

Explanatory Notes to the Consolidated Financial Statements including the Deutsche Postbank Group at Equity

The activities of Deutsche Postbank group differ substantially from the ordinary activities of the other companies in the Deutsche Post World Net Group. To enable 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 accompanying consolidated financial statements as of December 31, 2001. The Deutsche Postbank group is accounted for in these financial statements only as a financial investment carried at equity.

The preparation of the consolidated financial statements of Deutsche Post World Net including the Deutsche Postbank group at equity is in agreement with the International Accounting Standards (IASs) adopted and published by the International Accounting Standards Committee (IASC) to be applied at the balance sheet date, and their interpretation by the Standing Interpretations Committee (SIC).

First-time application of IAS 39 resulted in recognition and measurement changes which are explained in note 6.

The accounting treatment differs from the standards required by the IASs to the extent that the Deutsche Postbank group was not fully consolidated, as required by IAS 27, but was accounted for at equity.

Compared with the full consolidation of the Deutsche Postbank group as applied to the consolidated financial statements, accounting for the Deutsche Postbank group using the equity method has the following consequences:

- The assets and liabilities of the Deutsche Postbank group are not recognized in the consolidated balance sheet, and its expenses and income are not recognized in the consolidated income statement.
- The consolidation adjustments for the full consolidation of Deutsche Postbank group have not been recognized. Transactions between the Deutsche Postbank group and the other Group companies are included in the financial statements. However, intercompany profits and losses between the Deutsche Postbank group and the fully consolidated Group companies have been eliminated as required for the inclusion of associates (SIC-3).
- The investments in the Deutsche Postbank group carried at equity are reported under long-term investments.

The investment income resulting from accounting for the investment in Deutsche Postbank group using the equity method is disclosed as a separate item in net financial income. Accordingly, net financial income includes the proportionate net profit for the period, income from the reversal of the negative goodwill of the Deutsche Postbank group and the effect on income of the continuation of hidden reserves released as part of first-time consolidation.

Review Report

Deutsche Post AG, Bonn, has prepared consolidated financial statements for the fiscal year January 1 to December 31, 2001 in accordance with International Accounting Standards (IASs) that qualify as exempting consolidated financial statements in accordance with section 292a HGB. We have audited these financial statements and issued an unqualified opinion.

For information purposes, Deutsche Post AG, Bonn, has prepared another set of consolidated financial statements (modified consolidated financial statements) based on the exempting consolidated statements in accordance with section 292a HGB. These financial statements provide pro forma information about the net assets, financial position and results of operations of the Group that would have been reported if the Deutsche Postbank group had not been fully consolidated in accordance with IAS 27, but had been included as an associate accounted for at equity, although the requirements for this do not apply.

In accordance with the terms of our engagement, we have reviewed the modified consolidated financial statements of Deutsche Post AG, Bonn, consisting of the income statement, balance sheet and cash flow statement, but without a statement of changes in equity and explanatory notes for the period January 1 to December 31, 2001. The preparation of the modified consolidated financial statements is the responsibility of the company's Board of Management. Our responsibility is to issue a review report on these modified consolidated financial statements based on our review.

We conducted our review of the modified consolidated financial statements in accordance with the International Standard on Auditing (ISA) applicable to review engagements. This Standard requires that we plan and perform the review to obtain moderate assurance

as to whether the modified consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and reasonableness reviews relating to the presentation of the net assets, financial position and results of operations of the Group and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, we certify that the modified consolidated financial statements for the year ended December 31, 2001 are in accordance with the accounting and measurement principles of the IASs, except for the inclusion of the Deutsche Postbank group at equity rather than as a fully consolidated company, as required by IAS 27. The IAS financial statements are not, however, complete, since the statement of changes in equity and explanatory notes have not been prepared. In addition, we certify that except for the above matters, nothing has come to our attention that causes us to believe that the modified consolidated financial statements contain material misstatements.

Düsseldorf, February 25, 2002

PwC Deutsche Revision
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Brebeck
Wirtschaftsprüfer
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