
DHL Fletes Aereos, C.A.	Venezuela, Caracas	100.00	EUR	13,869	4,002
DHL Freight USA Inc.	USA, Plantation	100.00	EUR	–3,966	–2,022
DHL Global Customer Solutions (USA) Inc.	USA, Plantation	100.00	EUR	2,169	962
DHL Global Forwarding (Argentina) S.A.	Argentina, Buenos Aires	100.00	EUR	7,016	404
DHL Global Forwarding (Canada) Inc.	Canada, Mississauga	100.00	EUR	63,319	5,393
DHL Global Forwarding (Chile) S.A.	Chile, Santiago de Chile	100.00	EUR	16,927	2,658
DHL Global Forwarding (Colombia) Ltda.	Colombia, Bogotá	100.00	EUR	2,261	–54
DHL Global Forwarding (Ecuador) S.A.	Ecuador, Quito	100.00	EUR	1,173	–1,766
DHL Global Forwarding (El Salvador) S.A.[1]	El Salvador, San Salvador	100.00	EUR	1,000	286
DHL Zona Franca El Salvador S.A.[1]	El Salvador, Antiguo Cuscatlán	100.00	EUR	–	–
DHL Global Forwarding (Guatemala) S.A.[1]	Guatemala, Guatemala City	100.00	EUR	4,703	1,210
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	15,202	4,458
DHL Global Forwarding (Nicaragua) S.A.	Nicaragua, Managua	100.00	EUR	47	95
DHL Global Forwarding (Panama) S.A.[1]	Panama, Panama City	100.00	EUR	3,761	242
DHL Holding Panama Inc.[1]	Panama, Panama City	100.00	EUR	–	–
DHL Global Forwarding Deposito Aduanero (Colombia) S.A.	Colombia, Bogotá	100.00	EUR	3,098	847
DHL Global Forwarding Management Latin America Inc.	USA, Coral Gables	100.00	EUR	620	0
DHL Global Forwarding Peru S.A.[1]	Peru, Lima	100.00	EUR	4,448	717
DHL Global Forwarding Aduanas Peru S.A.[1]	Peru, Callao	100.00	EUR	–	–
DHL Global Forwarding Venezuela, C.A.	Venezuela, Caracas	100.00	EUR	14,536	10,909
DHL Global Forwarding Zona Franca (Colombia) S.A.	Colombia, Bogotá	100.00	EUR	–377	–2,754
DHL Holding Central America Inc.[1]	Panama, Panama City	100.00	EUR	45,364	5,913
Lagents & Co. SRL[1, 7b]	Costa Rica, San José	50.00	EUR	–	–
DHL Information Services (Americas), Inc.	USA, Plantation	100.00	EUR	1,907	450
DHL International Antilles SARL	Martinique, Le Lamentin	100.00	EUR	–663	–52
DHL International Express Ltd.	Canada, Mississauga	100.00	EUR	79,988	–410
DHL International Haiti SA	Haiti, Port-au-Prince	100.00	EUR	211	–174
DHL Logistics (Brazil) Ltda.	Brazil, São Paulo	100.00	EUR	63,083	43,149
DHL Management Cenam S.A.	Costa Rica, Heredia	100.00	EUR	3,362	–45
DHL Metropolitan Logistics SC Mexico S.A. de C.V.	Mexico, Tepotzotlán	100.00	EUR	10,560	–30
DHL Network Operations (USA), Inc.	USA, Plantation	100.00	EUR	–190,308	–4,215
DHL Nicaragua, S.A.	Nicaragua, Managua	100.00	EUR	743	42
DHL of Curacao N.V.	Dutch Antilles, Curaçao	100.00	EUR	555	–402
DHL Panama S.A.	Panama, Panama City	100.00	EUR	2,702	200
DHL Regional Services, Inc.	USA, Plantation	100.00	EUR	1,719	1,077
DHL S.A.	Guatemala, Guatemala City	100.00	EUR	2,718	98
DHL Sint Maarten N.V.	Dutch Antilles, Philipsburg	100.00	EUR	1,517	313
DHL Solutions (USA), Inc.	USA, Westerville	100.00	EUR	–17,765	–316
DHL Worldwide Express (Aruba) NV[5]	Aruba, Oranjestad	100.00	EUR	5	0
Dimalsa Logistics Inc.	Puerto Rico, San Juan	100.00	EUR	1,216	445
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	1,737	763
DPWN Holdings (USA), Inc.	USA, Plantation	100.00	EUR	5,164,537	–16,098
Exel Automocion S.A. de C.V.	Mexico, Tepotzotlán	100.00	EUR	9,919	2,361

Affiliated companies included in the consolidated financial statements

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Exel Canada Ltd.	Canada, Toronto	100.00	EUR	2,758	6,074
DHL Supply Chain (Chile) S.A.	Chile, Santiago	100.00	EUR	2,400	567
EC Logistica S.A.	Argentina, Buenos Aires	51.00	EUR	210	129
Exel Direct Inc.	USA, Westerville	100.00	EUR	33,082	–1,642
Exel Global Logistics do Brasil S.A.	Brazil, São Paulo	100.00	EUR	4,041	–40
Exel Global Logistics Inc.	USA, Palm City	100.00	EUR	–790	–4
Exel Inc.	USA, Westerville	100.00	EUR	164,776	30,361
Exel Investments Inc.	USA, Wilmington	100.00	EUR	641,414	25,126
Exel Logistics Argentina S.A.	Argentina, Buenos Aires	100.00	EUR	518	–13
Exel Logistics do Nordeste Ltda.	Brazil, Camaçari	100.00	EUR	2,483	–2,061
Exel Supply Chain Services de México, S.A. de C.V.	Mexico, Tepotzotlán	100.00	EUR	–882	–598
F.X. Coughlin do Brasil Ltda.	Brazil, São Paulo	100.00	EUR	–5,660	0
Freshlink Canada Ltd.	Canada, Toronto	100.00	EUR	190	–186
Galaxy Logistics Inc.	USA, Westerville	100.00	EUR	–5,451	–405
Genesis Logistics Inc.	USA, Westerville	100.00	EUR	17,121	4,881
Giorgio Gori USA, Inc.	USA, Baltimore	100.00	EUR	5,634	2,129
Global Mail, Inc.	USA, Weston	100.00	EUR	113,330	2,180
Global Mail Terminal Operations (USA) LLC[8]	USA, Weston	100.00	EUR	0	0
Gori Argentina S.A.	Argentina, Mendoza	96.76	EUR	1,883	1,026
GORI CHILE S.A.	Chile, Santiago de Chile	99.00	EUR	5,577	913
Harmony Logistics Canada Inc.	Canada, Toronto	100.00	EUR	629	740
Harvest Logistics Inc.	USA, Westerville	100.00	EUR	396	361
Heartland Logistics Inc.	USA, Westerville	100.00	EUR	1,000	572
Hyperion Inmobilaria S.A. de C.V.	Mexico, Tepotzotlán	100.00	EUR	3,034	337
Ibryl Inc.	Cayman Islands, George Town	100.00	EUR	–28,312	–1,285
Integracion Aduanera S.A.	Costa Rica, San José	51.00	EUR	530	–27
ITG International Transports, Inc.	USA, Boston	100.00	EUR	555	42
LifeConEx LLC	USA, Plantation	100.00	EUR	–2,208	–615
Llano Logistics LP	USA, Westerville	100.00	EUR	3,390	–107
Marias Falls Insurance Co., Ltd.	Bermuda, Hamilton	100.00	EUR	33,840	1,956
Matrix Logistics Inc.	USA, Westerville	100.00	EUR	0	0
Matrix Logistics Services Ltd.	Canada, Toronto	100.00	EUR	128	604
Mercury Airfreight International Inc.	USA, Avenel	100.00	EUR	777	55
Mercury Holdings Inc.	USA, Avenel	100.00	EUR	220	0
Northstar Logistics Inc.[5]	USA, Westerville	100.00	EUR	0	0
Pinnacle Logistics Inc.[5]	USA, Westerville	100.00	EUR	0	0
Polar Air Cargo Worldwide, Inc.[7b]	USA, Purchase	49.00	EUR	10,151	–124
Relay Logistics Inc.	Canada, Toronto	100.00	EUR	–228	–231
Saturn Integrated Logistics Inc.	Canada, Toronto	100.00	EUR	166	405
SCM Supply Chain Management Inc.	Canada, Toronto	100.00	EUR	8,534	3,952
Sky Courier, Inc.	USA, Sterling	100.00	EUR	15,325	5,571
South Bay Terminals LLC	USA, Westerville	100.00	EUR	–7,234	175
Standard Forwarding LLC	USA, East Moline	100.00	EUR	6,276	720
Summit Logistics Inc.	Canada, Toronto	100.00	EUR	312	1,614
Tag São Paulo Serviço de Consultória Ltda.	Brazil, São Paulo	100.00	EUR	–186	–154
Tag Worldwide (USA) Inc.	USA, New York	100.00	EUR	4,428	1,002
Tag Worldwide Canada Inc.[5]	Canada, Richmond Hill	100.00	EUR	0	0
Tafinor S.A.	Uruguay, Montevideo	100.00	EUR	7	0
TEDI Translogic Express Dedicated Inc.	Canada, Mississauga	100.00	EUR	374	356
Tibbett & Britten Group Canada Inc.	Canada, Toronto	100.00	EUR	1,898	58,446
Tibbett & Britten Group North America, LLC	USA, Westerville	100.00	EUR	–11,900	–219
Tracker Logistics Inc.	Canada, Toronto	100.00	EUR	474	353

Reported IFRS data.
[1] Only subgroup data available. [2] Amounts from 2009. [3] Amounts from 2010. [4] Data not available. [5] Dormant. [6] Amounts after profit transfer.
[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] Amounts from 2008. [13] Inclusion in accordance with SIC 12 (SPE).
[14] Not included because they do not have significant influence on the Group's net assets, financial position and results of operations.

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Transcare Supply Chain Management Inc.	Canada, Toronto	100.00	EUR	112	59
Unidock's Assessoria e Logistica de Materiais Ltda.	Brazil, Barueri	100.00	EUR	5,207	−3,318
Vensecar Internacional, C.A.	Venezuela, Maiquetía	100.00	EUR	20,082	1,020
Venture Logistics S.A. de C.V.	Mexico, Tepotzotlán	100.00	EUR	3,875	875
Western Distribution Centers Alberta Inc.	Canada, Toronto	100.00	EUR	1	180
Williams Lea (Brazil) Assessória Em Soluções Empresariais Ltda.	Brazil, Rio de Janeiro	100.00	EUR	106	−337
Williams Lea (Canada), Inc.	Canada, Montréal	100.00	EUR	848	155
Williams Lea Argentina S.A.	Argentina, Buenos Aires	100.00	EUR	−327	−62
Williams Lea Holdings, Inc.	USA, Chicago	100.00	EUR	52,908	0
Williams Lea Inc.	USA, Chicago	100.00	EUR	106,096	18,177
Williams Lea México, S. de R.L. de C.V.	Mexico, Mexico City	100.00	EUR	−301	−11
Wilmington Air Park, LLC	USA, Plantation	100.00	EUR	−298,471	−4,150
Zenith Logistics Inc.	Canada, Toronto	100.00	EUR	768	359
Asia Pacific					
Air Express International (Malaysia) Sdn. Bhd.[7a]	Malaysia, Puchong	49.00	EUR	2,455	102
Asia Overnight (Thailand) Ltd.	Thailand, Bangkok	100.00	EUR	806	109
Asia-Pacific Information Services Sdn. Bhd.	Malaysia, Puchong	100.00	EUR	22,287	1,715
Blue Dart Aviation Ltd.[13]	India, Mumbai	49.00	EUR	4,700	316
Blue Dart Express Limited	India, Mumbai	81.03	EUR	104,611	18,126
Danzas (China) Ltd.	China, Hong Kong	100.00	EUR	−5,325	2,371
Danzas AEI (HK) Limited	China, Hong Kong	100.00	EUR	37	−14
Danzas AEI Logistics (Shanghai) Co. Ltd.	China, Shanghai	100.00	EUR	2,222	−126
Danzas Intercontinental, Inc. (Philippines)[7a, 8]	Philippines, Manila	40.00	EUR	−82	0
Danzas PTY. Limited[8]	Australia, Melbourne	100.00	EUR	2,909	0
DANZASMAL Domestic Logistics Services Sdn. Bhd.[7a]	Malaysia, Kuala Lumpur	49.00	EUR	1,004	652
Deutsche Post Global Mail (Australia) Pty Ltd.	Australia, Mascot	100.00	EUR	−3,612	2,862
DHL (Chengdu) Service Ltd.	China, Chengdu	100.00	EUR	395	−34
DHL Air Freight Forwarder Sdn. Bhd.[7a]	Malaysia, Kuala Lumpur	49.00	EUR	2,213	−80
DHL Asia Pacific Shared Services Sdn. Bhd.	Malaysia, Kuala Lumpur	100.00	EUR	−2,622	278
DHL Aviation (Hong Kong) Ltd.	China, Hong Kong	99.36	EUR	8,197	416
DHL Aviation (Philippines), Inc.[8]	Philippines, Makati City	100.00	EUR	0	0
DHL Aviation Services (Shanghai) Co., Ltd.	China, Shanghai	99.36	EUR	19,282	−4,341
DHL Danzas Air & Ocean (Cambodia) Ltd.[5]	Cambodia, Phnom Penh	100.00	EUR	27	0
Exel Distribution (Thailand) Ltd.	Thailand, Nonthaburi	100.00	EUR	21,733	1,425
DHL Exel Logistics (Malaysia) Sdh. Bhd.[7a]	Malaysia, Petaling Jaya	49.00	EUR	2,777	194
DHL Exel Supply Chain Management Phils., Inc.	Philippines, Manila	100.00	EUR	1,656	144
DHL Exel Supply Chain Phils., Inc.	Philippines, Manila	100.00	EUR	466	−914
DHL Express (Australia) Pty Ltd.	Australia, Sydney	100.00	EUR	15,847	3,509
DHL Express (Brunei) Sdn. Bhd.	Brunei Darussalam, Bandar Seri Begawan	90.00	EUR	521	4
DHL Express (Cambodia) Ltd.	Cambodia, Phnom Penh	100.00	EUR	417	147
DHL Express (Fiji) Ltd.	Fiji, Suva	100.00	EUR	703	120
DHL Express (Hong Kong) Limited	China, Hong Kong	100.00	EUR	14,993	4,191
DHL Express (India) Pvt. Ltd.	India, Mumbai	100.00	EUR	28,308	4,574
DHL Express (Macau) Ltd.	Macau, Macau	100.00	EUR	330	47
DHL Express (Malaysia) Sdn. Bhd.	Malaysia, Kuala Lumpur	70.00	EUR	8,849	3,204
DHL Express (New Zealand) Limited	New Zealand, Auckland	100.00	EUR	5,398	716
DHL Express (Papua New Guinea) Ltd	Papua New Guinea, Port Moresby	100.00	EUR	865	229
DHL Express (Philippines) Corp.	Philippines, Makati City	100.00	EUR	5,242	−449
DHL Express (Singapore) Pte. Ltd.	Singapore, Singapore	100.00	EUR	125,988	4,334
DHL Express (Taiwan) Corp.	Taiwan, Taipeh	100.00	EUR	13,053	5,461
DHL Express (Thailand) Limited[7a]	Thailand, Bangkok	49.00	EUR	5,115	−48
DHL Express International (Thailand) Ltd.	Thailand, Bangkok	100.00	EUR	6,638	1,104
DHL Express Lda	East Timor, Dili	100.00	EUR	393	5
DHL Express Nepal Pvt. Ltd.	Nepal, Kathmandu	100.00	EUR	797	236
DHL Global Forwarding (Australia) Pty Ltd.	Australia, Tullamarine	100.00	EUR	69,945	16,950

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DHL Global Forwarding (Bangladesh) Limited	Bangladesh, Dhaka	100.00	EUR	316	67
DHL Global Forwarding (China) Co., Ltd.	China, Shanghai	100.00	EUR	112,836	23,715
DHL Global Forwarding (Fiji) Limited[5]	Fiji, Lautoka	100.00	EUR	353	0
DHL Global Forwarding (Hong Kong) Limited	China, Hong Kong	100.00	EUR	−73,365	3,085
DHL Global Forwarding (Korea) Ltd.	South Korea, Seoul	100.00	EUR	16,876	8,827
DHL Global Forwarding (Malaysia) Sdn. Bhd.	Malaysia, Kuala Lumpur	100.00	EUR	13,930	5,175
DHL Global Forwarding (New Zealand) Limited	New Zealand, Auckland	100.00	EUR	14,336	1,852
DHL Global Forwarding (Philippines) Inc.	Philippines, Manila	100.00	EUR	1,177	−274
DHL Global Forwarding (PNG) Limited[5]	Papua New Guinea, Port Moresby	74.00	EUR	−123	0
DHL Global Forwarding (Singapore) Pte. Ltd.	Singapore, Singapore	100.00	EUR	96,044	16,307
DHL Global Forwarding (Singapore) Pte. Ltd., Taiwan Branch	Taiwan, Taipeh	100.00	EUR	6,025	5,557
DHL Global Forwarding (Thailand) Limited	Thailand, Bangkok	100.00	EUR	28,732	2,227
DHL Global Forwarding (Vietnam) Corporation[7a]	Vietnam, Ho Chi Minh City	49.00	EUR	3,958	512
DHL Global Forwarding Caledonie	New Caledonia, Noumea	100.00	EUR	1,931	277
DHL Global Forwarding Japan K.K.	Japan, Tokyo	100.00	EUR	21,876	5,794
DHL Global Forwarding Lanka (Private) Limited	Sri Lanka, Colombo	70.00	EUR	−404	−212
DHL Global Forwarding Management (Asia Pacific) Pte. Ltd.	Singapore, Singapore	100.00	EUR	224,665	32,571
DHL Global Forwarding Pakistan (Private) Limited	Pakistan, Karachi	100.00	EUR	1,298	720
DHL Global Forwarding Polynesie S.A.R.L.	French Polynesia, Faaa	100.00	EUR	4,211	323
DHL Global Mail (Japan) K.K.	Japan, Tokyo	100.00	EUR	375	66
DHL Global Mail (Singapore) Pte. Ltd.	Singapore, Singapore	100.00	EUR	1,269	1,331
DHL Holdings (New Zealand) Limited	New Zealand, Auckland	100.00	EUR	12,972	5,412
DHL Incheon Hub Limited (Korea)	South Korea, Incheon	100.00	EUR	7,151	763
DHL International Guinea Ecuatorial SRL	Republic of Equatorial Guinea, Malabo	100.00	EUR	−282	−285
DHL International Kazakhstan, TOO	Kazakhstan, Almaty	100.00	EUR	2,135	1,534
DHL ISC (Hong Kong) Limited	China, Hong Kong	100.00	EUR	8,120	1,685
DHL Japan Inc.	Japan, Tokyo	100.00	EUR	68,811	3,919
DHL Keells (Private) Limited[7b]	Sri Lanka, Colombo	50.00	EUR	3,543	410
DHL Korea Limited	South Korea, Seoul	95.00	EUR	25,880	884
DHL Lao Limited	Laos, Vientiane	100.00	EUR	648	282
DHL Lemuir Logistics Private Limited	India, Mumbai	76.00	EUR	61,824	11,872
DHL Logistics (Beijing) Co., Ltd.	China, Beijing	100.00	EUR	−16,792	905
DHL Logistics (Cambodia) Ltd.	Cambodia, Phnom Penh	100.00	EUR	2,185	455
DHL Logistics (China) Co., Ltd.	China, Beijing	100.00	EUR	66,499	25,946
DHL Logistics (Kazakhstan) TOO	Kazakhstan, Aksai	100.00	EUR	2,131	122
DHL Logistics (Shenzhen) Co., Ltd.	China, Shenzhen	100.00	EUR	4,700	1,860
DHL Pakistan (Private) Limited	Pakistan, Karachi	100.00	EUR	5,085	1,282
DHL Project & Chartering (China) Limited	China, Hong Kong	100.00	EUR	−1,801	−2,847
DHL Properties (Malaysia) Sdn. Bhd.	Malaysia, Shah Alam	69.98	EUR	10,905	4,893
DHL SCM K.K.	Japan, Saitama	100.00	EUR	48	374
DHL Sinotrans Bonded Warehouse (Beijing) Co., Ltd.	China, Beijing	100.00	EUR	2,254	664
DHL Sinotrans International Air Courier Ltd.[7a]	China, Beijing	50.00	EUR	190,110	82,302
DHL Supply Chain (Australia) Pty Limited	Australia, Mascot	100.00	EUR	28,612	10,808
DHL Supply Chain (Hong Kong) Limited	China, Hong Kong	100.00	EUR	38,367	−232
DHL Supply Chain (Korea) Ltd.	South Korea, Seoul	100.00	EUR	1,996	460
DHL Supply Chain (Malaysia) Sdn. Bhd.	Malaysia, Petaling Jaya	100.00	EUR	4,970	17
DHL Supply Chain (New Zealand) Limited	New Zealand, Auckland	100.00	EUR	29,408	3,313
DHL Supply Chain (Taiwan) Co. Ltd.	Taiwan, Taipeh	100.00	EUR	26	−263
Exel Logistics (Far East) Ltd.	Thailand, Bangkok	100.00	EUR	5,453	22
DHL Supply Chain (Vietnam) Limited	Vietnam, Ho Chi Minh City	100.00	EUR	−1,937	−1,714
DHL Supply Chain K.K.	Japan, Tokyo	100.00	EUR	−24,024	1,042
DHL Supply Chain Service K.K.	Japan, Tokyo	100.00	EUR	1,078	−8

Reported IFRS data.
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[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] Amounts from 2008. [13] Inclusion in accordance with SIC 12 (SPE).
[14] Not included because they do not have significant influence on the Group's net assets, financial position and results of operations.

Affiliated companies included in the consolidated financial statements

Name	Headquarters	Group equity share %	Currency	Equity thousands	Net income thousands
DHL Supply Chain Singapore Pte. Ltd.	Singapore, Singapore	100.00	EUR	29,009	4,263
DHL Worldwide Express (Bangladesh) Private Limited	Bangladesh, Dhaka	90.00	EUR	2,129	1,008
DHL-VNPT Express Ltd.	Vietnam, Ho Chi Minh City	51.00	EUR	2,680	599
Dongguan DHL Supply Chain Co., Ltd.	China, Dongguan	100.00	EUR	760	236
Exel (Australia) Pty Ltd.	Australia, Victoria	100.00	EUR	4,402	0
Exel Consolidation Services Limited	China, Hong Kong	100.00	EUR	2,307	–8
Exel Japan (Finance) Ltd.	Japan, Tokyo	100.00	EUR	13,735	177
Exel Logistics (China) Co. Ltd	China, Shanghai	100.00	EUR	–12,288	–5,121
Exel Logistics Services Lanka (Private) Ltd.	Sri Lanka, Colombo	99.00	EUR	–110	–333
Exel Thailand Ltd.[8]	Thailand, Bangkok	100.00	EUR	854	0
Gori Australia Pty Ltd.	Australia, Brighton-Le-Sands	100.00	EUR	5,428	3,184
MDF Australia Pty Limited t/a CREATIS	Australia, Sydney	100.00	EUR	1,305	0
MSAS Global Logistics (Far East) Limited	China, Hong Kong	100.00	EUR	1,147	7,244
PT DANZAS SARANA PERKASA	Indonesia, Jakarta	100.00	EUR	246	218
PT Birotika Semesta[13]	Indonesia, Jakarta	0.00	EUR	2,864	921
PT Cargotama Multi Servisindo[5]	Indonesia, Jakarta	100.00	EUR	0	–28
PT DHL Exel Supply Chain Indonesia	Indonesia, Jakarta	90.34	EUR	1,526	196
PT DHL Global Forwarding Indonesia	Indonesia, Jakarta	100.00	EUR	8,533	2,972
Shanghai Danzas Freight Agency Co. Ltd.	China, Shanghai	100.00	EUR	832	–94
Singha Sarn Co. Ltd	Thailand, Bangkok	100.00	EUR	–60	–10
StarBroker (Hong Kong) Limited	China, Hong Kong	100.00	EUR	42	–2
Tag India Private Limited	India, New Delhi	100.00	EUR	–42	–43
Tag Worldwide (Shanghai) Co Ltd.	China, Shanghai	100.00	EUR	–379	–358
Tag Worldwide (Singapore) Pte. Ltd.	Singapore, Singapore	100.00	EUR	–439	82
Tag Worldwide Australia PTY Ltd.	Australia, Parramatta	100.00	EUR	320	127
Tibbett & Britten Asia Pte. Ltd.	Singapore, Singapore	100.00	EUR	13	–173
Trade Clippers Cargo Limited	Bangladesh, Dhaka	85.00	EUR	871	641
Williams Lea (Beijing) Limited	China, Beijing	100.00	EUR	1,501	748
Williams Lea (Hong Kong) Limited	China, Hong Kong	100.00	EUR	2,709	261
Williams Lea Asia Limited	China, Hong Kong	100.00	EUR	9	237
Williams Lea India Private Limited	India, New Delhi	100.00	EUR	3,771	1,634
Williams Lea Japan Limited	Japan, Tokyo	100.00	EUR	3,729	605
Williams Lea Private Limited	Singapore, Singapore	100.00	EUR	–186	198
Williams Lea Pty Limited	Australia, Sydney	100.00	EUR	–1,939	226
Other regions					
Air & Ocean General Transport Forwarding and Customs Clearance LLC	Iraq, Baghdad	100.00	EUR	319	277
Buddingtrade 33 (Proprietary) Limited[5]	South Africa, Benoni	100.00	EUR	2,352	0
Danzas Abu Dhabi LLC[7b]	United Arab Emirates (UAE), Abu Dhabi	49.00	EUR	5,166	605
Danzas Bahrain WLL[7b]	Bahrain, Manama	40.00	EUR	1,228	790
DHL (Ghana) Limited	Ghana, Accra	100.00	EUR	1,622	–445
DHL (Israel) Ltd.	Israel, Tel Aviv	100.00	EUR	7,452	864
DHL (Mauritius) Ltd.	Mauritius, Port Louis	100.00	EUR	919	342
DHL (Namibia) (Pty) Ltd.	Namibia, Windhoek	100.00	EUR	668	214
DHL (Tanzania) Ltd.	Tanzania, Dar es Salaam	100.00	EUR	684	–408
DHL Aviation (Maroc) SA	Morocco, Casablanca	100.00	EUR	1,555	–1
DHL Aviation (Nigeria) Ltd.	Nigeria, Lagos	100.00	EUR	192	33
DHL Aviation (Pty) Limited	South Africa, Johannesburg	100.00	EUR	4,856	51
DHL Aviation EEMEA B.S.C. (c)	Bahrain, Manama	100.00	EUR	769	0
DHL Aviation Kenya Ltd.	Kenya, Nairobi	100.00	EUR	16	0
DHL Egypt WLL	Egypt, Cairo	100.00	EUR	658	233
DHL Exel Supply Chain Kenya Limited	Kenya, Nairobi	100.00	EUR	6,429	1,570
DHL Express Maroc S.A.	Morocco, Casablanca	100.00	EUR	–687	–1,083
DHL Global Forwarding & Co. LLC[7b]	Oman, Muscat	40.00	EUR	4,819	1,444
DHL Global Forwarding (Angola) – Comércio e Transitários, Limitada	Angola, Luanda	99.99	EUR	–1,271	2,637

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DHL Global Forwarding (Cameroon) PLC	Cameroon, Douala	62.00	EUR	−546	−130
DHL Global Forwarding (Kenya) Limited	Kenya, Nairobi	100.00	EUR	−2,008	−2,932
DHL Global Forwarding (Kuwait) Company WLL[7b]	Kuwait, Safat	49.00	EUR	5,844	2,274
DHL Global Forwarding (Senegal) S.A.	Senegal, Dakar	100.00	EUR	−1,169	−847
DHL Global Forwarding (Uganda) Limited	Uganda, Kampala	100.00	EUR	−147	−473
DHL Global Forwarding (Congo) SA	Republic of Congo, Pointe-Noire	100.00	EUR	−27	−173
DHL GLOBAL FORWARDING COTE D'IVOIRE SA	Ivory Coast, Abidjan	100.00	EUR	−121	−15
DHL Global Forwarding (Gabon) SA	Gabon, Libreville	99.00	EUR	272	−423
DHL Global Forwarding Lebanon S.A.L.[7b]	Lebanon, Beirut	50.00	EUR	1,863	781
DHL Global Forwarding Nigeria Limited	Nigeria, Lagos	100.00	EUR	1,055	318
DHL Global Forwarding Qatar LLC[7b]	Qatar, Doha	49.00	EUR	1,387	763
DHL Global Forwarding Egypt S.A.E.	Egypt, Cairo	100.00	EUR	4,038	−2,943
DHL Global Forwarding SA (Pty) Limited	South Africa, Boksburg	74.99	EUR	12,590	1,028
DHL Global Forwarding Tasimacilik A.S.	Turkey, Istanbul	100.00	EUR	8,734	1,342
DHL International (Algeria) SARL	Algeria, Algiers	100.00	EUR	3,338	874
DHL International (Angola) – Transportadores Rápidos Limitada	Angola, Luanda	100.00	EUR	2,603	−871
DHL International (Bahrain) WLL[7b]	Bahrain, Manama	49.00	EUR	51	0
DHL International (Congo) SPRL	Democratic Republic of Congo, Kinshasa	100.00	EUR	1,694	−531
DHL International (Gambia) Ltd.	Gambia, Kanifing	100.00	EUR	27	−85
DHL International (Liberia) Ltd.	Liberia, Monrovia	100.00	EUR	−223	169
DHL International (Pty) Ltd.	South Africa, Isando	74.99	EUR	16,359	2,951
DHL International (Pvt) Ltd.	Zimbabwe, Harare	100.00	EUR	1,360	68
DHL International (SL) Ltd.	Sierra Leone, Freetown	100.00	EUR	709	85
DHL International (Uganda) Ltd.	Uganda, Kampala	100.00	EUR	459	23
DHL International B.S.C. (C)	Bahrain, Manama	100.00	EUR	345	211
DHL International Benin SARL	Benin, Cotonou	100.00	EUR	886	264
DHL International Botswana (Pty) Ltd.	Botswana, Gaborone	100.00	EUR	129	191
DHL International Burkina Faso SARL	Burkina Faso, Ouagadougou	100.00	EUR	605	−84
DHL International Cameroon SARL	Cameroon, Douala	100.00	EUR	1,531	−124
DHL International Centrafrique SARL	Central African Republic, Bangui	100.00	EUR	287	−24
DHL International Chad SARL	Chad, Ndjamena	100.00	EUR	−69	−166
DHL International Congo SARL	Republic of Congo, Brazzaville	100.00	EUR	1,308	−3,859
DHL International Cote D'Ivoire SARL	Ivory Coast, Abidjan	100.00	EUR	1,075	−1,230
DHL International Gabon SARL	Gabon, Libreville	100.00	EUR	−597	142
DHL International Guinee SARL	Guinea, Conakry	100.00	EUR	301	−52
DHL International Iran PJSC	Iran, Tehran	100.00	EUR	4,431	190
DHL International Madagascar SA	Madagascar, Antananarivo	100.00	EUR	321	−527
DHL International Malawi Ltd.	Malawi, Blantyre	100.00	EUR	436	153
DHL International Mali SARL	Mali, Bamako	100.00	EUR	349	−300
DHL International Mauritanie SARL	Mauretania, Nouakchott	100.00	EUR	245	206
DHL International Niger SARL	Niger, Niamey	100.00	EUR	629	220
DHL International Nigeria Ltd.	Nigeria, Lagos	100.00	EUR	4,251	−264
DHL International Reunion SARL	Réunion, Sainte Marie	100.00	EUR	173	−128
DHL International Togo SARL	Togo, Lomé	100.00	EUR	185	−149
DHL International Transportation Co WLL[13]	Kuwait, Safat	0.00	EUR	162	0
DHL International Zambia Limited	Zambia, Lusaka	100.00	EUR	−971	59
DHL Lesotho (Proprietary) Ltd.	Lesotho, Maseru	100.00	EUR	192	−10
DHL Logistics Ghana Ltd.	Ghana, Tema	100.00	EUR	1,412	357
DHL Logistics Kenya Limited	Kenya, Nairobi	100.00	EUR	183	208
DHL Logistics Morocco S.A.	Morocco, Casablanca	100.00	EUR	−109	−1,772
DHL Logistics Tanzania Limited	Tanzania, Dar es Salaam	100.00	EUR	−94	33

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DHL Lojistik Hizmetleri A.S.	Turkey, Istanbul	100.00	EUR	11,656	1,202
DHL Mocambique Lda.	Mozambique, Maputo	100.00	EUR	1,740	812
DHL Operations BV Jordan Services with Limited Liability	Jordan, Amman	100.00	EUR	518	138
DHL Qatar Limited[7b]	Qatar, Doha	49.00	EUR	–870	–181
DHL Regional Services (Indian Ocean) Ltd.	Mauritius, Port Louis	100.00	EUR	1	0
DHL Regional Services Limited	Nigeria, Lagos	100.00	EUR	111	0
DHL International Senegal SARL	Senegal, Dakar	100.00	EUR	2,418	532
DHL Supply Chain (South Africa) (Pty) Ltd.	South Africa, Germiston	100.00	EUR	–734	–1,927
DHL Swaziland (Proprietary) Ltd.	Swaziland, Mbabane	100.00	EUR	234	–11
DHL Worldwide Express & Company LLC	Oman, Ruwi	70.00	EUR	229	223
DHL Worldwide Express (Abu Dhabi) LLC[7b]	United Arab Emirates (UAE), Abu Dhabi	49.00	EUR	63	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	105	0
DHL Worldwide Express Cargo LLC[7b]	United Arab Emirates (UAE), Dubai	49.00	EUR	63	0
DHL Worldwide Express Ethiopia Private Limited Company	Ethiopia, Addis Ababa	73.00	EUR	426	516
DHL Worldwide Express Kenya Limited	Kenya, Nairobi	51.00	EUR	3,068	–2
DHL Worldwide Express Tasimacilik ve Ticaret A.S.	Turkey, Istanbul	100.00	EUR	22,930	3,760
Document Handling (East Africa) Ltd.	Kenya, Nairobi	51.00	EUR	55	520
Durra al Hamra al Lamia'a co. Iraq	Iraq, Baghdad	100.00	EUR	33	0
Exel Contract Logistics Nigeria Ltd.	Nigeria, Ikeja	100.00	EUR	–632	–1,997
Exel Middle East (Fze)	United Arab Emirates (UAE), Dubai	100.00	EUR	289	0
Exel Supply Chain Services (South Africa) (Pty) Ltd.	South Africa, Johannesburg	100.00	EUR	15,764	–55
F.C. (Flying Cargo) International Transportation Ltd.	Israel, Lod	100.00	EUR	28,248	7,653
Giorgio Gori International Freight Forwards (Pty) Ltd.	South Africa, Ferndale	100.00	EUR	249	56
Hull, Blyth (Angola) Ltd. (Angolan branch)[1]	Angola, Luanda	100.00	EUR	5,413	–1,716
Hull Blyth Angola Viagens e Turismo Lda.[1]	Angola, Luanda	99.99	EUR	–	–
Kinesis Logistics (Pty) Ltd.[5]	South Africa, Germiston	100.00	EUR	–319	0
Misr Freight Sarl	Egypt, Cairo	100.00	EUR	310	–35
Sherkate Haml-oNaghl Sarie DHL Kish	Iran, Tehran	100.00	EUR	0	0
SNAS Lebanon SARL	Lebanon, Beirut	90.00	EUR	905	159
SNAS Trading and Contracting[13]	Saudi Arabia, Riyadh	0.00	EUR	0	0
SSA Regional Services (Pty) Ltd.	South Africa, Johannesburg	100.00	EUR	690	–278
Tag MENA FZE	United Arab Emirates (UAE), Dubai	100.00	EUR	–71	–65
Trans Care Fashion sarl (Morocco)[5]	Morocco, Casablanca	100.00	EUR	–538	0
Ukhozi Logistics (Pty) Ltd.	South Africa, Boksburg	100.00	EUR	104	6
Uniauto-Organizações Técnicas e Industriais SARL[5]	Angola, Luanda	98.93	EUR	16	0

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Affiliated companies not included in the consolidated financial statements[14]

Name	Headquarters	Group equity share %	Currency	Equity thousands	Net income thousands
Europe					
Alistair McIntosh Trustee Company Limited[3,5,9]	United Kingdom, London	100.00	GBP	0	–
Arbuckle, Smith & Company Limited[3,5,9]	United Kingdom, Glasgow	100.00	GBP	5,298	0
ASG Leasing Handelsbolag[3,5,9]	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	–	–
Carbon Limited[2,5]	United Kingdom, London	100.00	GBP	0	–
Cormar Limited[3,8]	United Kingdom, Bracknell	100.00	EUR	1,764	739

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DEGEMOLTO Grundstücksverwaltungsgesellschaft mbH & Co. Immobilien-Vermietungs KG[2,9]	Germany, Meinerzhagen	100.00	EUR	16	32
Deutsche Post DHL Corporate Real Estate Management GmbH & Co. Objekt Weißenhorn KG[2,9]	Germany, Bonn	100.00	EUR	26	–
Deutsche Post gemeinnützige Gesellschaft für sichere und vertrauliche Kommunikation im Internet mbH[4]	Germany, Bonn	100.00	EUR	25	–
Deutsche Post Grundstücks- Vermietungsgesellschaft beta mbH[6,9]	Germany, Bonn	100.00	EUR	17	0
DHL Employee Benefit Fund ASBL/VZW[2,9]	Belgium, Diegem	100.00	EUR	–240	0
DHL Energy Performance & Management Limited[3,8]	United Kingdom, Bracknell	100.00	EUR	–6,008	–1,737
DHL Pensions Investment Fund Limited[4,5]	United Kingdom, Bedford	100.00	GBP	–	–
DHL Trustees Limited[4,5]	United Kingdom, Bedford	74.00	GBP	0	–
DHL UK Pension Trustees Limited[3,5,9]	United Kingdom, Hounslow	100.00	GBP	0	–
Elan International (Ireland) Ltd.[4,5]	Ireland, Dublin	100.00	EUR	–	–
Eric Studio Limited[2,5]	United Kingdom, London	100.00	GBP	1,792	–
Excel Logistics Limited[3,5,9]	United Kingdom, Bracknell	100.00	GBP	0	–
Exel (Africa) Limited[3,8]	United Kingdom, Bracknell	100.00	EUR	–1,861	–255
Exel (Northern Ireland) Limited[3,5,9]	United Kingdom, Mallusk	100.00	GBP	511	–
Exel Express Limited[3,5,9]	United Kingdom, Bracknell	100.00	GBP	0	–
Exel Holdings (Russia) Limited[3,5,9]	United Kingdom, Bracknell	100.00	GBP	–3	–
Exel International Holdings Limited[2,8]	United Kingdom, Bedford	100.00	EUR	258,564	1,600
Exel Logistics Limited[9,12]	United Kingdom, Bracknell	100.00	GBP	0	0
Exel Nominee No 2 Limited[3,5,9]	United Kingdom, Bracknell	100.00	GBP	0	–
Exel Overseas Finance[2,8]	United Kingdom, Bedford	100.00	EUR	343,765	15,666
Exel Sand and Ballast Company Limited[3,5,9]	United Kingdom, Bracknell	100.00	GBP	189	–
Exel Scotland Limited[3,8]	United Kingdom, Glasgow	94.17	EUR	2,497	28
Exel Secretarial Services Limited[4,5]	United Kingdom, Bracknell	100.00	GBP	–	–
Exel Share Scheme Trustees Limited[3,5,9]	United Kingdom, Bracknell	100.00	GBP	0	–
Exel Taskforce Limited[3,5,9]	United Kingdom, Bracknell	100.00	GBP	–48	–
Fashionflow Limited[3,5,9]	United Kingdom, Bracknell	100.00	GBP	0	–
forum gelb GmbH[6,9]	Germany, Bonn	100.00	EUR	25	0
Higgs Air España S.A.[8]	Spain, Barcelona	100.00	EUR	–	–
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[3,5,9]	United Kingdom, Bracknell	100.00	GBP	15	–
Lightbox Creative Services Limited[5]	United Kingdom, London	100.00	EUR	–56	0
McGregor Gow & Holland (1996) Limited[3,8]	United Kingdom, Bracknell	100.00	EUR	272	0
Mercury Airfreight Holdings Limited[3,5,9]	United Kingdom, Bracknell	100.00	GBP	500	–
Mercury Airspeed International B.V.[3,8]	Netherlands, The Hague	100.00	EUR	–834	–12
Mexicoblade Limited[3,5,9]	United Kingdom, London	100.00	GBP	–2	–
MSAS Global Logistics Limited[2,8]	United Kingdom, Bracknell	100.00	EUR	63,790	4,290
MSAS Limited[3,8]	United Kingdom, Bracknell	100.00	EUR	–3,577	0
NFC Investments Limited[3,5,9]	United Kingdom, Bracknell	100.00	GBP	1	0
Ocean (BFL) Limited[8,12]	United Kingdom, Bracknell	100.00	EUR	1	0
Ocean Group Share Scheme Trustee Limited[3,5,9]	United Kingdom, Bracknell	100.00	GBP	0	–
Ocean Transport & Trading Limited[2,8]	United Kingdom, Bracknell	100.00	EUR	601,233	20,275
OOO ASG Road Transport Russia[8]	Russia, Moscow	100.00	RUB	418	0
Outrack Credit Ireland Ltd.[4,5]	Ireland, Dublin	100.00	EUR	–	–
Packaging Datastore Limited[3,8]	United Kingdom, Bracknell	100.00	EUR	0	0
Packaging Management Group Limited[3,8]	United Kingdom, Bracknell	100.00	EUR	0	0
Pismo Limited[2,5]	United Kingdom, London	100.00	GBP	13	–
Power Europe Development No. 2 Limited[3,5,9]	United Kingdom, Bracknell	100.00	GBP	0	–
Print to Post Limited[3,5,9]	United Kingdom, London	100.00	GBP	11	–

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Realcause Limited[4,5]	United Kingdom, Bracknell	100.00	GBP	–	–
Siegfried Vögele Institut (SVI) – Internationale Gesellschaft für Dialogmarketing mbH[6,9]	Germany, Königstein	100.00	EUR	50	0
SW Post Beheer B.V.[4]	Netherlands, Apeldoorn	100.00	EUR	–	–
Tag Studios Limited[2,5]	United Kingdom, London	100.00	GBP	–166	–
Tag At Engine Limited[2,5]	United Kingdom, London	100.00	GBP	0	–
Tag At Red Brick Road Limited[2,5]	United Kingdom, London	100.00	GBP	0	–
Tag Design and Interactive Limited[2,5]	United Kingdom, London	100.00	GBP	0	–
Tag Paris GIE[4,8]	France, Paris	51.00	EUR	–	–
Tag Worldwide (UK) Limited[2,5]	United Kingdom, London	100.00	GBP	1	–
Tankfreight Limited[3,5,9]	United Kingdom, Bracknell	100.00	GBP	2	–
The Stationery Office Pension Trustees Limited[3,5,9]	United Kingdom, London	100.00	GBP	0	–
The Stationery Office Trustees Limited[3,5,9]	United Kingdom, London	100.00	GBP	0	–
Tibbett & Britten (N.I.) Limited[3,5,9]	United Kingdom, Ballyclare	100.00	GBP	–5	–
Tibbett & Britten (USA) Limited[2,8]	United Kingdom, Bracknell	100.00	EUR	0	0
Tibbett & Britten Applied Limited[3,5,9]	United Kingdom, Bracknell	100.00	GBP	1	–835
Tibbett & Britten Automotive Assets Limited[3,5,9]	United Kingdom, Bracknell	100.00	GBP	0	0
Tibbett & Britten Consumer Group Limited[3,5,9]	United Kingdom, Bracknell	100.00	GBP	0	–
Tibbett & Britten Consumer Limited[3,5,9]	United Kingdom, Bracknell	100.00	GBP	10	0
Tibbett & Britten Dairy Logistics Sp. z o.o.[5,9]	Poland, Warsaw	100.00	PLN	50	0
Tibbett & Britten Group Iberia Limited[8]	United Kingdom, Bracknell	100.00	GBP	–	–
Tibbett & Britten International Holdings Limited[3,8]	United Kingdom, Bracknell	100.00	EUR	0	0
Tibbett & Britten Limited[3,5,9]	United Kingdom, Bracknell	100.00	GBP	0	–
Tibbett & Britten Pension Trust Limited[3,5,9]	United Kingdom, Bracknell	100.00	GBP	0	0
Tibbett & Britten Quest Trustees Limited[3,5,9]	United Kingdom, Bracknell	100.00	GBP	0	0
Track One Logistics Limited[3,5,9]	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[3,5,9]	United Kingdom, Bedford	100.00	GBP	100	–
UNITRANS Deutschland Gesellschaft für Terminverkehre mbH[2,9]	Germany, Düsseldorf	65.38	EUR	308	–71
Van Gend & Loos – Euro Express NV[3,9]	Belgium, Ternat	100.00	EUR	–206	1
Williams Lea (US Acquisitions) Limited[9,12]	United Kingdom, London	100.00	GBP	1	0
Williams Lea Group Quest Trustees Limited[3,5,9]	United Kingdom, London	100.00	GBP	0	–
Williams Lea International Limited[3,5,9]	United Kingdom, London	100.00	GBP	0	–
Americas					
Axis Logistics Inc.[3,5,9]	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	MXN	–5,186	6,704
DHL Express (Belize) Limited[2,9]	Belize, Belize City	100.00	USD	20	0
DHL Global Forwarding (Brazil) Logistics Ltda.[5]	Brazil, São Paulo	100.00	BRL	50	–
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	MXN	–251	39
DHL St. Lucia Ltd.[4,5]	St.Lucia, Castries	100.00	XCD	–	–
Hyperion Properties Inc.[4,5]	USA, Westerville	100.00	USD	–	–
Inversiones 3340, C.A.[4]	Venezuela, Caracas	49.00	VEF	–	–
Power Packaging (Geneva), LLC[4,5]	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.[3,5,9]	Argentina, Buenos Aires	99.97	EUR	34	0
Skyhawk Transport Ltd.[3,5,9]	Canada, Mississauga	100.00	CAD	35,000	0
USC Distribution Services LLC[4]	USA, Westerville	100.00	USD	–	–
Asia Pacific					
Concorde Air Logistics Ltd.[3,9]	India, Mumbai	99.54	INR	46,490	2,880
DHL Customs Brokerage Corp.[3,9]	Philippines, Pasay City	100.00	PHP	1,104	–63
DHL Global Mail (Hong Kong) Limited[5]	China, Hong Kong	100.00	USD	0	0
Exel Logistics Delbros Philippines Inc.[5,8]	Philippines, Manila	60.00	PHP	–	–

Affiliated companies not included in the consolidated financial statements[14]

Name	Headquarters	Group equity share %	Currency	Equity thousands	Net income thousands
Skyline Air Logistics Ltd.[9]	India, Mumbai	99.99	INR	37,808	5,155
Tibbett & Britten Kontena Nasional Sdn. Bhd.[5,8]	Malaysia, Petaling Jaya	60.00	MYR	–	–
Watthanothai Company Ltd.[5,9]	Thailand, Bangkok	49.00	THB	10,100	–
Yamato Dialog & Media Co. Ltd.[3,9]	Japan, Tokyo	49.00	JPY	579,158	56,479
Other regions					
Blue Funnel Angola Ltda.[2,5,9]	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.[2,5,9]	Angola, Luanda	99.99	USD	–61	–
Exel Domestic Distribution (Pty) Ltd.[8]	South Africa, Boksburg	100.00	ZAR	–	–
Exel Contract Logistics (SA) (Pty) Ltd.[4,5]	South Africa, Elandsfontein	100.00	ZAR	–	–
Nile Perishable (Egypt – Europe – Trans) Ltd.[3]	Egypt, Alexandria	97.20	EGP	–801	–187
Synergistic Alliance Investments (Pty) Ltd.[2,5,9]	South Africa, Germiston	100.00	ZAR	–3,341	–
Tibbett & Britten Egypt Ltd.[8]	Egypt, Cairo	50.00	EGP	–	–

Reported IFRS data.
[1] Only subgroup data available. [2] Amounts from 2009. [3] Amounts from 2010. [4] Data not available. [5] Dormant. [6] Amounts after profit transfer.
[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.
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[14] Not included because they do not have significant influence on the Group's net assets, financial position and results of operations.

Joint ventures (proportionate consolidation)

Name	Headquarters	Group equity share %	Currency	Equity thousands	Net income thousands
Europe					
AeroLogic GmbH	Germany, Leipzig	50.00	EUR	27,541	9,048
Danzas DV, LLC[5]	Russia, Yuzhno-Sakhalinsk	50.00	EUR	303	0
Americas					
EV Logistics	Canada, Vancouver	50.00	EUR	2,898	1,730
Asia Pacific					
Express Couriers Limited[1]	New Zealand, Wellington	50.00	EUR	91,625	8,252
Roadstar Transport Limited[1]	New Zealand, Wellington	50.00	EUR	–	–
Parcel Direct Group Pty Limited[1]	Australia, Mascot	50.00	EUR	4,035	4,216
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	–	–
Parcel Direct Australia Pty. Limited[1]	Australia, Pymble	50.00	EUR	–	–
Parcel Express (SA) 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	44.10	EUR	908	3,510
Exel Saudia LLC	Saudi Arabia, Al Khobar	50.00	EUR	8,819	2,219

Reported IFRS data.
[1] Only subgroup data available. [2] Amounts from 2009. [3] Amounts from 2010. [4] Data not available. [5] Dormant. [6] Amounts after profit transfer.
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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					
All you need GmbH[4]	Germany, Berlin	33.00	EUR	–	–
Betriebs-Center für Banken AG[11]	Germany, Frankfurt/Main	39.50	EUR	299,182	33,227
Betriebs-Center für Banken Processing GmbH[11]	Germany, Frankfurt/Main	39.50	EUR	4,330	1,280
BHW – Gesellschaft für Wohnungswirtschaft mbH[11]	Germany, Hameln	39.50	EUR	918,946	0
BHW – Gesellschaft für Wohnungswirtschaft mbH & Co. Immobilienverwaltungs KG[11]	Germany, Hameln	39.50	EUR	82,451	2,324
BHW Bausparkasse AG[11]	Germany, Hameln	39.50	EUR	983,831	0
BHW Gesellschaft für Vorsorge mbH[11]	Germany, Hameln	39.50	EUR	242,370	0
BHW Holding Aktiengesellschaft[11]	Germany, Berlin	39.50	EUR	912,156	184,653
BHW Immobilien GmbH[11]	Germany, Hameln	39.50	EUR	2,728	567
BHW Kreditservice GmbH[11]	Germany, Hameln	39.50	EUR	25	0
Cargo Center Sweden AB[9]	Sweden, Stockholm	50.00	SEK	20,309	2,476
Deutsche Postbank AG[3,9]	Germany, Bonn	39.50	EUR	2,621,072	343,640
Deutsche Postbank Finance Center Objekt GmbH[11]	Luxembourg, Munsbach	39.50	EUR	50	355
Deutsche Postbank Financial Services GmbH[11]	Germany, Frankfurt/Main	39.50	EUR	5,000	0
Deutsche Postbank International S.A.[11]	Luxembourg, Munsbach	39.50	EUR	832,435	91,264
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	16,659	819
DSL Holding Aktiengesellschaft[11]	Germany, Bonn	39.50	EUR	63,527	395
DSL Portfolio Verwaltungs GmbH[11]	Germany, Bonn	39.50	EUR	25	1
PB Factoring GmbH[11]	Germany, Bonn	39.50	EUR	11,546	0
PB Firmenkunden AG[11]	Germany, Bonn	39.50	EUR	1,100	0
PB Spezial-Investmentaktiengesellschaft mit Teilgesellschaftsvermögen[11]	Germany, Frankfurt/Main	39.50	EUR	6,513,539	435,522
Postbank Beteiligungen GmbH[11]	Germany, Bonn	39.50	EUR	310	0
Postbank Direkt GmbH[11]	Germany, Bonn	39.50	EUR	20,858	0
Postbank Filial GmbH[11]	Germany, Bonn	39.50	EUR	25	0
Postbank Filialvertrieb AG[11]	Germany, Bonn	39.50	EUR	55	0
Postbank Finanzberatung AG[11]	Germany, Hameln	39.50	EUR	30,130	–19,936
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	0	739
Postbank Leasing GmbH[11]	Germany, Bonn	39.50	EUR	500	0
Postbank P.O.S. Transact GmbH[11]	Germany, Eschborn	39.50	EUR	9,011	2,603
Postbank Support GmbH[11]	Germany, Cologne	39.50	EUR	759	0
Postbank Systems AG[11]	Germany, Bonn	39.50	EUR	51,591	0
Postbank Versicherungsvermittlung GmbH[11]	Germany, Bonn	39.50	EUR	25	0
Unipost Servicios Generales S.L.[1,3,9]	Spain, Barcelona	37.69	EUR	22,340	3,289
Unipost S.A.[1,3,9]	Spain, Barcelona	37.69	EUR	–	–
Suresa Cit., S.L.[1,3,9]	Spain, L'Hospitalet de Llobregat	37.69	EUR	–	–
VÖB-ZVD Bank für Zahlungsverkehrsdienstleistungen GmbH[11]	Germany, Bonn	29.62	EUR	12,896	4,048
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
Miami MEI, LLC[10,11]	USA, Dover	0.00	EUR	6,981	0
PB Realty Corporation[11]	USA, New York	39.50	EUR	1,104,031	56,071

Associated companies (accounting treatment in the consolidated financial statements using the equity method)

Name	Headquarters	Group equity share %	Currency	Equity thousands	Net income thousands
PB (USA) Holdings, Inc.[11]	USA, Wilmington	39.50	EUR	607,653	0
PB Capital Corporation[11]	USA, Wilmington	39.50	EUR	488,847	76,590
PB Finance (Delaware), Inc.[11]	USA, Wilmington	39.50	EUR	176	0
PB Hollywood I Hollywood Station LLC[10,11]	USA, Dover	0.00	EUR	2,086	348
PB Hollywood II Lofts LLC[10,11]	USA, Dover	0.00	EUR	14,066	–555
PBC Carnegie LLC[10,11]	USA, Wilmington	0.00	EUR	0	0
PMG Collins, LLC[11]	USA, Tallahassee	39.50	EUR	8,583	901
Asia Pacific					
Air Hong Kong Ltd.[3,9]	China, Hong Kong	40.00	HKD	350,580	433,237
Tasman Cargo Airlines Pty. Limited[9]	Australia, Mascot	48.98	AUD	6,522	413
Other regions					
Danzas AEI Emirates LLC[3]	United Arab Emirates (UAE), Dubai	42.50	AED	208,644	41,018

Reported IFRS data.
[1] Only subgroup data available. [2] Amounts from 2009. [3] Amounts from 2010. [4] Data not available. [5] Dormant. [6] Amounts after profit transfer.
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[11] Company is included in group financial statements of Deutsche Postbank AG. [12] Amounts from 2008. [13] Inclusion in accordance with SIC 12 (SPE).
[14] Not included because they do not have significant influence on the Group's net assets, financial position and results of operations.

Unconsolidated joint ventures[14]

Name	Headquarters	Group equity share %	Currency	Equity thousands	Net income thousands
Europe					
Aerologic Management GmbH[3,8]	Germany, Frankfurt/Main	50.00	EUR	216	41
MALTO Grundstücks-Verwaltungsgesellschaft mbH & Co. KG[3,9,10]	Germany, Grünwald	50.00	EUR	140	–
Roster Worldwide Limited[4]	United Kingdom, London	48.23	GBP	0	–

Reported IFRS data.
[1] Only subgroup data available. [2] Amounts from 2009. [3] Amounts from 2010. [4] Data not available. [5] Dormant. [6] Amounts after profit transfer.
[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.
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Unconsolidated associated companies[14]

Name	Headquarters	Group equity share %	Currency	Equity thousands	Net income thousands
Europe					
Airmail Center Frankfurt GmbH[3,9]	Germany, Frankfurt/Main	20.00	EUR	3,342	1,291
Automotive Logistics (UK) Limited[8]	United Kingdom, Ipswich	50.00	GBP	–	–
Balsa Grundstücksverwaltungs s.á.r.l. & Co. Vermietungs KG[2,9]	Germany, Hamburg	100.00	EUR	12	–
Bike-Logistik GmbH Gesellschaft für Zweiradtransporte[3,9]	Germany, Nuremberg	25.00	EUR	55	2
Dalim Software GmbH[2,9]	Germany, Kehl	22.26	EUR	967	302
DCM GmbH & Co Vermögensaufbau Fonds 2 KG[2,9]	Germany, Munich	23.81	EUR	4,260	–22
Deutsche Fonds Management GmbH & Co. DCM Renditefonds 18 KG[2,9,10]	Germany, Munich	24.94	EUR	51,641	–51
Diorit Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG[3,10]	Germany, Mainz	24.00	EUR	0	–13
European EPC Competence Center GmbH[9]	Germany, Cologne	30.00	EUR	292	53
Expo-Dan[2,9]	Ukraine, Kiev	50.00	UAH	680	–493
Gardermoen Perishable Center AS[3,9]	Norway, Gardermoen	33.33	NOK	3,793	–491

Reported IFRS data.
[1] Only subgroup data available. [2] Amounts from 2009. [3] Amounts from 2010. [4] Data not available. [5] Dormant. [6] Amounts after profit transfer.
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Unconsolidated associated companies[14]

Name	Headquarters	Group equity share %	Currency	Equity thousands	Net income thousands
Jurte Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG[3,9,10]	Germany, Mainz	24.00	EUR	0	0
Maxser Holding B.V.[4]	Netherlands, Maastricht	30.00	EUR	–	–
profresh Systemlogistik GmbH[3,9]	Germany, Hamburg	33.33	EUR	57	17
Americas					
BITS Limited[3,4,9]	Bermuda, Hamilton	40.00	BMD	–984	–
Consimex S.A.[3,9]	Colombia, Medellín	29.24	COP	9,728,288	493,933
DHL International (Cayman) Ltd.[3,4,9]	Cayman Islands, George Town	40.00	KYD	–960	–
Wilmington Commerce Park Partnership[3,9]	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	ZAR	11,904	2,752

Reported IFRS data.
[1] Only subgroup data available. [2] Amounts from 2009. [3] Amounts from 2010. [4] Data not available. [5] Dormant. [6] Amounts after profit transfer.
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Investments in other companies and large corporations

Name	Headquarters	Group equity share %	Currency	Equity thousands	Net income thousands
Europe					
Deutsche Post Pensionsfonds AG[3,9]	Germany, Bonn	99.98	EUR	3,225	0
Deutsche Post Pensions-Treuhand GmbH & Co. KG[2,9]	Germany, Bonn	99.98	EUR	10	0
Asia Pacific					
Sinotrans Ltd.[1,3]	China, Beijing	5.59	RMB	12,039,989	832,058

Reported IFRS data.
[1] Only subgroup data available. [2] Amounts from 2009. [3] Amounts from 2010. [4] Data not available. [5] Dormant. [6] Amounts after profit transfer.
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RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting 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, 17 February 2012

Deutsche Post AG
The Board of Management

Dr Frank Appel

Ken Allen

Roger Crook

Bruce Edwards

Jürgen Gerdes

Lawrence A. Rosen

Walter Scheurle

INDEPENDENT AUDITOR'S REPORT

To Deutsche Post AG

Report on the consolidated financial statements

We have audited the consolidated financial statements of Deutsche Post AG, Bonn, and its subsidiaries, 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 for the financial year from 1 January to 31 December 2011.

Board of Management's responsibility for the consolidated financial statements

The Board of Management of Deutsche Post AG, Bonn, is responsible for preparation of these consolidated financial statements. Such responsibility extends to the preparation of consolidated financial statements in accordance with the IFRSs as adopted by the EU and the additional requirements of German law pursuant to section 315 a (1) *Handelsgesetzbuch* (HGB – German Commercial Code) that 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 Board of Management is also responsible for such internal control as it determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design and conduct audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Qualified opinion

Pursuant to section 322 (3) sentence 1 HGB, we hereby state that our audit has not led to any reservations.

In our opinion based on the findings of our audit, the consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German law pursuant to section 315 a (1) HGB and give a true and fair view of the net assets and financial position of the Group as at 31 December 2011 and the results of operations for the financial year ended on such date in accordance with these requirements.

Report on the group management report

We have audited the group management report of Deutsche Post AG, Bonn, for the financial year from 1 January to 31 December 2011. The Board of Management of Deutsche Post AG, Bonn, is responsible for preparation of the group management report in accordance with the requirements of German law pursuant to section 315 a (1) HGB. We conducted our audit in accordance with section 317 (2) HGB and the generally accepted standards for the audit of financial statements promulgated by the *Institut der Wirtschaftsprüfer* (IDW) for the audit of group management reports. Those standards require that we plan and perform the audit of the group management report to obtain reasonable assurance about whether the group management report is consistent with the consolidated financial statements and the findings we made during our audit and, as a whole, provides a suitable understanding of the group's position and suitably presents the opportunities and risks of future development.

Düsseldorf, 17 February 2012

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Gerd Eggemann	Dietmar Prümm
Wirtschaftsprüfer	*Wirtschaftsprüfer*
(German Public Auditor)	(German Public Auditor)

D

FURTHER INFORMATION

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GLOSSARY

Deutsche Post

Cross-border mail (outbound)
All outbound international mail.

Dialogue marketing
Market-orientated activities that apply direct communications to selectively reach target groups using a personal, individualised approach.

E-Postbrief
A means of secure and reliable online communication that can be delivered both electronically and by traditional mail.

Federal Network Agency *(Bundesnetzagentur)*
German national regulator for electricity, gas, telecommunications, post and railway.

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 × 30 cm).

Partner outlets
Postal retail outlets operated primarily by partners in the retail sector who offer postal services in addition to their core businesses.

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.

Standard letter
Letter measuring a maximum of 235 × 125 × 5 mm and weighing up to 20 g.

Standard periodical
A press product of which no more than 30 % consists of journalistic reporting.

Targeting
Target-specific advertising on websites aimed at achieving the highest possible advertising effectiveness.

DHL

Aftermarket logistics
Logistics services for manufacturer exchanges, returns and repairs.

Business process outsourcing
Outsourcing specific business functions to a third-party service provider.

Co-packing
Packaging services integrated into supply chain solutions.

Collect and return
Goods are picked up from end users at different addresses, transported to the predetermined repair company, collected after repair and returned to the end user.

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.

Day Definite
Delivery of shipments on a specified day.

DHL Solutions & Innovations (DSI)
Unit that brings together the Group's existing innovation drivers, develops innovative solutions and promotes cross-divisional co-operation.

E-fulfilment
Fulfilment services for the e-commerce market.

Full container load (FCL)
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.

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 (LCL)
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.

Medical Express
Time-critical samples (tissue, blood) are transported during the clinical test phase of a new drug.

Part truckload
Shipment that does not constitute a full truckload but is transported from point of departure to destination without transhipment.

Same Day
Delivery within 24 hours of order placement.

Supply chain
A series of connected resources and processes from sourcing materials to delivering goods to consumers.

Time Definite
Delivery of time-critical shipments for which the day or time of delivery has been specified or guaranteed.

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.

Twenty-foot equivalent unit (TEU)
Standardised container unit, 20 foot long, 8 foot wide (6 × 2.4 metres).

GRAPHS AND TABLES

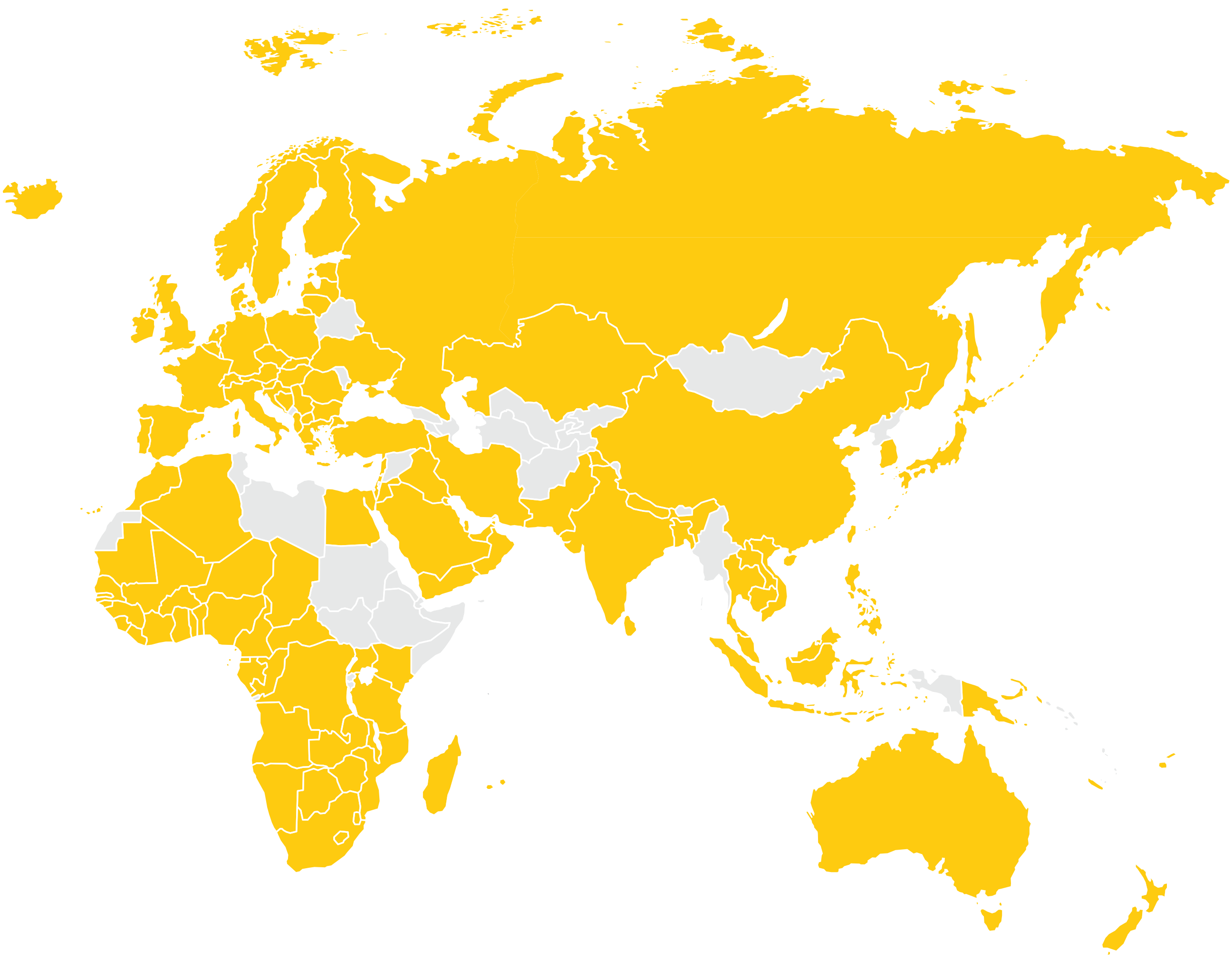
LOCATIONS

D.01 Deutsche Post DHL around the world[1]

Americas		
Antigua and Barbuda	Chile	Mexico
Argentina	Colombia	Nicaragua
Aruba	Costa Rica	Panama
Bahamas	Dominican Republic	Paraguay
Barbados	Dutch Antilles	Peru
Belize	Ecuador	Puerto Rico
Bermuda	El Salvador	St.Lucia
Bolivia	Guatemala	Trinidad and Tobago
Brazil	Haiti	Uruguay
British Virgin Islands	Honduras	USA
Canada	Jamaica	Venezuela
Cayman Islands	Martinique	

Europe		
Albania	Greece	Portugal
Austria	Hungary	Romania
Belgium	Iceland	Russia
Bosnia and Herzegovina	Ireland	Serbia
Bulgaria	Italy	Slovakia
Croatia	Latvia	Slovenia
Cyprus	Lithuania	Spain
Czech Republic	Luxembourg	Sweden
Denmark	Macedonia	Switzerland
Estonia	Malta	Ukraine
Finland	Netherlands	United Kingdom
France	Norway	
Germany	Poland	

[1] Countries according to the list of shareholdings.



Middle East and Africa

Algeria
Angola
Bahrain
Benin
Botswana
Burkina Faso
Cameroon
Central African Republic
Chad
Democratic Republic of Congo
Egypt
Ethiopia
Gabon
Gambia
Ghana
Guinea
Iran
Iraq
Israel
Ivory Coast
Jordan
Kenya
Kuwait
Lebanon
Lesotho
Liberia
Madagascar
Malawi
Mali
Mauretania
Mauritius
Morocco
Mozambique
Namibia
Niger
Nigeria
Oman
Qatar
Republic of Congo
Republic of Equatorial Guinea
Réunion
Saudi Arabia
Senegal
Sierra Leone
South Africa
Swaziland
Tanzania
Togo
Turkey
Uganda
United Arab Emirates
Yemen
Zambia
Zimbabwe

Asia Pacific

Australia
Bangladesh
Brunei Darussalam
Cambodia
China
East Timor
Fiji
French Polynesia
India
Indonesia
Japan
Kazakhstan
Laos
Macau
Malaysia
Nepal
New Caledonia
New Zealand
Pakistan
Papua New Guinea
Philippines
Singapore
South Korea
Sri Lanka
Taiwan
Thailand
Vietnam

MULTI-YEAR REVIEW

D.02 Key figures 2004 to 2011

€m	2004 adjusted	2005 adjusted	2006 adjusted	2007 adjusted	2008 adjusted	2009 adjusted	2010 adjusted	2011
Revenue								
MAIL	12,747	12,878	15,290	14,569	14,393	13,912	13,913	13,973
EXPRESS	17,557	16,831	13,463	13,874	13,637	9,917	11,111	11,766
LOGISTICS	6,786	9,933	24,405	–	–	–	–	–
GLOBAL FORWARDING, FREIGHT	–	–	–	12,959	14,179	11,243	14,341	15,044
SUPPLY CHAIN	–	–	–	14,317	13,718	12,183	13,061	13,223
FINANCIAL SERVICES	7,349	7,089	9,593	–	–	–	–	–
SERVICES	–	3,874	2,201	–	–	–	–	–
Divisions total	44,439	50,605	64,952	55,719	55,927	47,255	52,426	54,006
Corporate Center/Other (until 2004: Other/Consolidation; until 2006: Consolidation; until 2007: Corporate Center/Other and Consolidation)	−1,271	−6,011	−4,407	−1,676	1,782	1,527	1,302	1,260
Consolidation	–	–	–	–	−3,235	−2,581	−2,340	−2,437
Continuing operations	–	–	–	54,043	54,474	46,201	51,388	52,829
Discontinued operations	–	–	–	10,335	11,226	1,634	–	–
Total	**43,168**	**44,594**	**60,545**	**–**	**–**	**–**	**–**	**–**
Profit/loss from operating activities (EBIT)								
MAIL	2,072	2,030	2,094	1,976	2,179	1,391	1,120	1,107
EXPRESS	117	−23	288	−272	−2,194	−790	497	927
LOGISTICS	182	346	751	–	–	–	–	–
GLOBAL FORWARDING, FREIGHT	–	–	–	409	362	174	383	429
SUPPLY CHAIN	–	–	–	577	−920	−216	231	362
FINANCIAL SERVICES	714	863	1,004	–	–	–	–	–
SERVICES	–	679	−229	–	–	–	–	–
Divisions total	3,085	3,895	3,908	2,690	−573	559	2,231	2,825
Corporate Center/Other (until 2004: Other/Consolidation; until 2006: Consolidation; until 2007: Corporate Center/Other and Consolidation)	−84	−131	−36	−557	−393	−328	−395	−389
Consolidation	–	–	–	–	0	0	−1	0
Continuing operations	–	–	–	2,133	−966	231	1,835	2,436
Discontinued operations	–	–	–	1,060	−871	−24	–	–
Total	**3,001**	**3,764**	**3,872**	**–**	**–**	**–**	**–**	**–**
Consolidated net profit/loss for the period	**1,740**	**2,448**	**2,282**	**1,873**	**−1,979**	**693**	**2,630**	**1,266**
Cash flow/investments/depreciation, amortisation and impairment losses								
Total cash flow from operating activities	2,336	3,624	3,922	5,151	1,939	−584	1,927	2,371
Total cash flow from investing activities	−385	−5,052	−2,697	−1,053	−441	−2,710	8	−1,129
Total cash flow from financing activities	−493	−1,288	−865	−1,787	−1,468	1,676	−1,651	−1,547
Investments	2,536	6,176	4,066	2,343	3,169	1,444	1,276	1,880
Depreciation, amortisation and impairment losses	1,821	1,961	1,771	2,196	2,662	1,620	1,296	1,274
Assets and capital structure								
Non-current assets	17,027	25,223	26,074	25,764	20,517	22,022	24,493	21,225
Current assets	136,369	147,417	191,624	209,656	242,447	12,716	13,270	17,183
Equity (excluding non-controlling interests)	7,242	10,624	11,220	11,035	7,826	8,176	10,511	11,009
Non-controlling interests	1,623	1,791	2,732	2,778	2,026	97	185	190
Current and non-current provisions	12,441	12,161	14,233	12,276	10,836	9,677	9,427	9,008
Current and non-current liabilities[1]	15,064	19,371	20,850	21,544	242,276	16,788	17,640	18,201
Total assets	**153,396**	**172,640**	**217,698**	**235,420**	**262,964**	**34,738**	**37,763**	**38,408**

		2004 adjusted	2005 adjusted	2006 adjusted	2007 adjusted	2008 adjusted	2009	2010	2011
Employees/staff costs (from 2007: continuing operations)									
Total number of employees (headcount including trainees)	as at 31 Dec.	379,828	502,545	520,112	512,147	512,536	477,280	467,088	471,654
Full-time equivalents (excluding trainees)[2]	as at 31 Dec.	340,667	455,115	463,350	453,626	451,515	424,686	418,946	423,502
Average number of employees (headcount)		381,492	393,463	507,641	500,252	511,292	488,518	464,471	467,188
Staff costs	€m	13,840	14,337	18,616	17,169	18,389	17,021	16,609	16,730
Staff cost ratio[3]	%	32.1	32.2	30.7	31.8	33.8	36.8	32.3	31.7
Key figures revenue/income/assets and capital structure									
Return on sales[4]	%	7.0	8.4	6.4	3.9	−1.8	0.5	3.6	4.6
Return on equity (ROE) before taxes[5]	%	29.2	28.7	21.6	8.6	−9.0	3.0	29.8	15.2
Return on assets[6]	%	1.9	2.3	2.0	0.9	−0.4	0.2	5.1	6.4
Tax rate[7]	%	20.2	19.8	19.7	14.0	–	5.4	6.9	23.7
Equity ratio[8]	%	5.8	7.2	6.4	5.9	3.7	23.8	28.3	29.2
Net debt (+)/net liquidity (–) (Postbank at equity)[9]	€m	−32	4,193	3,083	2,858	2,466	−1,690	−1,382	−938
Net gearing (Postbank at equity)[10]	%	−0.4	28.1	21.4	20.4	23.7	−25.7	−14.8	−9.1
Dynamic gearing (Postbank at equity)[11]	years	0.0	2.4	1.4	1.0	0.7	−1.4	−0.7	−0.4
Key stock data									
(Diluted) earnings per share[12]	€	1.44	1.99	1.60	1.15	−1.40	0.53	2.10	0.96
Cash flow per share[12, 13]	€	2.10	3.23	3.28	4.27	1.60	−0.48	1.59	1.96
Dividend distribution	€m	556	836	903	1,087	725	725	786	846[14]
Payout ratio (distribution to consolidated net profit)	%	34.8	37.4	47.1	78.6	–	112.6	30.9	72.7
Dividend per share	€	0.50	0.70	0.75	0.90	0.60	0.60	0.65	0.70[14]
Dividend yield (based on year-end closing price)	%	3.0	3.4	3.3	3.8	5.0	4.4	5.1	5.9
(Diluted) price/earnings ratio[15]		11.7	10.3	14.3	20.4	−8.5	25.5	6.0	12.4
Number of shares carrying dividend rights	millions	1,112.8	1,193.9	1,204.0	1,208.2	1,209.0	1,209.0	1,209.0	1,209.0
Year-end closing price	€	16.90	20.48	22.84	23.51	11.91	13.49	12.70	11.88

[1] Excluding liabilities from financial services. [2] 2004 including trainees. [3] Staff costs/revenue. [4] EBIT/revenue (from 2007: continuing operations). [5] Profit before income taxes (from 2007: continuing operations)/average equity (including non-controlling interests). [6] EBIT (from 2007: continuing operations)/average total assets. [7] Income taxes/profit before income taxes. [8] Equity (including non-controlling interests)/total assets. [9] 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: please refer to page 59 of the Group Management Report. [10] Net debt/net debt and equity (including non-controlling interests). [11] Net debt/cash flow from operating activities. [12] The weighted average number of shares for the period was used for the calculation. [13] Cash flow from operating activities. [14] Proposal. [15] Year-end closing price/earnings per share.

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Mat. no. 675-602-331

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Financial calendar

Date	Event
8 MAY 2012	INTERIM REPORT JANUARY TO MARCH 2012
9 MAY 2012	2012 ANNUAL GENERAL MEETING (FRANKFURT AM MAIN)
10 MAY 2012	DIVIDEND PAYMENT
24 MAY 2012	CAPITAL MARKETS DAY (LONDON)
2 AUGUST 2012	INTERIM REPORT JANUARY TO JUNE 2012
8 NOVEMBER 2012	INTERIM REPORT JANUARY TO SEPTEMBER 2012
12 MARCH 2013	ANNUAL REPORT 2012
14 MAY 2013	INTERIM REPORT JANUARY TO MARCH 2013
29 MAY 2013	2013 ANNUAL GENERAL MEETING (FRANKFURT AM MAIN)
30 MAY 2013	DIVIDEND PAYMENT
6 AUGUST 2013	INTERIM REPORT JANUARY TO JUNE 2013
12 NOVEMBER 2013	INTERIM REPORT JANUARY TO SEPTEMBER 2013

Investor events[1]

13–14 March 2012	J. P. Morgan Transportation Conference (New York)
21 March 2012	Nomura Transport Conference (London)
14–15 May 2012	Deutsche Bank German, Swiss & Austrian Corporate Conference (Frankfurt am Main)
13 June 2012	RBC Transport and Infrastructure Investor Day (London)
26 June 2012	Goldman Sachs Business Services Conference (London)
27 June 2012	Davy Transport Conference (London)
6 September 2012	Deutsche Bank Transportation & Aviation Conference (New York)
13 September 2012	UBS Best of Germany Conference (New York)
19 September 2012	Sanford C. Bernstein's Strategic Decisions Conference (London)

[1] Further dates, updates as well as information on live webcasts @ dp-dhl.com/en/investors.html.

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