Financial calendar 2001

May 16, 2001	Analysts' conference call/First-quarter figures
June 27, 2001	Deutsche Post AG Shareholders' Meeting, Kölnarena/Köln-Deutz
August 29, 2001	Analysts' conference in Bonn/Half-year figures
August 29, 2001	Press conference in Bonn
November 29, 2001	Analysts' conference call/Third-quarter figures

Subject to correction – changes may be made at short notice

Deutsche Post World Net

MAIL EXPRESS LOGISTICS FINANCE

Deutsche Post AG
Headquarters
Corporate Finance/Investor Relations

53250 Bonn

For information on *AKTIE GELB*
please e-mail
dergelbedraht@deutschepost.de

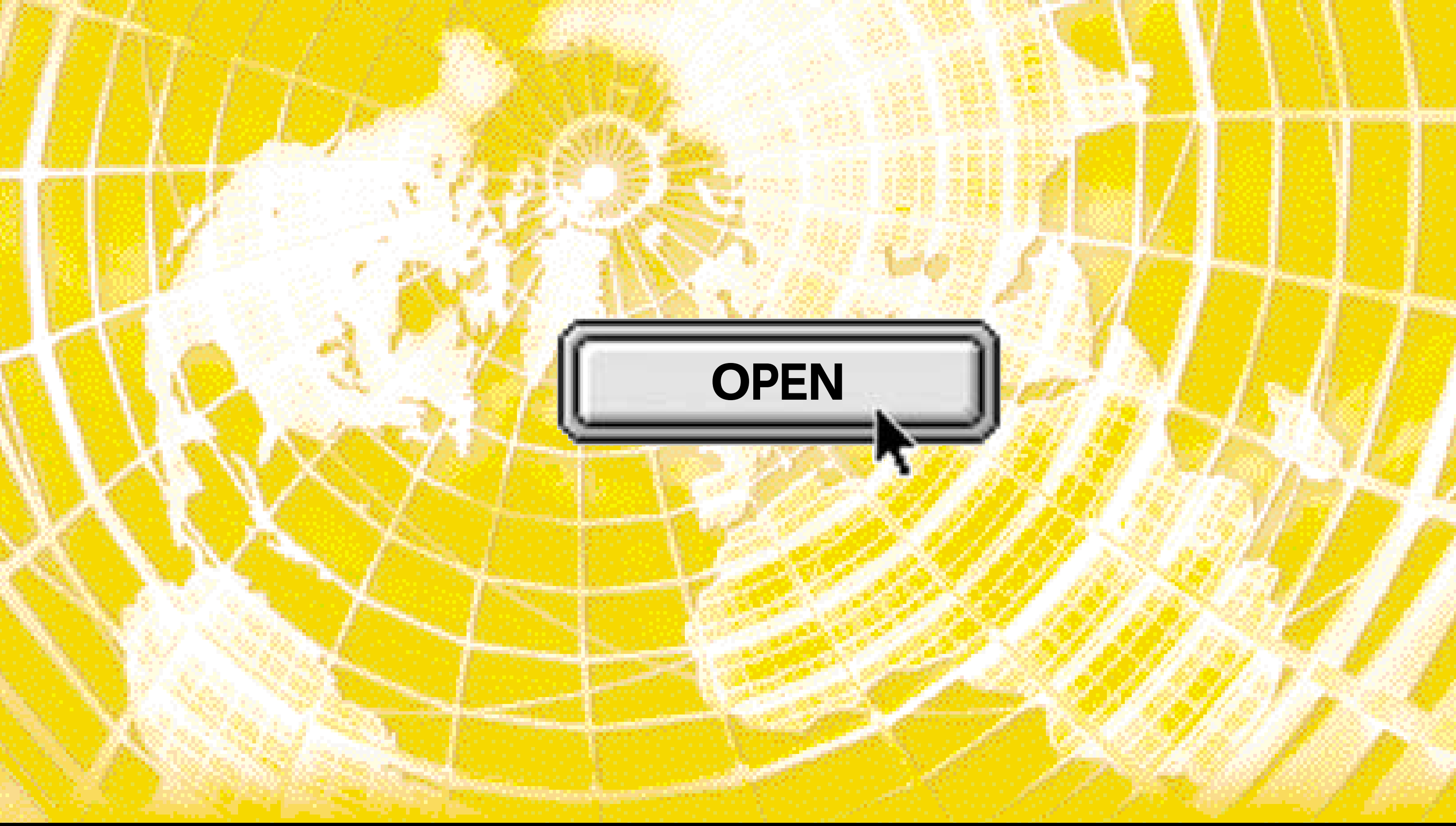
Investor Relations:
Tel.: +49 2 28 1 82-64 61
Fax: +49 2 28 1 82-66 64
E-mail: ir@deutschepost.de

Press Office:
Tel.: +49 2 28 1 82-99 88
Fax: +49 2 28 1 82-98 80
E-mail: pressestelle@deutschepost.de

Deutsche Post World Net online:
www.dpwn.de

As at: 05/2001
Mat. No. 915-317-000

Deutsche Post World Net
MAIL EXPRESS LOGISTICS FINANCE



Annual Report 2000

Deutsche Post World Net
MAIL EXPRESS LOGISTICS FINANCE

We support our customers as they globalize and network by providing them with logistical one-stop shopping solutions throughout the world.

Deutsche Post World Net is one of the world's leading providers of comprehensive logistical and distribution solutions.

The world is getting smaller by the minute. Business is done across countries and continents. E-commerce – trade conducted on the internet – is creating additional demand for the global transfer of goods. We enable our customers to use these opportunities for success by providing them with a single source for the handling of all their logistics transactions.

Deutsche Post World Net today has a distribution network that spans the globe, linking up the flows of goods. This network allows us to transport all weights of goods safely and swiftly.

In addition to the physical transportation of goods, our service portfolio also includes the associated value added services; for instance, we provide electronic information systems to our customers and process their financial transactions. We are expanding our product range systematically to produce all-round solutions, which we are increasingly customizing to respond to the specific requirements of our internationally active customers.

The success of our company is based above all on the performance and the commitment of our staff. Our Group combines comprehensive expertise in the traditional mail business with experience as a successful express, logistics and financial service provider. The interaction of this unique knowledge potential with our broad customer base allows us to assume a permanent leading role in the global logistics business.

Deutsche Post World Net

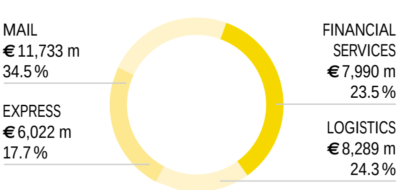
MAIL EXPRESS LOGISTICS FINANCE

Deutsche Post World Net Financial Highlights

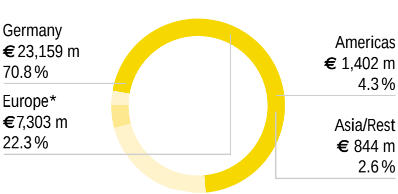
		2000	1999 [1]	Change in %
Revenue	in € millions	32,708	22,363	46.3
thereof: international revenue	in € millions	9,549	4,821	98.1
Profit from operating activities, before amortization of goodwill (EBITA)	in € millions	2,379	921	158.3
Return on sales [2]	in %	7.3	4.1	
Net profit for the period before minority interest	in € millions	1,527	1,029	48.4
Cash flow [3]	in € millions	3,479	1,462	138
Investments	in € millions	3,197	2,716	17.7
Equity	in € millions	4,001	2,564	56.1
Pre-tax return on equity [4]	in %	62.1	35.8	
Workforce as at 12.31.2000	Headcount	324,203	301,229	7.6
Earnings per share	in €	1.36	0.92 [5]	47.8
Dividend per share	in €	0.27	0.16 [5]	68.8
Cash flow per share [3]	in €	3.13	1.30 [5]	140.8

[1] Restated, see Notes 6 and 7 to Consolidated Financial Statements
[2] EBITA/revenue
[3] Cash flow I
[4] Profit before tax/average equity levels
[5] To allow better comparison, calculation was based on the number of shares following the increase in share capital and switch to Euro as well as conversion to 1,112,800,000 no-par value shares (1999: 42,800,000 shares)

Revenue by corporate division



Revenue by region



* excluding Germany

Deutsche Post World Net's brand architecture

Deutsche Post World Net MAIL EXPRESS LOGISTICS FINANCE	**Corporate logo**
Deutsche Post	**Brand**
DHL WORLDWIDE EXPRESS®	**Brand**
DANZAS	**Brand**
Postbank	**Brand**

Consolidated multi-year overview

		1997	1998	1999	2000
Revenue and profit					
Revenue					
MAIL	in € millions	10,788	11,272	11,671	11,733
MAIL share	in %	75.3	74.3	49.1	34.5
EXPRESS	in € millions	3,533	3,818	4,775	6,022
EXPRESS share	in %	24.7	25.2	20.1	17.7
LOGISTICS	in € millions	0	0	4,450	8,289
LOGISTICS share	in %	0.0	0.0	18.7	24.3
FINANCIAL SERVICES	in € millions	0	81	2,871	7,990
FINANCIAL SERVICES share	in %	0.0	0.5	12.1	23.5
Corporate divisions total	in € millions	14,321	15,171	23,767	34,034
Other/consolidation	in € millions	–189	–502	–1,404	–1,326
Total	in € millions	14,132	14,669	22,363	32,708
EBITDA	in € millions	1,299	1,554	1,830	3,426
Profit from operating activities, before amortization of goodwill (EBITA)					
MAIL	in € millions	599	944	1,009	2,004
MAIL share	in %	110.1	101.1	91.7	74.3
EXPRESS	in € millions	–55	–7	60	76
EXPRESS share	in %	*	*	5.5	2.8
LOGISTICS	in € millions	0	0	–27	113
LOGISTICS share	in %	0.0	0.0	*	4.2
FINANCIAL SERVICES	in € millions	0	–4	58	505
FINANCIAL SERVICES share	in %	0.0	*	5.3	18.7
Corporate divisions total	in € millions	544	933	1,100	2,698
Other/consolidation	in € millions	15	–100	–179	–319
Total	in € millions	559	833	921	2,379
EBIT	in € millions	556	827	851	2,235
Return on sales[1)]	in %	4.0	5.7	4.1	7.3
Net profit for the period before minority interest	in € millions	751	925	1,029	1,527

* No data

		1997	1998	1999	2000
Cash flow/Investments/Depreciation					
Cash flow[2]	in € millions	1,145	1,382	1,462	3,479
Investments	in € millions	1,084	1,400	4,553	3,113
Depreciation	in € millions	743	741	993	1,204
Asset and capital structure					
Non-current assets	in € millions	9,907	9,485	9,791	11,081
Current assets	in € millions	2,854	4,448	62,957	137,381
Deferred tax assets	in € millions	1,029	1,187	2,268	1,818
Equity	in € millions	994	1,765	2,564	4,001
Minority interest	in € millions	226	229	56	79
Provisions	in € millions	9,293	9,302	11,009	11,107
Liabilities	in € millions	3,265	3,792	61,387	135,093
Deferred items	in € millions	12	32	0	0
Balance sheet total	in € millions	13,790	15,120	75,016	150,280
Employees/Staff costs					
Total workforce as at 12.31 (headcount) (including trainees)		270,817	260,520	301,229	324,203
Workforce calculated as FTEs (including trainees) as at 12.31		233,350	223,863	264,424	284,890
Workforce calculated as FTEs (excluding trainees) as at 12.31		228,758	218,916	257,836	278,705
Average workforce		277,538	263,342	304,265	319,998
Staff costs	in € millions	9,992	9,860	11,503	11,056
Ratios					
Earnings per share[3]	in €	0.67	0.83	0.92	1.36
Cash flow[4] per share[3]	in €	1.03	1.24	1.30	3.13
Dividend per share[3]	in €	0.05	0.14	0.16	0.27
Pre-tax return on equity[5]	in %	133.84	63.07	35.85	62.09

1) Total EBITA/revenue
2) Before changes in working capital/cash flow I
3) To allow better comparison, calculation was based on the number of shares following the increase in the share capital and switch to € as well as conversion to 1,112,800,000 no-par value shares (in previous years: 42,800,000 shares).
4) Cash flow I forms the basis.
5) Profit before tax/average equity levels

Dr. Klaus Zumwinkel
Chairman of the Board of Management

Dr. Klaus Zumwinkel (born 1943) has been Chairman of the Board of Management of Deutsche Bundespost POSTDIENST since January 1, 1990 and of Deutsche Post AG since 1995. Following his studies at Münster University (Dipl.-Kaufmann), the Wharton Business School in Philadelphia (Master of Science) and conferment of the title of Dr. rer. pol., Zumwinkel joined McKinsey & Company, Inc. in Düsseldorf and New York in 1974 where he became Partner and member of the German management in 1979. Five years later he was made Senior Partner, having been elected into McKinsey's worldwide management. In 1985, he moved to the Quelle group in Fürth where he was appointed board member and chairman of the board until he joined Deutsche Bundespost POSTDIENST.

Dear shareholders,

2000 was a unique and exceptionally successful year for Deutsche Post World Net. In keeping with that momentous date, we effected transformation of historic proportions. We brought to a successful conclusion a fundamental corporate transformation and, with the successful IPO, opened a new chapter in our company's over 500-year history.

In the last financial year, Deutsche Post World Net achieved record results. Revenue rose by 46.3% to € 32.7 billion and we were able to more than double our EBITA (profit from operating activities, before amortization of goodwill) from the previous year at € 2.4 billion. Overall, we achieved a return on equity of 62.1% and thus considerable value creation within the Group. All four corporate divisions have contributed to this superb success.

All in all, the company has generated peak results in the year of its IPO for which I would like to thank each and every member of our staff personally.

Last fall saw a true milestone placed in the history of the Deutsche Post AG company. The anticipated day was November 20, 2000. The largest IPO in Germany and the third-largest IPO anywhere in the world in 2000 was a success. *AKTIE GELB* has become a trademark and stands for the largest publicly traded logistics company in Europe and one of the largest worldwide.

Initially around 29% of Deutsche Post AG's share capital was sold, achieving issuing proceeds of € 6.6 billion. In January 2001, another 2% were added in connection with the increase in Deutsche Post's stake in DHL, taking the percentage of shares traded on the capital market to around 31%. The eight-fold subscription of the share offering clearly demonstrated that Deutsche Post World Net had convinced both investors and the capital market. Strong commitment by private investors and high-quality institutional investors provides a solid foundation for a broad shareholder base in Germany and throughout the world. I would like to take this opportunity to thank all shareholders for the confidence they have thus placed in our achievements.

I am particularly proud of a certain group of investors. Around 145,000 domestic employees of the Group decided in favor of *AKTIE GELB*. They subscribed to approx. 6% of the overall volume for which they invested around € 400 million. This figure takes *AKTIE GELB* to the front of the field for initial placements in Germany and employees have thus clearly shown that they have confidence in the future of the company and as shareholders intend to continue to contribute actively to its success.

Over the past ten years Deutsche Post has been consistently pursuing a new direction. Away from a government-led bureaucracy toward an international group called Deutsche Post World Net. Thanks to a well-targeted acquisitions policy, we now have a worldwide range of mail, express, logistics and financial services to offer. Over and above the physical transportation of goods, we offer our customers all of the associated value added services from one source. We recognized this customer wish early on and reoriented our corporate strategy accordingly.

We benefit from the growing volume of transportation for goods ordered via the internet and have pooled our competence in this area in the Group-wide eBusiness Holding. In that holding company we are developing internet-based business ideas and support the corporate divisions as they seek to adapt their services, products and processes to the demands of the World Wide Web.

All of our services and activities will contribute to the achievement of our ambitious goals: we want to expand our position as a leading global player in the logistics business. We want to offer our customers top services worldwide, our personnel jobs with prospects for the future and our shareholders continued value increase.

I am very pleased to be able to propose to you already for the past financial year a dividend distribution of € 300 million, which represents a dividend per share of € 0.27.

I am confident that *AKTIE GELB* will not disappoint the expectations that have been placed in it and will maintain a leading position among German shares. In fact, it has already assumed that position: on March 19, 2001 *AKTIE GELB* was included in the German stock index DAX.

Dr. Klaus Zumwinkel
Chairman of the Board of Management

Prof. Dr. Wulf von Schimmelmann
FINANCIAL SERVICES

Uwe R. Dörken
EXPRESS
(from 2001: Worldwide Express)

Dr. Klaus Zumwinkel
Chairman of the Board of Management

Walter Scheurle
Personnel

Dr. Peter Kruse
Euro Express (from 2001)

Dr. Edgar Ernst
Finance

Dr. Hans-Dieter Petram
MAIL

Peter Wagner
LOGISTICS


HIGHL

A new service dimension for our customers.
Promising perspectives for our shareholders.

Milestones

January

New Service: ePost Target. You produce mail shots, standard letters or advertising copies on the computer, e-mail them to us, and our mail deliverers hand them over to your customers.

February

Take-over of AEI completed. The offer to buy up all outstanding Air Express International (AEI) shares has expired. Danzas incorporates AEI into the Intercontinental Business Unit. Danzas AEI thus becomes the Number One in airfreight worldwide.

March

Acquisition of Herald International Mailings. Deutsche Post Global Mail acquires the London-based company Herald International Mailings.

April

Alliance with Lufthansa Cargo. Heralding the launch of a close strategic alliance for the future, Lufthansa Cargo and Deutsche Post World Net establish the joint venture company Aerologic GmbH.

High-level transit times continue. In the first three months of 2000, 95 out of 100 letters sent within Germany reached their addressees after only one day. The market research agency Ipsos established these figures after evaluating more than 850,000 test letters.

May

Postbank and DSL Bank merger completed. With a balance sheet total of around € 139 billion, the institute joins the ranks of Germany's leading banks.

June

WEBTRANSFER launch. You take part in an online auction, we ensure via WEBTRANSFER that the merchandise you have purchased is transported swiftly and your payment processed securely.

July

Cooperation with Telekom. Deutsche Telekom and Deutsche Post World Net are cooperating as of this month in the areas of information technology and logistics. Deutsche Post World Net will provide logistical activities for Telekom worth € 280 million a year.

August

Foundation stone laid for the Post Tower. Deutsche Post World Net celebrates the laying of the foundation stone for its new corporate headquarters in Bonn. In fall 2002 around 2,000 Group employees will move into their new offices in the new building.

September

Direct brokerage launch. Postbank EasyTrade AG, as the newly founded brokerage subsidiary of Postbank, markets securities products via the Internet, call centers and selected retail outlets and, in the medium term, is seeking to assume a leading position in the German direct brokerage market.

Announcement of majority stake in DHL. Deutsche Post World Net will increase its stake in the express service provider DHL International in 2001 to around 51%.

October

Employee stock ownership program a great success. Around 145,000 employees subscribed to *AKTIE GELB*.

November

AKTIE GELB subscribed 8-fold. Demand for *AKTIE GELB* is around 2.2 billion shares. The issue price is fixed at € 21.

December

Danzas "Airfreight Carrier of the Year". The electronics group Philips chose Danzas as its "Airfreight Carrier of the Year" in 2000. The reasons given for the award were "excellent service and compelling efforts to establish a productive business partnership."

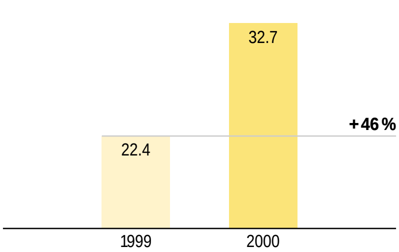

CON

A worldwide presence enables global connections:
Deutsche Post World Net.

Group Management Report

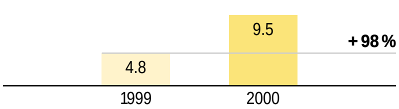
Revenue

in € billions



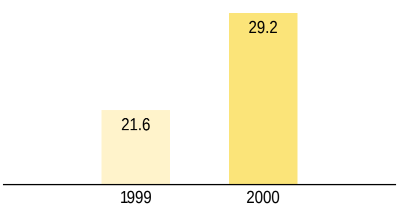
International revenue

in € billions



International revenue share

in %



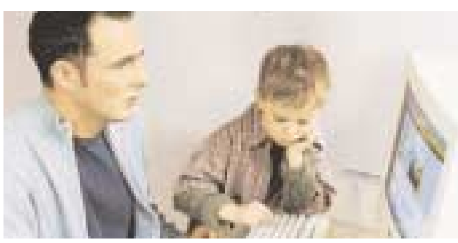
The Year 2000: a successful stock market launch confirms successful company transformation

The financial year 2000 was all about the company's IPO. In future Deutsche Post World Net must assert itself in the international competitive field for investors – and that is what we intend to do. The owner initially placed around 29 % of the total share capital of Deutsche Post AG. In January 2001, another 2 % were added in connection with the increase in Deutsche Post's stake in DHL, taking the percentage of shares traded on the capital market to around 31 %. The eight-fold subscription of the offered shares confirmed that the successful restructuring of the company in combination with a systematic implementation of our new strategic direction convinced the capital market. Our employees have confidence in the development of our Group also. Around 145,000 employees invested about € 400 million of their private assets in Deutsche Post shares. Business developed very successfully for Deutsche Post World Net over the year covered by this report. Both revenue and profits increased considerably. At € 2.4 billion our profit from operating activities, before amortization of goodwill (EBITA) showed a marked increase compared with 1999 (up 158.3 %). After-tax profits (net profit for the period before minority interest) rose by 48.4 % to € 1.5 billion.

Deutsche Post World Net continued during 2000 to pursue its internationalization with great drive and tenacity. Thanks to acquisitions and participations we were able to increase foreign revenue from the 1999 level of € 4.8 billion to € 9.5 billion in 2000. That means that 29.2 % of revenue was generated outside of the domestic market. At the same time, the relative importance of the mail business continued to diminish from 49.1% of total revenue in 1999 to 34.5 % in 2000. We were able therefore to reduce our dependence on regulatory parameters even further.

Positive macro-economic environment

Deutsche Post World Net was operating in a favorable macro-economic environment over the past year – both with its domestic and growing international activities. In Germany gross domestic product rose 3% in real



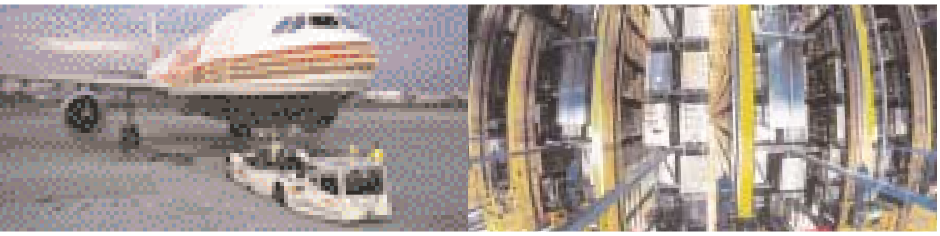
Revenue and profit by corporate division

Financial Year 2000	Revenue		Profit from operating activities, before amortization of goodwill (EBITA)	
	in € millions	in %	in € millions	in %
MAIL	11,733	34.5	2,004	74.3
EXPRESS*	6,022	17.7	76	2.8
LOGISTICS*	8,289	24.3	113	4.2
FINANCIAL SERVICES*	7,990	23.5	505	18.7
Total for all corporate divisions	34,034	100.0	2,698	100.0
Other/consolidation	–1,326	–3.9	–319	–11.8
Total	32,708	96.1	2,379	88.2

* 1999 restated, see Notes 6 and 7 to Consolidated Financial Statements.

terms during 2000 and was therefore almost twice as strong as during the previous year (+1.6%). The goods export and import situation was particularly gratifying – and this is of course an important determining factor for shipment from and to Germany: imports grew at a rate of 10.2% and exports were up to 13.2%.

The reason for this was a real economic upturn in all of the major economic regions. In the United States economic expansion continued strong with GDP growth of 5%, although the expansion weakened somewhat at the end of the year. In Euroland, the upturn gained momentum and GDP rose in 2000 by 3.3%, following a rise of just 2.5% in the previous year. Most of the national economies in Latin America recovered from crises, and economic revival continued in East Asia. Particularly favorable to our international business was the fact that world trade at 12% once again grew at almost double the pace of world production – a trend that has been sustained since the early nineties. Even though the economy weakened off in a number of industrialized nations at the end of 2000, this growth trend in world trade will continue to favor global logistics service providers such as Deutsche Post World Net.



Good opportunities in transport and logistics markets

The markets in which Deutsche Post World Net is active are undergoing dramatic change. Globalization of the economy and the digitalization of information and financial flows via the internet are opening up completely new prospects for transport and logistics service providers. Demand for integrated services that are offered from one source, regardless of borders, weight or transit times, is growing continuously. As a response to this market trend, the consolidation process in the logistics and postal service markets has also continued. Numerous companies are expanding their service ranges through acquisitions and partnerships, internationalizing their business units and thus offering additional services. Worldwide companies are trying in this way to adapt to the overall very favorable new prospects for the logistics industry. In various business divisions two-digit revenue increases are anticipated.

Corporate strategy draws on the major market trends in the logistics industry

Market trends
Globalization
One-stop shopping
Outsourcing
E-business

Anticipated market growth 2000-2004 (revenue in % per annum)		
MAIL	Domestic/Europe	2 – 3
EXPRESS	Domestic	5
	European (cross-border)	19
	Global Mail	3 – 5
	Global Express	12 – 20
LOGISTICS	Logistics solutions	9
	International air/ocean freight	8
	European overland transport	3
FINANCIAL SERVICES	Bank deposits	4
	Investment funds	21

Growing mail market

The volume of the German mail market again grew in 2000. This confirms the trend of previous years. The internet and new forms of communication are no substitute for paper-based communication, they supplement

it. Many internet transactions generate additional mail volumes. Potential substitution of the traditional letter by electronic communication is thus evened out. Especially the advertising industry continues to focus strongly on paper-based mailing as a promising means of addressing customers. In the year covered by this report 4.25% more letters were sent than in the previous year.

The international mail market also continues to grow. Liberalization and ongoing efforts toward internationalization on the part of multi-national companies have generated volume increases of up to 5% and a rise in revenues to € 11.7 billion over the reporting period.

Competitive pressure in parcel business

According to a recent CEPT market study (CEPT - European Conference of Postal and Telecommunications Administrations), parcel volumes rose by a total of 6% in Germany. The sound state of the economy and the steady growth in internet-based commerce contributed to growing revenues. But this resulted at the same time in considerable pricing pressures. Many competitors are trying to expand their share of the German parcel distribution market by means of price discounts. Similar developments can be observed in the European parcel market: growing volumes on the one hand and tougher competition among increasingly international providers on the other hand. In addition, rising transportation costs as a result of higher fuel prices increased pressure on the margins.

Heterogeneous developments in logistics market

The market for logistics service providers continues to be heavily fragmented. In an environment experiencing dynamic growth, service providers want to expand their position through acquisitions and partnerships. At the same time, the demand for comprehensive services goes beyond the classic transportation business. The market for customer-specific products and services

(Solutions) has grown in some parts of Europe at a double-digit rate. Demand was higher for services such as order processing, customs clearance and information flow control. The market for airfreight (Intercontinental) developed very well. At the same time the traditional, overland transport business (Eurocargo) is still impacted by surplus capacity and cost pressures.

Favorable interest trends and more competition in banking sector

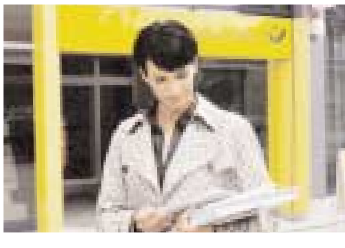
Higher interest rates on the money and capital markets as well as growing income from commissions in the investment funds business are characteristic of the overall positive trends in the banking sector. The competition in this market has also increased, though. Internet and mobile phone banking are making more and more headway as new sales channels. They are competing with the retail outlets as the traditional sales channel. In addition, the internet fuels competition by allowing ease of comparison between banking products and services.

Successful business development

Favorable revenue trends

In financial year 2000 Deutsche Post World Net revenues rose by 46.3% to € 32.7 billion. We were able to expand the share of revenue achieved abroad compared with the previous year. In 1999 21.6% of revenue was generated abroad, in 2000 that figure stood at 29.2%. This clearly shows that our internationalization strategy is taking effect. 76.5% of international revenue was generated in Europe, and 14.7% in the Americas.

All corporate divisions contributed – albeit in differing degrees – to the growth in the Group's revenue. Deutsche Post World Net runs its operations in four independently organized corporate divisions: MAIL, EXPRESS, LOGISTICS and FINANCIAL SERVICES.



MAIL: Breaking the 1999 revenue record

The MAIL corporate division managed to increase its revenue beyond the high level achieved in the previous year despite growing competition. The business divisions Mail Communication, Direct Marketing and Press Distribution make up the MAIL corporate division. In addition to transport and delivery of written communications, this corporate division sees itself as a comprehensive service provider for paper-based and hybrid communication.

In the reporting year revenue in the MAIL corporate division amounted to € 11.7 billion. This stable revenue trend accompanied by slightly declining average earnings was assured by increased volume, particularly in the Mail Communication business division. The increase was reflected in almost all products. The rise in hybrid mail of 63.1% over the previous year was particularly impressive, proving that the new services on offer are also accepted by the customers and are generating the anticipated yields.

EXPRESS: European parcel business is growing

The EXPRESS corporate division recorded a positive trend in the entire national and European network. The division is divided up into the businesses Express Germany for domestic parcel operations, Express Europe for the European parcel operations and Global Mail for international mail logistics. Revenues rose by 26.1% over the previous year achieving € 6 billion. In the Express Germany unit, this rise is caused by an increased volume of business parcels and the positive developments in business from retail outlet customers. Compared with the previous year, revenues in the Express Europe business have almost doubled, mainly due to the acquisitions in the UK, Benelux, Italy and Spain. The Global Mail unit was also able to increase revenues. Acquisitions and the opening up of new sales and marketing offices abroad contributed substantially to this favorable trend.

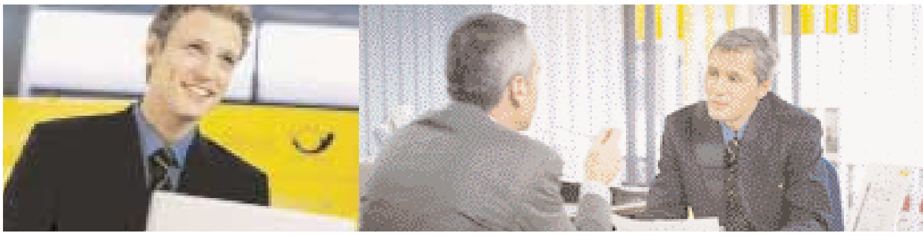
LOGISTICS: Growth primarily in international business

LOGISTICS also managed to serve up a revenue rise. The core of the LOGISTICS corporate division, established in 1999, is the Danzas group that operates throughout the world. It provides customers with an all-round service every step of the way along the logistics supply chain. This includes air and ocean freight forwarding (Intercontinental Business Unit), European overland transport (Eurocargo Business Unit) and customer-specific logistics solutions (Solutions Business Unit). Revenues increased over the previous year by 86.3 % to € 8.3 billion.

The decisive factor in producing this extraordinary development was primarily the fact that the acquisitions of Nedlloyd and ASG were included fully for the first time, as was the integration of AEI. In addition, organic growth in the business units made a significant contribution to enhancing revenue.

FINANCIAL SERVICES: Revenue leap thanks to DSL merger

The FINANCIAL SERVICES corporate division achieved a giant leap in revenue – particularly in income from banking operations. The division essentially comprises Postbank, which was merged with DSL Bank in 2000. Whereas Postbank, as a retail bank, has so far been concentrating on private customers, DSL Bank was a specialized institute for private and commercial loans. The revenue in the area of financial services increased by 178.3 % from 1999 to € 8 billion in 2000. This considerable rise stems primarily from the integration and first-time consolidation of DSL Bank. Higher interest rates in 2000 on the money and capital markets and the improved income from commissions in the investment funds business also contributed to the overall positive trend.



Profit from operating activities, before amortization of goodwill (EBITA) by corporate division

in € millions	2000	1999	Change in %
MAIL	2,004	1,009	99
EXPRESS*	76	60*	27
LOGISTICS*	113	–27*	
FINANCIAL SERVICES*	505	58*	771
Total for corporate divisions	2,698	1,100	145
Other/consolidation	–319	–179	
Total	2,379	921	158

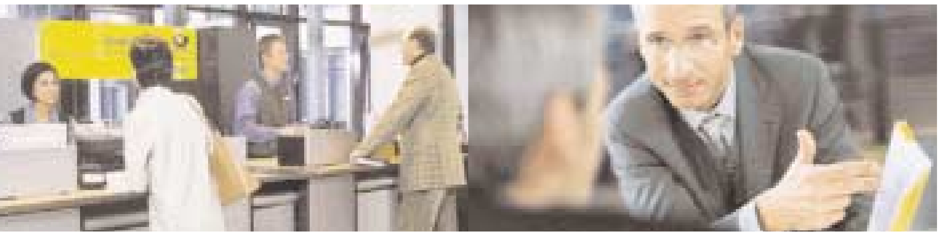
* Restated, see Notes 6 and 7 to Consolidated Financial Statements

Group profits doubled

Profit from operating activities, before amortization of goodwill (EBITA) was twice as high for Deutsche Post World Net in 2000 than in 1999 and amounted to € 2,379 million. All four corporate divisions contributed to the achievement of such an extraordinarily positive EBITA outcome.

In the MAIL corporate division we increased EBITA by 98.6% to € 2,004 million. The main reason for this was our lower contributions to the pension fund for the employed civil servants, which thus clearly improved the ratio of staff costs to revenue.

EBITA in the EXPRESS corporate division was increased by around 26.7% from the previous year to € 76 million. This positive development is primarily due to cost reductions in the Express Germany business division that came about as a result of numerous restructuring measures. Trends in the Global



Mail business division were also very favorable. Express Europe, essentially focused over the financial year on the cost of integrating the newly acquired companies, was not able as yet to make a significant contribution to profits.

The LOGISTICS corporate division improved its EBITA greatly compared with the previous year, moving from € -27 million by € 140 million to € 113 million. This is due to the new acquisitions that were made in 2000, synergies achieved, several restructuring measures and the general expansion of activities.

FINANCIAL SERVICES' contribution to EBITA increased primarily as a result of the inclusion of DSL Bank and the first-time application of IAS for the recognition of special funds (see Note 7 to Consolidated Financial Statements). Postbank has also expanded its product range for private and business customers.

Amortization of goodwill totaling € 144 million had a subduing effect on profits. Compared with the previous year, therefore, depreciation and amortization increased by € 74 million. These amounts reflect the acquisition of the AEI group as well as the acquisitions of the previous year which had to be accounted for over the whole year in 2000.

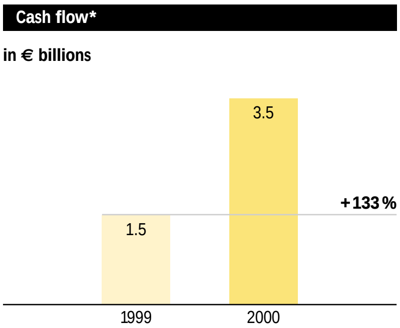
After deducting amortization of goodwill, profit from operating activities (EBIT) stands at € 2,235 million. The EBIT therefore also almost doubled from the previous year.

Financial results fell over the comparable period in 1999 by € 122 million to € -197 million. The financial results also include profit from associates (€ 6 million).

Financial results and income taxes taken into account, the net profit for the period before minority interest is € 1,527 million. Increasing by € 498 million, it also improved considerably, compared with the previous year.

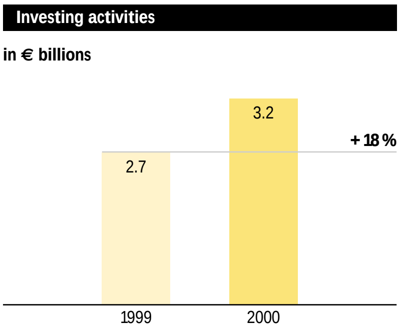
Strong cash flow

Cash flow I (operating profit before working capital changes) increased compared with 1999 from € 1.5 billion to € 3.5 billion. The main reasons for this strong upturn were the improved pre-tax profits, which rose from € 0.8 billion to € 2.04 billion, as well as increased depreciation. The changes in working capital, which had contributed positively to the cash flow in the previous year, was negative in 2000. Combined with the increased interest and tax payments, the result was a net cash inflow of € 2 billion compared with € 4.6 billion in 1999. The working capital was impacted in particular by trends in the receivables and liabilities from financial services that were highly volatile.



*Before changes in working capital

As a result of reduced cash disbursements for the acquisition of companies, the net cash used for investing activities, € 3.3 billion in 1999, fell to € 2.3 billion in 2000. Overall the level of cash and cash equivalents in the Group remained unchanged at € 1.9 billion.

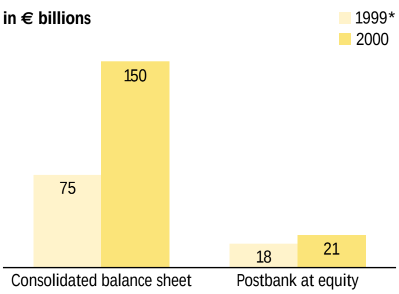


Continued high level of investment

As in previous financial years investments remained at a high level overall. The segment investments in the Group amounted to € 3.2 billion.

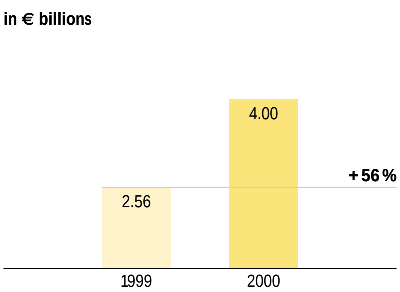
The trends vary depending on the corporate division. In the case of EXPRESS and LOGISTICS, that made large acquisitions in the past few years, investments declined in 2000 by € 0.6 billion and € 0.3 billion, respectively. By contrast, the MAIL corporate division increased investments by € 0.1 billion. Essentially we further improved the IT systems in that segment and raised the automation rate.

Balance sheet total



* Restated in accordance with IAS 22.

Equity



Balance sheet total rose considerably

At € 150 billion, the consolidated balance sheet total for the Group was around twice the level of 1999. The integration of DSL bank by merger into Deutsche Postbank AG was the crucial reason for this considerable balance sheet extension.

In accordance with IAS, the consolidated balance sheet reflects the industry format. Postbank operations are shown under "Receivables and other securities from financial services" on the assets side and "Liabilities from financial services" on the liabilities side. Of the total € 137.4 billion in consolidated current assets, approx. € 131.8 billion, or 96 % were generated by Postbank. There is a similar picture on the liabilities side where Postbank, after consolidation, represents € 127.7 billion in liabilities or 94.5 % of the consolidated liabilities totaling € 135.1 billion.

As the Postbank group's business activities differ considerably from Deutsche Post World Net's other ordinary operations, financial statements are presented in addition to the consolidated financial statements, in which the Postbank group is not included as a subsidiary. Instead, the Postbank group is included at equity so that neither the Postbank group's assets and liabilities are contained in the balance sheet nor its expenses and revenues in the income statement. The balance sheet total in the consolidated balance sheet (Postbank at equity) rose from € 18.1 billion to € 21.2 billion.

Healthy equity trends

Shareholders' equity increased in financial year 2000 by € 1.4 billion to € 4 billion. This resulted essentially from the € 488 million increase in net profit for the period to achieve € 1,512 million. € 179 million of the previous year's profits of € 1,024 million was disbursed in dividends, leaving € 845 million to be added to reserves. Furthermore, the changes in the earnings reserves were characterized largely by the initial consolidation of the Deutsche Postbank AG special funds and differences arising from currency conversion. Return on equity (average equity, earnings before tax (EBT)) was 62.1 % in financial year 2000 (1999: 35.8 %).

Proposed dividend of € 300 million

By increasing the number of shares and converting from nominal value shares to no-par value shares in 2000, the number of shares increased to a total of 1,112,800,000 no-par value shares (compared with 42,800,000 shares at a nominal value of DM 50 each). In addition a capital increase was carried out from reserves of around € 18.6 million. For financial year 2000 the (undiluted) earnings per share were € 1.36.

In the previous year, the same number of shares would have yielded earnings per share of € 0.92. The Board of Management has proposed a dividend distribution for financial year 2000 of around € 300 million. That corresponds to a dividend per share of € 0.27.

Increase in workforce

At Group level we were able to reduce staff costs as a ratio of revenue from 51.4% to 33.8%. We owe this trend to lower pension contributions as well as productivity gains, e.g. in the mail area, and structural effects.

Overall, the Group's total workforce rose by 8.1% to 278,705 employees (calculated as FTEs, not including trainees) as at December 31, 2000.

Development of workforce* by corporate division

	2000	1999	Change in %
MAIL	140,613	142,332	–1.2
EXPRESS	46,612	38,319	+21.6
LOGISTICS	43,253	29,010	+49.1
FINANCIAL SERVICES	11,299	11,575	–2.4
Other (incl. retail outlet branches)	36,928	36,600	+0.9
Total as at 12.31	278,705	257,836	+8.1
Workforce within the Group (Headcount, incl. trainees)	324,203	301,229	+7.6

* Calculated as FTEs, excluding trainees

Consistent implementation of corporate strategy

Over the reporting period, Deutsche Post World Net continued to develop as a logistics service provider operating throughout the world. Globalization and digitalization present great opportunities for logistics service providers if they adapt actively to meet the challenges of this market trend. Deutsche Post World Net accomplished important steps in realizing the required changes during the past year.

Targeted acquisitions supplement the service portfolio

The partnership with DHL International that began with the purchase of a minority holding in 1998, was expanded further in 2000. With annual revenue of € 4.6 billion in 2000, DHL International is the world's market leader in international express business. Together we provide a platform for worldwide courier and express services. With the agreed acquisition of additional shares in 2001, we will have a majority holding of 50.6%. In the USA the worldwide DHL network is complemented by the sister company DHL Worldwide Express Inc. The company achieved revenues of € 1.4 billion in 2000 and is one of the leading providers of international express and courier services in the United States.

In the LOGISTICS corporate division, the AEI acquisition helped us assume an excellent position in the global airfreight business. We also expanded our value added services such as transport management, integrated warehousing, catering and hotel logistics services as well as supply-chain financing which is being offered under the name Intercontinental Integrated Services (IIS). In the FINANCIAL SERVICES corporate division we expanded the service portfolio of Postbank in an optimum fashion with the integration of DSL Bank. DSL Bank, as a specialist institute for commercial and private building loans, complements the traditional services of Postbank perfectly. This also produces a far more balanced distribution of assets and liabilities on the Postbank balance sheet.

First cross-selling projects with major customers

Deutsche Post World Net agreed far-reaching cooperation with Deutsche Telekom in the year covered by this report. With a view to focusing on respective core competence, we will provide all of the logistics and printing services for Deutsche Telekom. At the same time we will be handing over the operation of our IT networks and other areas of information technology to this telecommunications service provider. In realizing this "one-stop shopping" project, cross-selling commitment from a whole range of corporate divisions is required: the MAIL corporate division is taking over the operation of the printing centers, whereas Danzas will provide the corresponding logistical services and the EXPRESS corporate division will take care of deliveries to Telekom. Overall, the annual contract volume is around € 280 million.

E-business activities combined into a holding company

The market for e-business applications is large and attractive. Already, 407 million people are part of the global village – the virtual community that is the internet. Ever lower transaction costs for electronic business offer attractive opportunities for the more efficient design of many logistics processes (supply chain management).

At the same time, customers and business partners are placing high demands on logistics providers with regard to efficient e-business solutions: the flows of goods, information and finance must grow together into integrated applications and be available worldwide. The increasing volume of transactions boosts the call for greater security.

Especially logistics providers who adapt their range of services to these market conditions benefit from e-business. Deutsche Post World Net has consistently focused its strategy on these opportunities. We pursue the following three goals:

- to increase revenues by developing web-enabled products and services,
- to reduce costs and enhance quality by using the internet for all internal processes,
- to achieve an increase in value by developing and promoting new business models.

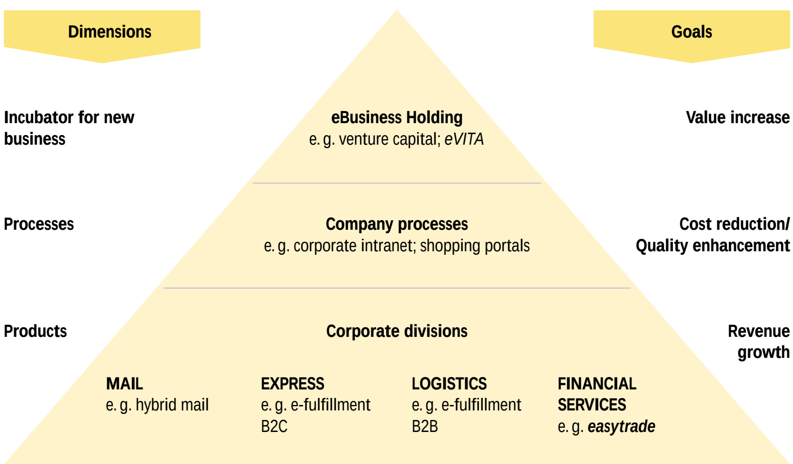
The existing products from all corporate divisions form the foundation. Through the integration of new media and technologies, products and processes are being made ready for the internet. The customers' crucial requirements regarding modern e-logistics solutions are online booking, real-time availability of shipment data and electronic invoicing.

This is the foundation on which we exploit the opportunities presented by the new technologies in order to optimize our internal processes, for instance, the establishment of a corporate intranet and the development of shopping portals.

Spearheading the development of e-logistics solutions is the newly founded Deutsche Post eBusiness GmbH. This holding company develops and promotes innovative business models such as portal solutions, all-inclusive back-end applications and security applications, and creates the infrastructure for the swift and flexible establishment of new business divisions. In addition, it promotes promising start-up companies in areas that relate to our core business through participating interests.

Currently, six business divisions at the GmbH are up and running, and more will follow suit. They are all joined by the common notion of making transaction management on the internet more efficient and more secure.

Consistent e-business strategy



Risk report

Systematic recording of opportunities and risks

It is our goal to recognize the opportunities and risks in all of the national and international markets in which we are engaged as early as possible in order to be able to respond swiftly. In support of this objective we use a standardized IT-based system of opportunity and risk management. This system, as well as the processes associated with it, is currently being extended successively to include our international acquisitions.

Special regulatory parameters for the MAIL corporate division

Significant risks for the Group arise from the special regulatory parameters governing the mail market. Overall, an increasing liberalization with greater competition and the loss of market shares is expected. The consequences would be falling sales and declining per unit earnings. Furthermore, stagnating volumes are possible in the case of mail as a result of increasing electronic communication. We are countering this risk with a strategic reorientation. With our strategy of internationalization and expansion of the product range beyond the classic postal services, we hope to reduce the share of Group revenue and Group profits accounted for by the mail business. The higher the share of the competing business areas is, the more independent we shall be of regulatory influences.

The EU Directive on competition in the European postal market provides for an upper limit of 350g, up to which transportation of letter items must be reserved for the traditional postal companies. According to the German Postal Act, the area of the exclusive license, which is currently scheduled to disappear at the end of 2002, is much smaller and more restrictive than is foreseen in the EU Directive. Furthermore, the Postal Act allows for several exceptions on the basis of which competitors are able to work even within the exclusive license area, for example on city mail. The increasing pressure from competition can be seen from the approx. 3,000 licenses that the regulatory authority has issued to around 800 licensees. In the EU further liberalization of the postal markets is currently under discussion. Deutsche Post World Net welcomes the controlled and gradual opening of markets and calls for harmonization of market entry conditions within Europe.

Deutsche Post has to request approval for prices of services that fall under the exclusive license. The current tariffs are approved through December 31, 2002. Deutsche Post World Net will submit an application for relicensing to the regulatory authority well before the deadline arrives. The possibility of future approval procedures leading to lower tariffs and therefore to reduced revenues in the area subject to the exclusive license cannot be ruled out.

European state-aid and competition proceedings
Several cases are currently pending before the European Commission in which violations against European competition and state-aid legislation are being investigated.

In a decision of March 20, 2001, the European Commission closed the competition proceedings relating to accusations of crowding-out practices such as below-cost prices and inadmissible discount contracts in the mail-order business. The imposed fine of € 24 million is covered by the respective provisions. The other charges under the parcel-delivery competition proceedings were rejected or did not attract a penalty. Deutsche Post World Net made a commitment to the European Commission that it would transfer its domestic parcel services for business customers to a legally independent subsidiary.

The other proceedings are still pending. As regards the state-aid proceedings against the Federal Republic of Germany (cross-subsidization of parcel business from mail sector) the Federal Government considers the accusations brought forward to be unfounded. Deutsche Post World Net endorses this view. However, the imposition of a fine by the Commission cannot be ruled out. In the state–aid proceedings it could also call for the repayment of state aid to the Federal Government. The outcome of the proceedings could have a significant detrimental impact on the financial and earnings situation.

Financial risks
Interest-rate, currency, market, credit, liquidity and cash flow risks are at most of secondary significance in the primary financial instruments of the Group – except for Deutsche Postbank. In the context of the Postbank the customary hedging instruments are deployed. Control of liquidity risk is carried out in accordance with the provisions of the Banking Act and the Federal Banking Supervisory Authority (BAKred).


Other risks

In view of our purchasing volume, application of the law on public procurement that includes in some cases the obligation to invite tenders from across Europe and formalized rules on the award of contracts would result in significant cost increases in our purchasing processes and a deterioration of buying conditions. We assume that we are not a public purchaser. There is no decision from the supreme court on this point as yet.

Post-balance sheet events

As a result of the integration of Danzas and AEI, Deutsche Post World Net increased its holdings in trade organizations in various countries throughout the world. The aim is to combine the activities of Danzas and AEI in each region.

Deutsche Post AG will increase its holding in DHL International Ltd. in financial year 2001 to 50.6%. DHL's restructuring process in the US made it necessary to register DHL Worldwide Express as a Foreign Freight Forwarder: UPS and FedEx filed a complaint against this registration with the US Department of Transportation (DOT). They essentially assert that it is not in the interests of the USA to allow a company that continues to be under foreign government influence access to the US market. The UPS and FedEx submissions are currently being reviewed by DOT.

Since March 19, 2001 the Deutsche Post share has been part of the DAX (German stock index) with a weighting of 1.53% because the company has fulfilled the market capitalization and trading volume criteria.

Deutsche Post World Net has accepted the decision taken by the European Commission in the competition proceedings on March 20, 2001. Accordingly, we will transfer our domestic parcel service for commercial customers to a legally independent subsidiary.

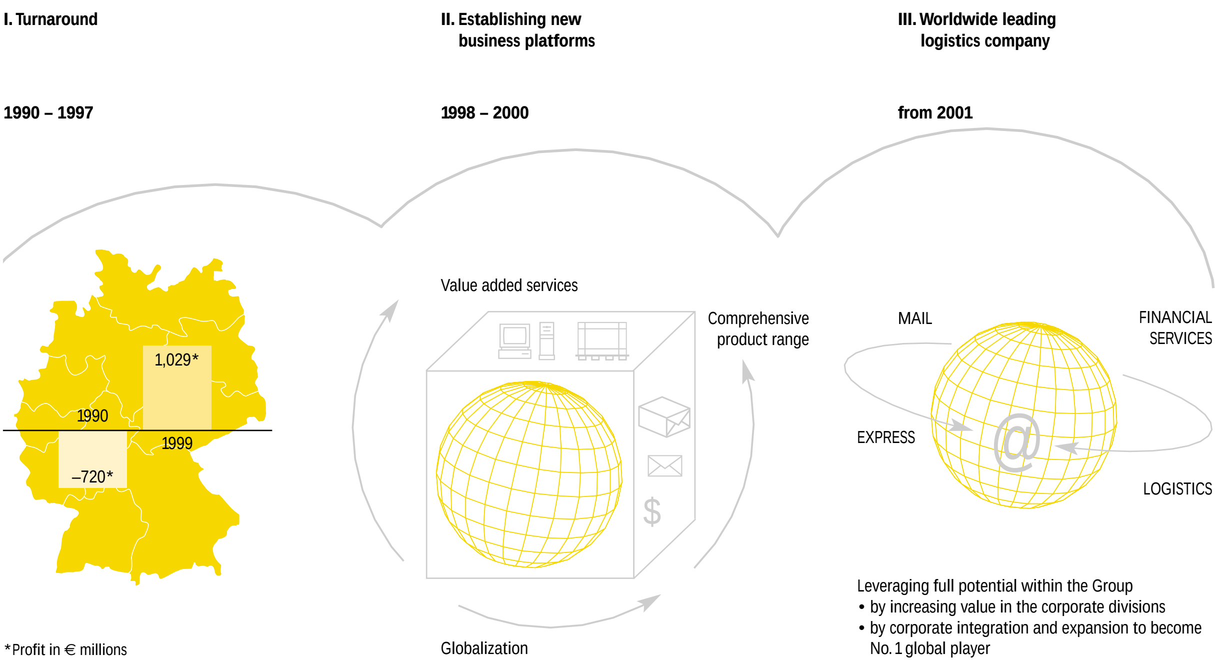
Looking ahead: we want to grasp the opportunities

Demand for logistics services will continue to grow throughout the world over the next few years. We see particularly good opportunities for development for integrated global logistics providers.

We have shaped our portfolio of services to respond to this market trend. The Group's strategy for the next few years will focus on fully leveraging the growth and cost reduction potential in our new business platforms. We shall link up the services of our corporate divisions where that makes sense and achieve revenue and value increases as a result. We consider linkage of DHL International with the EXPRESS corporate division and the combination of the respective core competences of the two brands, DHL and Euro Express, to be primary tasks.

Specific steps are also planned with regard to corporate-wide integration. We see great sales potentials in the systematic use of our worldwide customer base for Group-wide projects and offerings. In future, for instance, we can use the worldwide customer lists of DHL for other products from our portfolio of services and vice versa.

Three phases of our corporate strategy



We will save considerable costs as a result of our expanded business platforms. In various cross-sectional functions, Group-wide restructuring projects have already been launched by which we hope to realize savings of several hundred million euros over the next few years.

The main driving forces here are the best practice approaches and pooling effects, for example in the personnel and corporate purchasing departments. At operational level, too, we are realizing synergy effects: office space, warehouses and sorting infrastructure are being used across the corporation and transport capacities worldwide are being optimized.

Some of these initiatives will lead to actual revenue increases and cost reductions as early as in the current financial year. And, integration work that has already been completed successfully will also bear fruit in the current year. Now that DSL Bank has been integrated we are in a position to realize new business potential in the area of FINANCIAL SERVICES. In the EXPRESS corporate division we already have an integrated European parcel distribution network and the first truly European products are now emerging. And the LOGISTICS corporate division too will be seeing some benefit in the current year from the integration efforts they have already made.

All in all, the macro-economic parameters continue to be comparatively favorable in the current financial year. Even if the trend in the mail business, in particular with a partial access for competitors, cannot be predicted with complete certainty as yet, our expectations for the Group in 2001 are optimistic. We are convinced that we will be able to increase revenue and profits in the current year.

Deutsche Post World Net has optimum prospects for establishing itself as a leading global player in the logistics business. We want to be our customer's partner throughout the world and, therefore, assure the long-term development potential of our company. And the ones who stand to gain?

- Our customers, because we offer worldwide services from one source,
- Our employees, because we have attractive employment opportunities with the chance of career development,
- And our shareholders, because they own part of a growing, highly profitable and value-generating corporation.

We shall use these opportunities and are set to continue successfully along the course we have chosen.


SUC
FINANCIAL TIMES
Turkish lira plunges

November 2000 heralded in a new era for us.
The IPO marked Day One.

AKTIE GELB

Ownership structure of Deutsche Post AG as at 01.31.01

A difficult year for the world's capital markets

In 2000 the German stock market was dominated by the downturn that began in the Neuer Markt in the early part of the year, by rising crude oil prices and higher interest rates. Whereas 1999 had been a record year for the capital market with 168 new issues, with just 152 new companies venturing along that route in financial year 2000 issue activity was more tentative.

Stock markets across the worlds also found themselves in troubled waters. In the USA the Federal Reserve responded to inflation with interest rate hikes. The technology index Nasdaq had to weather a 40% loss in value during 2000.

Important course setting prior to IPO

As per end of 1999 Deutsche Post AG had over 42,800,000 shares at a nominal value of DM 50 per share. After the increase in the share capital from capital reserves, the switch to the Euro, and conversion to no-par value and registered shares, as at November 9, 2000 the share capital stood at 1,112,800,000 registered no-par value shares. In total, the share capital was increased from capital reserves by around € 18.6 million to around € 1.1 billion.

Successful debut for *AKTIE GELB*

Deutsche Post AG's stock market debut on November 20, 2000 in the Official Trading Segment of the Frankfurt stock exchange was a success, despite the difficult market environment. In total there was an eight-fold subscription, the surplus allocation option was exercised and around 320 million shares were allocated. At an issue price of € 21 and an early order discount of € 0.5 per share for private investors, that corresponds to an issue volume worth € 6.6 billion. And that made it the largest new admission to the stock market in Germany in the year 2000. Around half of the entire offering was allocated to institutional investors. The other half went to private investors in Europe and Japan.

All private investors that subscribed were allocated a minimum of 50 shares and 35% of their request in excess of that.

Deutsche Post AG had a free float of around 29% at the end of financial year 2000. 50% plus 26 shares were in the possession of the Federal Republic of Germany as at 12.31.2000, the remaining 21% of the share capital was held by Kreditanstalt für Wiederaufbau (KfW).

A portion of the purchase price for the majority holding in DHL International was paid in shares. The KfW's share thus fell to 19% and the free float increased to around 31% accordingly.

Performance well above DAX

On the last day of trading of the 2000 financial year, *AKTIE GELB* closed at € 23.05. Compared with its issue price of € 21 *AKTIE GELB* had therefore increased in value by 9.8%: in the same period the DAX lost a total of 2.7% in value.

Deutsche Post AG's stock market capitalization also increased from around € 23.4 billion at issuing to around € 25.7 billion by the end of the year.

Information on *AKTIE GELB*

In the run up to the initial public offering, the internet proved an important information medium. At www.dpwn.de you can find the latest information, dates, figures and the share price for *AKTIE GELB*. Our e-mail address dergelbedraht@deutschepost.de is available for enquiries related to *AKTIE GELB*.

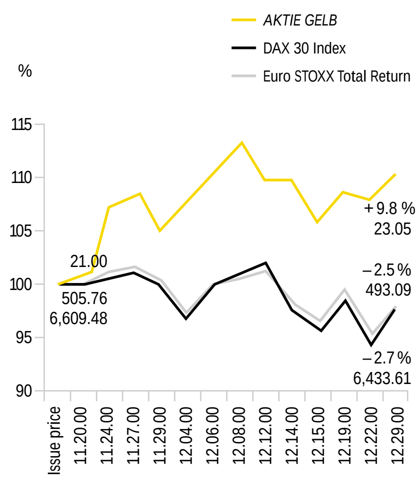
We regularly provide information to institutional investors in personal meetings on the performance and strategic direction of the Group. We shall be inviting analysts to conferences every six months.

AKTIE GELB figures as at December 31

in €	2000	1999[1]	Change in %
Earnings per share	1.36	0.92	47.83
Dividend per share	0.27[2]	0.16	68.75
Cash flow per share[3]	3.13	1.30	140.77
Pre-tax return on equity[4]	62.1%	35.8%	

[1] To allow better comparison, calculation was based on the number of shares following the increase in share capital and switch to € as well as conversion to 1,112,800,000 no-par value shares (1999: 42,800,000 shares).
[2] The Board of Management intends to propose a dividend distribution of € 300 million to the Shareholders' Meeting.
[3] Cash flow I
[4] Profit before tax/average equity levels

Comparison of _AKTIE GELB_ price to DAX 30 and EURO STOXX Total Return Index

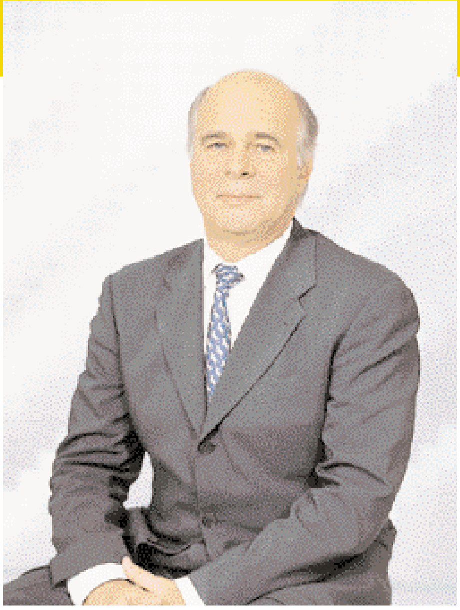






SE

True classics thrive with ultra-modern interpretation.
Best example: the letter.



Dr. Hans-Dieter Petram
MAIL

Dr. Hans-Dieter Petram (born 1943) studied business administration at Berlin and Münster universities and gained a Dr. rer. pol. from Münster University in 1973. Early on in his career, he was responsible for financial services sales at Deutsche Anlagen-Leasing GmbH in Mainz. From 1975 he held various posts at Deutsche Immobilien Leasing GmbH in Düsseldorf, the last post being that of director and authorized officer. In 1986 he became director of the real estate division at Gustav Schickedanz KG in Fürth where he was responsible for real estate, construction and equipment of the large mail order company Quelle AG, also based in Fürth. Since April 1990 he has been a member of the Board of Management at Deutsche Bundespost POSTDIENST, since 1995 Deutsche Post AG. As Board member, Dr. Petram first headed the retail outlets division before moving to the MAIL corporate division in October 1999.

With revenue of € 11.7 billion and a delivery volume of 21.76 billion items, we are the largest letter mail delivery service in Europe. We reduced our operating expenses before depreciation by € 974 million to € 9,259 million, thus almost doubling our EBITA to € 2,004 million. On top of that we also once again improved our already high quality standards.

The MAIL Corporate Division

MAIL corporate division

		2000	1999	Change in %
Total revenue	in € millions	11,733	11,671	+ 0.5
Profit from operating activities, before amortization of goodwill (EBITA)	in € millions	2,004	1,009	+ 98.6
Return on sales*	in %	17.1	8.6	
Investments	in € millions	587	481	+ 22.0
Segment assets	in € millions	5,586	5,924	– 5.7
Employees per corporate division (calculated as FTEs)		140,613	142,332	– 1.2

*EBITA/revenue

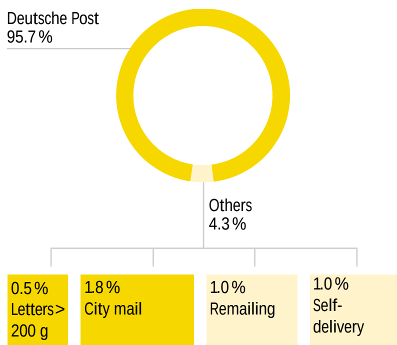
The MAIL corporate division comprises the business divisions Mail Communication, Direct Marketing and Press Distribution. We have gathered together in this corporate division the comprehensive written communication services we offer in Germany. With a nationwide infrastructure of around 13,500 retail outlets, 140,000 mailboxes and 62,500 delivery districts, we reach 37 million households and three million corporate customers throughout Germany.

The 83 mail sorting centers with an 85 % level of automation represent the key element in our production system. That degree of automation puts us at a very high level by international comparison.

Stable market development

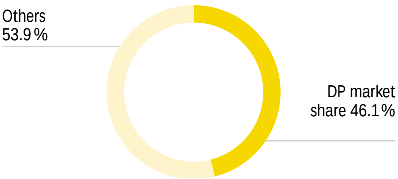
The German mail communications market was worth € 7.7 billion in 2000. The entire market benefited from improved economic conditions and the resultant increase in written communication in all industries. The Mail Communication business division achieved a market share of 95.7 %. The other 4.3 % were shared between self-delivery and remailing with 1% each, city mail delivery competitors with 1.8% and letters over 200g (outside the exclusive license) accounting for 0.5%.

Total volume of German mail communications market



Market volume: € 7.7 bn/2000

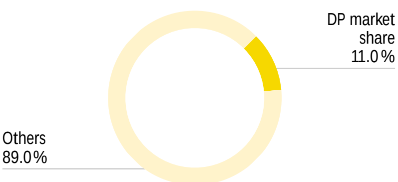
The German advertising market*



* Distribution sub-segment
Market volume: € 4.6 bn/2000

The growth trend in the advertising industry continued unbroken in 2000. The overall advertising market comprised a projected volume of approx. € 43.2 billion. The market for direct marketing in the narrowest sense was worth a projected € 13.3 billion (advertising mail, telemarketing, online services). In the overall advertising market, Deutsche Post occupies the field of distribution - the physical delivery market. Addressed mailings, direct household advertising (unaddressed) and inserts are the typical forms of physical communication used in direct marketing. In 2000 the distribution sub-segment recorded a projected volume of € 4.6 billion excluding the new media. Deutsche Post has a 46.1% share of the market.

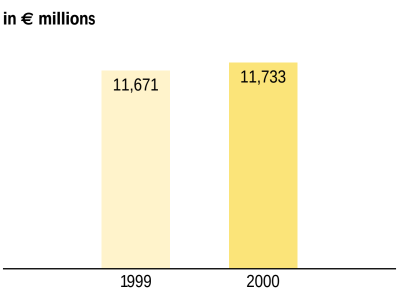
Total volume of press distribution market*



*Germany
Market volume: € 21 bn/2000

The size of the press distribution market was approx. 21 billion items in 2000. Here too, improved economic conditions prompted a distinct increase, particularly in the area of customer magazines, business and specialist computer publications. In this highly fragmented market the main competitors were primarily providers of distribution services for local newspapers. The Press Distribution business division achieved a market share of 11%.

MAIL corporate division: total revenue



The competitive situation of the MAIL corporate division is largely determined by the regulatory situation. The regulatory authority's decision to provide customers and competitors with partial access to services, the approval of tariffs through 12. 31. 2002 and the existing framework for the exclusive license determine both market and competition in Germany. Beyond that, the further development of the German mail market depends on the state of the economy as a whole.

Renewed revenue growth in all business divisions

The MAIL corporate division increased its total revenue in 2000 by € 62 million to € 11.7 billion. € 7.4 billion or 63% of its total revenue is generated in the area that falls under the exclusive license. The MAIL corporate division accounted for 34.5% of group revenue, with a 21.8% share of group revenue generated by exclusive license services.

As in past years we were once again able to increase the revenue per employee from € 82,000 in 1999 to € 83,400. Thanks to improved processes, our employees were able to increase their productivity, each handling an average of more than 176,400 items (1999: 167,700).

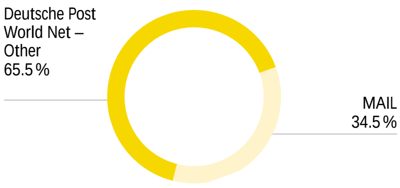
The volume of items delivered also increased. The figure for 2000 was 21.76 billion items as opposed to 21.03 billion items in 1999. This corresponds to a daily volume of over 72 million items.

The Mail Communication business division recorded a 1.7% growth in sales that was seen almost right across the product range. This effect was supported by the development in the standard, compact and Maxi letter segments for which sales grew significantly compared with the previous year. For hybrid mail, too – items posted as electronic data and printed and delivered by us as a normal letter – there was a clear increase of 5.9% compared with the previous year.

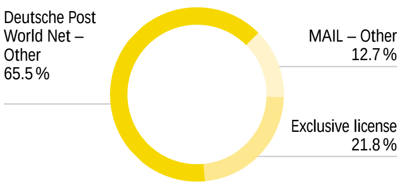
Revenue in the Mail Communication business division remained constant with € 7,371 million. The hybrid mail segment developed exceptionally well on the revenue front with growth of over 63.1% compared with the previous year.

Business customers drive the success of the Mail Communication business division. Overall, 38.6% of total revenue were accounted for by the business-to-business segment, 43.3% from the business-to-consumer area, 10.1% from the consumer-to-business segment and just 8% from the consumer-to-consumer segment.

Share of corporate divisions' total revenue

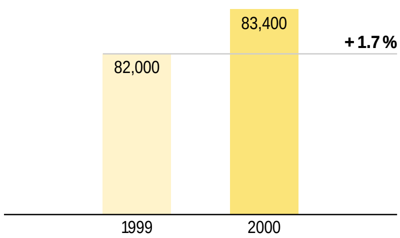


Revenue share – exclusive license



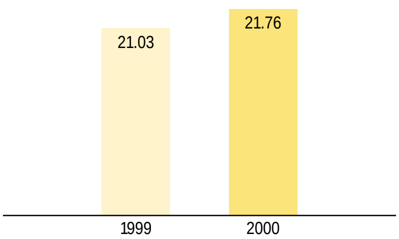
Revenue per employee

in €



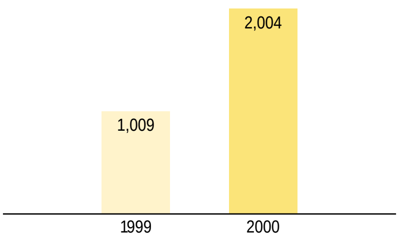
No. of items

in billions



MAIL corporate division: EBITA

in € millions

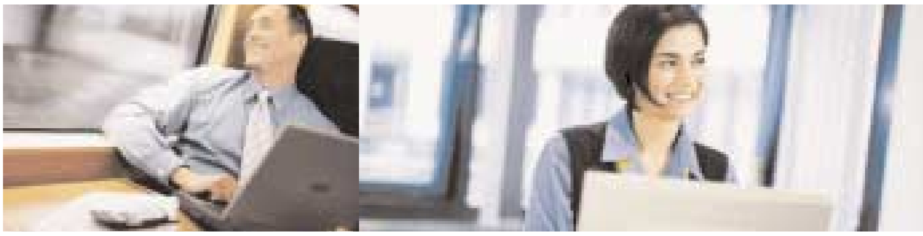


The Direct Marketing business division also increased its sales by 3.6% compared with the previous year. This division serves business customers almost exclusively; the actual figure is 99%. Just 1% of the volume sent is generated in the consumer-to-business area. Thanks to sustained growth trends in the advertising industry, revenue in this business division rose once more by 1.2%. Revenue was € 2,083 million in 2000 after standing at € 2,059 million in 1999. With this revenue level, we achieved a 46.1% share of the total market.

The Press Distribution business division increased its sales by 2.1% compared with the previous year and achieved tangible revenue growth. Revenue, currently at € 848 million, rose by € 26.3 million or 3.2% compared with 1999.

Profits virtually doubled as quality increases

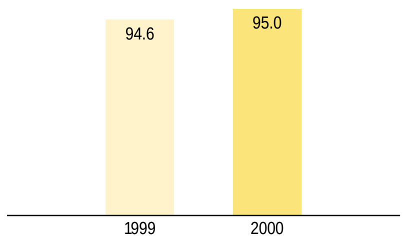
We were able to virtually double our 1999 profit from operating activities, before amortization of goodwill (EBITA), achieving € 2,004 million in 2000. This pleasing development can be traced back primarily to a decline in operating expenses before depreciation by € 974 million to € 9,259 million. Overall, particularly as a result of reduced contributions to the Deutsche Post Pensions Service we were able to reduce staff costs by € 1,224 million to € 5,762 million, thus improving the staff costs-to-revenue ratio from 60.1% to 49.1% within one year. The average number of employees is 1.7% below the previous year's figure. Other operating expenses rose by € 281 million to € 3,497 million, caused by a rise in cost of materials of approx. € 56 million and an increase in other costs by approx. € 225 million. In 2000 we took another important step toward increasing the automation level by introducing carrier sequence barcode sorters in our delivery districts.



At the same time we once again achieved a measurable increase in our already high standard of quality. The transit time measurements in the J+1 segment certified by the Technischer Überwachungsverein (TÜV) Rheinland rose from 94.6% to 95%. For our customers, that means that 95% of letters reach their recipients just one day after they are posted.

Domestic transit time*

J+1 in %



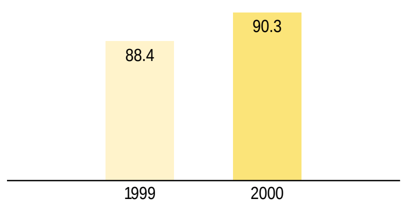
* TÜV Rheinland-certified measurement

Ready for the competition thanks to modern technology

We are equipping ourselves for the future. In financial year 2000 we again improved our technical equipment and the degree of automation. Overall, the MAIL corporate division clearly increased its investment volume by 22% from € 481 million in 1999 to € 587 million. We replaced plant and machinery, expanded our mail sorting centers, upgraded our IT and renewed our fleet of vehicles.

International transit time (import)*

J+1 in %



* ISO 9002-certified

We combine traditional and new media

The communications market is currently going through a transformation. New media are emerging in the market and establishing a permanent place for themselves. But these – above all the internet – also provide opportunities for new services and products. Our strategy is to generate additional revenue via new products while securing our core business. The Mailing Factory, an internet-based concept for mailing campaigns, is a concrete example of new forms of communication that can bridge the gap between traditional physical communication and the needs of the new economy.

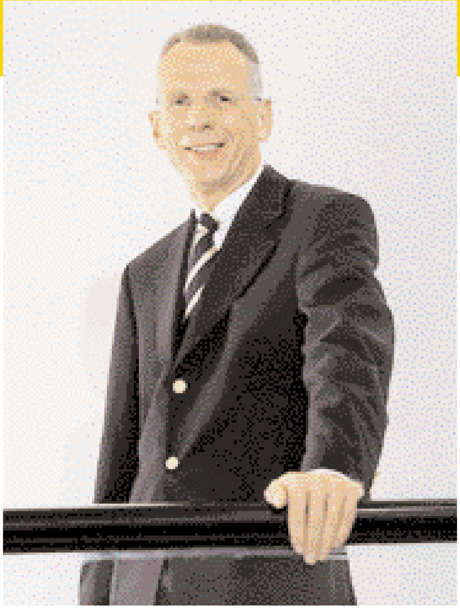
The MAIL corporate division expects further productivity increases in 2001. We shall continue to review and adjust our product portfolio constantly in order to be able to respond swiftly to the wishes of our customers.


DEL
PACKSET

Borders just disappear:
with Euro Express and DHL Worldwide Express.

Uwe R. Dörken
EXPRESS
(until December 31, 2000,
Worldwide Express from January 1, 2001)

Uwe R. Dörken (born 1959) trained as a bank officer at Deutsche Bank AG in Wuppertal, continuing his education with a degree in economic sciences from the University of St. Gallen in Switzerland. His professional career began in 1986 when he joined McKinsey & Company, Inc. in Amsterdam as a management consultant, focusing in particular on strategic studies for global transport and logistics companies. In 1991 he moved to Deutsche Bundespost POSTDIENST where he headed the International Post segment until his appointment to the Board of Management of Deutsche Post AG in 1999. Until 12.31.2000, Uwe Dörken was responsible for the EXPRESS corporate division; since 01.01.2001 he has been heading the DHL Worldwide Express board department.



Dr. Peter Kruse
EXPRESS
(Euro Express from January 1, 2001)

Dr. Peter Kruse (born 1950) studied mechanical engineering and economic sciences at the technical university RWTH in Aachen. Following the conferment of his engineering doctorate in 1976 and initial professional experience at Metallgesellschaft in Frankfurt am Main, between 1981 and 1993 he worked for the Bertelsmann group. In 1990 Dr. Kruse became the sole managing director of Bertelsmann Distribution. Three years later he accepted a new professional challenge when he moved to the management board of Kühne & Nagel (International) AG. Since 1 January 2001, he has been a member of Deutsche Post AG's Board of Management where he heads the Euro Express board department.

By means of strategic acquisitions we have created a Europe-wide parcel and express network. We have grown our revenue overall by 26 %. Our planned majority holding in DHL, the world market leader in the cross-border express segment, will ensure that we continue to grow internationally.

The EXPRESS Corporate Division

EXPRESS corporate division

		2000	1999*	Change in %
Total revenue	in € millions	6,022	4,775	+26.1
Profit from operating activities, before amortization of goodwill (EBITA)	in € millions	76	60	+26.7
Return on sales**	in %	1.3	1.3	
Investments	in € millions	545	1,108	–50.8
Segment assets	in € millions	4,272	4,498	–5.0
Employees per corporate division (calculated as FTEs)		46,612	38,319	+21.6

* Restated, see Notes 6 and 7 to Consolidated Financial Statements
**EBITA/revenue

The EXPRESS corporate division comprises three business divisions: Express Germany, Express Europe and Global Mail. We have gathered together in these three areas both domestic and international parcel services, express transportation and cross-border mail services.

Competition in the distribution market has become heavier

Express Germany and Express Europe operate in the exceptionally fragmented courier, express and parcel (CEP) market, which in Europe is worth some € 31 billion in revenue. The largest and most attractive national sub-markets are Germany, France and the United Kingdom.

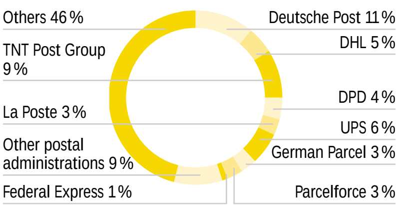
Revenue in the German CEP market rose in 2000 by over 5 % to € 10.5 billion. In Germany, competition intensity has increased as a result of the expanded market presence of foreign competitors with considerable financial clout.

Growing international mail logistics market

The market for cross-border mail is worth around € 12 billion with an assumed growth rate of 5 % in the past year. Around half of that volume is open to competition. Europe and the United States are strategic markets for us, while we see Asia as a growth region.

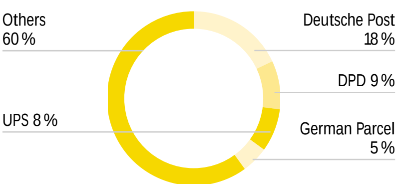
In Germany we compete with both domestic and foreign postal companies that acquire domestic mail items and transport them abroad for delivery.

European CEP market



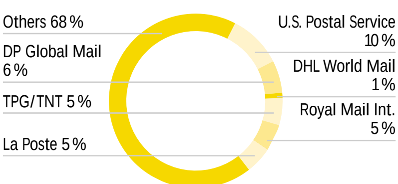
Market volume: € 31 bn/1999

German CEP market



Market volume: € 10 bn/1999

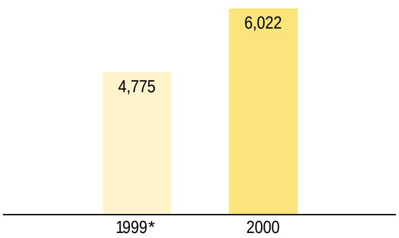
International mail logistics market



Market volume: € 12 bn/1998

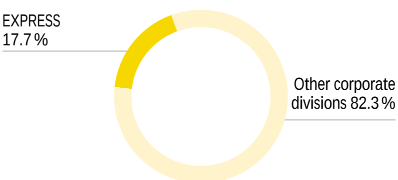
EXPRESS corporate division: total revenue

in € millions



* Restated, see Notes 6 and 7 to Consolidated Financial Statements

Share of corporate divisions' total revenue



Revenues in all business divisions increased

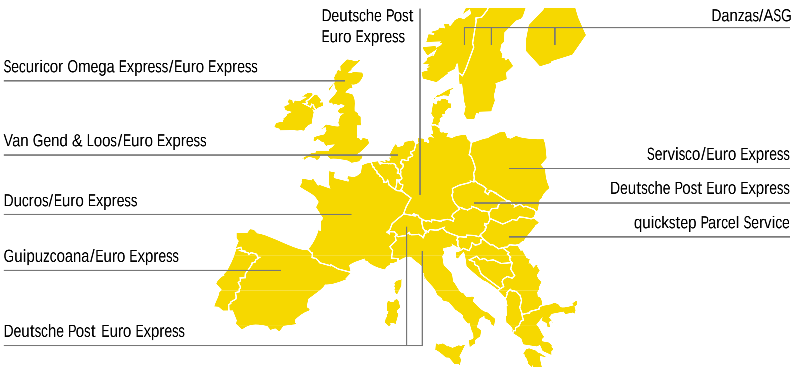
The corporate division increased its total revenue in 2000 by 26.1% even though the pressure of competition has risen in all markets. In the Express Germany business division the volume of items increased. For Express Europe and Global Mail, the growth in revenue stems predominantly from international acquisitions.

Express Germany

Revenue rose by 10 % compared with the previous year, putting it clearly above market growth. A number of measures triggered the rise. The product range for retail outlet customers was harmonized and at the same time new moderately adjusted prices introduced. We teamed up with Postbank to develop the WEBTRANSFER service, which we are offering in cooperation with Yahoo! Deutschland for online auction customers who can enjoy rapid transportation and secure payment for goods acquired in internet auctions.

In the business customer sector, we were able to expand our customer base. In order to focus our sales activities more on our customers' needs, the three sales segments express, parcel and international that had up to that point been separate were combined in Germany. At the same time we

Market leader Deutsche Post Euro Express: the network



Centrally managed network in over 20 countries, 23 international gateways, approx. 1,000 domestic depots in 2000.

successfully introduced the EASYLOG shipping logistics system. This is a software product that provides technical support for domestic, international and express dispatch, from labeling right through to customs declarations.

Express Europe

Compared with 1999 we were able to practically double our revenue in 2000. A significant share of that growth stems from the acquisition of Securicor, Van Gend & Loos, Ducros, MIT and Guipuzcoana. These companies enjoy leading positions in their own domestic markets.

Global Mail

During the past financial year, the business division recorded a pleasing increase in revenue of 24% over 1999. International acquisitions and the setup of new sales offices in Hong Kong and France contributed to that increase.

This trend also received a boost from the rise in remuneration levels under the EU-approved REIMS II agreement. The 1999-2000 increase occurred because service quality had improved and for the first time a full year's accounting was possible in line with the agreement.

Profit improves despite difficult environment

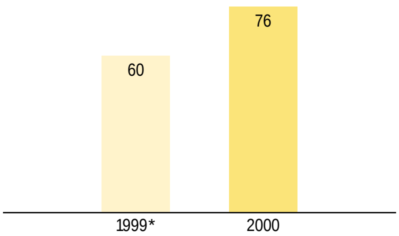
Compared with the previous year, profit from operating activities, before amortization of goodwill (EBITA) increased by 26.7%. This increase can be primarily traced back to the optimization of operational processes in the Express Germany business division. Express Europe is still in the construction phase – the integration of the numerous newly acquired companies is still ongoing. The rise in fuel and integration costs weighed heavily on profits.

In both business divisions we will be strengthening our sales efforts and lowering costs to improve profits. Trends in the Global Mail business division were positive.

Deutsche Post Global Mail's worldwide presence

EXPRESS corporate division: EBITA

in € millions



* Restated, see Notes 6 and 7 to Consolidated Financial Statements

Technical facilities renewed

In the EXPRESS corporate division we invested a total of € 545 million during 2000. In the business division Express Europe we invested mainly in implementing modern IT systems in the acquired companies Van Gend & Loos and Guipuzcoana. Securicor Omega Express renewed its fleet of vehicles.

Express Germany invested in creating a competitive infrastructure. Technical plant, machines and buildings were renovated or replaced and powerful IT systems put in place.

Global Mail invested above all in establishing and expanding sales structures to tap into and penetrate new markets for this business division.

Majority holding in DHL

The partnership with DHL International that began with the purchase of a minority holding in 1998 was expanded further in 2000 and the collaboration intensified. Together with Lufthansa Cargo, Deutsche Post World Net founded Aerologic GmbH in the context of a strategic alliance. By pooling their interests, both companies can jointly exercise their voting rights in DHL International and further develop their cooperation in the area of logistics.

DHL International is the world's market leader for cross-border express shipments with annual revenues of € 4.6 billion (2000). Within Deutsche Post World Net it occupies the worldwide courier and express delivery segment.

With our joint venture World Mail Services we are planning to offer a combination of DHL's international mail products and Deutsche Post Global Mail's services. DHL will organize the sale and pick-up of the products while Deutsche Post Global Mail will sort, transport and deliver them.

In the past financial year, we agreed to purchase further DHL International shares in 2001. This was an important milestone for us and means that in 2001 our company will hold 50.6% in DHL International.

Our presence is assured

In pursuit of our European strategy we have acquired leading express companies in all major European countries in the past few years or founded our own new companies. In 2000 we completed our European transportation network and produced a uniform range of products. In addition, we created a tracking & tracing system that is compatible with the various systems in Europe.

Once the first integration phase has been completed, we shall move into the second phase, increasing the quality of our services, optimizing costs and establishing uniform IT systems and pan-European network management. In the Global Mail business division we intend to build up an efficient worldwide network based on an integrated IT platform for cross-border mail services.

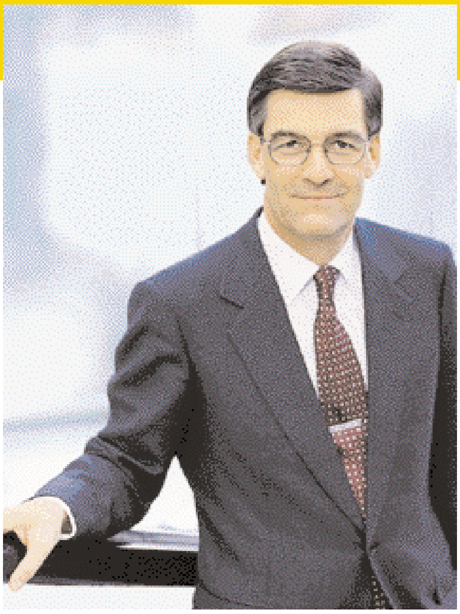
Future growth through network strength

For 2001 we are expecting an average revenue growth rate of 5% in the German courier, express and parcel market and cross-border market growth of 19%. We will be introducing additional cross-border products and expanding our share of the business-to-business market.

We want to reduce further the ratio of staff costs to overall costs. In the past year we concluded competitive collective agreements that came into force at the beginning of 2001. We shall continue to invest heavily in the expansion of our infrastructure: focal areas will be the renewal of the vehicle fleet in Germany and the expansion of European production sites and IT systems.


MO
DANZAS

Everyone is talking about the logistics market of the future.
We are making it happen.



Peter Wagner
LOGISTICS

Peter Wagner (born 1946) gained his federal Swiss diploma in controlling and accounting in 1972 and was then active in various branches of the financial industry. In 1977 he joined the Kühne & Nagel group and became group controller at headquarters in Switzerland, then moved to Kühne & Nagel Inc. in New York in 1982 following his appointment as Chief Financial Officer. In 1986 he came to Germany as CFO and board member as well as managing director of several of the group's companies. After joining Danzas Holding AG in Switzerland in 1989 as a member and deputy chairman of the Executive Board, he became director of the finance and controlling division. Responsible for the European freight forwarding and logistics division from 1995, he was appointed Chief Executive Officer one year later. Since 1999 he has been a member of Deutsche Post AG's Board of Management, where he manages the LOGISTICS corporate division.

We have established a logistics network that spans the globe thanks to our acquisitions of Nedlloyd ETD, ASG and AEI. With revenues of € 8,289 million in 2000, we were able to almost double the 1999 figures. We are Number 1 in the world for airfreight and lead the field in European land-based transportation.

The LOGISTICS Corporate Division

LOGISTICS corporate division

		2000	1999*	Change in %
Total revenue	in € millions	8,289	4,450	+ 86.3
Profit from operating activities, before amortization of goodwill (EBITA)	in € millions	113	– 27	
Return on sales**	in %	1.4	– 0.6	
Investments	in € millions	1,665	1,973	– 15.6
Segment assets	in € millions	5,355	3,072	+ 74.3
Employees per corporate division (calculated as FTEs)		43,253	29,010	+ 49.1

* Restated, see Notes 6 and 7 to Consolidated Financial Statements
**EBITA/revenue

The leader for logistics solutions - worldwide

At the core of the LOGISTICS corporate division is the Danzas group, which operates worldwide. Danzas has everything that characterizes a logistics service provider at the peak: know-how, innovation, customer focus and a comprehensive range of services all from one source. Over the last couple of years we have been building up our logistics network worldwide with a number of acquisitions.

Increasing demands on logistics

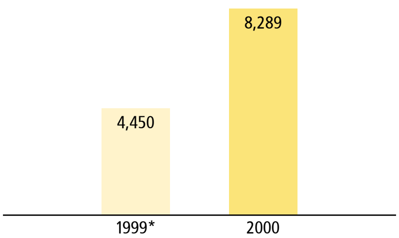
The transformation taking place in the logistics market is essentially being determined by developments in the world economy. Production is now truly global, once-protected markets are now opening up, trade barriers are falling and the industry is increasingly tending to focus on its core business and to outsource logistical activities. This increase in outsourcing is paralleled by growing customer demands on the logistics service providers. What is needed is an international presence, short transit times and one-stop shopping.

E-business continues to drive growth

The upswing of the world economy last year led to a trade boom from which logistics markets were also able to benefit. The integration of the flow of

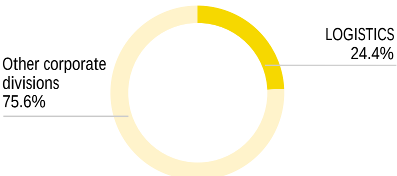
LOGISTICS corporate division: total revenue

in € millions



* Restated, see Notes 6 and 7 to Consolidated Financial Statements

Share of corporate divisions' total revenue



goods with the supply chains, coupled with the trend toward e-business, was also one of the growth engines for logistics. Cost pressures arising from the increase in fuel prices did, however, subdue the positive development to some degree.

Consolidating market

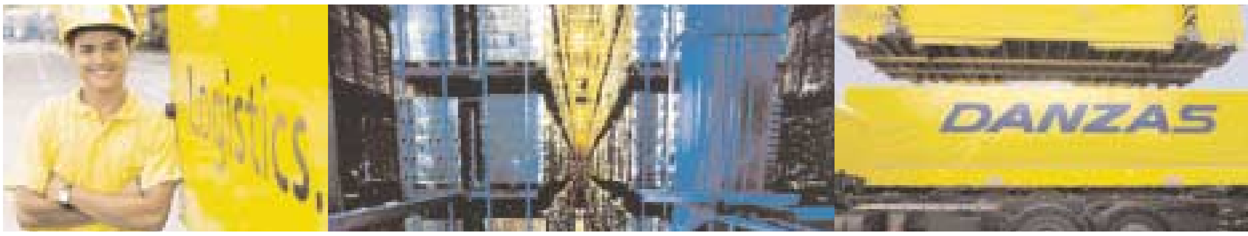
The logistics market is extremely fragmented. Providers need to recognize that it is imperative to join forces to expand their service range and optimize their technological processes.

The LOGISTICS corporate division is ready for this development. By establishing a global logistics platform we have created a market-oriented logistics organization with leading-edge IT systems.

Again clear revenue growth

The LOGISTICS corporate division recorded a dramatic increase in revenue in the last financial year. The trend was dominated by three acquisitions, but also by internal growth. Integration of the Scandinavian company ASG and the Dutch company Nedlloyd ETD into the Solutions and Eurocargo Business Units has largely been completed. The operational integration of AEI into the Intercontinental Business Unit began in mid-2000 and is scheduled for completion by mid-2002.

Total (net) revenue for the corporate division almost doubled to € 8.29 billion compared to the previous year (1999: € 4.45 billion). Over the same period, the number of employees rose from some 29,000 to over 43,000 today. The LOGISTICS corporate division is currently active in around 150 countries and has thus expanded its worldwide presence.



All three business units in the division have grasped the opportunities offered them by positive market and industry trends with the following measures:

– Solutions
We were able to strengthen our market position in the Solutions Business Unit as a result of significant contract logistics agreements, such as the agreement with Deutsche Telekom.

– Intercontinental
With the integration of AEI we massively increased our volume and revenue in the area of intercontinental air and ocean freight. We expanded operations above all in airfreight: Danzas is the number one worldwide. Philips, the electronics group, named Danzas AEI Intercontinental "Airfreight Carrier of the Year 2000" for its outstanding service.

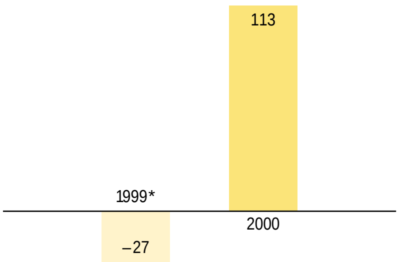
– Eurocargo
In the Eurocargo Business Unit we achieved our stated goal through the integration of ASG and Nedlloyd.

A seamless, cross-border pan-European transportation network has been established. On top of that, we expanded our service range.

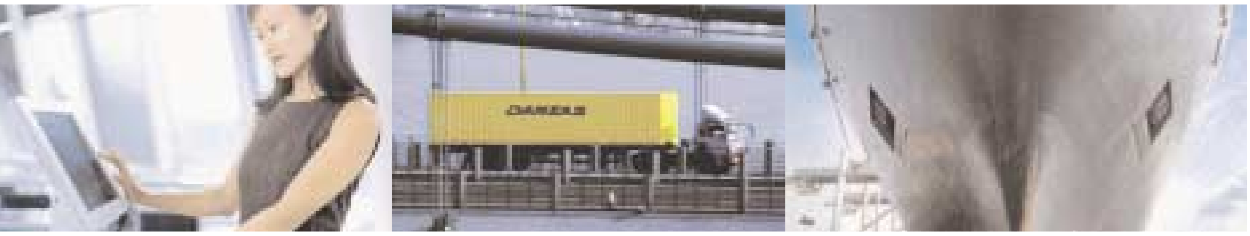
Profits greatly improved
In 2000 profit from operating activities, before amortization of goodwill (EBITA) rose from € -27 million to 113 million, a great improvement over the 1999 level. This is due in large part to the trends outlined above. The process of integrating all of the acquired companies is still ongoing.

LOGISTICS corporate division: EBITA

in € millions



*Restated, see Notes 6 and 7 to Consolidated Financial Statements



Investing in performance

Investments amounted to € 1,665 million in the last financial year, largely as a result of the AEI acquisition. In addition, we expanded our services further and focused our investment on IT systems and the development of our own software. We also continued to renew and expand the technical plant in the Solutions Business Unit.

Logistics as a factor for e-business success

The internet is a virtual market experiencing dynamic growth. It is dependent to a high degree on broadly based logistics support.

The ultimate truth is that almost everything that is ordered or traded online has to be physically delivered from A to B. Danzas has taken on the logistics services for several global suppliers and online marketplaces such as Techint, taking care of transportation, customs clearance, shipment tracking and warehousing. With services such as internet bookings, personalized reporting or integrated order management, the LOGISTICS corporate division offers its customers assistance in simplifying the processes involved in the supply chain.

The advantages of linking customers, suppliers and logistics specialists electronically are enhanced efficiency and transparency. For example, the processes between Danzas and freight carriers can be optimized using electronic freight exchanges. With these steps, Deutsche Post World Net is establishing its name throughout the world as an innovative provider of logistics services for internet-based companies.

Customized IT for the business units

Functioning logistics rely today more than anything else on IT systems. Information technology forms the backbone of all of our activities. With



around 800 specialists and five operations centers throughout the world, IT Danzas has positioned itself well.

Different applications in the form of high-quality software products facilitate the continuous flow of information and improve efficiency in all areas.

The Applications Suite is a consistent and uniform software solution, with design features specific to each of the business units. For the Solutions Business Unit Prologs (processes of logistics) was developed for warehouse management and associated transport planning. The air and ocean freight system Logis is the dominant product for Intercontinental. Euca is deployed in the Eurocargo Business Unit. There are also various products available for all three of the business units that provide details on the contents of the shipments.

Plans to expand our market leadership

It is our goal to consolidate and strategically expand our market leadership. The LOGISTICS corporate division will rely on its good market position, a broad range of products and an international customer base in accomplishing that objective.

We wish to achieve our objectives by means of the following measures: We will conclude the integration of AEI, make greater use of cross-selling potentials between the business units and within the Group as a whole, and develop further as an all-round service provider for e-commerce businesses. Furthermore, we hope to establish ourselves as a 4PL (fourth-party logistics) service provider. A 4PL provider is a supply chain integrator that combines the resources, services and technologies of its own organization with supplementary services of other organisations to develop and implement comprehensive solutions along the entire logistics chain.


TRAN

Multi-channel banking:
more service via more channels for more people.

Prof. Dr. Wulf von Schimmelmann
FINANCIAL SERVICES

Prof. Dr. Wulf von Schimmelmann (born 1947) studied economic sciences at Hamburg and Zurich universities, gaining a doctorate (Dr. oec. publ.) in 1970. In 1989 he moved to the University of Konstanz as honorary professor in the faculty of economic sciences. His business career commenced in 1972 at McKinsey & Company, Inc. in Zurich. Following postings to Cleveland, Kuwait and Düsseldorf he was made Partner in 1978 and appointed to the board of management of Landesgirokasse Stuttgart in the same year. In 1984 Prof. Schimmelmann became a member of the board of management at Deutsche Genossenschaftsbank AG in Frankfurt am Main and moved to BHF-Bank AG in Frankfurt as associate in 1991. In 1997 he became executive partner of the equity investment company Regius. He was appointed Chairman of the Board of Management of Postbank AG in 1999 and joined Deutsche Post AG's Board of Management in the same year, where he is responsible for the FINANCIAL SERVICES corporate division.

Ten million customers with four million checking accounts and a savings volume of € 31 billion make us one of the largest banks in Germany. We expanded our product range significantly through the merger with DSL Bank. This was one of the factors leading to increased revenue and income from banking transactions of € 2,871 million in 1999, putting us at total revenue and income from banking transactions for 2000 of € 7,990 million. Our profits also showed a strong leap forward: they were up from € 58 million in 1999 to € 505 million in 2000.

The FINANCIAL SERVICES Corporate Division

FINANCIAL SERVICES corporate division

		2000	1999*	Change in %
Revenue and income from banking transactions	in € millions	7,990	2,871	+ 178.3
Profit from operating activities, before amortization of goodwill (EBITA)	in € millions	505	58	+ 770.7
Investments	in € millions	289	– 917	
Segment assets	in € millions	130,130	57,739	+ 125.4
Employees per corporate division (calculated as FTEs)		11,299	11,575	– 2.4

* Restated, see Notes 6 and 7 to Consolidated Financial Statements

Fiercer competition

The environment in the banking market has changed radically over the past few years. With the spread of internet connections and mobile networks, the barriers to market entry for providers of financial services have dropped significantly. As the first "multi-channel" bank in Germany, Postbank is well equipped to respond to the heightened competition. Our customers come to us via many different routes: in person into our retail outlets, in writing by mail and electronically by telephone or the internet.

Revenues increase with size

In its second year of existence the FINANCIAL SERVICES corporate division increased its revenue and income from banking transactions from € 2,871 million in 1999 to € 7,990 million. The growth is overwhelmingly due to the inclusion of DSL Bank. Further reasons for the additional increase include higher interest rates over 1999 on the money and capital markets and an improved income from commissions in the investment funds business.

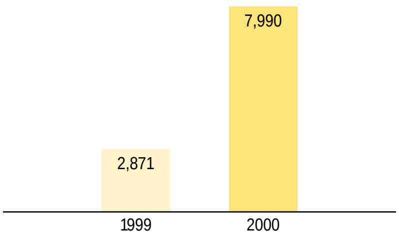
Strong growth via new sales channels

The number of checking accounts held by private customers rose from 3.56 million at the end of 1999 to 3.63 million in 2000.

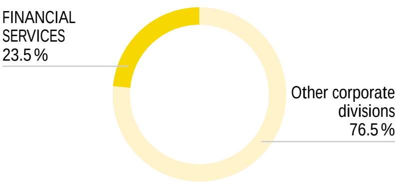
With regard to corporate customers, the market trend toward consolidation and reduction of accounts continued perceptibly. With 375,000 checking

FINANCIAL SERVICES corporate division: revenue and income from banking transactions

in € millions



Share of corporate divisions' total revenue and income from banking transactions



accounts, the count stood just slightly below the previous year's 390,000 accounts. The upward trend for online banking continued in 2000 despite tough competition, with an increase of around 23%. The number of accounts managed via the internet rose from 660,000 to 813,000, allowing Postbank to reinforce its position as one of the market leaders in online banking.

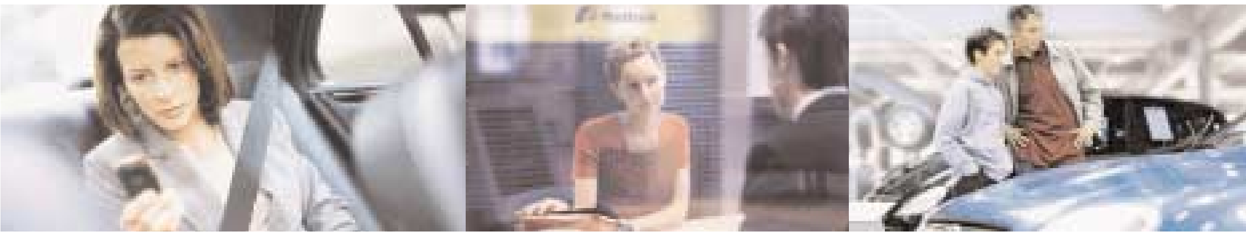
The growth trend also continued for telephone banking. The number of checking accounts being managed over the phone rose by around 20% from 1.24 million at the end of 1999 to 1.49 million in 2000.

Postbank at a glance

		2000	1999	Change in %
Private checking accounts	in millions	3.63	3.56	+ 1.9
Corporate checking accounts	in millions	0.38	0.39	– 3.8
Online banking	in millions	0.81	0.66	+ 23.2
Telephone banking	in millions	1.49	1.24	+ 20.2
Savings deposits	in € billions	31.0	34.0	– 8.9
Fund assets	in € billions	3.5	2.9	+ 21.0
Private loans	in € billions	0.6	0.4	+ 36.8
Building loans	in € billions	12.4	1.3	+ 953.8
Commercial financing, bank refinancing, international public-sector lending	in € billions	16.3	–	–

Investment funds and shares are enjoying increasing popularity among our customers. Accordingly, over the last financial year we recorded a decline in classic savings deposits from € 34 billion to € 31 billion.

At the same time, investment fund assets managed by Postbank increased further. With a 21% increase from € 2.9 billion at the end of 1999 to € 3.5 billion in 2000 the pace of growth stepped up, putting Postbank clearly above the market average of around 14%.



Our retail outlets have achieved very high growth rates in the marketing and sales of investment funds (+380%).

The private loan that Postbank has been offering since it received its full-service bank license in 1995 has continued to establish a place for itself in the market. The loans volume rose by around 37% from € 435 million at the end of 1999 to € 596 million last year.

Postbank and DSL Bank's building loans business developed positively in 2000, with the loans volume increasing from € 1.3 billion at the end of 1999 to € 12.4 billion.

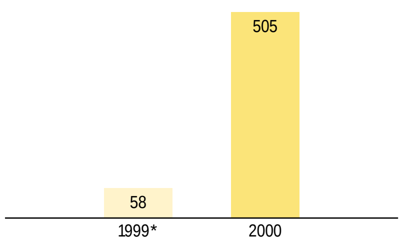
Thanks to the merger with DSL Bank, Postbank was able to offer products such as commercial financing, bank refinancing and international public-sector lending for the first time in 2000. Together we were able to increase DSL Bank's loan portfolio by 16% from € 14 billion in early 2000 to € 16.3 billion. The growth resulted primarily from new business involving domestic and international commercial real estate financing and foreign bank refinancing.

A clear leap forward

The FINANCIAL SERVICES corporate division's profit from operating activities, before amortization of goodwill (EBITA) rose over the past year from € 58 million as per 1999 to € 505 million. The clear EBITA growth results from the integration of DSL Bank and above all from an improvement in the original Postbank profits.

FINANCIAL SERVICES corporate division: EBITA

in € millions



* Restated, see Notes 6 and 7 to Consolidated Financial Statements.

Investing in technology for the future

In 2000 we stepped up our investments in IT, for instance developing further our banking software (SAP), concentrating our IT centers, expanding the brokerage business and building a denser network of ATMs. We also invested in the integration of DSL Bank and the expansion of the retail outlets.

The new Postbank

Deutsche Postbank AG and DSL Bank AG merged in May 2000 with retroactive effect from January 1, 2000. Since the two banks' balance sheet structures complement one another superbly, the new Postbank can refinance the former DSL Bank's loans business at far more favorable rates, thus improving the interest margin significantly.

Direct brokerage launched successfully

Since in September 2000 Postbank has been offering direct brokerage services via its subsidiary Postbank EasyTrade.AG. It markets and sells securities products over the internet and from call centers and selected retail outlets. In addition, it provides a comprehensive information service on securities transactions and capital markets. As per the end of 2000, around 250,000 customers had already opened a securities account. Postbank EasyTrade.AG survived its baptism of fire, our own IPO: *AKTIE GELB* was marketed very successfully through these channels.

Our retail outlets – a customer-focused sales network

Deutsche Post and Postbank have one of the largest sales networks in Germany. In around 13,500 retail outlets throughout the country, we serve up to 3 million customers every single day; about three-quarters of Postbank's businesses is conducted over the counter in the retail outlets. The modern, open-service outlet is the predominant variety. We serve around 70% of our customers in these newly designed outlets at open service counters – products from the MAIL, EXPRESS and FINANCIAL SERVICES corporate divisions as well as from Deutsche Telekom are all available here. Our flagship outlets are the 480 "Center" outlets. They were conceived as centers of competence and, in addition to the standard range of products and services, they provide advisory services on postal, Postbank and telecommunications products. Then there are the 338 and 361 outlets operated by the Deutsche Post subsidiaries Deutsche Post Service- und Vertriebsgesellschaft (DPSV) and McPaper, respectively. Another important part of the network are the approx. 8,100 partner-operated outlets in food, paper goods and department stores, which round off our customer-focused sales network.

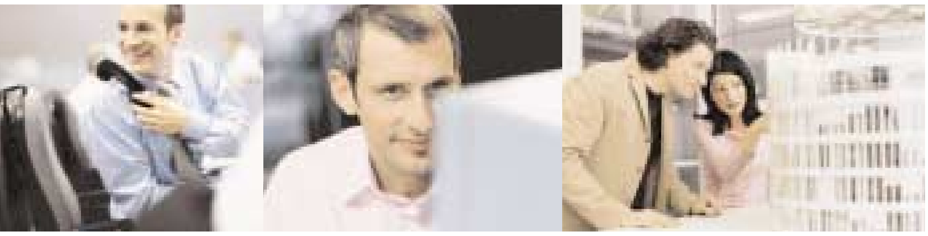
Retail outlet network: Trends

As per Dec. 31	2000	1999	Change in %
Number of retail outlets	**13,663**	**13,948**	**– 2.0**
Company-operated outlets	5,590	5,956	– 6.1
thereof, DPAG	4,891	5,562	– 12.1
thereof, DPSV	338	206	+ 64.1
thereof, McPaper	361	188	+ 92.0
Partner-operated outlets	8,073	7,992	+ 1.0
Number of employees in retail outlets	21,000	22,300	– 5.8
(DPAG only, calculated as FTEs)			
Total opening hours for retail outlet network	553,000	556,000	– 0.5
(hours per week)			
Average number of weekly opening hours per retail outlet	**41**	**40**	**+ 2.5**

Further growth through customized products

We will continue to operate a tight ship in terms of cost management. In addition, we will direct more of our sales endeavors toward the new channels. We are building up our electronic service and reducing the number of physical locations from the 14 we have today to 10 by the end of 2002. Our call centers will become more efficient thanks to modern technology, and will be reduced from the present 11 to just 3 by the end of 2001. The contingent retrenchment will be managed in a socially acceptable manner and in coordination with the labor representatives.

We offer our private customers securities trading as well as private pension insurance. We will be considerably expanding our services for business customers. Larger retail outlets are increasingly specializing in advising small commercial customers on postal services. In addition, we will be increasing the number of special business customers outlets from the 141 we have today to 220. Customized products for the logistics industry, the leasing and e-commerce sectors will also be added to our range of products. For example, we will be launching a central system for the secure processing of online payments. And by the planned integration of the Versorgungsanstalt Post (Deutsche Post institution for supplementary retirement pensions; VAP) into the pension service in 2001 we will be in a position to offer companies the service of calculating and maintaining their company pension funds.




MOTI

Our Group's strength is in the hands of our employees.
That goes for our future, too.

Walter Scheurle
Personnel

Walter Scheurle (born 1952) began his career in 1967 with an apprenticeship at Deutsche Bundespost. From 1979, he held various full-time positions for Deutsche Postgewerkschaft, the German postal workers' union. He was also a member of the European Commission's Joint Committee on postal services. As a member of the Postgewerkschaft's National Executive, since 1995 he has been responsible for postal policy, training policy and youth affairs. In the same year, he became a member of the Supervisory Board of Deutsche Post AG and since April 1, 2000 has been a member of the Board of Management, where he is responsible for the Personnel board department.

We are rewarding the personal commitment, good performance and innovative ideas of our employees with modern pay systems. We are investing in training and promoting our own "new generation". Our employees also made their own investment in our future in 2000: around 145,000 employees invested almost € 400 million to subscribe to *AKTIE GELB*, thus grasping the opportunity the IPO offered to become co-owners of the company.

Personnel

Development of workforce* by corporate division as at December 31

	2000	1999	Change in %
MAIL	140,613	142,332	–1.2
EXPRESS	46,612	38,319	+21.6
LOGISTICS	43,253	29,010	+49.1
FINANCIAL SERVICES	11,299	11,575	–2.4
Other (incl. retail outlet branches)	36,928	36,600	+0.9
Total	278,705	257,836	+8.1
Workforce within the Group (Headcount, incl. trainees)	324,203	301,229	+7.6

* calculated as FTEs

Expressed in FTEs, as at December 31, 2000 the number of employees increased by 8.1% to 278,705 compared to the previous year.

On December 31, 2000, the Group employed 324,203 people (headcount), which includes a total of 6,219 employees in training. That works out at an average for the year of 276,348 full-time employees (excluding trainees).

The increase in the workforce (headcount) within the Group essentially came as a result of the acquisitions in 2000 that brought around 14,000 employees into the Group.

Stock options introduced as a modern form of remuneration for executives

Our top executives have a key influence on the increase in the value of our company. With stock options, we are therefore making them co-entrepreneurs. And their performance can clearly be measured by the performance of *AKTIE GELB*.

We have launched a stock option plan that allows our executives to acquire shares within a fixed period of time for a defined purchase price. This is conditional on the shares having achieved two performance targets within the three-year waiting period. The absolute performance target hinges on the development of the share price over the course of the waiting period, and the relative performance target depends on the performance of the shares in relation to the Dow Jones Euro STOXX Total Return Index.

Some 1,000 people are involved – the members of the Board of Management, members of the management bodies and a limited number of executives both from the company itself and from domestic and foreign Group companies. Stock options can only be issued to the Board of Management and a small group of other executives in exchange for a personal investment of 10% of their annual income.

Performance-related remuneration for workers

The principle applies to workers as well as to the executives. We want to reward personal commitment and good work. In 2000 we laid the foundation to just that: on January 1, 2001 a forward-looking pay agreement replaced the collective public-service wage system previously in place. The new pay system incorporates a variable remuneration element which allows us to provide performance-related pay in the commercial sector.

We were able to simplify the collective bargaining regulations and implement pay levels customary in the logistics industry. The savings thus made will be realized by natural attrition over the next few years, thus expanding our scope for action which we hope to use to create new jobs.

Equipping the next generation

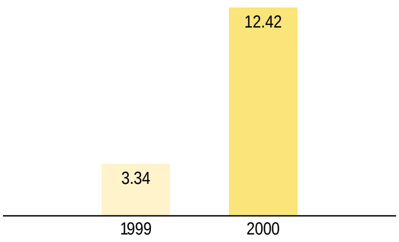
We consider training to be an entrepreneurial investment and a social contribution. Our training programs were kept at a high level in 2000: 2,600 young people began their training in seven commercial and technical professions. In all, Deutsche Post AG employed around 5,500 trainees in 2000. We were able to extend an offer of employment to all those who concluded their training successfully.

We are securing the management of tomorrow

Our executive development program is tasked with identifying and promoting management qualities where they exist in our own ranks. We have therefore developed a new performance assessment system that evaluates not only the degree to which personal goals have been achieved, but also management potential. The goal of our succession planning, which we introduced in 2000 at all levels that report directly to the Board of Management, is to identify successor candidates for management positions and also locate any gaps that might emerge early on.

Savings realized from improvement suggestions

in € millions

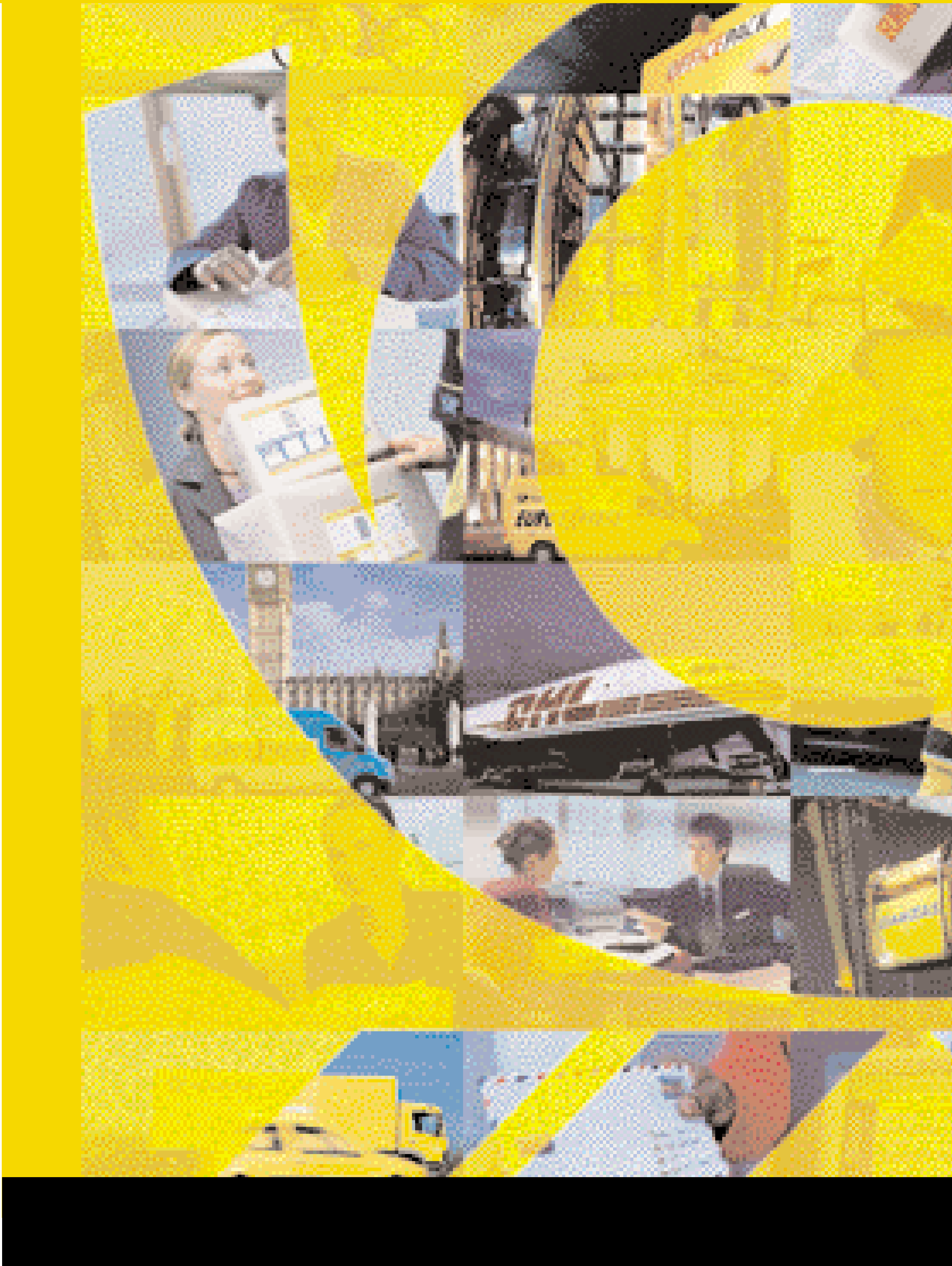


Our employees are not short on ideas

The calculable annual benefit that arose from suggestions for improvements submitted by employees in 2000 was over € 12 million. Even what appears to be a minor discovery can lead to considerable savings. For example, some of our technical personnel noticed that defective elements in sorting machines did not have to be completely replaced; they just replaced a small part and discovered a savings potential across all sorting centers that easily ran into six-digit figures. Participation in the suggestions program reached a record high: 60,000 ideas were submitted – more than three times the number from the previous year.

Personnel is gearing up for the future

In 2000 we laid the foundation for restructuring our IT landscape. In future we shall have the largest personnel management system anywhere in the world based on standard market software. Strategically speaking, we completed the transition from administratively focused personnel operations to distinctly more creative human resources work with our PRIMUS project. With this new strategy, in 2000 we have already been able to generate a savings potential in the double-digit millions.



A whole year of good figures speaks for itself.
And for us.

Dr. Edgar Ernst
Finance

Dr. Edgar Ernst (born 1952) studied mathematics and business administration at Cologne University and the technical university RWTH in Aachen. Having gained his degrees (Dipl.-Math., MOR) he initially held the post of university assistant in Hagen and Aachen. In 1982 he gained his doctorate (Dr. rer. pol.), joining McKinsey & Company, Inc. in Düsseldorf as a management consultant. In 1986 Dr. Ernst joined Gustav Schickedanz KG in Fürth where he held the post of director of corporate development at Quelle, the large mail order company. In 1990 he moved to Deutsche Post, first as head of planning and controlling, then as a Board member at Deutsche Bundespost POSTDIENST. He has been a member of the Board of Management since 1995 and is responsible for the Finance board department.

Auditor’s Report

Independent auditor’s report

We have audited the accompanying consolidated financial statements of Deutsche Post AG, Bonn for the financial year from January 1 to December 31, 2000, comprising the balance sheet, income statement, statement of changes in equity, cash flow statement and the notes to the financial statements. These consolidated financial statements, which were prepared in accordance with the standards laid down by the International Accounting Standards Committee (IASC), are the responsibility of Deutsche Post AG’s Managing Board. Our responsibility is to express an opinion on these consolidated financial statements based on our audit and examination of whether they comply with the International Accounting Standards (IAS).

We conducted our Group audit in accordance with German auditing standards, the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) and the International Standards on Auditing (ISA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements. Performing an audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. It also includes assessing the accounting principles used and significant estimates made by the Managing Board, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion based on the results of our audit, the consolidated financial statements as of December 31, 2000 give a true and fair view of the net assets and financial position of the Group, the consolidated results of its operations and its cash flows for the year then ended in accordance with IAS.

Our audit which, in accordance with German auditing standards, also covered the management report prepared by Deutsche Post AG’s Managing Board for the financial year from January 1 to December 31, 2000, has not led to any reservations. In our opinion, the management report provides a fair understanding of the Group’s position and suitably presents the risk of future development. We also confirm that the consolidated financial statements as of December 31, 2000 and the management report for 2000 meet the requirements for the company to be exempted from the obligation to prepare consolidated financial statements and a management report for the Group under German law.

Düsseldorf, March 26, 2001

PwC Deutsche Revision
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Klotzbach	Menke
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Certified	(German Certified
Public Accountant)	Public Accountant)

Income Statement

For the period January 1 to December 31

in € millions	Notes	Deutsche Post World Net 2000	Deutsche Post World Net 1999
Revenue and income from banking transactions	(9)	32,708	22,363
Other operating income*	(10)	1,209	1,159
Total operating income		**33,917**	**23,522**
Materials expense and expenses from banking transaction	(11)	– 15,591	– 7,204
Staff costs	(12)	– 11,056	– 11,503
Depreciation and amortization, excluding amortization of goodwill*	(13)	– 1,047	– 909
Other operating expenses*	(14)	– 3,844	– 2,985
Total operating expenses, excluding amortization of goodwill		**– 31,538**	**– 22,601**
Profit from operating activities, before amortization of goodwill (EBITA)		**2,379**	**921**
Amortization of goodwill*	(15)	– 144	– 70
Profit from operating activities (EBIT)		**2,235**	**851**
Profit from associates	(16)	6	3
Other financial results	(17)	– 203	– 78
Financial results		**– 197**	**– 75**
Profit from ordinary activities		**2,038**	**776**
Income taxes	(18)	– 511	253
Net profit for the period before minority interest		**1,527**	**1,029**
Minority interest	(19)	– 15	– 5
Net profit for the period		**1,512**	**1,024**

* 1999 restated, see Notes 6 and 7 to Consolidated Financial Statements.

in €			
Undiluted earnings per share	(20)	1.36	0.92
Proposed / paid dividend per share	(21)	0.27	0.16

Balance Sheet

As at December 31

Assets in € millions	Notes	Deutsche Post World Net 2000	Deutsche Post World Net 1999
Non-current assets			
Intangible assets *	(22)	1,482	– 46
Property, plant and equipment*	(23)	8,987	8,948
Financial assets	(24)		
Investments in associates		459	771
Other financial assets		153	118
		612	889
		11,081	**9,791**
Current assets			
Inventories	(25)	169	120
Receivables and other assets*	(26)	6,697	5,692
Receivables and other securities from financial services*	(27)	128,577	55,181
Securities	(28)	32	87
Cash and cash equivalents		1,906	1,877
		137,381	**62,957**
Deferred tax assets	(29)	**1,818**	**2,268**
		150,280	**75,016**

Equity and liabilities in € millions	Notes	Deutsche Post World Net 2000	Deutsche Post World Net 1999
Equity			
Issued capital	(30)	1,113	1,094
Reserves	(31)	1,376	446
Net profit for the period*	(32)	1,512	1,024
		4,001	**2,564**
Minority interest	(33)	**79**	**56**
Provisions			
Provisions for retirement benefits and similar obligations	(34)	6,720	6,594
Tax provisions	(35)	1,352	1,345
Other provisions *	(36)	3,035	3,070
		11,107	**11,009**
Liabilities			
Borrowings*	(37)	2,413	1,787
Trade payables	(38)	2,600	2,111
Liabilities from financial services	(39)	125,370	55,474
Other liabilities *	(40)	4,710	2,015
		135,093	**61,387**
		150,280	**75,016**

* 1999 restated, see Notes 6 and 7 to Consolidated Financial Statements.

Cash Flow Statement

For the period January 1 to December 31

in € millions	Deutsche Post World Net 2000	Deutsche Post World Net 1999
Net profit before taxation *	2,038	776
Proceeds from the disposal of non-current assets	– 159	– 258
Depreciation of non-current assets *	1,204	993
Non-cash income and expenses*	221	– 115
Interest income	175	66
Operating profit before working capital changes / cash flow I	**3,479**	**1,462**
Changes in current assets and liabilities		
Inventories	– 50	– 14
Receivables and other assets	– 350	229
Marketable securities	76	231
Receivables/liabilities from financial services	– 1,793	1,809
Provisions*	296	98
Liabilities and other items	864	1,030
Cash inflow from operations / cash flow II	**2,522**	**4,845**
Interest paid	– 341	– 141
Interest received	94	38
Taxes paid	– 230	– 100
Cash inflow from operating activities / cash flow III	**2,045**	**4,642**
Cash received from disposal of non-current assets		
Sales of companies	4	369
Other non-current assets	841	932
	845	1,301
Cash paid for investments in non-current assets		
Acquisition of companies	– 1,260	– 2,710
Other non-current assets	– 1,853	– 1,843
	– 3,113	– 4,553
Cash outflow for investing activities	**– 2,268**	**– 3,252**
Cash received from borrowings	649	235
Repayments of borrowings	– 151	– 301
Dividends and other payments to shareholders	– 246	– 157
Cash inflow from financing activities (1999: outflow)	**252**	**– 223**
Change in cash and cash equivalents	29	1,167
Cash and cash equivalents as at January 1	1,877	710
Cash and cash equivalents as at December 3	**1,906**	**1,877**

* 1999 restated, see Notes 6 and 7 to Consolidated Financial Statements.

Statement of Changes in Equity

For the period January 1 to December 31

in € millions	Issued capital	Reserves: Capital reserve	Reserves: Retained earnings	Reserves: Revaluation reserve	Net profit for the period	Total equity
As at: 01.01.1999	**1,094**	**376**	**–921**	**291**	**925**	**1,765**
Capital transactions with shareholder						
Withdrawal of capital for distribution			–153		153	
Dividend					–153	
Other changes in equity not affecting net profit						
Changes from revaluation			291	–291		
Other changes			–52			
Profit-related changes in equity						
Transfer to retained earnings			925		–925	
Other changes			–20			
Net profit for the period					1,024*	
As at: 12.31.1999	**1,094**	**376**	**70**	**0**	**1,024**	**2,564**
Capital transactions with owner						
Contribution to capital from corporate funds	19	–19				
Dividend					–179	
Other changes in equity not affecting net profit						
Currency translation differences			26			
Other changes		–61	139			
Profit-related changes in equity						
Transfer to retained earnings			845		–845	
Net profit for the period					1,512	
As at: 12.31.2000	**1,113**	**296**	**1,080**	**0**	**1,512**	**4,001**

* 1999 restated, see Notes 6 and 7 to Consolidated Financial Statements.

Notes to the Consolidated Financial Statements of Deutsche Post World Net as at December 31, 2000

(1) Accounting principles

The consolidated financial statements of Deutsche Post World Net for fiscal year 2000 were prepared in accordance with the International Accounting Standards (IAS) and interpretations thereof, approved and published by the International Accounting Standards Committee (IASC) and by the Standing Interpretations Committee (SIC), respectively. Application of the International Accounting Standards was mandatory on the date of the preparation of the financial statements. In addition, standards and interpretations that have not become finally effective but whose early adoption is recommended by the IASC have been generally observed.

All requirements of the standards that were applied have been completely satisfied such that the consolidated financial statements accurately reflect the Deutsche Post Group's actual assets and liabilities, financial position and results of operations. The accounting and valuation methods used in the consolidated financial statements (in accordance with IAS) for fiscal year 2000, as well as the explanations and notes thereto, are consistent with those used for fiscal year 1999. The first-time application of new or revised standards has not led to any significant accounting and valuation changes. For more details, see note 6.

Deutsche Post AG has made use of the option available under § 292a of the German Commercial Code ("HGB") to prepare its consolidated financial statements in accordance with IAS. Deutsche Post AG is therefore exempt from the obligation to prepare its consolidated financial statements pursuant to the requirements of the German Commercial Code. The assessment as to whether the consolidated financial statements are in accordance with the EC Accounting Directive was based on the interpretation provided in the German Accounting Standard No. 1 (DRS1), promulgated by the German Standards Committee Council (DRSC).

As a rule, the fiscal year of Deutsche Post AG and its subsidiaries included in the consolidation corresponds to the calendar year. Deutsche Post AG which has its registered office at Heinrich-von-Stephan-Strasse 1, Bonn, has been entered in the Commercial Register held at the Municipal Court of Bonn.

The consolidated financial statements are prepared in Euro currency. All amounts are stated in million Euro.

(2) Significant deviations between the accounting methods according to IAS and the accounting methods according to the German Commercial Code

For purposes of promoting international comparison and satisfying the information requirements of the capital markets, the consolidated financial statements as of December 31, 1999 were prepared, for the first time, in compliance with IAS. Compared to the Group accounting methods used under the German Commercial Code that had been applied until 1998, application of the IAS resulted in several significant accounting and valuation differences, which are summarized below.

- Intangible assets: Self-developed intangible assets are capitalized as far as they comply with assets criteria.
- Goodwill: Goodwill resulting from the acquisition of subsidiaries subject to consolidation is capitalized and amortized according to schedule. The goodwill that had been offset against reserves prior to transition to IAS in accordance with commercial law provisions was also capitalized.

- Property, plant and equipment: Where necessary, scheduled depreciation was adjusted to the actual decline in value.
- Pension provisions: Pension obligations were valued by taking into account future salary and pensions trends as well as current biometric possibilities using the project unit credit method. Both the indirect and the direct defined benefit plans were included in the pension calculations.
- Other provisions: Other provisions are reported only if obligations exist vis-à-vis third parties and the likelihood of their occurrence is more than 50 percent. So-called accruals (cf. note 36) are reported under liabilities.
- Deferred taxes: Reporting of assets and liabilities from future tax benefits or tax burdens is based on the balance sheet-oriented liability theory, using the tax rates applying to future distributed profits. Estimated realizable future income tax savings from losses carried forward are also capitalized.

The first-time application of IASC provisions was based on the interpretation of SIC 8. Accordingly, the adjustment of accounting and valuation standards to IAS provisions was made with neutral effects on profits in an opening balance as at January 1, 1998 sheet in favor or at the expense of reserves and as though accounting had always been based on IASC provisions.

(3) The consolidated Group

In addition to Deutsche Post AG, the consolidated financial statements for the year ending December 31, 2000 generally include all domestic and foreign companies with operational business activities, in which Deutsche Post AG directly or indirectly has majority voting rights. The companies will be included in the consolidated financial statements as from the time the Deutsche Post Group will be in a position to exercise control.

In addition to Deutsche Post AG, being the parent company, the consolidated group comprises the following companies:

Consolidated group

	Dec. 31, 2000	Dec. 31, 1999
Number of fully consolidated companies		
Domestic	88	75
International	316	222
Number of proportionately consolidated joint ventures		
Domestic	2	2
International	41	41
Number of companies accounted for at equity		
Domestic	6	6
International	32	11

53 subsidiaries (December 31, 1999: 38) and four joint venture companies (December 31, 1999: seven) were not included in the consolidated financial statements because they were not material to the results of the Group. 14 associated companies (December 31, 1999: 17) of minor significance were included using the book value method.

During fiscal year 2000, a total of 169 companies – of which 142 were fully consolidated companies and 27 companies valued at equity – were included for the first time in the Group's consolidated financial statements. The most significant of these have been classified according to business divisions and are set forth below:

Companies

	Shareholding in %	Date of first consolidation	Remarks
FINANCIAL SERVICES			
DSL Bank, Bonn	100	January 2000	Acquisition and merger
DSL Bank Luxemburg S.A., Luxembourg	100	January 2000	Acquisition and merger
Postbank Systems AG, Bonn	100	March 2000	Formation
LOGISTICS			
DANZAS TeleLog GmbH, Frankfurt/Main	100	Sept. 2000	Acquisition
Air Express International (AEI) with 63 companies of which using the equity method	100	March 2000	Acquisition
EXPRESS			
Deutsche Post Global Mail (Australia), Pty.Ltd., Australia	100	July 2000	Formation
Herald International Mailings Limited, London	100	March 2000	Acquisition
Eight companies of the trans-o-flex group	100	April 2000	Acquisition
OTHER			
Deutsche Post Ventures GmbH, Bonn	100	May 2000	Acquisition
Deutsche Post eBusiness GmbH, Bonn	100	Sept. 2000	Formation

The acquisition of the American logistics provider AEI alone was responsible for the addition of 63 subsidiaries to the consolidated group. This acquisition, which entered into effect on March 1, 2000, strengthens the operational capabilities of the Group in international air-freight forwarding. The acquisition is part of the ongoing international development strategy of the Deutsche Post Group. The acquisition of the AEI group involved a purchase price of € 1,197 million and resulted in goodwill of € 1,008. Obligations subsequently identified during the current fiscal year in accordance with IAS 22.71 were retroactively included in the opening balance sheet. As a consequence, the initial goodwill of the AEI group increased by € 47 million. Taking currency translation differences into account, the goodwill amounts to € 1,045 million as of December 31, 2000.

The acquisition of the AEI group had the following effects on the net assets, financial position and results of operations:

AEI group*

in € millions

Assets	1,708
Liabilities and provisions	421
Revenue	638
Profit/loss for the period after taxation	– 10

*Values as at June 30, 2000. Due to the advanced integration process, separate data were last available as at that date.

On April 1, 2000, Deutsche Post acquired ten foreign subsidiaries of trans-o-flex Schnell-Lieferdienst GmbH, Weinheim, of which eight were included in the consolidated group. This enables Deutsche Post AG to expand its range of services for the European market, particularly with respect to special services, warehousing and commissioning for industries such as pharmaceuticals, consumer electronics and information technology. The purchase price for the acquisition of the ten companies totaled € 53 million. Casa di Spedizioni Ascoli S. p. A., Milan (Italy) is not included since the purchase of this company had to be revoked for antitrust law reasons.

The eight consolidated trans-o-flex companies impacted the Group's net assets, financial position and results of operations as follows:

trans-o-flex*

in € millions

Assets	78
Liabilities and provisions	64
Revenue	93
Profit/loss for the period after taxation	4

* Values as at December 31, 2000

Herald International Mailings Limited, London, which was acquired by Deutsche Post, is one of the three largest private international mail logistics companies in the UK. The acquisition strengthens Deutsche Post's presence in the UK market and enables the Group to offer its UK customers a complete range of value-added services in the international mailing business.

Following the acquisition of DSL Bank, Deutsche Postbank AG, which has been strong in the market of retail banking, extends its range of products to building loans for private and commercial purposes, and also to the issuance of secured debenture. DSL Bank merged with Deutsche Postbank AG with effect as of January 1, 2000. A purchase price of € 359 million was paid for the shares that were purchased during fiscal year 2000. The negative goodwill of € 17 million which arose from the acquisition of DSL Bank was amortized in full under IAS 22.61 in the first half of 2000.

DSL Bank which was merged into Deutsche Postbank AG influenced the Group's net assets, financial position and results of operations as follows:

DSL Bank*

in € millions

Assets	85,860
Liabilities and provisions	84,461
Revenue	4,376
Profit/loss for the period after taxation	61

* Values as at December 31,1999. As DSL Bank merged into Deutsche Postbank AG on January 1, 2000, separate values were last available as at that date. In 1999 significant relationships to Deutsche Post World Net did not exist.

All other international acquisitions are associated with the Deutsche Post Group's globalization strategy, and in particular, with the establishing of an efficient pan-European parcel distribution and express network.

In fiscal year 2000, total acquisition costs amounted to € 1,615 million. The purchase prices for the acquired companies were paid exclusively through the transfer of cash and cash equivalents.

Since December 31,1999, 35 subsidiaries as well as six associated companies are no longer included in the consolidated group. Of these, eight companies were sold, two were wound up and 23 merged with other consolidated companies. The type of inclusion was changed in respect of eight companies. The following companies were concerned, in particular:

Companies	Date of disposal	Remarks
EXPRESS		
Belgian Parcel Distribution N.V., Boom/Belgium	January 2000	Merger
Deutsche Post Express und Transport GmbH, Bonn	January 2000	Merger
Nedlloyd ETD Holding B.V., Rotterdam, Netherlands	January 2000	Merger
Transportes y Servicios Rapidos Transserra S.A., Madrid	April 2000	Sale
Fortress Europe Direct Marketing Limited, Dublin/Ireland	April 2000	Sale
LOGISTICS		
Chemoldanzas Kft, Budapest/Hungary	March 2000	Sale
Danzas Inc., Ontario/Canada	May 2000	Merger
Deutsche Post Transport GmbH, Bonn	January 2000	Merger
Nedlloyd Fashion Services Spa, Molzo/ Italy	June 2000	Merger
Nedlloyd AG, Pratteln/Switzerland	January 2000	Merger
Nedlloyd Road Cargo Transitarios Lda, Lisbon/Portugal	May 2000	Merger
Other		
Deutsche Post Wohnbau Daheim GmbH, Darmstadt	Sept. 2000	Sale

The changes in the consolidated group through the sale of the following significant subsidiaries affected the Group's net assets, financial position and results of operations as follows:

in € millions	Transserra*	Wohnbau "Daheim"*	Fortress Europe*
Intangible assets	4	0	0
Property, plant and equipment	1	8	0
Financial assets	0	0	0
Provisions	0	30	0

* Values at the time of final consolidation. There was no material income from final consolidation.

Note 46 provides a list of the significant affiliated companies, joint ventures and associated companies. A complete list of Deutsche Post AG's ownership interests has been filed with the Commercial Register of the Municipal Court of Bonn.

(4) Foreign currency translation

The financial statements of the consolidated group companies that were prepared in foreign currency were converted into Euro in accordance with the functional currency method of IAS 22 (The Effects of Changes in Foreign Exchange Rates). For all subsidiaries of Deutsche Post World Net, the functional currency is the local currency because the enterprises operate independently in terms of the their financial and commercial activities and organizational structure. Accordingly, foreign currency denominated assets and liabilities are translated at the mean rates on the consolidated financial statements date. Expenses and income are generally translated at annual average rates. The resulting currency differences are included in equity without effects on profits.

Goodwill arising out of the capital consolidation of foreign companies is translated at the rates in effect on the acquisition dates and maintained by taking into account scheduled amortization.

The following exchange rates were generally applied for currency translation within the Group:

Country	Currency	Closing rate		Average rate	
		2000 1 Euro =	1999 1 Euro =	2000 1 Euro =	1999 1 Euro =
USA	USD	0.93050	1.00460	0.92406	1.05803
Germany	DEM	1.95583	1.95583	1.95583	1.95583
Australia	AUD	1.67700	1.58955	*	*
Switzerland	CHF	1.52320	1.60510	1.55777	1.60130
UK	GBP	0.62410	0.62170	0.60941	0.65549
Sweden	SEK	8.83130	8.56250	8.44608	8.78688
Poland	PLZ	3.84980	4.15870	4.00808	4.23165
Czech Republic	CZK	35.04700	36.10300	35.66721	36.87396
Denmark	DKK	7.46310	7.45380	*	*
Austria	ATS	13.76030	13.76030	13.76030	13.76030
Belgium	BEF	40.33990	40.33990	40.33990	40.33990
France	FRF	6.55957	6.55957	6.55957	6.55957
Ireland	IEP	0.78756	0.78756	0.78756	0.78756
Italy	ITL	1,936.27000	1,936.27000	1,936.27000	1,936.27000
Netherlands	NLG	2.20371	2.20371	2.20371	2.20371
Hungary	HUF	265.00000	260.07842	*	*
Portugal	PTE	200.48200	200.48200	200.48200	200.48200
Spain	ESP	166.38600	166.38600	166.38600	166.38600

* No data; irrelevant as at December 31, 1999.

The reported values of non-monetary assets of consolidated companies that operate in highly inflationary economies are indexed in accordance with IAS 29, thus reflecting the actual purchasing power at the balance sheet date.

In accordance with IAS 21, in the financial statements of foreign consolidated companies reporting in local currencies, foreign currency receivables and cash and cash equivalents are translated at the buying rate, while foreign currency liabilities are translated at the selling rate on the financial statements date. Rate-hedged items, however, are translated at the corresponding hedge rate. Exchange rate differences are recorded under other operating expenses and income.

(5) Consolidation methods

The consolidated financial statements are based on the annual financial statements of Deutsche Post AG and its subsidiaries, which were prepared as of December 31, 2000 using uniform accounting principles and audited and certified by independent auditors.

Capital consolidation of newly included subsidiaries is performed using the purchase method by applying the benchmark treatment (in accordance with IAS 22: Business Combinations). Under this method, the purchase costs of the acquisition are set off against the prorated share capital of the relevant subsidiary. The assets and liabilities acquired are reflected in the consolidated balance sheet at their time value and at the date of acquisition in as much as they relate to Deutsche Post World Net. Any resulting excess or shortfall of the purchase consideration over the parent's interest in the sale value of the net assets acquired will be reflected as goodwill or negative goodwill respectively under the intangible assets of the Group's non-current assets and will be amortized or reversed according to its useful life.

In accordance with IAS 31, joint venture companies are generally included in the consolidated financial statements on a proportionate basis: The assets, liabilities, income and expenses of the jointly controlled companies are reported in the consolidated financial statements in proportion to the interest the parent holds in the respective company. Proportionate consolidation and the recognition and measurement of goodwill are based on principles consistent with those applied for the consolidation of subsidiaries.

Companies on which a controlling influence may be exercised (associated companies) are valued at equity in the form of the book value method. Any goodwill is reported under shares in associated companies.

Inter-group revenue, other operating income and expenses as well as receivables and payables or provisions, respectively, are eliminated. Inter-group profit and losses not realized through sales to third parties are also eliminated.

(6) Application of IAS and SIC interpretations

The consolidated financial statements of Deutsche Post AG are based on those IAS and SIC interpretations to be applied obligatorily. Standards and interpretations that have not become effective, but whose early application is, however, recommended by the IASC, have also been taken into consideration. The following new or revised standards were used in the consolidated financial statements of Deutsche Post World Net for the year ending December 31, 2000:

- IAS 16 (revised 1998) Property, Plant and Equipment
- IAS 22 (revised 1998) Business Combinations
- IAS 36 Impairment of Assets
- IAS 38 Intangible Assets
- IAS 40 Investment Property

The early application of IAS 39 Financing Instruments was dispensed with.

The application of IAS 16 (revised 1998), IAS 36, IAS 38 and IAS 40 resulted in no reporting, accounting and valuation changes. The following changes resulted from the application of IAS 22 (revised 1998):

- The negative goodwill from the acquisition of Deutsche Postbank AG, which was reported under deferred income in the 1999 consolidated financial statements was reclassified in accordance with IAS 22.64 (revised 1998) to the intangible assets of the Group. On December 31, 2000, a residual negative goodwill of € 1,714 million (December 31, 1999: € 1,929 million after restatement, cf. note 7) was recognized. The negative goodwill will continue to be amortized over a period of ten years. The amortization period corresponds, in accordance with IAS 22.61, to the period of the anticipated restructuring program of the Deutsche Post group. The income from amortization of the negative goodwill is included under the item “other operating income”.

The transitional provisions of IAS 22 (revised 1998) require that the residual negative goodwill be amortized over the remaining average useful life of the acquired, identifiable, depreciable non-monetary assets of the Deutsche Postbank group. However, an amortization period of 31 years based on this requirement does not reflect the character and economic background of the negative goodwill with respect to Deutsche Postbank group.

- In accordance with IAS 22 (revised 1993), restructuring provisions were set up for the logistics companies ASG and Nedlloyd that were acquired in the second half of 1999; these provisions did not affect the operating results. IAS 22 (revised 1998) placed stricter criteria on the recognition of restructuring provisions. Since the provisions set up at Nedlloyd to the amount of € 82 million failed to satisfy those requirements, restructuring provisions were retrospectively restated as expense in the income statement. In accordance with the transitional provisions, the consolidated financial statements for 1999 were appropriately restated. As a result, other operating expenses increased by € 82 million in the second half of 1999, whilst amortization of goodwill was simultaneously reduced by € 2 million. Furthermore, the goodwill recorded in the balance sheet as of December 31,1999 was reduced by € 80 million as a result of such adjustment. The adjusted provisions to the amount of € 31 million were fully utilized in 2000.

The audited consolidated income statement, the consolidated balance sheet, the cash flow statement and the statement of changes in equity for the year ending December 31, 1999 were restated according to IAS 22 (revised 1998).

(7) Restatement of previous year's figures

In addition to the restatements of the previous year's figures stated under note 6 as a result of the first-time application of new or revised standards, further restatements had to be made in accordance with IAS 22.71.

- Due to subsequently identified obligations, provisions amounting to € 8 million were set up for the logistics companies ASG, Nedlloyd and Danzas. These provisions did not affect the operating results. Most of these provisions relate to rights of recourse. As a result, acquisition-related goodwill increased by the same amount net of scheduled amortization.
- In accordance with IAS 22.7, some values of property, plant and equipment of Deutsche Postbank group had to be restated retrospectively in the opening balance sheet. As a consequence of this, the carrying amount of the negative difference changed by € 92 million as of December 31, 1999. Other operating income from the release of the negative goodwill was reduced by 10 million.
- In accordance with SIC 12, 23 Special Purpose Funds of Deutsche Postbank AG were included as Special Purpose Entities in the consolidated financial statements for the first time. The proportion of hidden reserves attributable to the Special Purpose Funds and the respective deferred taxes were set off against retained earnings reserves to the amount of € 181 million with a neutral effect on profits as of January 1, 2000. A respective adjustment of the previous year's figures would have increased the profit from operating activities by € 324 million or, respectively, the net profit for the period by € 181 million.
- The disclosure of the following balance sheet items was changed: Liabilities from finance leasing were reclassified from other liabilities to borrowings and the compensation claim pursuant to § 40 DMBilG was reclassified from receivables from financial services to other assets. The previous year's figures were adjusted accordingly.

(8) Segment reporting

Primary reporting

in € millions	MAIL		EXPRESS		LOGISTICS		FINANCIAL SERVICES		Other/ Consolidation		Group	
	2000	1999	2000	1999[1]	2000	1999[1]	2000	1999[1]	2000	1999	2000	1999
External revenue	10,385	10,240	5,753	4,504	8,094	4,273	7,969	2,856	507	490	32,708	22,363
Internal revenue	1,348	1,431	269	271	195	177	21	15	–1,833	–1,894	0	0
Total revenue	11,733	11,671	6,022	4,775	8,289	4,450	7,990	2,871	– 1,326	–1,404	32,708	22,363
Profit from operating activities before amortization of goodwill (EBITA)	2,004	1,009	76	60	113	–27	505	58[2]	–319	–179	2,379	921
Amortization of goodwill	1	1	43	29	100	40	0	0	0	0	144	70
Profit from operating activities (EBIT)	2,003	1,008	33	31	13	–67	505	58[2]	–319	–179	2,235	851
Profit from associates	0	0	–2	4	7	0	0	0	1	–1	6	3
Segment assets	5,586	5,924	4,272	4,498	5,355	3,072	130,130	57,739	513	–1,339	145,856	69,894
Investments in associates	0	0	427	428	31	28	0	306	1	9	459	771
Segment liabilities	1,405	1,341	934	1,192	2,213	2,184	127,752	56,212	354	–1,288	132,658	59,641
Segment investments	587	481	545	1,108	1,665	1,973	289	–917	111	71	3,197	2,716
Depreciation and amortization	512	440	266	240	235	118	119	143	59	38	1,191	979
Other non-cash expenses	117	241	11	163	30	159	189	192	398	–17	745	738

[1] Previous year's figures of the segments EXPRESS, LOGISTICS and FINANCIAL SERVICES were restated in accordance with IAS based on the following circumstances:

The subsidiary Deutsche Post Transport GmbH was reclassified from the EXPRESS division to the LOGISTIK division with retrospective effect as of January 1, 2000. The Deutsche Post Fulfilment GmbH (formerly Deutsche Post Kontraktlogistik GmbH) whose purpose is largely the forwarding of shoes represents a separate segment; due to the criteria set out in IAS 14.35, however, this company is not required to report and is therefore included in Other / Consolidation. Results of Deutsche Post Fulfilment GmbH amounted to € 26 million (1999: € 0 m). The activities of this company were discontinued in the current year. The previous year's figures were adjusted to permit comparability.

Based on the adoption of IAS 22 (revised 1998) and pursuant to the transitional provisions, in the LOGISTICS segment the restructuring provision in connection with the acquired logistics companies that had previously been set up with effect from July 1, 1999, were recognized as income by way of an adjustment of retained earnings and goodwill and other operating expenses. As a consequence, the recalculated result from operations before amortization of goodwill (EBITA) for 1999 was negative (cf. note 6).

Based on the adoption of IAS 22 (revised 1998) the segment assets and the segment activities of the FINANCIAL SERVICES division were adjusted retroactively with effect from January 1, 1999. This adjustment results from the reclassification of the negative goodwill arising from first consolidation of Deutsche Postbank AG, which is now reclassified to the intangible assets of the Group. Had the negative difference not been recognized under segment investments in the previous year, segment investments had amounted to € 1,227 million.

[2] A retrospecive consolidation of the Special Funds in Deutsche Postbank group would have increased income from operating activities of the FINANCIAL SERVICES division by € 324 million in 1999 (cf. note 7).

Secondary reporting

in € millions	Germany		Europe excluding Germany		Americas		Asia/Pacific		Other Regions		Group	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
External revenue	23,159	17,542	7,303	3,968	1,402	536	764	212	80	105	32,708	22,363
Segment assets	131,482	61,519	12,145	7,791	1,724	371	269	140	236	73	145,856	69,894
Investments	1,363	343	499	1,997	1,272	232	60	95	3	49	3,197	2,716

Notes to the segment reporting

Segment reporting has been prepared in accordance with IAS 14 (Segment Reporting). Consistent with the organizational and internal reporting structure of the Group, figures for the consolidated financial statements are presented by business segment (corporate divisions) and geographical areas. The segmentation is meant to enhance the transparency of the revenues, risks and rewards, earnings and financial position of each component of the Group.

Based on the organizational structure of the Group, the primary reporting is focused on the corporate divisions. The Deutsche Post AG Group distinguishes between the following business segments:

MAIL

Going beyond its traditional role as provider of transport and delivery services, the MAIL corporate division increasingly perceives itself as an all-round service provider for the management of written communications.

EXPRESS

Deutsche Post AG has combined its national and international activities on the distribution market in the EXPRESS corporate division. The international letter business and the remaining international postal activities were combined and are now under one management.

LOGISTICS

The LOGISTICS division consists of the Danzas subgroup including the Nedlloyd business units allocated to Danzas, ASG and its subsidiaries, AEI as well as the ITG group. Customers are offered integrated services from a single source: air and ocean freight forwarding worldwide, road transportation all over Europe and customer-specific logistics solutions.

FINANCIAL SERVICES

The FINANCIAL SERVICES division covers the activities of Postbank and DSL Bank, which was acquired on January 1, 2000. In addition, this corporate division provides pension payment services. This segment offers a wide range of standardized banking services including payment transactions, deposits, private and corporate banking business, funds products and, since September 1, 2000, securities services.

The segment information is reported after eliminating transactions within the corporate divisions. Transactions between the corporate divisions are eliminated in the Other/Consolidation column to group financial statement amounts. In addition, the Other/Consolidation column includes non-allocable items such as cost of going public and other activities of the Group, such as, inter alia, the field of real estate and housing and the eBusiness.

Notes to the primary reporting format:

- External revenue is the revenue generated by the division with parties outside the Group.
- Internal revenue represents the revenues generated with other corporate divisions. Transfer prices for inter-company revenue are based on market price and the arm's-length principle. Non-marketable services are generally reported at their actual costs. Additional expenses arising from Deutsche Post AG's universal service obligation (nationwide retail outlet network, delivery on each work day) and, being legal successor to Deutsche Bundespost, its obligation to take over the former compensation structure are fully allocated to the MAIL corporate division.
- Segment income and expense of the FINANCIAL SERVICES corporate division also include interest income and interest expenses of Deutsche Postbank group.
- Segment assets consist of the non-current assets (intangible assets, property, plants and equipment) and current assets (excluding income tax receivables, cash and cash equivalents and marketable securities) including receivables from financial services. Acquired goodwill is allocated to the corporate division.

- Segment liabilities include non-interest bearing liabilities (without income tax liabilities) and liabilities arising from financial services.
- Segment investments consist of intangible assets, (including acquired goodwill) and property, plant and equipment.
- Depreciation and amortization consist of the assets allocated to the individual corporate divisions.
- Other non-cash expenses relate primarily to the creation of provisions.

Secondary reporting by geographical segment distinguishes between the following regions: Germany, Europe (excluding Germany), the Americas, Asia/Pacific and Other Regions.

Notes to the secondary reporting format:
- External revenue is allocated according to the location of the customers. Only revenue generated with customers outside the Group are reflected.
- Segment assets are allocated according to the location of the assets. They consist of the non-current assets (intangible assets, property, plant and equipment) and current assets (excluding cash and cash equivalents and marketable securities) of the individual regions. Segment assets also include the acquired goodwill attributed by the domicile of the respective enterprises.
- Segment investments are also allocated according to the location of the respective assets. They comprise investments in intangible assets (including acquired goodwill) and property, plant and equipment.

Notes to the Income Statement

(9) Revenue and income from banking transactions

Revenue is generally recognized when the services are rendered, the goods or products are supplied, or the interest, commissions and other income from banking transactions is collected and when the amount of income can be reliably determined and the economic benefits from the services rendered are likely inure to the Group.

Revenue and income from banking transactions are classified as follows:

in € millions	2000	1999
Revenue	24,806	19,572
Income from banking transactions	7,902	2,791
	32,708	**22,363**

As in 1999, no revenue or income from banking transactions was generated on the basis of barter transactions in fiscal year 2000.

The additional classification of revenue according to corporate divisions and the allocation of revenue and income from banking transactions to geographic regions are described in the appended segment reporting section (cf. note 8).

Income from banking transactions is comprised of the following:

in € millions	2000	1999
Interest income		
Interest income from credit and money market transactions	4,240	1,427
Interest income from fixed income securities and bonds	3,108	712
	7,348	**2,139**
Commission income	516	381
Income from shares and marketable securities	24	263
Income from insurance business	9	4
Net income from financial operations	5	3
Other income	0	1
	7,902	**2,791**

Net income from financial operations represents the gains less losses realized on marketable securities of the trading portfolio.

The rise in income from banking transactions resulted primarily from the acquisition of DSL Bank per January 1, 2000.

(10) Other operating income

Other operating income is comprised of the following:

in € millions	2000	1999
Proceeds from disposal of intangible assets and property, plant and equipment	248	243
Income from amortization of negative goodwill of Deutsche Postbank group	215	215*
Income from reimbursements and refunds	131	58
Rental and leasing income	104	75
Income from the reversal of provisions	90	42
Income from the utilization of provisions	55	4
Income from currency translation and exchange rate differences	51	16
Off-period income	51	48
Income from compensation for damages	25	24
Income from the settlement of costs housing market	24	24
Income from payments received relating to receivables written off	24	0
Income from the disposal of financial assets	24	87
Income from the disposal of real estate included in current assets	14	0
Income from write-ups of value-adjusted receivables	12	0
Income from the disposal of marketable securities	6	0
Income from write-ups of receivables and marketable securities of the Deutsche Postbank group	5	87
Income from the reversal of a debt owed to Deutsche Postbank AG from a commission contract	0	74
Miscellaneous other operating income	130	162
	1,209	**1,159**

* Restatement of previous year's figures, more detailed information under note 7.

Income from reimbursements and refunds includes the government cost refund relating to stock market flotation to the amount of € 84 million.

(11) Materials expense and expenses from banking transactions

Materials expense and expenses from banking activities consist of the following:

in € millions	2000	1999
Materials expense	9,718	5,939
Expenses from banking transactions	5,873	1,265
	15,591	**7,204**

Materials expense results from purchased goods and services and is subdivided as follows:

in € millions	2000	1999
Expenses for raw materials, consumables and supplies		
Office supplies	285	217
Purchased merchandise	246	182
Heating, fuel	178	165
Other expenses	157	214
	866	**778**
Expenses for purchased services		
Transportation costs	7,046	3,947
Cost of maintenance and repair	621	383
IT services	276	15
Commission to postal agencies	254	168
Service provided by temporary staff	237	306
Internally developed software	173	210
Energy	165	89
Off-period expenses	32	8
Other expenses for purchased services	48	35
	8,852	**5,161**
	9,718	**5,939**

The increase in expenses for transportation costs by € 3,099 is primarily attributable to the logistics companies acquired. € 5,594 of transportation costs relate to the Danzas group.

Expenses from banking transactions consist of the following items:

in € millions	2000	1999
Interest expense	5,790	1,232
Commission expense	77	31
Expense from insurance business	6	2
	5,873	**1,265**

The € 4,608 million increase in expenses from banking transactions primarily resulted from the acquisition of DSL Bank.

(12) Staff costs

Staff costs consist of the following:

in € millions	2000	1999
Wages, salaries, and emoluments	8,323	7,447
Pension expenses	1,403	2,811
Social security contributions	1,130	1,002
Benefits and support	200	243
	11,056	11,503

The major component of the item "staff costs" consists of wages, salaries, emoluments and other forms of compensation for work carried out by the Company's staff during the fiscal year.

Pension expenses relate to current and former Company personnel or their surviving dependants. These expenses include allocations into the pension provisions, employer contributions to the supplementary company benefits program, and the payments assumed by the Company for the employee retirement plans.

Pension expenses include € 767 million (1999: € 2,045 m) in post-retirement contributions by Deutsche Post AG to Deutsche Post Pensions-Service e.V. and € 75 million (1999: € 159 m) in contributions by Deutsche Postbank AG to Postbank Pensions-Service e.V. Pursuant to § 15 (1) and § 16 (1), respectively, of the German Postal Employees Act (Postpersonalrechtsgesetz), Deutsche Post Pensions-Service e.V. and Postbank Pensions-Service e.V. are responsible for the payment of pensions and health care benefits to retired civil servants. Since January 1, 2000, the annual contributions equal 33% of the gross salaries and emoluments of the active civil servants who qualify for retirement benefits and the notional gross salaries and emoluments of civil servants on leave. The contributions will decline further within the course of continued reduction in the number of civil servants.

Social security contributions relate to statutory contributions to be borne by the Company, in particular contributions to social security.

Classified according to groups of employees, the average number of staff members working for Deutsche Post World Net was as follows:

	2000	1999
Wage earners	152,553	142,581
Civil servants	83,499	96,065
Salaried employees	78,385	59,656
Trainees	5,561	5,963
	319,998	**304,265**

Of the total of 319,998 persons employed on an annual average, 270,806 employees worked in Germany.

The staff of companies which were acquired during the fiscal year (in particular AEI group, the trans-o-flex companies, Herald International Mailings, Deutsche Post Global Mail Australia, Deutsche Post eBusiness) or sold (Transserra and Fortress Europe) are included on a pro rata temporis basis.

The employees of Securicor Omega Holdings and Narrondo Desarrollo were included on a prorated basis.

As at December 31, 2000, the Group employed a total of 284,890 full-time staff members, including trainees (as at 31 December 1999: 264,424 persons).

The increase in the number of personnel is due to the extension of the consolidated group.

(13) Depreciation and amortization, excluding amortization of goodwill

Scheduled depreciation is based on the useful lives applied in the Group and described under note 23.

Non-scheduled depreciation is applied if there are indications of an impairment in value and the recoverable amount is below continued acquisition costs.

Depreciation and amortization consist of:

in € millions	2000	1999
Amortization of intangible assets, excluding amortization of goodwill	110	95
Depreciation of property, plant and equipment		
Buildings	198	196
Technical equipment and machinery	190	162
Other equipment, furniture and fixtures, and office equipment	549	456
	1,047	**909**

Depreciation and amortization during fiscal year 2000 includes, at € 8 million, non-scheduled depreciation of which € 3 million is attributable to buildings and € 3 million to technical equipment and machinery.

The increase in depreciation and amortization is primarily due to the extension of the consolidated group.

(14) Other operating expenses

Other operating expenses consist of the following individual items:

in € millions	2000	1999
Rental and leasing expenses	720	460
Public relations expenses	480	242
Legal, consulting, auditing costs	435	235
Additions to provisions	279	372
Travel, training and supplementary staff costs	210	238
Telecommunications expenses	198	72
Voluntary social payments	177	40
Expenses from the disposal of non-current assets	162	49
Services provided by the Federal Post and Telecommunications Agency	128	127
Third party services for cleaning, transportation, security	115	108
Replacement services	99	58
Other business taxes	98	109
Value adjustments of receivables and marketable securities of the Deutsche Postbank group	96	270
Off-period other operating expenses	58	44
Indemnities	46	40
Losses incurred upon disposal of current assets	18	90
Miscellaneous other operating expenses	525	431
	3,844	**2,985**

The increase in public relations expenses is associated with the stock market flotation of Deutsche Post AG. Taxes other than taxes on income are disclosed either under the respective expense items or, if such a specific allocation is not possible, under other operating expenses.

(15) Amortization of goodwill

The amortization of goodwill is made on a straight-line basis over a period of 15 to 20 years; the determination of the useful life is oriented, in particular, towards the strategic significance of the underlying acquisition. Any additions made during the fiscal year is amortized on a pro rata temporis basis. Scheduled amortization in fiscal year 2000 amounted to € 144 million.

As a result of restatements made, the amortization of goodwill for the previous year was adjusted downward from € 72 million to € 70 million (cf. note 6).

The increased amortization of goodwill resulted from the acquisitions in fiscal year 2000 and the first-time recognition of the full-year depreciation of acquisitions during fiscal year 1999.

(16) Profit from associates

Equity investments in companies over which a controlling influence can be exercised and which are subject to consolidation according to the equity method contribute to financial results as follows:

in € millions	2000	1999
DHL International Limited	7	7
Trans-o-flex Schnell-Lieferdienst GmbH	–8	–4
Other Group companies	7	0
	6	**3**

Results of DHL and trans-o-flex also include, in addition to results in fiscal year 1999, the prorated results of fiscal year 2000 which were determined from non-approved annual financial statements. Results of DHL and trans-o-flex were as follows:

in € millions	DHL	trans-o-flex
Amortization of goodwill of current fiscal year	–13	–1
Prorated net profit of fiscal year 1999	23	–3
Prorated net profit of current fiscal year	–2	0
Elimination of intercompany results	0	–4
Other changes	–1	0
	7	**–8**

(17) Other financial results

Other financial results are structured as follows:

in € millions	2000	1999
Interest and similar expenses	–261	–147
Interest and similar income	81	33
Depreciation of marketable securities	–31	–13
Income from securities and loans included in financial assets	7	48
Income from other investments	1	1
	–203	**–78**

Expenses and income from Deutsche Postbank group's banking transactions are not included under "Other financial results". Interest income, interest from shares and securities, and commission income are included in revenue and income from banking transactions (cf. note 9). Interest and commission expenses are included in materials expense and expenses from banking transactions (cf. note 11). The deterioration in financial results was based primarily on the increased finance requirements due to acquisitions in fiscal year.

(18) Income taxes

Income taxes consist of the following:

in € millions	2000	1999
Current income tax expenses	41	19
Current income tax refunds	–1	0
	40	19
Deferred tax income		
from tax loss carry forwards	–18	–111
from temporary differences	–89	–161
	–107	–272
Deferred tax expenses		
resulting from tax loss carry forwards	488	0
resulting from temporary differences	90	0
	578	0
	511	**–253**

The € 764 million increase in income taxes largely results from the change in deferred taxes on tax loss carry forwards. Whereas, in fiscal year 1999, deferred tax income of € 111 million could be realized form the setting up of tax loss carry forwards, fiscal year 2000 saw a deferred tax expense totaling € 470 million from reduction of tax loss carry forwards.

In accordance with IAS 12 (Income Taxes), deferred taxes are measured at the tax rates that are expected to apply in the period when the asset is realized. On July 14, 2000, the German Federal Council passed a bill relating to the reduction in the rate of tax and on the corporate tax reform (Gesetz zur Senkung der Steuersätze und zur Reform der Unternehmensbesteuerung). Accordingly, for Deutsche Post AG and all other remaining German Group companies, the tax rate decreased from 44.2% (in 1999) to 39.9% for the current fiscal year. This decrease in the tax rate, relative to the deferred taxes inventory as at December 31, 2000, resulted in an additional deferred tax expense of € 114 million.

The tax rate applicable for German Group companies consists of the standard tax rate of 25% plus solidarity surcharge and an average trade tax rate. Foreign Group companies apply their individual income tax rate in their calculations of deferred tax items. The income tax rates applied by foreign companies vary between 15% and 48%.

On the basis of the results of ordinary activities and computed income taxes the reconciliation to the actual income tax expense is as follows:

in € millions	2000
Profit from ordinary activities	2,038
Computed income tax	813
Deferred tax assets not set up for temporary differences from	
Initial Differences	–510
Goodwill amortization	64
Reversal negative goodwill	–95
Other assets and liabilities	–18
Deferred tax liabilities not set up for temporary differences from	
Initial differences	8
Other assets and liabilities	8
Deferred tax assets not set up for tax loss carry forwards of foreign Group companies	147
Tax-exempt income	–2
Tax rate differences foreign companies	–16
Tax rate differences from domestic income taxes	–2
Effects from the tax reform on domestic deferred taxes	114
Actual taxes on income	**511**

in € millions	1999
Profit from ordinary activities	776
Computed income tax	343
Deferred taxes not set up for temporary differences	–594
Tax rate difference between computed and actual tax rate	–2
Actual taxes on income	**–253**

The difference between the computed income tax expense and the actual income tax benefits is in particular due to temporary differences between Deutsche Post AG's and Deutsche Postbank's respective IAS commercial balance sheets and tax balance sheets resulting from different valuation in the tax opening balance sheet as of January 1, 1996 (Initial Differences). In accordance with IAS 12.15 (b) and IAS 12.24 (b), the Group has not set up deferred tax assets on these temporary differences which largely relate to property, plant and equipment, the goodwill reported in the tax balance sheet and to pensions and similar commitments. If deferred taxes on temporary differences had been set up as of January 1, 1996, the tax expense in 2000 would have approximated the computed income tax rate if effects from the tax reform had been ignored.

The remaining temporary differences between IAS balance sheet valuation and valuations in the tax balance sheet as of December 31, 2000 amount to approximately € 8.2 billion (1999: € 11.9 bn). The reduction of these differences mainly results from the conversion of direct to indirect pension commitments with tax effect in the financial year.

(19) Minority interest

In fiscal year 2000, minority interest income amounted to € 15 million (1999: € 6 m) and the losses allocated to minority interests amounted to € 0 million (1999: € 1 m).

(20) Earnings per share

In accordance with IAS 33 (Earnings per Share), basic earnings per share are determined by dividing Deutsche Post Group's profit by the average number of shares. The increase in the number of shares and the conversion of the shares to no-par-value shares in 2000 inflated the number of shares to 1,112,800,000 no-par-value shares.

In fiscal year 2000, the undiluted earnings per share were € 1.36. As a consequence of the restatements referred to in notes 6 and 7, and taking the conversion to no-par-value shares into account, earnings per share were € 0.92 for fiscal year 1999.

In order to calculate the diluted earnings per share, the average number of shares issued is adjusted for the number of all potentially diluted shares. In connection with the issue of shares on November 20, 2000, option rights were granted to employees; this led to a potential dilution of the earnings per share (cf. note 30).

	2000
Average number of shares issued	1,112,800,000
Number of shares provided with subscription rights	7,683,494
Number of shares which would have been issued at their fair value	–6,923,588
Average number of shares taking the dilution effect into account	**1,113,559,906**
Group profit in € millions	1,512
Diluted earnings per share in €	**1.36**

Accordingly, in the reporting year there is no deviation between diluted and undiluted earnings per share.

(21) Dividends per share

A dividend payment of € 300 million has been proposed for fiscal year 1999. Given a total of 1,112,800,000 shares registered in the Commercial Register this represents a dividend per share of € 0.27. Based on a different number of shares (42,800,000) the distribution in fiscal year 1999 amounted to € 179 million, which meant a dividend per share of € 4.18.

Notes to the Balance Sheet

(22) Intangible assets

Purchased intangible assets are recognized at their costs of acquisition. The cost of an internally generated intangible asset is the sum of expenditures incurred from the date when the intangible asset first meets recognition criteria. This will be the case particularly when an intangible asset is expected to generate future economic benefits. Within the Group, internally generated intangible assets relate solely to internally developed software. The capitalization costs of internally developed software include, in addition to direct costs, an appropriate proportion of the indirect manufacturing overhead attributable to the software. Borrowing costs are not capitalized. Value added tax arising from the acquisition or generation of intangible assets is capitalized unless it can be deducted as input tax.

Intangible assets are amortized on a straight-line basis over their estimated useful lives. Capitalized software is amortized over two to five years. Licenses are amortized in accordance with the term of the relevant license agreement.

If there is any indication that an asset's value may be impaired or the recoverable amount is less than the carrying amount, then the intangible asset is subject to non-scheduled amortization. If reasons for the non-scheduled amortization cease to exist, appropriate write-ups are made.

In accordance with IAS 22 (Business Combinations), goodwill - including goodwill resulting from capital consolidation - is capitalized and amortized on a straight-line basis over the useful life of 15 to 20 years. Starting from the beginning of fiscal year 1999, the intangible assets developed as follows in fiscal year 2000:

in € millions	Concessions, industrial property and similar rights and assets, and licenses for the use of such rights and assets[1]	Goodwill[1) 3)]	Negative goodwill[2]	Advances	Total
Acquisition or manufacturing costs					
January 1, 1999	238	95	0	0	333
Changes in the consolidated Group	142[1]	32[1]	0	9	183
Additions	138	1,634[3]	–2,144[2]	4	–368
Reclassifications	7	0	0	–7	0
Disposals	28	7	0	1	36
December 31, 1999	497	1,754	–2,144	5	112
Changes in the consolidated Group	18	52	0	0	70
Additions	247	1,286	0	11	1,544
Reclassifications	1	0	0	–3	–2
Disposals	27	20	0	1	48
December 31, 2000	736	3,072	–2,144	12	1,676
Amortization					
January 1, 1999	98	9	0	0	107
Changes in the consolidated Group	101[1]	26[1]	0	0	127
Amortization	95	70	0	0	165
Reclassifications	0	0	0	0	0
Reversal of negative goodwill	0	0	215[2]	0	215
Disposals	25	1	0	0	26
December 31, 1999	269	104	–215	0	158
Changes in the consolidated Group	22	–3	0	0	19
Amortization	110	144	0	0	254
Reclassifications	–1	0	0	0	–1
Reversal of negative goodwill	0	0	215	0	215
Disposals	21	0	0	0	21
December 31, 2000	379	245	–430	0	194
Balance sheet value as at December 31, 2000	**357**	**2,827**	**–1,714**	**12**	**1,482**
Balance sheet value as at December 31, 1999	228	1,650	–1,929	5	–46

1) Within the course of first consolidation of the Danzas group, some intangible assets were reported in the schedule of fixed assets at book values rather than at gross values. The adjustments were made retrospectively at the time of first consolidation in "Changes in the consolidated Group". This had not effect on the balance sheet total and group results.

2) The previous year figures were adjusted in accordance with IAS 22 (revised 1998). The negative final figure for the intangible assets as at December 31, 1999 resulted from the reclassification of the negative goodwill as deferred income in the consolidated financial statements for 1999 resulting from the initial consolidation of Deutsche Postbank AG, a figure that will now be deducted from the intangible assets. For more information please refer to note 6.

3) Adjustment of the previous year's figures. For more information please refer to note 7.

The strategic significance of the respective acquisitions with a view to realizing synergies and entering new markets is decisive for determining the useful life of goodwill. The value of goodwill is reviewed at regular intervals (impairment test). If there are indications of impairment, appropriate non-scheduled amortization is carried out.

The increase in intangible assets is based primarily on the increase in goodwill resulting from the acquisitions during fiscal year 2000 including the acquisition of AEI with a goodwill of € 1,045 (as at December 31, 2000).

Development costs of € 82 million exclusively relating to self-produced intangible assets were capitalized in fiscal year 2000.

(23) Property, plant and equipment

The item "property, plant and equipment" is valued at acquisition or manufacturing costs, less scheduled depreciation on a straight-line basis. Manufacturing costs include direct costs and an appropriate proportion of attributable overheads. Borrowing costs are not capitalized but rather recognized as an expense in the period in which they are incurred. Value added tax arising in connection with the acquisition and manufacture of property, plant and equipment is capitalized, unless it is deducted as input tax.

Within the entire Deutsche Post Group, scheduled depreciation is generally recorded on a straight-line basis using the following useful lives:

Buildings	8 to 80 years
Technical equipment and machinery	4 to 13 years
Passenger vehicles	3 to 8 years
Heavy goods vehicles	3 to 8 years
Other motor vehicles	4 to 10 years
Information technology systems	3 to 7 years
Other furniture and fixtures and office equipment	3 to 10 years

If there is an indication that the value of an asset may be impaired and the recoverable amount is less than the carrying amount, then the relevant property, plant or equipment is subject to non-scheduled depreciation. If the reasons for the non-scheduled depreciation cease to exist, then appropriate write-ups are recorded.

Starting from the beginning of fiscal year 1999, the development of property, plant and equipment in fiscal year 2000 is illustrated in the following overview:

in € millions	Land, land rights and buildings, including buildings on land owned by third parties [1] [2]	Technical equipment and machinery[1]	Other equipment, furniture and fixtures and office equipment	Advances and construction in progress	Total
Acquisition or manufacturing costs					
January 1, 1999	6,602	1,618	1,946	56	10,222
Changes in the consolidated Group	446[1]	287[1]	751[1]	33	1,517
Additions	421	308	712	198	1,639
Reclassifications	29	2	9	–40	0
Disposals	348	146	318	10	822
December 31, 1999	7,150	2,069	3,100	237	12,556
Changes in the consolidated Group	75	30	68	0	173
Additions	223	212	897	161	1,493
Reclassifications	161	–14	46	–191	2
Disposals	421	236	620	1	1,278
December 31, 2000	7,188	2,061	3,491	206	12,946
Depreciation					
January 1, 1999	940	479	866	1	2,286
Changes in the consolidated Group	64[1]	220[1]	540[1]	0	824
Depreciation	196	162	456	0	814
Reclassifications	0	0	0	0	0
Disposals	63	53	200	0	316
December 31, 1999	1,137	808	1,662	1	3,608
Changes in the consolidated Group	32	18	29	0	79
Depreciation	198	190	549	0	937
Write-ups	1	1	0	0	2
Reclassifications	1	–14	14	0	1
Disposals	116	136	412	0	664
December 31, 2000	1,251	865	1,842	1	3,959
Balance sheet value as at December 31, 2000	**5,937**	**1,196**	**1,649**	**205**	**8,987**
Balance sheet value as at December 31, 1999	6,013	1,261	1,438	236	8,948

[1] Within the course of first consolidation of the Danzas group, some intangible assets were reported in the schedule of fixed assets at book values rather than at gross values. The adjustments were made retrospectively at the time of first consolidation in "Changes in the consolidated Group". This had no effect on the balance sheet total and net profit.
[2] Adjustment of previous year's figures, for more information please refer to note 7.

The increase in property, plant and equipment mainly resulted from the extension of the consolidated group. Only advance payments for property, plant and equipment are recorded under the item "advances", provided that Deutsche Post World Net rendered the advance services in connection with a pending transaction. Recorded as construction in progress is any property, plant and equipment, the production of which has already engendered internal or third party service costs and such services have not yet been completed as of the balance sheet date. There are restrictions on the disposal of property, plant and equipment having a book value of € 1 million (1999: € 55 m). Property, plant and equipment pledged as collateral had a total book value of € 138 million (1999: € 10 m). Purchase commitments relating to items of property, plant and equipment have not been entered into during the fiscal year (1999: € 10 m).

(24) Financial assets

Investments in associates are accounted for under the equity method pursuant to IAS 28 (Accounting for Investments in Associates). The investments are initially recorded at cost. On the basis of acquisition costs, the carrying amount of the investment is increased or decreased by the changes in the investee's equity to the extent that they affect the investment of Deutsche Post AG. Goodwill included in the carrying amounts of the investment is amortized over a period of 20 years using the straight-line basis, taking into consideration its estimated life.

The determination of amortization periods and regular review of the recoverability of the carrying value of the goodwill are made in a manner consistent with the methods applied to subsidiaries. If there is evidence of impairment, write-downs are recorded.

Starting from the beginning of fiscal year 1999, the financial assets developed as follows in fiscal year 2000:

in € millions	Shares in affiliated companies	Investments in associates	Other investments	Loans to other investees	Housing promotion loans	Long-term investments	Other loans	Total
Acquisition or manufacturing costs								
January 1, 1999	34	456	684	1	160	0	3	1,338
Changes in the consolidated Group	–31	28	18	–1	42	3	9	68
Additions	18	327	20	14	18	0	14	411
Reclassifications	447	0	–447	–14	0	0	14	0
Disposals	448	12	235	0	197	0	8	900
December 31, 1999	20	799	40	0	23	3	32	917
Changes in the consolidated Group	–2	–306	0	0	0	0	–8	–316
Additions	8	44	44	3	3	1	11	114
Reclassifications	0	0	0	0	0	0	0	0
Disposals	16	37	2	0	6	0	1	62
December 31, 2000	10	500	82	3	20	4	34	653
Amortization								
January 1, 1999	0	14	0	1	0	0	0	15
Changes in the consolidated Group	0	0	0	–1	0	0	0	–1
Depreciation	0	14	0	0	0	0	0	14
Reclassifications	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
December 31, 1999	0	28	0	0	0	0	0	28
Changes in the consolidated Group	0	0	0	0	0	0	0	0
Depreciation	0	13	0	0	0	0	0	13
Reclassifications	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
December 31, 2000	0	41	0	0	0	0	0	41
Balance sheet value as at December 31, 2000	**10**	**459**	**82**	**3**	**20**	**4**	**34**	**612**
Balance sheet value as at December 31, 1999	20	771	40	0	23	3	32	889

Other financial assets include investments in affiliated companies that are not consolidated, other investments and loans. They are reported at acquisition costs. Reductions for other than temporary declines in these financial assets are recorded pursuant to IAS 25 (Accounting for Investments). Reductions in carrying amounts may be reversed when the reasons for the reduction no longer exist.

(25) Inventories

Inventories are classified as follows:

in € millions	2000	1999
Finished goods	99	64
Raw materials and supplies	50	48
Work in progress	13	8
Payments on account	7	0
	169	**120**

Finished goods and work in progress are accounted for at cost, moving average prices or under the LIFO method. Valuation of inventories under the LIFO method resulted in a positive difference of € 4 million in comparison with those valued at moving average. Major valuation allowances for these inventory items were not necessary.

Raw materials and supplies include postage stamps not yet used, heating fuel and spare parts for freight mail centers, some of which are stated at standard costs. All other raw materials and supplies are accounted for at moving or weighted average prices, with a lower current price as of the balance sheet closing date.

(26) Receivables and other assets

Receivables and other assets are recognized at their nominal value net of appropriate valuation allowances. Receivable and other assets include:

in € millions	2000	1999
Trade receivables	2,973	1,845
Prepaid expenses	775	395
Compensating item from currency translation relating to activities of Deutsche Postbank group	672	0
Receivables from collection papers	411	1,596
Receivables from private postal agencies	219	196
Tax receivables	186	460
Receivables from employees and management body	161	4
Receivables from Deutsche Telekom AG	118	96
Creditors with debit balances	111	37
Receivables from affiliated companies	105	62
Payments on account	82	0
Compensation claim pursuant to § 40 DMBilG	61	442
Receivables from the Federal Post and Telecommunications Agency	33	0
Recourse claims	28	28
Receivables from companies in which participations are held	13	48
Short-term loans and interest receivables	13	9
Receivables from Deutsche Post Pensions-Service e.V.	0	13
Other assets	736	461
	6,697	**5,692**

The compensation claims pursuant to § 40 DMBlG were reclassified from receivables from financial services to receivables and other assets. The previous year's figures were restated accordingly.

The increase in trade receivables largely results from the expansion of the consolidated Group.

The term to maturity of receivables and other assets is as follows:

in € millions	Dec. 31, 2000	Dec. 31, 1999
Due within 1 year	6,570	5,256
Due after 1 year through 5 years	127	55
Due after 5 years	0	381
	6,697	**5,692**

(27) Receivables and other securities from financial services

Receivables and securities from financial services result exclusively from the operations of the Deutsche Postbank group. In accordance with IAS 30, securities include trade assets and financial assets. The rules governing the determination of the carrying amount and valuation of these assets are set out in IAS 25.

Receivables and securities from financial services include the following:

in € millions	2000	1999
Receivables from banks		
Repayable on demand	1,389	736
Other receivables	36,626	26,433
	38,015	27,169
Receivables from customers	38,978	3,585
Risk provision on the assets side		
Receivables from banks	–10	0
Receivables from customers	–313	–250
	–323	–250
	76,670	30,504
Trade assets		
Debt securities and other fixed-interest securities	707	7
Shares	21	1
Investment certificates	0	3
Positive market values from derivative financial instruments	36	0
	764	11
Financial assets		
Debt securities and other fixed-interest securities	50,009	16,582
Shares	999	70
Investment certificates	135	8,014
	51,143	24,666
	128,577	**55,181**

The increase in receivables and securities from financial services reflects the acquisition of DSL Bank by Deutsche Postbank AG.

Receivables due from banks and customers are stated at acquisition costs net of depreciation, if applicable, Premiums and discounts are recognized under the respective items and accrued as interest expense (under materials expense and expenses from banking transactions) or interest income (under sales revenues and income from banking transactions).

In fiscal year 2000, asset side provisions for loans and advances developed as follows: (see table at the top of page 107).

All risks recognizable in the lending business were accounted for by setting up specific allowances. Potential risks were accounted for by setting up general allowances to amounts determined on the basis of historical loan loss rates.

Uncollectible receivables were written down to the respective amounts with an effect on income, and the receipt of such receivables was recognized as income.

Terms of maturity relating to receivables from financial services without deduction of the risk provision are as follows: (see lower table page 107).

Trade assets mainly include securities and derivative financial instruments with positive fair values acquired for the purpose of short-term profit realization resulting from market price fluctuations or realization of a trading margin. Valuation is based on fair values. Valuation results as well as realized results are disclosed in the income statement.

Risk provision

in € millions	Individual risks		Country risks		Potential risks		Total	
	2000	1999	2000	1999	2000	1999	2000	1999
As at 01.01.	188	180	0	0	62	52	250	232
Additions								
Provisions charged to income	234	71	15	0	14	10	263	81
Disposals								
Changes not affecting income	0	0	0	0	0	0	0	0
Utilization	119	50	7	0	0	0	126	50
Provision credited to income	59	13	1	0	4	0	64	13
As at 12.31.	**244**	**188**	**7**	**0**	**72**	**62**	**323**	**250**

Residual terms as at December 31

in € millions	Due within 1 year		Due after 1 year through 5 years		Due after 5 years		Total	
	2000	1999	2000	1999	2000	1999	2000	1999
Receivables from banks	15,686	14,924	12,700	8,340	9,629	3,905	38,015	27,169
Receivables from customers	5,625	2,024	13,949	599	19,404	962	38,978	3,585
Trade assets	466	11	223	0	75	0	764	11
Financial assets	8,851	5,516	22,563	8,604	19,729	10,546	51,143	24,666
	30,628	**22,475**	**49,435**	**17,543**	**48,837**	**15,413**	**128,900**	**55,431**

Financial assets do not include bonds and other fixed-interest securities, equities and other non-fixed-interest securities serving trading purposes. Bonds are valued in accordance with IAS 25.23 at continued acquisition costs. Premiums and discounts are accrued in accordance with the remaining term to maturity of the respective paper and recognized under financial assets. In the event of the respective values being permanently impaired they are written down.

Equities and other non-fixed-interest securities are valued at acquisition costs in accordance with IAS 25.23. Shares of the Special Purpose Funds are reported at fair values. In the event that values are permanently impaired, the respective values are written down.

(28) Securities

All Group securities which cannot be classified under financial assets or financial services securities are reported under this item. In accordance with IAS 25 (Accounting for Investments), securities are recognized at their market value. Write-downs and write-ups due to changed market values are included in other financial income.

(29) Deferred tax assets

Deferred tax assets were accounted for in accordance with IAS 12 (Income Taxes). They derive primarily from tax loss carry forwards held by Deutsche Post AG and Deutsche Postbank AG.

In accordance with IAS 12.24 (b), deferred tax assets could be recognized for the temporary differences between assigned values in a commercial balance sheet and the tax balance sheet of Deutsche Post AG and Deutsche Postbank AG only to the extent that the differences occurred after January 1, 1996.

Deferred assets may not be recorded to reflect differences in value resulting from the initial entries in Deutsche Post AG's and Deutsche Postbank AG's opening tax balance sheet as of January 1, 1996. Deferred tax assets consist of the following:

in € millions	2000	1999
Deferred tax assets and tax losses carry forwards		
Deutsche Post AG	761	1,117
Deutsche Postbank AG	616	744
Danzas group	39	55
Other Group companies	82	36
	1,498	**1,952**
Deferred tax assets based on temporary differences		
Deutsche Post AG	127	137
Deutsche Postbank AG	145	172
Danzas group	42	5
Other Group companies	6	2
	320	**316**
	1,818	**2,268**

Term of maturity for deferred tax assets on tax loss carry forwards:

in € millions	2000	1999
Domestic loss carry forwards		
Corporation tax	850	1,305
Trade tax	596	616
International loss carry forwards	52	31
	1,498	**1,952**

Of the total of tax loss carry forwards, the amount of approximately € 2.6 billion was not utilized to set up deferred tax assets.

Deferred tax assets on temporary differences are attributable to the following valuation differences of individual balance sheet items:

in € millions	2000	1999
Intangible assets	19	3
Property, plant and equipment	19	0
Financial assets	5	83
Current assets	9	6
Pension provisions	90	94
Other provisions	147	128
Financial debt	3	0
Other liabilities	28	2
	320	**316**

The terms to maturity of deferred tax assets on temporary differences are as follows:

in € millions	2000	1999
Due within 1 year	137	85
Due after 1 year through 5 years	67	137
Due after 5 years	116	94
	320	**316**

(30) Issued capital

In accordance with the resolution of the Extraordinary General Meeting held on August 25, 2000, the conversion of the share capital to EUR, the increase of the share capital from capital reserves by € 18,635,374.24 to € 1,112,800,000.00 and the conversion of the shares to no-par-value shares was approved for Deutsche Post AG. The issued capital equals € 1,112,800,000 and was converted from 42,800,000 bearer shares to 1,112,800,000 registered no-par-value shares (shares without a nominal stated value), currently having a theoretical proportion in the registered share capital of € 1 for each no-par-share.

Prior to the Initial Public Offering of Deutsche Post AG, the Federal Republic of Germany held 556,400,026 shares (50% plus 26 shares) in Deutsche Post AG and the public financial institution, (Kreditanstalt für Wiederaufbau), held 556,399,974 shares (50% less 26 shares).

At the date of the Initial Public Offering on November 20, 2000, the Federal Republic of Germany held 556,400,026 shares (50% plus 26 shares) in Deutsche Post AG, the Kreditanstalt für Wiederaufbau held 236,469,974 shares (21.25%) and 319,930,000 shares (28.75%) were freely traded. Further 2% of the shares held by Kreditanstalt für Wiederaufbau as of the balance sheet date were placed in January 2001 within the scope of the increase in the shares in DHL International.

The percentage of shares traded on the capital market is around 31%.

Within the framework of the Initial Public Offering, Deutsche Post AG employees were granted option warrants. The employee participation plan granted allotment of shares up to the maximum amount of € 307 with a discount of 50% on the issue price per share as defined under § 19a EstG. In addition, employees were entitled to the purchase of further shares in the amount of € 1,534. For each share the employee was granted a call option which entitles to the purchase of additional shares at the initial issue price after a two-year holding period. On November 20, 2000, the option may be exercised for the first time. At the balance sheet date there were 7,683,494 option warrants for employees.

Authorized capital I
Pursuant to a resolution of September 27, 2000, the shareholders approved the creation of an authorized capital account (Authorized Capital I) in the amount of € 11.25 million, which capital must be used on or before January 30, 2003. Such authorized shares may be used to support the stock options that are granted to employees of the Company or any of its domestic affiliates within the meaning of § 15 of the German Stock Corporation Act (“AktG”). The Authorized Capital I was recorded in the Commercial Register on October 19, 2000.

Authorized capital II
Pursuant to its resolution of October 13, 2000, the shareholders approved the creation of a second authorized capital account (Authorized Capital II) in the amount of € 80 million, which capital must be used on or before September 30, 2005. Such authorized shares may be used to increase the Company’s registered share capital through the issuance of new shares in return for a contributions-in-kind. The Authorized Capital II was recorded in the Commercial Register on November 3, 2000.

Restricted capital
Pursuant to its resolution of September 28, 2000, the shareholders approved the creation of a restricted capital account (Conditional Capital) in the amount of € 50 million in order to launch a stock option plan for Company executives. The increase in registered share capital through the issue of restricted capital must be carried out by no later than July 31, 2005. The Restricted Capital was recorded in the Commercial Register on October 19, 2000.

In early 2001, Deutsche Post AG launched stock option plans for company executives (Long Term Incentive). Under these plans, executives were granted the option to buy Deutsche Post AG shares. Exercising these rights depends on two separate performance targets set out in the stock option plans. While the absolute performance target depends on *AKTIE GELB’s* price performance over a three-year waiting period, the relative performance target depends on the performance of *AKTIE GELB* as compared to a specific index during that waiting period (outperformance). Around 1,000 executives worldwide come under this SOP program.

(31) Reserves
The Group’s reserves include the following:

in € millions	2000	1999
Capital reserve	296	376
Retained earnings	1,080	70
	1,376	**446**

Capital reserve

The development of the capital reserve during fiscal year 2000 is shown in the table below:

in € millions	2000
Capital reserve as at January 1, 2000	376
Treasury share	– 42
Withdrawal to increase issued capital	–19
Offsetting expenses ESOP	–19
Capital reserve as at December 31, 2000	**296**

Deutsche Post AG acquired 19,317,073 own shares at the offering price net of an early subscription discount of € 0.50 per share in order to provide the shares within the scope of the employee participation program; 17,267,093 shares with a market value of € 20.50 were issued to employees by the balance sheet date. This equals 1.5% of the share capital. The shares still held in the portfolio at the balance sheet date (2,049,980 shares totaling € 42 m) were offset as own shares against the capital reserve pursuant to SIC 16.

Retained earnings

Retained earnings accounts contain the profits generated in the past by the companies included in the consolidated annual financial statements, to the extent that such profits were not paid out as dividends. Retained earnings relate primarily to undistributed profits from fiscal year 1999 in the amount of € 845 million, changes arising from initial consolidation of the Deutsche Postbank AG Special Purpose Fund in the amount of € 181 million which do not impact profits, and differences arising from currency conversions in the amount of € 26 million.

Regarding the development of reserves in the fiscal year, see the Statement of Equity Movements on page 83.

(32) Net profit for the period

Net profit for fiscal year 2000 amount to € 1,512 million. Net profit reported in the previous year's consolidated financial statements were € 1,112 million. Due to adjustments pursuant to IAS 22 (revised 1998) net profit declined by € 88 million to € 1,024 million. For more detail reference is made to notes 6 and 7.

Dividends

In accordance with the German Commercial Code, the dividend to Deutsche Post AG shareholders is based on the net profit for the year of Deutsche Post AG.

The Board of Management of Deutsche Post AG proposes that the Deutsche Post AG's net profit for the year be used for the payment of a dividend in the amount of € 0.27 per no-par-value share. The amount of € 1,158 million remaining following deduction of the dividend total of € 300 million should be carried forward to the new accounting period in the consolidated financial statements.

(33) Minority interest

Minority interest include off-setting positions for shares held by outside shareholders in the consolidated capital from the capital consolidation and the profits and losses allocated to them. These items related primarily to the following companies:

in € millions	2000	1999
Deutsche Postbank group	64	36
Merkur Direktwerbegesellschaft mbH	5	5
Danzas group	4	6
Other companies	6	9
	79	**56**

(34) Provisions for retirement benefits and similar obligations

Starting from the beginning of fiscal year 1999, the provisions for retirement benefits and similar obligations developed as follows in the fiscal year 2000:

in € millions	Provision for retirement benefits	Similar obligations	Total
January 1, 1999	6,112	16	6,128
Changes in the consolidated Group	412	0	412
Utilization	553	2	555
Reversal	34	0	34
Addition	635	8	643
December 31, 1999	6,572	22	6,594
Changes in the consolidated Group	59	0	59
Utilization	349	8	357
Reversal	0	1	1
Differences from currency translation	–5	0	–5
Addition	430	0	430
December 31, 2000	**6,707**	**13**	**6,720**

The maturity structure of retirement benefits and similar obligations is as follows:

in € millions	Provision for retirement benefits	Similar obligations	Total
Due within 1 year	452	1	453
Due after 1 year through 5 years	1,525	5	1,530
Due after 5 years	4,730	7	4,737
	6,707	**13**	**6,720**

Provisions for retirement benefits and similar obligations are mainly attributable to the following companies:

in € millions	2000	1999
Deutsche Post AG	6,079	6,016
Deutsche Postbank group	528	460
Danzas group	101	108
Van Gend & Loos	4	4
Other Group companies	8	6
	6,720	**6,594**

The majority of employees at Deutsche Post AG and Deutsche Postbank AG participate in post-retirement benefit plans, including both defined contribution and defined benefit programs.

Contributions for wage earners and salaried employees are paid into the government benefit system of statutory pension and insurance institutions in the form of incidental wage costs. In accordance with the statutory provisions, Deutsche Post AG and Deutsche Postbank AG also pay contributions into a defined contribution plan, specifically to finance the pension claims of staff with "civil servant" status and retired civil servants. Until December 31, 1999, the annual fixed amount owed by Deutsche Post AG was € 2,045 million, whereas the annual fixed amount owed by Deutsche Postbank AG was € 159 million. Since fiscal year 2000, the contribution amounts to 33% of the annual gross salary of civil servants employed, including those on leave.

Thus, in fiscal year 2000, the contributions fell by € 1,278 million to € 767 million for Deutsche Post AG, and by € 84 million to € 75 million for Deutsche Postbank AG. The ongoing contribution payments are entered as expenses in the operating results of the respective year. The Company has no further obligation to make payments under defined contribution plans beyond those mentioned above.

All other benefit programs of Deutsche Post AG and Deutsche Postbank AG are defined benefit plans, and for the most part, they are funded by provisions. Various commitments exist for specific employee groups. The commitments are usually dependent on years of service and final salary. Provisions for defined benefit plans are calculated in accordance with IAS 19 (Employee Benefits) using the "Projected Unit Credit" method. This involves determining future obligations using actuarial valuation principles and taking relevant actuarial assumptions into account. Future benefits are attributed on a straight-line basis across the entire period of employment of any given employee, taking into account changes in key parameters.

The computation of benefit obligations and expenses for the period was based on the following actuarial assumptions:

in %	2000	1999
Rate of interest	6.0	6.0
Expected increase in wages and salaries (per staff group)	2.0 to 3.0	2.0 to 3.5
Expected increase in retirement benefits (per staff group)	1.75 to 2.5	1.5 to 2.5
Expected average fluctuation	1.0	1.0
Expected return on assets	3.1 to 4.25	3.1 to 6.0

The calculations for the Group companies in Germany were based on the 1998 Life Expectancy Tables according to Dr. Klaus Heubeck.

Expenses resulting from defined benefit plans in 2000 totalled € 430 million (1999: € 635 m). This figure comprises the following:

in € millions	2000	1999
Current service costs	136	148
Interests costs	388	456
Expected return on assets	–109	33
Amortization of actuarial losses	–8	–51
Past service costs	7	8
Effects of plan reductions and settlements	16	41
	430	**635**

Interest expense resulting from the accrual of interest on pension claims in previous years is included under staff costs together with other expenses arising from pension obligations.

In accordance with IAS 19.92, actuarial gains and losses are recognized to the extent that they exceed 10% of the defined benefit obligation and plan assets. The excess amount is recognized in the income statement over the average remaining service lives of employees.

(35) Tax provisions

Tax provisions include reserves for current and deferred income tax liabilities as well as for other taxes. Current income tax provisions are netted against the corresponding tax refund claims, provided such provisions exist in the same tax jurisdiction and are similar in terms of timing and type.

Starting from the changes relating to fiscal year 1999, the tax provisions developed as follows in fiscal 2000:

in € millions	Current tax provisions	Deferred tax provisions	Total
January 1, 1999	368	159	527
Changes in the consolidated Group	295	303	598
Utilization	169	0	169
Reversal	19	0	19
Addition	359	49	408
December 31, 1999	834	511	1,345
Changes in the consolidated Group	–15	433	418
Utilization	237	27	264
Reversal	86	365	451
Reclassification	5	–5	0
Differences from currency translation	–2	–1	–3
Addition	160	147	307
December 31, 2000	**659**	**693**	**1,352**

The maturity structure of tax provisions in fiscal year 2000 is as follows:

in € millions	Current tax provisions	Deferred tax provisions	Total
Due within 1 year	659	39	698
Due within 1 through 5 years	0	530	530
Due after 5 years	0	124	124
	659	**693**	**1,352**

The provisions mainly relate to the following companies:

in € millions	Current tax provisions 2000	Current tax provisions 1999	Deferred tax provisions 2000	Deferred tax provisions 1999
Deutsche Postbank group	368	381	426	221
Deutsche Post AG	260	259	214	206
Danzas group	21	63	50	31
Other Group companies	10	131	3	53
	659	**834**	**693**	**511**

Deferred tax liabilities on temporary differences are attributable to the following valuation differences of individual balance sheet items:

in € millions	2000	1999
Intangible assets	56	52
Property, plant and equipment	136	125
Financial assets	342	200
Current assets	31	13
Provisions for retirement benefits and similar obligations	0	0
Other provisions	107	96
Borrowings	0	0
Other liabilities	21	25
	693	**511**

In accordance with IAS 12.15 (b), deferred tax liabilities could be recognized for temporary differences between assigned values in the commercial balance sheet and the tax balance sheet of Deutsche Post AG and Deutsche Postbank AG, but only to the extent that the differences occurred after January 1, 1996. Deferred tax liabilities may not be recorded for differences resulting from the initial recognition in Deutsche Post AG's and Deutsche Postbank AG's opening tax balance sheet as of January 1, 1996.

(36) Other provisions

In accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), other provisions include uncertain legal and constructive obligations that are owed to parties outside the Group, that result from past events, that make an outflow of resources embodying economic benefits possible, and that can be reliably determined. They are distinguished from the so-called "Accruals" and "Contingent Liabilities".

Compared to provisions, accruals are far easier to ascertain with respect to the amount and timing. They are based on past transactions in which goods have already been delivered and services rendered. In accordance with IAS 37, they are not reported under provisions, but under liabilities.

Contingent liabilities are possible obligations the existence of which will be confirmed only by the occurrence of one or more uncertain future events not wholly within the company's control. Contingent liabilities may also represent obligations which are unlikely to cause an outflow of economic resources or whose amount cannot be measured with sufficient reliability. IAS 37 does not require the inclusion of contingent liabilities in the balance sheet.

Starting from the opening inventories of fiscal year 1999, the item “other provisions” has developed as follows in fiscal year 2000:

in € millions	Postal Civil Service Health Insurance Fund	Postage stamps	Restructuring provisions	Litigation costs	Other provisions	Total
January 1, 1999	1,042	596	826	55	128	2,647
Changes in the consolidated Group	50	0	337	8*	167	562
Utilization	0	596	442	4	54	1,096
Reversal	14	0	0	8	20	42
Reclassification	0	0	0	–55	55	0
Addition	89	593	129	72	116	999
December 31, 1999	1,167	593	850	68	392	3,070
Changes in the consolidated Group	0	0	1	3	26	30
Utilization	25	0	339	9	225	598
Currency translation difference	0	0	–1	–1	–3	–5
Reversal	0	0	9	4	77	90
Reclassification	0	0	12	0	–12	0
Addition	145	13	213	4	253	628
December 31, 2000	**1,287**	**606**	**727**	**61**	**354**	**3,035**

*Adjustment of previous year’s figures due to restatement. For more detail please refer to note 6.

Terms to maturity of other provisions are as follows:

in € millions	Postal Civil Service Health Insurance Fund	Postage stamps	Restructuring provisions	Litigation costs	Other provisions	Total
Due within 1 year	47	606	196	26	141	1,012
Due after 1 year through 5 years	193	0	531	35	117	880
Due after 5 years	1,047	0	0	0	96	1,143
	1,287	**606**	**727**	**61**	**354**	**3,035**

The provisions for the funding of future shortfalls in the Postal Civil Service Health Insurance Fund, which closed on January 1, 1995, include the legal obligations of Deutsche Post AG, Deutsche Postbank AG (consolidated for the first time in 1999), and another successor of Deutsche Bundespost. The funding payment to the Postal Civil Service Health Insurance Fund represents so-called “other long-term employee benefits” which, in accordance with IAS 19 (Employee Benefits), were calculated on the basis of an actuarial valuation.

The provision for postage stamps covers unperformed services relating to the sale of postage stamps.

Restructuring provisions relate almost exclusively to obligations toward employees resulting from the termination of their employment (Part-time employment program, transitional social benefits). These provisions are “Termination Benefits” under the guidelines set out in IAS 19 and are calculated using the appropriate actuarial valuation method.

Restructuring provisions include:

in € millions	2000	1999
Deutsche Post AG		
MAIL	294	377
Retail outlets	109	137
EXPRESS	50	62
	453	576
Deutsche Postbank AG	145	173
Danzas group	112	101
Van Gend & Loos	11	0
Other Group companies	6	0
	274	274
	727	**850**

Restructuring provisions include, in the amount of € 46 million, provisions which were set up in the companies' opening balance sheets without affecting income pursuant to IAS (revised 1998).

Of other provisions, the amount of € 19 million is attributable to risks from operating activities (1999: € 28 m), and the amount of € 27 million is attributable to pension accruals (1999: € 25 m).

Other provisions represent uncertain obligations that, pursuant to IAS 37, are recognized in an amount determined by management's best estimate. Provisions with a term of maturity of more than one year are discounted at market interest rates which reflect both the risk and the period until performance of the obligation.

Interest expenses relating to other provisions are reported under staff costs, to the extent that the provisions fall under IAS 19. Interest expenses relating to other provisions as defined under IAS 37 are recorded in financial income and expense.

Accrued interest expenses consist of the following:

in € millions	2000	1999
Accrued interest expense resulting from the Postal Civil Service Health Insurance Fund	62	62
Accrued interest expense resulting from provisions	20	65
Accrued interest expense resulting from other provisions	31	15
	113	**142**

Accrued interest expense of € 1 million (1999: € 2 m) resulting from other provisions was included in the financial result.

(37) Borrowings

Borrowings include all interest-bearing obligations of the Deutsche Post Group excluding those attributable to liabilities resulting from financial services. They are categorized as follows:

in € millions Residual terms to maturity as at December 31, 2000	Total	Due within 1 year	Due after 1 year through 5 years	More than 5 years
Bonds	9	0	9	0
Amounts owed to banks	1,080	245	427	408
Interest-bearing liabilities to affiliated companies	1	1	0	0
Interest-bearing liabilities to associates	1	1	0	0
Liabilities from finance leasing	83	26	32	25
Other borrowings	1,239	995	233	11
	2,413	**1,268**	**701**	**444**

in € millions Residual terms to maturity as at December 31, 1999	Total	Due within 1 year	Due after 1 year through 5 years	More than 5 years
Bonds	9	9	0	0
Amounts owed to banks	952	101	422	429
Interest-bearing liabilities to affiliated companies	0	0	0	0
Interest-bearing liabilities to associates	0	0	0	0
Liabilities from finance leasing	38	9	22	7
Other borrowings	788	453	335	0
	1,787	**572**	**779**	**436**

The borrowings largely relate to the following companies:

in € millions	2000
Deutsche Post AG	1,246
Deutsche Post International	745
Danzas group	226
Other Group companies	196
	2,413

Of reported borrowings, amounts owed to banks equaling € 0 million are secured by mortgages or other land charges (as of December 31, 1999: € 46 m). No mortgages or land charges exist with respect to other borrowings (also as of December 31, 1999).

Liabilities from finance leasing were reclassified from other liabilities. The previous year's figures were adjusted accordingly.

The major borrowings concern the following group companies:

(38) Trade payables

Trade payables also include liabilities from outstanding supplier invoices.

Trade payables have increased by € 489 million primarily as a result of the growth in the number of consolidated companies. The amount of € 1,317 million of trade payables is largely attributable to the Danzas group, € 904 million relate to Deutsche Post AG and € 124 million to the Postbank group.

Residual terms of the liabilities are as follows:

in € millions	2000	1999
Due within 1 year	2,599	2,111
Due after 1 year through 5 years	1	0
Due after 5 years	0	0
	2,600	**2,111**

Creditors:	Obligation	Amount in € millions 2000	Amount in € millions 1999	Average interest rate in % 2000	Average interest rate in % 1999
Europäische Investmentbank, Luxembourg	Bank loan	745	767	3.37 – 7	3.13 – 5.95
Deutsche Post Betriebsrenten Service e.V., Eschborn	Other borrowings	654	351	4.855	3.78
Deutsche Telekom AG	Other borrowings	330	431	6.95	6.95
Deutsche Post Pensions-Service e.V.	Other borrowings	217	0	4.900	–

(39) Liabilities from financial services

Liabilities from financial services are as follows:

in € millions	2000	1999
Amounts owed to banks		
Payable on demand	391	1,676
With agreed maturity or notice period	14,460	1,068
	14,851	2,744
Amounts owed to customers		
Savings deposits		
With agreed notice period of 3 months	23,453	27,859
With agreed notice period of more than 3 months	995	1,591
	24,448	29,450
Other liabilities		
Payable on demand	15,895	15,345
With agreed maturity or notice period	23,581	7,935
	39,476	23,280
	63,924	52,730
Securitized liabilities		
Mortgage bonds	1,824	0
Public mortgage bonds	10,252	0
Other bonds	34,519	0
	46,595	0
	125,370	**55,474**

The increase in liabilities from financial services primarily results from the acquisition of DSL Bank.

Liabilities from financial services are reported at amounts repayable. Differences between amounts paid out and the repayment amount (premium, discount) are recognized or written down over the remaining term of the liability concerned with an effect on income. Prorated accrued interest is reported together with the respective liability.

Remaining terms to maturity for liabilities from financial services are as follows:

in € millions	Due within 1 year		Due after 1 year through 5 years		Due after 5 years		Total	
Remaining term to maturity	2000	1999	2000	1999	2000	1999	2000	1999
Amounts owed to banks	9,673	2,730	1,646	0	3,532	14	14,851	2,744
Amounts owed to customers	49,163	50,189	8,247	2,517	6,514	24	63,924	52,730
Securitized liabilities	9,051	0	25,946	0	11,598	0	46,595	0
	67,887	**52,919**	**35,839**	**2,517**	**21,644**	**38**	**125,370**	**55,474**

(40) Other liabilities

Other liabilities are classified as follows:

in € millions	2000	1999
Advances received on orders	0	10
Amounts owed to affiliated companies	4	4
Amounts owed to investees	2	2
Liabilities to joint ventures	2	0
Deferred liabilities	2,076	114
Other liabilities	2,626	1,885
	4,710	**2,015**

The increase in deferred income is mainly due to the securities business of the former DSL Bank, which was acquired on January 1, 2000.

Other liabilities contain the following significant items:

in € millions	2000	1999
Hybrid capital of Deutsche Postbank group	657	0
Liabilities from taxes	370	191
Holidays not taken	286	223
Liabilities from the sale of building loans	229	159
Wages, salaries, indemnities	95	32
Overtime work	92	95
COD liabilities	84	48
Incentive bonuses	69	63
Liabilities to employees and corporate bodies	56	40
Other free time not taken	52	62
Derivatives	40	0
Liabilities relating to social security	27	3
Debtors with credit balances	18	43
Settlement agency agreement	16	4
Liabilities from damages	5	0
Miscellaneous other liabilities	530	922
	2,626	**1,885**

Other Group liabilities are of a short term nature and are not interest bearing. They are stated at nominal amounts.

The hybrid capital consists of subordinated liabilities, profit sharing rights outstanding and assets brought in by typical silent partners. The hybrid capital is in accordance with §10 (4, 5, 5a), KWG.

The € 2,022 million in negative goodwill which was shown under deferred income for the previous year and which resulted from the initial consolidation of Deutsche Postbank group is now reported under goodwill on the assets side in accordance with IAS 22 (revised 1998). For more details on the development of this negative difference please see note 22.

The liabilities from finance leasing were reclassified from other liabilities to borrowings. The previous year's figures were adjusted accordingly.

Notes to the Cash Flow Statement

In accordance with IAS 7 (Cash Flow Statements), the cash flow statement shows the changes in cash and cash equivalents within the Group during the reporting period.

The presentation of the cash flow statement distinguishes between cash flows from operating, investing and financing activities. Cash and cash equivalents include cash-on-hand, checks and cash in banks. These amounts correspond to the cash and cash equivalents included in the balance sheet.

Cash inflow from operating activities

In the cash flow statement for the Deutsche Post Group, cash flow from operating activities was € 3,479 million in comparison with € 1,462 million in the previous year. This steep increase is primarily due to improved income before taxes which rose from € 776 million to € 2,038 million and the increase in depreciation. The change in working capital which contributed positively to the cash flow in the previous year was negative in 2000. This was largely the result of the development of receivables and liabilities from financial services which is subject to strong fluctuations. Together with the increase in interest and tax payments, the cash flow from operating activities in 2000 was € 2,045 million compared to € 4,642 million in the previous year.

Cash outflow from investing activities

Cash used for investing in non-current assets was € 3,113 million in the reporting year (1999: € 4,553 m).

The sale of non-current assets generated € 845 million for the Group (1999: € 1,301 m). In all, cash used for investing activities declined from € 3,252 million in 1999 to € 2,268 million in 2000.

The following assets and liabilities were acquired or sold upon the acquisition or disinvestment of companies:

in € millions	2000	1999
Acquisitions		
Non-current assets	222	1,604
Receivables and other securities from financial services	85,778	57,153
Other current assets (excluding cash and cash equivalents)	1,118	3,085
Provisions	273	1,727
Liabilities from financial services	83,702	54,863
Other liabilities	2,447	1,566
Disinvestments		
Non-current assets	27	677
Other current assets (excluding cash and cash equivalents)	23	53
Provisions	32	4
Other liabilities	16	197

Cash and cash equivalents of € 67 million (1999: € 2,226 m) were taken over within the context of the acquisition of the companies. An amount equaling € 3 million in cash and cash equivalents (1999: € 8 m) was transferred upon the sale of the companies. The sale and purchase price for the enterprises was settled in cash and cash equivalents.

Cash inflow from financing activities

Cash inflow from financing activities is mainly due to proceeds from and the repayments of borrowings. Furthermore, the amount of € 246 million (1999: € 157 m) was used in the fiscal year for dividend payments and other payments to shareholders (e.g. acquisition of own shares).

Other Notes

(41) Financial instruments

Financial instruments are contractual agreements covering claims on cash and cash equivalents. In accordance with IAS 32 (Financial Instruments: Disclosure and Presentation), financial instruments include both primary and derivative financial instruments. Primary financial instruments include credits with banks, all receivables, liabilities, marketable securities, loans and borrowings, and accrued interest. Derivative financial instruments include, for example, options, swaps and futures.

The great majority of the Deutsche Post Group's financial instruments are accounted for the by the Deutsche Postbank group. The risks and fair values of Deutsche Postbank's financial instruments are therefore shown separately.

(41.a) Risks and market values of Deutsche Postbank group's financial instruments

Risk control

The risk control unit of Deutsche Postbank AG performs its independent functions at Deutsche Postbank's headquarters on behalf of the entire Postbank group. Activities focus on the internal information updating required for the control of risks inherent in market prices and liquidity. This control function is performed by the responsible corporate division of the Deutsche Postbank group.

Market risks

Deutsche Postbank AG's market risks are measured by using the value-at-risk method. A holding period of 10 trading days and a confidence level of 99% are assumed for the portfolios. The probability that losses do not exceed the risks (computed using this method) within 10 days is 99%.

In accordance with these policies, the following risk values were determined for Deutsche Postbank AG's trading portfolio as at December 31, 2000:

in € millions	Financial Markets, Interest Rate Trading Money Market	Financial Markets, Capital Market incl. Equity Trading	Total Trading Portfolio including Correlation
Value-at-risk as at Dec. 31, 2000	0.54	3.99	3.99
Minimum value-at-risk 2000	0.19	0.13	0.48
Maximum value-at-risk 2000	1.64	10.16	10.18
Average value-at-risk 2000	0.8	1.68	2.03
Value-at-risk as at Dec. 31, 1999	1.3	0.1	1.3
Minimum value-at-risk 1999	0	0	0
Maximum value-at-risk 1999	1.6	3.8	3.1
Average value-at-risk 1999	0.3	0.6	0.6

The quality of the computed value-at-risk figures is subject to regular backtesting.

In addition to the value-at-risk figures, worst-case scenarios are computed at regular intervals in order to estimate the effects of extreme market movements on the Postbank portfolio.

Interest rate risks

Interest rate risks are associated with changes in the market values of fixed-interest-bearing financial instruments that result from changes in the market interest rate. Interest rate risks occur when differences arise between fixed-interest-bearing assets and liabilities for certain maturity ranges. In order to identify the interest rate risks, the interest-bearing financial instruments are assigned a maturity date in accordance with their residual term or an earlier repricing date. Up to this date, the interest rates will be fixed.

The following table shows the open fixed-interest rate positions of Deutsche Postbank AG. Positions with a positive value represent the fixed-interest rate of assets, which means there is a surplus of asset items. Negative values represent a surplus of liability items.

Fixed-interest gap

in € millions	1 to less than 4 years	4 to less than 6 years	6 to less than 8 years	8 to less than 10 years
Fixed-interest-bearing assets	34,068	13,446	11,188	7,545
Fixed-interest-bearing liabilities	37,008	13,935	11,272	7,661
Fixed-interest gap	–2,940	–489	–84	–116

The bank manages the open fixed-interest rate positions in accordance with the fixed-interest balance sheet prepared and evaluated at regular intervals. It also identifies the so-called "marginal" interest rate. Balance sheet interest income is achieved when this marginal interest rate is applied to the surplus.

Credit risks

The concentration of loan loss risks (credit risk concentration) results from business relationships with borrower groups which are characterized by a number of joint features and whose ability to repay debts depends on the change of certain economic conditions. The Deutsche Postbank AG's lending business does not show any significant risk-prone industry dependencies.

Country risks

A country risk is involved when cross-border capital debt services cannot be carried out due to transfer problems. The country risk is controlled on the basis of risk categories defined by the Board of Management. The limits are monitored on a daily basis.

The risk situation in the lending busines is continuously monitored and controlled by analyzing the lending portfolio on the basis of internal risk categories.

Derivatives business

The Deutsche Postbank group uses derivative instruments primarily for hedging positions affecting/not affecting the balance sheet in order to control assets/ liabilities. Derivative instruments also serve to cover fluctuations in interest rates and other market prices occurring in business transactions. In addition, derivative financial transactions are carried out in the form of trading transactions to a limited extent. The following table shows the Postbank group's interest rate, currency and share or index related futures that had not been settled as of the balance sheet date.

The negative market values have been disclosed in the balance sheet. The market values including hedging transactions and, to a lesser extent, outright transactions.

in € millions	December 31, 2000			December 31, 1999		
	Nominal value	Market value positive	Market value negative	Nominal value	Market value positive	Market value negative
Interest rate transactions						
OTC products						
Interest rate swaps	75,208	1,149	2,184	3,536	19	79
Forward rate agreements	3,575	10	0	480	0	0
Interest rate option purchases	108	41	2	0	0	0
Interest rate option sales	3,036	9	215	0	0	0
Caps, floors	68	0	0	0	0	0
Other	7,591	18	26	0	0	0
Stock exchange traded products						
Interest futures	167	0	0	468	0	1
Interest options	995	0	10	0	0	0
	90,748	1,227	2,437	4,484	19	80
Currency-related transactions						
OTC products						
Forward exchange deals	2,441	143	26	779	2	16
Cross-currency swaps	6,899	866	112	36	1	1
Currency options, purchases	0	0	0	0	0	0
Currency options, sales	5	0	1	0	0	0
	9,345	1,009	139	815	3	17
Stock/index-related transactions						
OTC products						
Stock-futures transactions	0	0	0	0	0	0
Stock-option purchases	0	0	0	0	0	0
Stock-option sales	76	0	0	0	0	0
Other	11	19	0	0	0	0
Exchange traded products						
Stock/index futures	0	0	0	0	0	0
Stock/index options	0	0	0	0	0	0
	87	19	0	0	0	0
Total	**100,180**	**2,255**	**2,576**	**5,299**	**22**	**97**

Derivative business – terms						
Nominal value in € millions	Interest rate risks		Currency risks		Equity and other price risks	
Maturity	2000	1999	2000	1999	2000	1999
Due within 3 months	10,047	1,420	2,900	571	0	0
Due within 1 year	15,759	1,245	1,200	208	76	0
Due within 5 years	39,650	1,409	3,984	36	11	0
Due after 5 years	25,292	410	1,261	0	0	0
Total	**90,748**	**4,484**	**9,345**	**815**	**87**	**0**

Derivative business – counterparties		
in € millions	Market values	
	2000	1999
OECD banks	2,136	22
Public agencies within OECD	0	0
Other OECD counterparties	119	0
	2,255	**22**

The increase in interest and currency-related transactions results from the merger of DSL Bank into Deutsche Postbank. The stock-related transactions result from the inventory of the former DSL Bank.

In the presentation of our derivative business, we are following the recommendation of the German association of public sector banks. The nominal values represent the gross volume of all purchases and sales combined. This value is a reference value for determining the mutually agreed settlement payments. The value cannot be compared with the receivables and liabilities reported in the balance sheet.

Derivative business – trading						
in € millions	Nominal value		Positive market value		Negative market value	
	2000	1999	2000	1999	2000	1999
Trading transactions	12,975	384	64	0	47	0

Market values (fair values) of primary financial instruments

In accordance with the provisions set out in IAS 32, balance sheet and off-balance sheet financial instruments must also be reported at fair values. According to IAS 32, the fair value equals the amounts which would be exchanged for an asset or paid for a liability between professional, independent business partners willing to enter into a respective contract at the balance sheet date.

If an active market (e.g. stock exchange) exists for a financial instrument, the fair value is expressed on the basis of the market or exchange price at the balance sheet date. Since an active market does not exist for all assets, the fair value for such instruments has been determined on the basis of financial-mathematical procedures (in particular the present value method and option price model). The parameters included in the determination of the fair value are based on the market conditions prevailing at the balance sheet date.

Reflecting the balance sheet structure, the fair values of the primary financial instruments can be determined as follows:

- The fair value of Deutsche Postbank cash and cash equivalents corresponds to the carrying amount.
- Receivables due from banks and customers account for a fair value of € 80,378 million (1999: € 30,598 m). The carrying amount is € 76,670 million after deduction of the risk provision (1999: € 30,504 m).
- As in the previous year, the fair value of trade assets equals the carrying value (€ 764 million,1999: € 11 m).
- The fair value of financial assets is € 51,112 million (1999: € 24,264 m) compared to a carrying value of € 51,143 million (1999: € 24,666 m).
- Amounts owed to banks and customers account for a fair value of € 81,554 million (1999: € 55,474 m). The carrying value is € 78,775 million (1999: € 55,474 m).
- The fair value of trade liabilities of € 40 million (1999: € 0 m) matches the present value.
- Securitized liabilities and subordinated liabilities account for a fair value of € 47,289 million (1999: € 0 m) compared to a carrying value of € 47,201 million (1999: € 0 m).

Market risks of items not attributable to the trading portfolio are determined on the basis of their risk content in different portfolios rather than on individual product basis. This operative control is based on present value concepts which also include the use of derivatives in the portfolios. The fair values of these derivative instruments may be derived from the Overview of Market Values (cf. page 121). To this extent the fair values of balance sheet-inventories are to be assessed in association with the fair values of derivatives

(41.b) Risks and market values of the remaining Deutsche Post Group's financial instruments

Risks

Risks involved in dealings with financial instruments are systematically recorded and analyzed in the Group. Liquidity, currency and interest rate risks are considered as being significant risks.

Off-floor traded derivative financial instruments are used within the context of liquidity currency and interest rate management. These instruments are exclusively used for hedging purposes. The respective instruments are recorded and valued in the internal EDP system. Trading, control and processing functions are segregated. The valuation of all instruments at the balance sheet date amounts to a positive overall market value of € 14 million.

All contracts are concluded with first rate German and international banks for which additional upper limits are defined. The credit standing of counterparties is assessed on a regular basis.

Liquidity risk and liquidity management

Liquidity risk defines the risk of not being able to procure necessary cash and cash equivalents on time. Liquidity management is responsible for providing sufficient liquidity and eliminating or minimizing unexpected financial events (financing or investment risk) for Deutsche Post Group. Confirmed credit lines at sufficient amounts were available for the Group at the end of 2000 to this end.

Currency risk and currency management

Currency risks, i.e. potential reductions in the value of a financial instrument resulting from exchange rate fluctuations relate, in particular, to the Group's receivables and liabilities denominated in currency other than the local currency.

Currency futures, currency options and interest swaps are used to hedge against currency risks. The reported volume of currency futures and options serves to hedge contracted future transactions from the field of services and acquisitions of shareholdings. The main part is attributable to hedging acquisitions. The negative market value as at the balance sheet date was € 29 million.

The use of currency swaps serves the hedging of intragroup financing and investments at matched amounts and maturities. At the balance sheet date the respective positive market value was € 36 million. All instruments are due in less than one year. Each hedging transactions is allocated to an underlying transaction. It was therefore not necessary to set up provisions.

Interest rate risk and interest rate management

The interest rate risk, i.e. the risk that the value of financial instruments may change due to interest rate changes on the capital market relates primarily to receivables, liabilities and marketable securities having maturities of more than one year. Such maturities are relevant only to financial assets and borrowings.

Of the Group's financial assets, only housing promotion loans involve interest rate risks. Compared to the market interest rate for similar financial assets as at December 31, 2000, the majority of the housing promotion loans bear lower than market interest or, in some cases, are even non-interest-bearing. They are recognized at their fair value amounting to € 20 million (1999: € 23 m). The nominal value of these loans amounts to € 51 million (1999: € 56 m).

As of December 31, 2000, the liabilities disclosed under borrowings do not provide for any significant interest rate risk since most of these liabilities are floating rate financial instruments. Accordingly, the differences between fair values and carrying amounts of the borrowings are relatively small.

The Deutsche Post Group uses primary and derivative financial instruments to optimize interest costs and to diversify the interest rate risk.

A risk diversification effect is also achieved by targeted compilation of the portfolio. Derivative interest rate instruments are used at the time of conclusion of a trade in order to adjust the borrowing structure or generate cost savings in comparison with alternative forms of financing. The interest rate hedging contracts include forward rate agreements (FRAs) and cross currency swaps.

Market values (fair values)

The fair values of derivative financial instruments are as follows:

in € millions	Nominal value 2000	Positive market value 2000	Negative market value 2000
Interest-rate-related products			
OTC products			
Interest rate swaps	0	0	0
FRAs	200	0	–1
Interest rate options	0	0	0
Stock exchange traded products			
Interest rate futures	0	0	0
Interest rate options	0	0	0
Currency-related products			
OTC products			
Forward exchange deals	517	0	–15
Currency options	414	0	–13
Currency swaps	921	36	0
Cross currency swaps	207	7	0
Stock exchange traded products			
Currency options	0	0	0
Currency futures	0	0	0
	2,259	**43**	**–29**

The fair value of a primary financial instruments is the price obtainable on the market, i.e. the price at which a financial instrument can be freely traded in a current transaction between two parties.

With respect to borrowings of the Deutsche Post Group the table below shows a comparison of the respective carrying amounts with the market values.

Market values deviating from the carrying amounts result from changed market interest rates on borrowings of the same maturity and risk structure.

Due to short term to maturity or valuation in accordance with the market of all other primary financial instruments, there are no significant differences between the reported carrying amounts and fair values.

in € millions	Carrying amount 2000	Market value 2000	Difference 2000	Carrying amount 1999	Market value 1999	Difference 1999
Bonds	9	9	0	9	9	0
Amounts owed to banks	1,080	1,107	27	952	896	–56
Interest-bearing liabilities to affiliated companies	1	1	0	0	0	0
Interest-bearing liabilities to associates	1	1	0	0	0	0
Liabilities from finance leasing	83	83	0	38	38	0
Other borrowings	1,239	1,231	–8	788	788	0
	2,413	**2,432**	**19**	**1,787**	**1,731**	**–56**

(42) Contingent liabilities

Contingent liabilities are possible obligations the existence of which will be confirmed only by the occurrence of one or more uncertain future events not wholly within the company's control. Contingent liabilities may also represent obligations which are unlikely to cause an outflow of economic resources or whose amount cannot be measured with sufficient reliability.

The Group's contingent liabilities include specifically:

in € millions	2000	1999
Value guarantees	765	755
Warranty commitments	371	100
Contingent liabilities arising from litigation costs	70	77
Contingent liabilities arising from third party claims	43	50
Other contingent liabilities	1,204	1,301
Contingent refunds	0	–5
	2,453	**2,278**

At present, five proceedings are pending at the European Commission or the European Court of Justice, respectively. Three of these proceedings relate to the European law on competition, one proceeding deals with subsidy supervision and the other relates to a complaint against the approval of the investment in DHL International.

The proceedings concerning competition relate to complaints of competitors who accuse Deutsche Post AG of misusing its market-dominating position. On March 20, 2001 the European Commission completed the proceedings concerning the violation of rules of competition through below-cost-prices and inadmissible discount agreements in the mail order business. A monetary fine of € 24 million has to be paid; the amount is covered by an accrual amounting to € 26 million. The other procedures are still pending and their outcome is completely open at present.

Due to the complaints of two competitors of Deutsche Post AG, in 1999 the European Commission initiated proceedings against the Federal Republic of Germany in accordance with Article 88(2) of the EC Treaty. In their complaints, the competitors allege that Deutsche Post AG received a considerable amount of unlawful State subsidies from the Federal Republic of Germany.

The European Commission subsequently informed the Federal Government that, in accordance with Article 14 of Council Regulation (EC) no. 659/1999, all unlawful subsidies must be reclaimed.

In a comprehensive statement addressed to the European Commission, the Federal Government rejected the allegations made and demonstrated why no unlawful subsidies had been paid. The outcome of the proceeding is not sure as yet. Deutsche Post AG expects, however, that the case will be closed upon the conclusion that no unlawful subsidies have been paid and that there is no obligation for repayment. Provisions for possible repayments have not been set up since the likelihood of a repayment obligation cannot be sufficiently determined.

According to the complaint pending at the European Court of Justice against Deutsche Post AG in respect of the investment in DHL International, the investment was allegedly financed from funds from the reserved area. The commission has applied for dismissal of the action since it does not regard the financing of this investment as a violation of Community Law. A final decision may possibly be made in 2001.

(43) Other financial obligations

In addition to the provisions, liabilities and contingent liabilities, other financial obligations amounting to € 1,571 million (1999: € 3,950 m) were owed exclusively to third parties as at December 31, 2000. These obligations consist primarily of future payments arising from long-term transportation contracts and lease agreements, as well as purchase contracts for non-current assets.

As defined in IAS 17, lease agreements also include, in addition to the finance leasing already mentioned under note 37, operating leases. The latter largely concerns rental agreements. In all, the cumulative minimum lease payments under these agreements amount to € 323 million (1999: € 689 m).

The maturity structure of these future payments obligations is as follows:

in € millions	2000	1999
Due within 1 year	69	315
Due after 1 year through 5 years	166	253
Due after 5 years	88	121
	323	**689**

The expected income from sub-leased properties amounts to € 4 million (1999: € 1 m).

Within the framework of a strategic partnership, the IT infrastructure at Deutsche Post AG was transferred to Deutsche Telekom AG on the basis of a sale and leaseback transaction as at July 1, 2000. The amount of future minimum lease payments is currently being negotiated between Deutsche Post AG and Deutsche Telekom AG. In the past financial year, down payments totaling € 76 million were made for networking operations and relating to field services.

(44) Significant events after the balance sheet date

Deutsche Post World Net acquired a further 21.38 percent of the shares in DHL International, Bermuda at the beginning of 2001. Together with the shares held to date, Deutsche Post World Net now holds 46,382 % of the shares in this international express mail service provider. At the beginning of 2001, Deutsche Post World Net's corporate rights in DHL were consolidated in Aerologic GmbH, a company founded jointly by Deutsche Post World Net and Deutsche Lufthansa AG.

The acquisition of the majority interest in DHL International will enable Deutsche Post World Net to further expand its international express mail business. Through offering complementary logistics and express mail services, Deutsche Post AG together with DHL International will, in the future, provide their international customers with comprehensive services in the global express mail business.

DHL International is renowned for its international network that connects over 80,000 destination points in 228 countries. The investment in DHL International continues to be reported on the basis of the equity method in the consolidated financial statements as of December 31, 2000.

(45) Transactions with related parties

In conducting its ordinary business activities, Deutsche Post World Net enters into direct and indirect transactions with a large number of affiliated, non-consolidated and associated companies.

Within the scope of its regular business activities, all service and delivery transactions with non-consolidated companies have been carried out in conformity with market conditions and common to those carried out with companies outside of the Group.

All related companies which are controlled by Deutsche Post World Net or on which the Group is able to exercise substantial control, appear in the list of equity holdings with information on the percentage of the interest held, on shareholders' equity and on annual profits broken down according to the different business divisions. The list of equity holdings is filed with the Commercial Register of the Municipal Court (Amtsgericht) Bonn.

Within the scope of going public, Deutsche Post AG has signed an agreement with its shareholders, the Federal Republic of Germany and the Kreditanstalt für Wiederaufbau, according to which the external costs associated with the placement are allocated to all parties involved and own internal costs are borne by the parties to the agreement. The costs to be borne by Deutsche Post AG amount to € 121 million.

In fiscal year 2000 all shares in DSL Bank AG were acquired. The former shareholder was the Federal Republic of Germany holding 99% (cf. note 3).

For more information regarding obligations vis à vis the Federal Republic of Germany and contributory payments to Deutsche Post Pensions-Service e.V. and the Postbank Pensions-Service e.V., reference is made to notes 12 and 34.

Emoluments of the Management Board amounted to € 5.2 million (1999: € 3.9 m) for fiscal year 2000. For former members of the Management Board, this figure was € 0.85 million (1999: € 0.4 m). Provisions amounting to € 13.4 million (1999: € 6.7 m) have been created for pension obligations to former members of the Management Board and their surviving dependants.

Total emoluments paid to members of the Supervisory Board in fiscal year 2000 amounted to € 0.6 million (1999: € 0.4 m).

(46) Major subsidiaries, joint ventures and associates

	Country	Capital Share and Voting Rights Dec. 31, 2000	Capital Share and Voting Rights Dec. 31, 1999	Revenue (in € millions) 2000 [1]	Revenue (in € millions) 1999 [1]
Major subsidiaries					
MAIL					
Deutsche Post In Haus Service GmbH	Germany	100.00	100.00	50	46
Merkur Direktwerbeges. mbH & Co. KG	Germany	51.11	51.11	32	31
Deutsche Post Direkt GmbH	Germany	100.00	100.00	14	12
EXPRESS					
Van Gend & Loos B.V.	The Netherlands	100.00	100.00	419	199[2]
Ducros Services Rapides SA.	France	100.00	99.25	290	159
Deutsche Post Express GmbH	Germany	100.00	100.00	170	149
Deutsche Post Global Mail Ltd (formerly Global Mail Ltd.)	USA	100.00	100.00	111	57
Deutsche Post S. r. l., (formerly M. I. T. Srl.)	Italy	100.00	99.99	75	68
Servisco Sp. z o.o.	Poland	60.00	60.00	57	40
Selektvracht B.V.	The Netherlands	100.00	100.00	48	23[2]
trans-o-flex Schnell-Lieferdienst Gesellschaft mbH	Austria	100.00	–	24	–
Deutsche Post (Schweiz) AG	Switzerland	100.00	100.00	22	26
Herald International Mailings Limited	Great Britain	100.00	–	20	–
LOGISTICS					
DANZAS Holding AG (Sub-group including the ASG group, Nedlloyd Logistics Unit and the AEI group)	Switzerland	100.00	100.00	8,288	4,842[2]
FINANCIAL SERVICES					
Deutsche Postbank AG (including DSL Bank)	Germany	99.99[4]	99.99[4]	7,985	2,800[2]
Other					
McPaper Aktiengesellschaft	Germany	100.00	100.00	136	132
Deutsche Post Immobilienservice GmbH	Germany	100.00	100.00	101	42
Deutsche Post Service- und Vertriebsgesellschaft mbH	Germany	100.00	100.00	44	96
Deutsche Post Consult GmbH	Germany	100.00	100.00	27	25
Major joint ventures					
Securicor Omega Holdings Ltd.	Great Britain	25.00[3]/50.00	25.00[3]/50.00	544	244[2]
Narrondo Desarrollo, S.L.	Spain	49.00	49.00	93	23[2]
Major associates					
DHL International Limited	Bermuda	25.00	25.00		
trans-o-flex Schnell-Lieferdienst GmbH	Germany	24.80	24.80		

1) IAS values pursuant to individual financial statements
2) Group revenue
3) With respect to Securicor Omega Holdings Ltd., (Great Britain), the capital share is 25.00%, the voting right share is 50.00% and the share in the economic rights upon which the pro rata consolidation was made equals 49.99%
4) The figure relates to the share capital of Deutsche Postbank AG
– No group affiliation as yet

Income Statement (Postbank at Equity)

For the period January 1 to December 31

in € millions	Dt. Post World Net (Postbank at Equity) 2000	Dt. Post World Net (Postbank at Equity) 1999
Revenue	25,269	20,045
Other operating income*	931	798
Total operating income	**26,200**	**20,843**
Materials expense	–9,561	–5,815
Staff costs	–10,425	–10,788
Depreciation and amortization, excluding amortization of goodwill*	–929	–794
Other operating expenses*	–3,379	–2,510
Total operating expenses, excluding amortization of goodwill	**–24,294**	**–19,907**
Profit from operating activities, before amortization of goodwill (EBITA)	**1,906**	**936**
Amortization of goodwill*	–144	–70
Profit from operating activities (EBIT)	**1,762**	**866**
Profit (losses) from associates	6	3
Profit from equity valuation Postbank group	424	33
Other financial results	–218	–108
Financial results	**212**	**–72**
Profit from ordinary activities	**1,974**	**794**
Income taxes	–455	226
Net profit for the period before minority interest	**1,519**	**1,020**
Minority interest	–7	–5
Net profit for the period	**1,512**	**1,015**

*Adjustment previous year's figures. For further information see Notes 6 and 7.

Balance Sheet (Postbank at Equity)

As at December 31

Assets in € millions	**Dt.Post World Net (Postbank at Equity) 2000**	**Dt.Post World Net (Postbank at Equity) 1999**
Non-current assets		
Intangible assets*	3,133	1,849
Property, plant and equipment*	7,924	7,928
Financial assets		
Investments in associates	460	465
Investments in the Postbank group	2,915	2,308
Other financial assets	130	107
	3,505	2,880
	14,562	**12,657**
Current assets		
Inventories	169	120
Receivables and other assets*	4,852	3,345
Securities	32	87
Cash and cash equivalents	513	496
	5,566	**4,048**
Deferred tax assets	**1,056**	**1.438**
	21,184	**18,143**

Equity and liabilities in € millions		
Equity		
Issued capital	1,113	1,094
Reserves	1,376	445
Net profit for the period*	1,512	1,015
	4,001	**2,554**
Minority interest	**15**	**20**
Provisions		
Provisions for retirement benefits and similar obligations	6,192	6,134
Tax provisions	559	669
Other provisions*	2,771	2,932
	9,522	**9,735**
Liabilities		
Borrowings*	2,555	1,944
Trade payables	2,476	1,875
Other liabilities*	2,615	2,015
	7,646	**5,834**
	21,184	**18,143**

*Adjustment previous year's figures. For further information see Notes 6 and 7.

Cash Flow Statement (Postbank at Equity)

For the period January 1 to December 31

in € millions	Dt. Post World Net (Postbank at Equity) 2000	Dt. Post World Net (Postbank at Equity) 1999
Net profit before taxation	1,974	795
Proceeds from the disposal of non-current assets	–161	–259
Depreciation of non-current assets	1,086	878
Non-cash income and expenses	–291	0
Interest income	175	95
Operating profit before working capital changes / cash flow I	**2,783**	**1,509**
Changes in current assets and liabilities		
Inventories	–50	–14
Receivables and other assets	–537	1,873
Marketable securities	76	230
Provisions	–180	138
Liabilities	346	816
Other items	–52	135
Cash inflow from operations / cash flow II	**2,386**	**4,687**
Interest paid	–343	–173
Interest received	94	41
Taxes paid	–222	–100
Cash inflow from operating activities / cash flow III	**1,915**	**4,455**
Cash received from disposal of non-current assets		
Sales of companies	4	369
Other non-current assets	814	1,409
	818	1,778
Cash paid for investing in non-current assets for		
Acquisition of companies	–1,247	–4,426
Other non-current assets	–1,705	–1,723
	–2,952	–6,149
Cash outflow for investing activities	**–2,134**	**–4,371**
Cash received from borrowings	649	239
Repayments of borrowings	–167	–380
Dividends and other payments to shareholders	–246	–157
Cash inflow from financing activities (1999: outflow)	**236**	**–298**
Change in cash and cash equivalents	17	–214
Cash and cash equivalents as at January 1	496	710
Cash and cash equivalents as at December 31	**513**	**496**

Comments on the IAS-based consolidated financial statements including at equity valuation of Deutsche Postbank group

The activities of Deutsche Postbank group differ substantially from the ordinary activities of other companies included in the Deutsche Post Group. In order to provide a clearer presentation of the net assets, financial position and results of operations of the Group, the Deutsche Postbank group was excluded from full consolidation in the consolidated financial statements as of December 31, 2000 presented above. Deutsche Postbank group is accounted for in these statements only as a financial investment valued in accordance with the equity method.

The preparation of the consolidated financial statements of Deutsche Post World Net including Deutsche Postbank group in accordance with the equity method is in agreement with the International Accounting Standards (IAS) adopted and published by the International Accounting Standards Committee (IASC) which are to be applied mandatory as at the balance sheet date, and their interpretation by the Standing Interpretations Committee (SIC). Standards not as yet in force but whose early application is recommended by the IASC have additionally been observed. The only deviation from IAS provisions relates to IAS 27 which would require full consolidation of Deutsche Postbank group; instead, the equity method was applied.

Also, analogously to the consolidated financial statements, the previous year's figures concerning the initial recognition of the Securities Special Funds of Deutsche Postbank group were not adjusted as required under IAS 8.49; such adjustment of previous year's figures would have resulted in an € 181 million increase in the results from equity valuation of Deutsche Postbank group.

In comparison to full consolidation of Deutsche Postbank group as carried out in the consolidated financial statements, the following consequences result from inclusion of Deutsche Postbank group on the basis of the equity method:

- Asset values and liabilities of Deutsche Postbank group are not included in the consolidated balance sheet, its expenses and income are not included in the consolidated income statement.

- The consolidation entries carried out within the scope of full consolidation of Deutsche Postbank group have not been taken into account. Business relationships between Deutsche Postbank group and the other Group companies are included in the financial statements; however, in accordance with the provisions under SIC 3 relating to the inclusion of associated companies, intragroup results between Deutsche Postbank group and the fully consolidated Group companies have been eliminated.

- Financial assets include the shares in Deutsche Postbank group which are valued at equity.

The income resulting from equity valuation of the investment in Deutsche Postbank group is disclosed as a separate item in the financial results. Accordingly, the financial result reflects the prorated period result, income from the release of the negative goodwill of Deutsche Postbank group and the income effect from the continuation of hidden reserves released within the scope of initial consolidation.

Attestation Report following auditor's review

Deutsche Post AG, Bonn prepared exempting consolidated financial statements for the financial year from January 1 to December 31, 2000 according to International Accounting Standards (IAS) and in conformity with the statutory provisions of section 292a HGB. These financial statements were audited by us and carry our unqualified opinion.

For information purposes Deutsche Post AG, Bonn prepared another set of financial statements (modified consolidated financial statements) based on the exempting consolidated statements pursuant to section 292a HGB. These financial statements provide pro forma information about the status of the net assets, financial position and results of operations of the Group that would have been reported if the Postbank group had not been fully consolidated pursuant to IAS 27 but had been included in the consolidation as an associated company reported at equity instead, although the required preconditions for such reporting are not given.

We examined the modified consolidated financial statements of Deutsche Post AG, Bonn which consisted of an income statement, balance sheet, and cash flow statement, but did not include a statement of changes in equity and explanatory note disclosures for the period from January 1 to December 31, 2000, in accordance with the terms of our engagement. The preparation of the modified consolidated financial statements is the responsibility of the Company's Managing Board. Our responsibility is to issue an attestation report on these modified consolidated financial statements based on our review.

We conducted our review of the modified consolidated financial statements in conformity with the International Standards on Auditing (ISA) applicable to such engagements. Those standards require that we plan and perform the review to obtain reasonable assurance about whether the modified financial statements are free of material misstatements. Our review was primarily limited to inquiries with employees of the Company and reasonableness checks as regards the presentation of the net assets, financial position and results of operations of the Group and, thus, provides less assurance than an audit. Since we did not conduct an audit we accordingly do not express an opinion.

As a result of our review we attest that the modified consolidated financial statements for the year ended December 31, 2000 are in conformity with the valuation and accounting principles according to IAS except for the – pursuant to IAS 27 – inadmissible inclusion of the Postbank group in the consolidated financial statements of the Group not as a fully consolidated company but rather as an associated company valued at equity, and except for the failure to adjust previous year's figures concerning initial recognition of the Securities Special Funds of Postbank group (SIC 12 of IASC), as required under IAS 8.49. Complete financial statements under IAS, however, are not given, since the statement of changes in equity and explanatory note disclosures are missing. Furthermore, we attest that except for the above matters, we did not become aware of any circumstances that would lead us to believe that the modified consolidated financial statements contain any material misrepresentations or irregularities.

Düsseldorf, March 26, 2001

PwC Deutsche Revision
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Klotzbach	Menke
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Certified	(German Certified
Public Accountant)	Public Accountant)

Company Organs

Members of the Board of Management of Deutsche Post AG Financial Year 2000

Dr. Klaus Zumwinkel
Dr. Hans-Dieter Petram
Wolfhard Bender (until March 31, 2000)
Dr. Günter W. Tumm (until March 31, 2000)
Uwe Rolf Dörken
Peter Wagner
Prof. Dr. Wulf von Schimmelmann
Horst Kissel (until March 31, 2000)
Walter Scheurle (as of April 1, 2000)
Dr. Edgar Ernst

As at January 1, 2001:
Dr. Klaus Zumwinkel,
Chairman of the Board of Management
Dr. Hans-Dieter Petram,
MAIL Corporate Division
Dr. Peter Kruse,
EXPRESS Corporate Division – Euro Express
Uwe Rolf Dörken,
EXPRESS Corporate Division – Worldwide Express
Peter Wagner,
LOGISTICS Corporate Division
Prof. Dr. Wulf von Schimmelmann,
FINANCIAL SERVICES Corporate Division
Walter Scheurle, Personnel
Dr. Edgar Ernst, Finance

Members of the Supervisory Board of Deutsche Post AG Financial Year 2000

Shareholders' representatives
Josef Hattig (Chairman of the Supervisory Board)
Willem G. van Agtmael
Hero Brahms
Adolf Kracht
Dr.-Ing. Manfred Lennings
Dr. Manfred Overhaus
Dr. Klaus Rauscher
Prof. Dr. Ralf Krüger
Prof. Dr. Jürgen Richter
Ulrike Staake

Employees' representatives
Kurt van Haaren (Deputy Chairman of the Supervisory Board)
Rolf Büttner (as of April 1, 2000)
Petra Heinze
Henry Hillmann
Pauline Mayer (until February 29, 2000)
Walter Scheurle (until March 31, 2000)
Franz Schierer
Siegfried Schulze
Armin Stoffleth
Benita Unger
Stefanie Weckesser (as of March 17, 2000)
Margrit Wendt (as of April 1, 2000)
Erwin Wohlketzetter (until March 31, 2000)

Supervisory board mandates held by members of the Board of Management

Dr. Klaus Zumwinkel, Chairman of the Board of Management

a)
- Deutsche Lufthansa AG
- Deutsche Postbank AG[1)] Chair
- DSL Bank AG[1)2)] Chair
- Tchibo Holding AG
- Thyssen Krupp Materials & Services AG

b)
- C.V. International Post Corp. U.A.
- Danzas Holding AG[1)3)] Chair
- DHL Worldwide Express B.V.
- Deutsche Post Beteiligungen GmbH[1)] Chair
- Deutsche Post eBusiness GmbH[1)] Chair

Dr. Hans-Dieter Petram

a)
- Deutsche Postbank AG[1)]
- DSL Bank AG[1)2)]
- TALANX AG

b)
- Deutsche Post Bauen GmbH[1)] Chair
- Deutsche Post Immobilienentwicklung GmbH[1)] Chair
- Deutsche Post Immobilienentwicklung Grundstücksgesellschaft mbH[1)] Chair (Mandate ended on March 31, 2000)
- Deutsche Post Immobilienservice GmbH[1)] Chair
- Deutsche Post Wohnen GmbH[1)] Chair (Mandate ended on April 11, 2000)

Uwe Rolf Dörken

a)
- trans-o-flex Schnell-Lieferdienst GmbH (Mandate ended on October 5, 2000)

b)
- Deutsche Post EURO EXPRESS GmbH[1)] Chair
- Deutsche Post Fulfilment GmbH[1)] Chair (Mandate ended on March 31, 2000)
- Deutsche Post Global Mail GmbH[1)] Chair
- Deutsche Post International B.V.[1)] Chair (Mandate ended on September 30, 2000)
- DHL Worldwide Express B.V.
- International Data Post A/S
- Narrondo Desarrollo, S.L.
- Securicor Omega Holdings Ltd.

a) Membership in supervisory boards required by law
b) Membership in comparable national and international supervisory bodies

[1)] Group mandates
[2)] In May 2000 merger with Postbank AG, mandate therefore came to an end
[3)] Chairman of Board of Directors

Supervisory board mandates held by members of the Board of Management

Peter Wagner

b)
- Bank J. Vontobel AG
- Danzas AEI Inc.[1] Chair
- Danzas AG[1] Chair
- Danzas ASG AB[1] Chair
- Danzas Ecuador S.A.[1]
- Danzas Holding AG[1]
- Danzas Management AG[1] Chair
- Danzas S.A.[1] Chair
- Danzas SpA[1] Chair
- Through Transport Mutual Insurance Association Ltd
- Through Transport Mutual Insurance Association (EurAsia) Ltd
- Vontobel Holding AG

Prof. Dr. Wulf von Schimmelmann

a)
- Babcock Borsig AG, Oberhausen (Mandate ended on December 31, 2000)
- DSL Holding AG[1)2)]
- Neue Sentimental Film AG, Frankfurt[3] Chair
- PB Lebensversicherung AG[1]
- PB Versicherung AG[1]
- Postbank Systems AG[1]
- Postbank EasyTrade.AG[1] Chair

b)
- Henkel Corporation, Gulph Mills (USA) (Mandate ended on December 31, 2000)
- VÖB-Service GmbH, Bonn

Dr. Edgar Ernst

a)
- Deutsche Postbank AG[1]
- DSL Bank AG[1)2)]

b)
- Bundesanstalt für Post und Telekommunikation (BAnst)
- Danzas Holding AG[1]
- Deutsche Post Beteiligungen GmbH[1]
- Deutsche Post Wohnen GmbH[1] (Mandate ended on April 11, 2000)

a) Membership in supervisory boards required by law
b) Membership in comparable national and international supervisory bodies

1) Group mandates
2) In May 2000 merger with Postbank AG, mandate therefore came to an end
3) Chairman of Board of Directors

Additional supervisory board mandates held by members of the Supervisory Board

Josef Hattig
(Chairman of the Supervisory Board of Deutsche Post AG)

a) • Bremer Lagerhaus-GmbH (Chair of Supervisory Board)
• ICON brand navigation group AG (Chair of Supervisory Board)
• Bremer Landesbank
• Bremer Investitionsgesellschaft (Chair of Supervisory Board)
• Flughafen Bremen (Chair of Supervisory Board)
• Hanseatische Veranstaltungsgesellschaft (Chair of Supervisory Board)
• Bremer Design (Chair of Supervisory Board)
• Bremen Marketing GmbH (Chair of Supervisory Board)
• Bremer Gesellschaft für Investitionsförderung und Stadtentwicklung mbH

b) • Hapag Lloyd (Advisory Board)

Kurt van Haaren (Deputy Chairman of the Supervisory Board of Deutsche Post AG)

a) • Salzgitter AG

b) • Beteiligungsgesellschaft der Gewerkschaften AG (Advisory Board)

Willem G. van Agtmael

a) • Stratobyte AG (Chair of Supervisory Board)

b) • Landesbank Baden-Württemberg (Advisory Board)
• Energie Baden-Württemberg AG (Advisory Board)

Hero Brahms

a) • Morgan Stanley Bank AG
• Georgsmarienhütte Holding GmbH
• Linde Technische Gase GmbH

b) • M. M. Warburg & Co. KGaA (Shareholders' Committee)

Rolf Büttner

a) • Vereinigte Postversicherung VVaG

Henry Hillmann

b) • Iduna/Nova (Insured Persons' Advisory Board)

Adolf Kracht

a) • Wilhelm von Finck AG (Chair of Supervisory Board)
• Dussmann Verwaltungs-AG (Chair of Supervisory Board)
• Gerling-Konzern Versicherungs-Beteiligungs-AG
• Gerling Firmen- und Privat-Service AG
• Deutsche Bank AG

b) • Wilhelm von Finck AG, Inc., USA (Chairman)

Prof. Dr. Ralf Krüger

a) • Deutsche Postbank AG

Dr.-Ing. Manfred Lennings

a) • B.U.S. Berzelius Umwelt-Service AG (Chair of Supervisory Board)
• Gildemeister AG (Chair of Supervisory Board)
• IVG AG (Chair of Supervisory Board)
• Heitkamp-Deilmann-Haniel GmbH (Chair of Supervisory Board)
• Bayer AG

b) • Privatbrauerei Diebels GmbH (Advisory Board)

a) Membership in supervisory boards required by law
b) Membership in comparable national and international supervisory bodies

Additional supervisory board mandates held by members of the Supervisory Board

Dr. Manfred Overhaus

a) • Deutsche Bahn AG

b) • EXPO 2000 Hannover GmbH
• GEBB mbH

Dr. Klaus Rauscher

a) • Thüga AG
(Deputy Chairman of Supervisory Board)
• BEW AG
• Fränkisches Überlandwerk AG
• Hamburger Electrizitäts-Werke AG
• Rheinische Energie AG
• Überlandwerk Unterfranken AG

b) • Bauland GmbH
• Bayerische Kapitalbeteiligungsgesellschaft mbH
• Bayerische Landessiedlung GmbH
• Bayerische Landesanstalt für Aufbaufinanzierung, AdöR
(Deputy Member in Administrative Board)
• BLB-Equity Management GmbH
• BLB-Wachstumskapital Bayern GmbH
• Ferngas Nordbayern GmbH
• Gasbetriebe GmbH
• BLB Asia Pacific Ltd., Singapore
(Chairman of the Board)
• Rijecka Banka D.D., Croatia
(Deputy Chairman of Supervisory Board)

Prof. Dr. Jürgen Richter

a) • Springer-Verlag GmbH & Co. KG
(Chair of Supervisory Board)
• Universitätsdruckerei H. Stürtz AG
(Chair of Supervisory Board)
• Best Entertainment AG

Siegfried Schulze

a) • Vereinigte Postversicherung VVaG
• VPV AG

b) • Bundesanstalt für Post und Telekommunikation
(Administrative Board)

Erwin Wohlketzetter

a) • Postspar- und Darlehensbank
(Chair of Supervisory Board)

b) • Verband der PSD-Banken
(Chair of the Association Council)
• Bundesanstalt für Post und Telekommunikation
(Administrative Board)

a) Membership in supervisory boards required by law
b) Membership in comparable national and international supervisory bodies

Members of the Supervisory Board of Deutsche Post AG

Shareholders' representatives

Josef Hattig (Chairman)
Senator for Commerce and Ports for the Free Hanseatic City of Bremen

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

Hero Brahms
Member of the Board of Management, Linde AG

Adolf Kracht
Member of the Board of Management, Gerling-Konzern Rheinische Versicherungs-Gruppe AG

Prof. Dr. Ralf Krüger
Management consultant, Professor at the Fachhochschule Wiesbaden

Dr.-Ing. Manfred Lennings
Management consultant

Dr. Manfred Overhaus
State Secretary, Federal Ministry of Finance

Dr. Klaus Rauscher
Member of the Board of Management of Bayerische Landesbank Girozentrale

Prof. Dr. Jürgen Richter
Chairman of the Managing Board, Bertelsmann Springer Science + Business Media GmbH

Ulrike Staake
Managing Director, Deutsche Bank Hamburg

Members of the Supervisory Board of Deutsche Post AG

Employees' representatives

Kurt van Haaren
(Deputy Chairman)
Chairman of German Postal Union

Rolf Büttner
(as of April 1, 2000 member of Deutsche Post AG's Supervisory Board)
Member of Managing Executive Committee of German Postal Union

Petra Heinze
Member of Magdeburg District Board of German Postal Union

Henry Hillmann
Member of the Managing Board of Deutsche Post AG's Central Works Council

Pauline Mayer
(member of Deutsche Post AG's Supervisory Board until February 29, 2000)
Member of Works Council, Deutsche Post AG, Mail Branch, Munich

Walter Scheurle
(member of Deutsche Post AG's Supervisory Board until March 31, 2000)
Member of Managing Executive Committee of German Postal Union

Franz Schierer
District chair of Southwestern District Administration, German Postal Union

Siegfried Schulze
Deputy chair of Deutsche Post AG's Central Works Council

Armin Stoffleth
Chairman of Deutsche Post AG's Corporate Executive Representation Committee

Benita Unger
Member of Works Council, Deutsche Post AG, Mail Branch, Central Berlin

Stefanie Weckesser
(as of March 17, 2000 member of Deutsche Post AG's Supervisory Board)
Chair of Works Council, Deutsche Post AG, Parcel Branch, Augsburg

Margrit Wendt
(as of April 1, 2000 member of Deutsche Post AG's Supervisory Board)
Chair of Deutsche Post AG's Central Works Council

Erwin Wohlketzetter
(member of Deutsche Post AG's Supervisory Board until March 31, 2000)
Chair of Deutsche Post AG's Central Works Council (until February 28, 2000)

Josef Hattig
Chairman of the Supervisory Board

Born 1931.

Josef Hattig trained as a commercial clerk before embarking on a degree course in law and the state sciences. Following his second state law examination, he was a junior judicial officer (Gerichtsassessor) and management assistant, and joined Dortmund brewery Thier & Co as a director in 1965. In 1972 he moved to the Bremen-based brewery Beck & Co. as managing director, where he spent 25 years. In the fall of 1997 he became senator of Bremen, first responsible for SMEs, technology and economic and European affairs, and then in July 1999 for economic affairs and the ports.

Josef Hattig was also president of the German brewers' association and chairman of Bremen's chamber of commerce. In addition to his other functions, Josef Hattig is the Chairman of Deutsche Post AG's Supervisory Board.

Report by the Supervisory Board of Deutsche Post AG on the 2000 Annual Report

The Supervisory Board performed the duties assigned by legal mandate and statutes. In the 2000 financial year it held four meetings.

The management has regularly informed the Supervisory Board in writing about developments in sales and revenue and about the income situation of the company. The Supervisory Board was informed of all important business transactions and projects. All measures requiring the approval of the Supervisory Board were discussed at length. The Chairman of the Supervisory Board kept in constant contact with the Chairman of the Board of Management and was informed of all important business transactions.

At the meetings held by the Supervisory Board, the Board of Management gave a detailed account of the development of the business and the income of the company. The Board of Management answered all questions posed by the Supervisory Board. In addition, numerous other reports provided the Supervisory Board with comprehensive information about the company's general situation as well as about issues of particular importance to the development of the company. These were discussed at length with the Board of Management.

Financial year 2000 was all about the company's IPO. The owner sold around 29% of the total share capital of Deutsche Post. The Supervisory Board was kept regularly informed about the progress of planning for the IPO. The planning status was discussed at length in sessions of the full board and the committees. The Supervisory Board played an active ongoing role in preparations for the IPO.

In addition to the IPO, the topics discussed in detail by the Supervisory Board included in particular the purchase of additional shares in DHL International Limited – with the transfer of these shares in 2001 Deutsche Post will own a majority holding of 50.6% - and the organizational integration of DHL International into the Group. Furthermore, the Supervisory Board discussed and approved a number of other acquisitions with a view to optimizing the European parcel network, expanding the international mail network and in connection with the integration of Air Express International Inc. into Danzas AG. Discussion in the Supervisory Board also focused on progress on the integration of the joint ventures.

The General Committee of the Supervisory Board held four meetings. The agendas included preparing the meetings of the Supervisory Board with an in-depth discussion of the key issues. It also outlined and discussed the goals and principles underlying the Corporate Instructions. At its three meetings, the Personnel Committee discussed a range of human resources issues including the management concept and the new performance assessment procedure.

The Committee for Miscellaneous Affairs held four meetings, intensively discussing and agreeing, inter alia, upon the 1999 Annual Financial Statements, the salient points of the 2001 business plan, the acquisition of participating interests, as well as the sale of real estate. The Mediation Committee did not meet in the year under review. This is in accord with Section 27 (3) of the Co-Determination Law.

The financial statements, the Consolidated Financial Statements, the respective management reports, the Board of Management's report on relations with affiliated companies (the Dependency Report) and the audit report prepared by PwC Deutsche Revision AG in Düsseldorf were made available to all members of the Supervisory Board.

The auditors expressed an unqualified opinion on the financial statements, including the Management Report and the Consolidated Financial Statements, including the Management Report.

The PwC Deutsche Revision Aktiengesellchaft Wirtschaftsprüfungsgesellschaft accountancy firm also audited the Board of Management's report on relations with affiliated companies (the Dependency Report) prepared in compliance with Section 312 of the German Stock Corporation Law. The auditors reported on the results of their audits and issued the following audit certificate:

"Based on the results of our statutory audit and our judgment, we confirm that
1. All actual information included in the report is correct,
2. The company's compensation with respect to the legal transactions listed in the report was not inappropriately high."

The Supervisory Board noted and concurred with the results of the audit. The Supervisory Board has independently reviewed the financial statements, the Management Report, the Board of Management's report on relations with affiliated companies, the Consolidated Financial Statements and the Group's Management Report. At its meeting on April 27, 2001 it discussed these at length in the presence of the auditors. The auditors reported on the results of their audit and were available to respond to questions.

No objections were raised by the Supervisory Board. It has therefore approved the financial statements and the Dependency Report prepared by the Board of Management and concurred with the Management Report. The financial statements have thus been formally adopted. The Supervisory Board endorses the proposal of the Board of Management with regard to the use of the net profit.

During the 2000 financial year, the Board of Management underwent the following changes: Dr.-Ing. Günter W. Tumm, Board Member Domestic PARCELS EXPRESS, Wolfhard Bender, Board Member MAIL COMMUNICATION Production, Legal Affairs, and Horst Kissel, Board Member Personnel, left the Board of Management with effect from March 31, 2000. Walter Scheurle and Dr. Peter Kruse were appointed to the Board of Management with effect from April 1, 2000 and January 1, 2001 respectively.

During the 2000 financial year the composition of the Supervisory Board also underwent some modifications. On February 29, 2000 Pauline Mayer and on March 31, 2000 Walter Scheurle and Erwin Wohlketzetter left the Supervisory Board. As replacements, Stefanie Weckesser, with effect from March 17, 2000, Margrit Wendt and Rolf Büttner, effective April 1, 2000, were appointed to the Supervisory Board.

The Supervisory Board would like to thank its retired members, the management team, and all the staff of Deutsche Post for their commitment and the successful work accomplished in 2000.

Bonn, April 27, 2001

The Supervisory Board

Josef Hattig
Chairman

Imprint:

Published by: Deutsche Post AG, Headquarters
Corporate Departments: Corporate Communications, Corporate Finance/Investor Relations

53250 Bonn

Responsible for content: Dr. Bernd Boecken

Coordination/Editors:
Wolfgang Giehl, Hans Richard Schmitz,
Kathrin Engeländer, Beatrice Scharrenberg,
Volker Miller

Concept and Layout:
BBDO Düsseldorf

Printed by:
Schoder Druck GmbH & Co. KG
86368 Gersthofen

Mat. No. 915-317-000

Translation:
Deutsche Post Foreign Language Service et al.

This Annual Report is also published in German.