

**Summary
keynote speech
given by Klaus Zumwinkel
CEO and Chairman of Deutsche Post World Net
at Kantei Conference
17 January 2005, Tokyo**

The five-hundred years history of our business has experienced tremendous dynamism in the last 15 years following the path of postal privatization in Germany.

Pre-1990 Deutsche Post was a government agency controlled by a postal ministry. Posts, Telecommunications and Postbank were part of one organisation. With the first postal reform in 1990 Germany paved the way for Deutsche Post to move from being a government agency to a private enterprise. With the second postal reform in 1995, the postal business was converted into a corporation by the name of Deutsche Post AG. Germany's Postal Act in 1998 and the subsequent regulations defined the process of the liberalization with the end of the mail monopoly at the end of 2007 and the definition of the universal service. In November 2000 IPO of Deutsche Post AG and in 2004 IPO of Deutsche Postbank AG took place. Today Germany and Deutsche Post World Net (DPWN) approve the opening of the markets as soon as possible and we're looking forward to full competition on all European postal markets by the end of this decade.

DPWN Strategy can be divided into three phases: In **Phase I** which lasted from 1990 to 1996, Deutsche Post was restructured in Germany including postal services in East Germany after reunification. These were at a "developing country" stage. In the 90s Deutsche Post set the production and quality of mail and parcel services in Germany on a radical new structure. Through investments totalling 4 billion euros Deutsche Post built 83 modern mail sorting centres and 33 express centres, all functioning in the same way, where 90 percent of letters (MAIL) are now automatically processed and sorted. In 1990 the automation level of was still 25 percent. The high-performance network for mail services today in Germany alone serves 39 million households and some 3 million business customers. Through 0,5 billion euros of investments a new retail outlet concept was created, based on Deutsche Post AG's own retail outlets as well as on outlets operated by partners (franchising). Today in more than 12,000 outlets (5,000 run by ourselves, more than

7,000 by partners) Deutsche Post serves up to 3 million customers a day. Opening times are in line with those of the German retail sector and the outlets are equipped with modern IT facilities.

In **Phase II** which lasted between 1997 and 2000, Deutsche Post focused on internationalization strategy, developing new business platforms and value-added services for our customers. Above all this has been achieved by several acquisitions, especially Danzas and DHL. **Phase III** was launched in 2001. In this phase, it was a matter of making good use of the huge growth and synergy potential that exists within the Group based on new international business platforms which will benefit both customers and shareholders alike. In doing so, the DPWN overall goal is to become the Number 1 provider of logistics services by the end of 2005.

Having followed this strategy so far DPWN reacts consistently facing 4 major trends that rule the global logistics industry today: Globalization, Liberalization, Digitization and Outsourcing.

Due to privatization Deutsche Post World Net has made its way from national to global and from a deficit to a profit. Today with 380.000 people DPWN is worldwide active in more than 220 countries. In the entire world, particularly in the transportation and postal industries, there are still too many segments under governmental influence. Even though it has long been known that liberalized economic sectors provide more wealth for a nation than economic sectors regulated by government. Privatized postal companies operate more efficiently and produce greater prosperity. Governmental offices cannot perform better than the market. The free spirit of the market is more efficient.

Experience of Privatization of the Postal Services in Germany - Kantei Conference

Klaus Zumwinkel, 17 January 2005, Tokyo

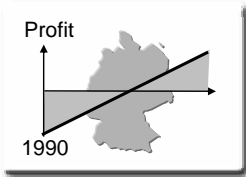
Legal and regulatory environment



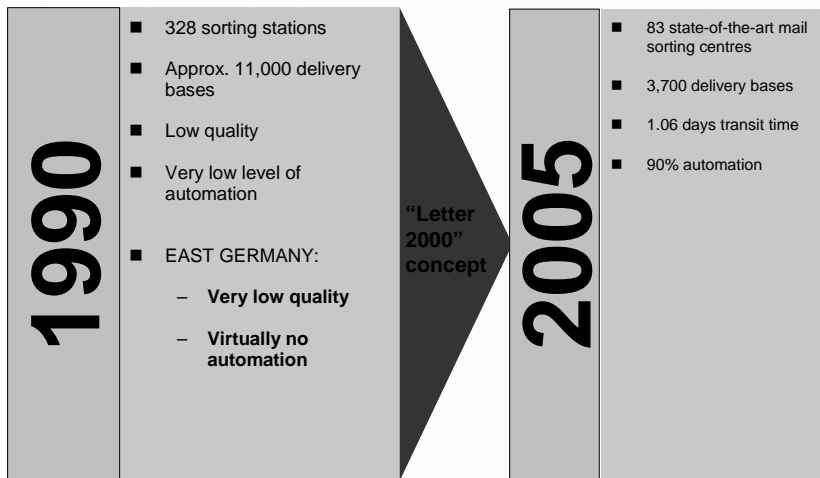
Pre-1990	Postal Reform I (1990)	Postal Reform II (1995)	Postal Act (1998)	Europe 2005-
Government agency	Separation of posts, telecommunications and bank	Foundation of Deutsche Post AG	On the way to competition in Germany	Step by step to full competition in Europe
Controlled by Ministry	Postal service managed as private company	Universal service obligation	IPO: November 2000	

I. Turnaround

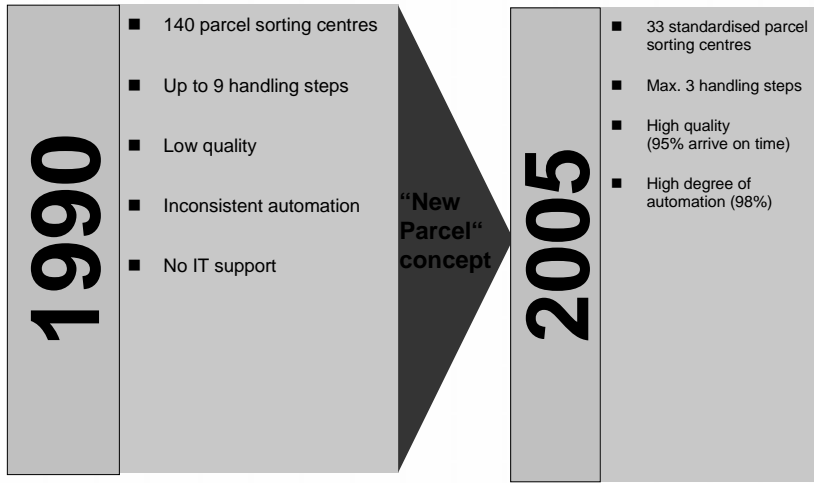
1990 - 1996



1990 to 2005 - What have we achieved in Germany- MAIL?



1990 to 2005 - What have we achieved in Germany- EXPRESS?



1990 to 2005 - What have we achieved in Germany- Retail Outlets?

