

NON-FINANCIAL PERFORMANCE INDICATORS

EMPLOYEES

Further decrease in number of employees

The average number of employees (full-time equivalents) decreased to 420,856 in the first six months of 2010, a 3.6% decline compared with the previous year's average. The sale of DHL Express UK's day-definite domestic business and restructuring in 2009 were the primary reasons for the decline.

RESEARCH AND DEVELOPMENT

No research and development in the narrower sense

As a service provider Deutsche Post DHL does not undertake any research and development activities in the narrower sense and thus does not report significant expenses in this area.

RISKS

Identifying and managing opportunities and risks early on

One of our most important objectives is to ensure the company's sustained success. To this end, opportunities and risks need to be identified and managed at an early stage. We assist the Group's management in this effort with our Group-wide opportunity and risk control system. The information provided by the system is reported to management on a regular basis and thereby flows into the company's control processes. We have described our opportunity and risk management processes and the significant risks affecting our earnings, financial position, as well as assets and liabilities in the 2009 Annual Report beginning on page 83.

Overall assessment of the Group's risk position

In the first half of 2010, no further significant risks, or significant changes to these risks, emerged, beyond those presented below, in the 2009 Annual Report and in the first interim report of this year. At present, no risks are identifiable that, individually or collectively, cast doubt upon the Group's ability to continue as a going concern.

Economy's upward trend stabilises

Demand for logistics services is highly dependent on the global economy. In the aftermath of the 2009 crisis year, transport volumes rose again in the first half of 2010. Current forecasts do not see the economy shrinking again over the remainder of the year. Overall, we maintain our previous assessment of the situation: our business partners' activities will continue to pick up and the risks associated with the economic development will gradually return to a normal level.

Downstream access discounts under review

Deutsche Post AG increased its downstream access discounts on 1 July 2010. Deutsche Post's competitors and their associations filed complaints against these discount increases with the *Bundesnetzagentur* (German Federal Network Agency). They claimed that the increased discounts conflicted, in particular, with regulatory requirements. Consequently, the *Bundesnetzagentur* initiated formal proceedings on 15 July 2010. Deutsche Post AG considers its charges for downstream access and the discount increases to be in compliance with regulatory and other legal requirements. However, it cannot be ruled out that the authorities or the courts will come to a different conclusion that will have negative effects on Deutsche Post AG's revenue and earnings.

VAT exemption for mail products challenged

German tax authorities have announced their intention to qualify several VAT-exempt mail products retroactively as subject to VAT. It is assumed that amended tax assessments will be re-issued for all open tax periods. The VAT exemption for postal services is based on European law (Postal Services Directive, VAT Directive) and national German law (*Postgesetz* (Postal Act), *Post-Universaldienstleistungsverordnung* (Postal Universal Service Ordinance), *Umsatzsteuergesetz* (Value Added Tax Act)). Based on these laws, Deutsche Post AG classified its postal services either as VAT exempt or subject to VAT. The German tax authorities have audited this assessment over the years and have not objected to it. We intend to take appropriate legal action against these amended tax assessments. Despite our view that the products' exemption complies with current European and German law, we cannot entirely rule out the possibility of additional tax payments.

Should the political or regulatory framework change, this could have considerable financial consequences for the Group, particularly with respect to the mail business in Germany. Since this is basically a political decision, we can make no reliable estimation as to the likelihood of occurrence.

Karstadt insolvency proceedings not yet completed

Karstadt Warenhaus GmbH is a major customer of DHL in Germany. As a result of the insolvency proceedings of the Arcandor subsidiaries Karstadt Warenhaus GmbH and the now liquidated Quelle GmbH, earnings were impacted by a total of €-247 million in the consolidated financial statements for the period ended 31 December 2009. On 15 March 2010, the insolvency administrator for the Karstadt department store chain submitted an insolvency plan to the local court of jurisdiction. Under the plan, business operations were to be continued by an investor. In early June, a purchase agreement to this effect was concluded with the investor Nicolas Berggruen. As the purchase will only become effective upon the fulfilment of specific conditions (currently under negotiation), we cannot rule out the possibility of further impact on consolidated earnings at present.