

Annual Report 2010  
and Sustainability Report



Posten Norden





# Content

The group's consolidated financial review comprises pages 1-5 and 8-53

	Page
■ 2010 in brief	3
■ Group review	4
■ Message from the CEO	6
■ 2010 highlights	8
■ The merger	9

## »» The business

■ Operations and offer	10
■ Business model	12
■ Markets and competition	14
■ Strategy	18
■ Goals and governance	20
■ Financial overview and analysis	22
■ Business areas	24
■ E-commerce	32
■ New terminal structure	33
■ Employees	34
■ Environment	35
■ Risks and risk management	36
■ Parent company	40
■ Proposed distribution of profits	40
■ The Posten Norden share and shareholders	41

## »» Corporate Governance Report

■ Governance of Posten Norden	43
■ Board of Directors	44
■ Board of Director's actions	46
■ Group management	48
■ Internal governance and control of financial reporting	50
■ Universal service obligations	52

## »» Consolidated financial statements

■ Income statement	55
■ Comprehensive income statement	55
■ Balance sheet	56
■ Statement of cash flows	57
■ Statement of changes in equity	58
■ Notes	59

## »» Parent company financial statements

■ Income statement	90
■ Comprehensive income statement	90
■ Balance sheet	91
■ Statement of cash flows	92
■ Statement of changes in equity	92
■ Notes	93

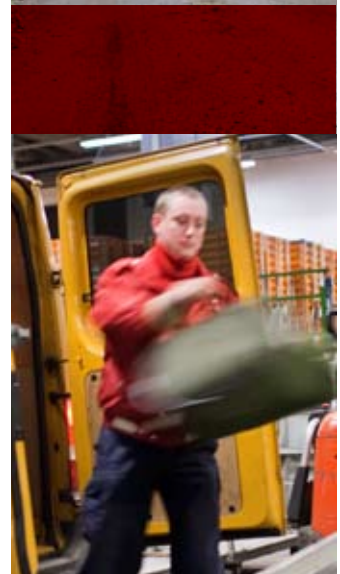
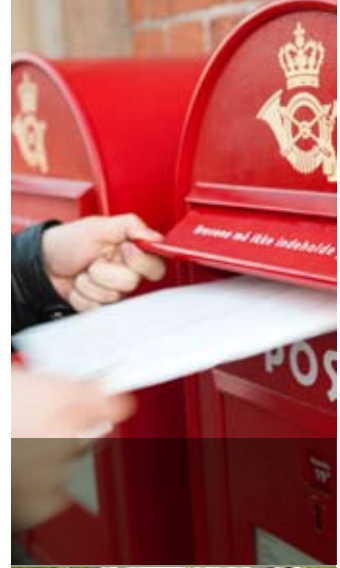
□ Signatures of the Board and CEO	97
□ Auditors' report	98

## »» Sustainability report

■ Key sustainability events 2010	100
■ The CEO on sustainability	101
■ Posten Norden's stakeholder dialog	102
■ Objectives and governance of Posten Norden's sustainability efforts	104
■ Posten Norden's financial responsibility	106
■ Posten Norden's environmental responsibility	109
■ Posten Norden's social responsibility	113
■ Attestation report	121
■ Quarterly data	122
■ Contact information	123

The Board of Directors and the CEO hereby submit the Annual Report and consolidated financial statements for Posten Norden AB, corporate identity number 556771-2640, for financial year 2010.

The group was formed on June 24, 2009 and first consolidated on July 1, 2009. Information for calendar year 2009 and quarterly data prior to July 2009 are pro forma. Posten Norden AB was registered with the Swedish Companies Registration Office on December 1, 2008. The comparative year reporting period for the parent company is December 1, 2008 - December 31, 2009.



# Improved operating profit despite declining volumes

- Operating profit totaled SEK 1,375m (284), up 28% excluding structural and currency changes
- Net sales totaled SEK 41,669m (44,633)
- Profit before tax totaled SEK 1,348m (2,439)
- Net profit totaled SEK 1,031m (196), excluding participations in the earnings of and capital gains from the sale of bpost (formerly De Post-La Poste) in July 2009
- Net profit totaled SEK 1,031m (2,414)
- The Board proposes an ordinary dividend, in accordance with the company's dividend policy, of SEK 600m (1,440) as well as an extraordinary dividend of SEK 400m (0)
- Lars Idermark appointed new President and Group CEO

SEKm, unless otherwise specified	2010	Pro forma 2009 <sup>3)</sup>	Change	
<b>Net sales</b>	<b>41,669</b>	<b>44,633</b>	<b>-2,964</b>	<b>-7%<sup>1)</sup></b>
Expenses	-40,589	-44,605	4,016	-9%
Operating profit, EBITDA	3,292	2,298	994	43%
<b>Operating profit, EBIT</b>	<b>1,375</b>	<b>284</b>	<b>1,091</b>	<b>&gt;100%</b>
Net financial items	-27	2,155 <sup>2)</sup>	-2,182	
Profit before tax	1,348	2,439 <sup>2)</sup>	-1,091	-45%
<b>Net profit</b>	<b>1,031</b>	<b>2,414<sup>2)</sup></b>	<b>-1,383</b>	<b>-57%</b>
Balance sheet total, end of period	25,783	29,571	-3,788	-13%
Cash and cash equivalents, end of period	3,640	4,852	-1,212	-25%
Equity, end of period	11,753	13,358	-1,605	-12%
Net financial position excl. pensions, end of period	2,354	3,213	-859	-27%
Cash flows from operating activities	1,824			
Operating margin, EBITDA, %	7.8	5.1	2.7	
Operating margin, EBIT, %	3.3	0.6	2.7	
ROE, rolling 12-month, %	8	20 <sup>2)</sup>	-12	
Equity-Assets ratio, end of period, %	46	45	1	
Average number of employees	44,060	47,625	-3,565	-7%

1) Net sales decreased 2% during 2010, excluding structural and currency changes.

2) Includes capital gain of SEK 2,002m from the sale of Post Danmark A/S' shares in Belgian bpost (formerly De Post-La Poste) in July 2009.

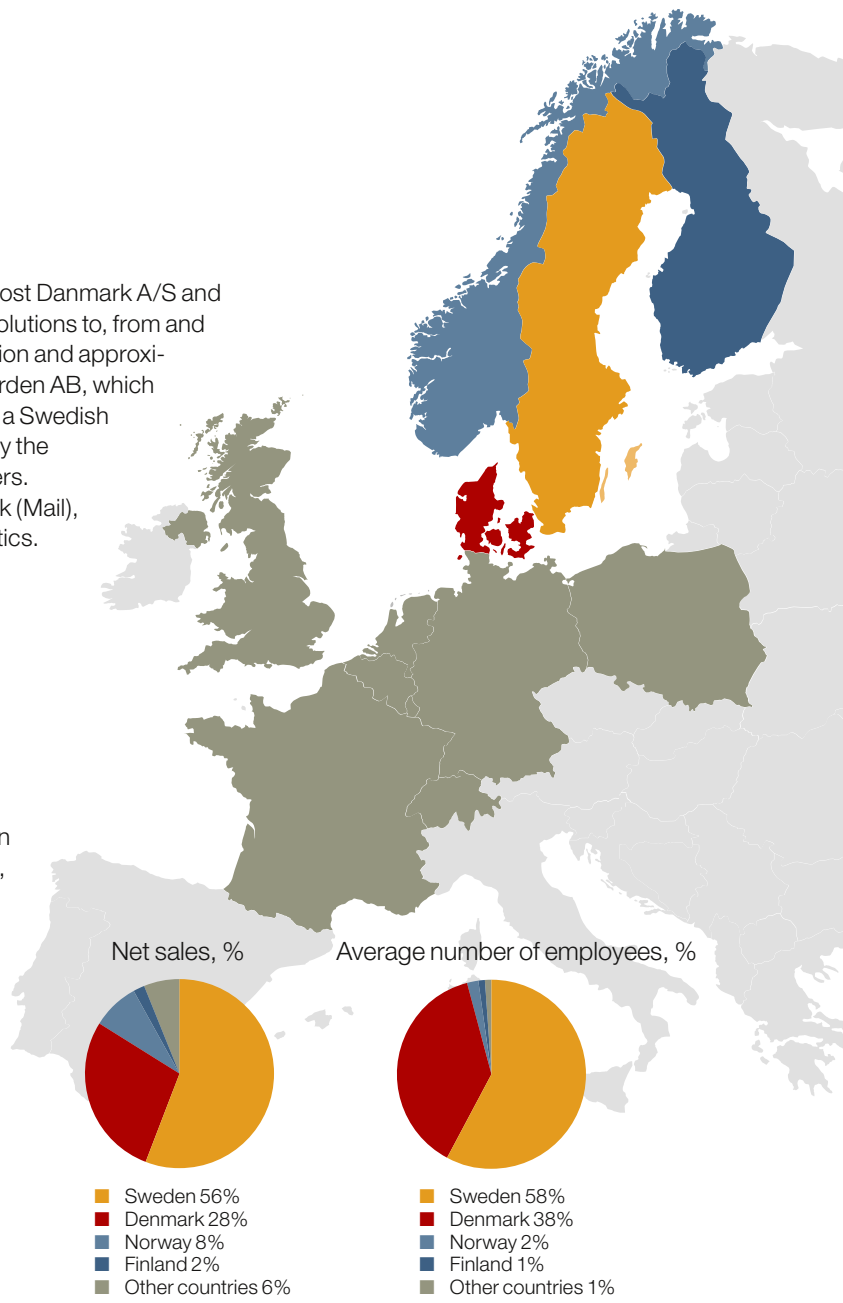
3) The group was formerly established on June 24, 2009 and first consolidated as of July 1, 2009.



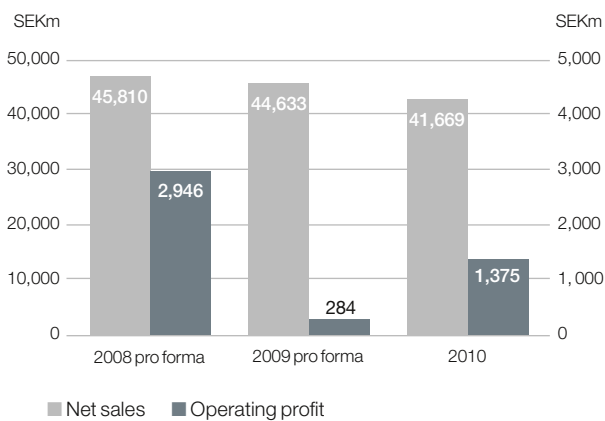
# Group review

Posten Norden was formed in 2009 through the merger of Post Danmark A/S and Posten AB. The group offers communication and logistics solutions to, from and within the Nordic region, with net sales of around SEK 42 billion and approximately 44,000 employees. The parent company, Posten Norden AB, which owns the legal entities Post Danmark A/S and Posten AB, is a Swedish public company owned 40% by the Danish state and 60% by the Swedish state. Votes are allocated 50/50 between the owners. Operating activities are run in business areas Breve Danmark (Mail), Meddelande Sverige (Mail), Information Logistics and Logistics. Group headquarters are located in Solna, Sweden.

- Each business day, Posten Norden delivers approximately 29 million mail items with world class quality
- The group handles 500,000 parcels per day
- Posten Norden has 12,000 mail carriers in Sweden and 11,000 in Denmark
- Posten Norden has approximately 4,400 parcel distribution points with generous opening hours in Sweden, Denmark, Finland and Norway
- Posten Norden has approximately 1,600 partner outlets in Sweden and around 820 post offices, partner outlets and stores offering postal services



Group net sales and operating profit



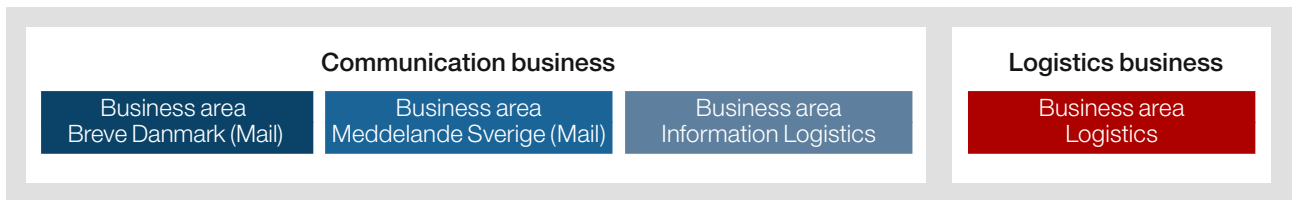
## » This is Posten Norden

- Leading supplier of business communication in the Nordic countries
- Mail operator for all of Denmark and all of Sweden
- One of the largest operators in the Nordic media market
- The strongest business partner for Nordic e-commerce
- A leading provider of logistics services to, from and within the Nordic region

## » A group with a long heritage

People have been sending information, letters and products to one another for thousands of years. Mail delivery gained firmer footing in the Nordic countries in the early 17th century. In December 1624, Denmark's King Christian IV issued a "Postal Delivery Decree". Twelve years later, the Swedish Council of State enacted a "Postal Delivery Ordinance" based on a Chancellor Axel Oxenstierna's proposition. Postal services in Denmark and Sweden were born.

Posten Norden group structure



■ Breve Danmark

Breve Danmark (Mail) is the leading supplier of distribution solutions in the Danish communication market. The business area offers physical and digital mail, direct mail and newspaper services, facility management services and drop off and collection of private parcels.

→ Read more about the business area's development in 2010 on page 24.

■ Meddelande Sverige

With a nationwide distribution network, Meddelande Sverige (Mail) is the leading supplier of distribution solutions in the Swedish communication market. The business area offers physical and digital mail, direct mail and newspaper services and drop off and collection of private parcels.

→ Read more about the business area's development in 2010 on page 26.

■ Information Logistics

Information Logistics, with Strålfors, develops, produces and delivers systems, services and products for efficient business communication. The business area leads its field in the Nordic region and has operations in the Nordic region and several other European countries.

→ Read more about the business area's development in 2010 on page 28.

■ Logistics

Logistics is a leading provider of logistics services to, from and within the Nordic region, and offers a unique scope of coverage through its Nordic-wide distribution network. The business area runs operations in parcel, pallet and mixed cargo groupage as well as delivery, express, third-party logistics, in-night freight forwarding and consignment freight.

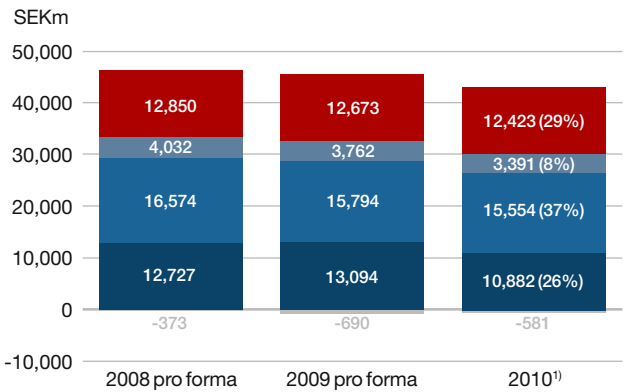
→ Read more about the business area's development in 2010 on page 30.

Volume

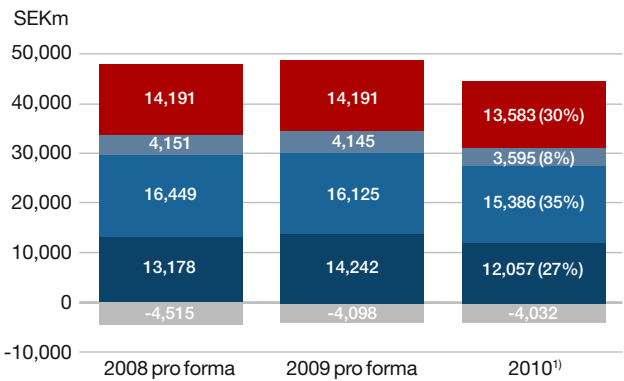
Millions of units produced	Pro forma		
	2010	2009	2008
<b>Breve Danmark</b>			
Priority mail	602	680	n/a <sup>1)</sup>
Non-priority and C-mail	283	305	n/a <sup>1)</sup>
UDM	1,344	1,551	1,590
<b>Meddelande Sverige</b>			
Priority mail	1,045	1,088	1,237
Non-priority mail	1,266	1,245	1,245
UDM	2,260	2,221	2,482

1) Total mail volume for Breve Danmark was 1,083 million units in 2008.

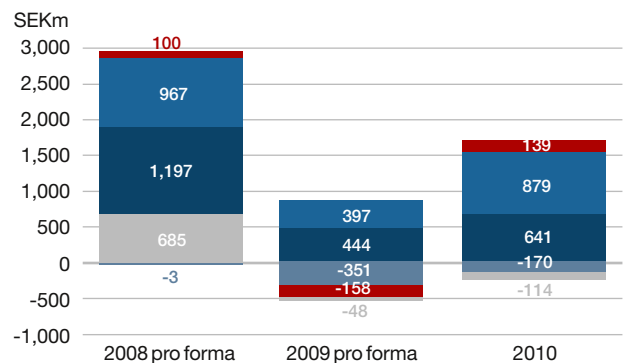
Net sales



Operating expenses

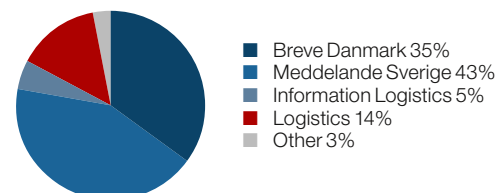


Operating profit



Legend: Breve Danmark (dark blue), Meddelande Sverige (medium blue), Information Logistics (light blue), Logistics (red), Other & Eliminations (grey).  
 1) Share in % excluding Other & Eliminations

Average number of employees, %



## A successful Nordic merger

The construction of the best communication and logistics company in the Nordic region is proceeding. Despite the relatively short period of time that has elapsed since the merger between Post Danmark A/S and Posten AB, we have already laid a solid foundation for an industry-leading Nordic group. The merger took place during a period of considerable economic uncertainty. The dramatic financial crisis and recession certainly intensified the need for us to be agile and flexible. We needed to quickly adapt the new, larger entity to the deteriorating economic situation and the decreasing mail volumes caused by competition from digital alternatives while, simultaneously, proceeding with merger-related implementation work at a fast pace to ensure that the opportunities presented by the merger could be realized.

I am pleased to say that Posten Norden has successfully dealt with these significant challenges and has demonstrated its ability to be flexible and to act swiftly. We can confirm that we have accomplished an essentially successful Nordic merger while warding off the recession and successfully adapting operations to dramatically altered conditions. This was made possible by a united and focused management team that began functioning as a group more quickly than is common with mergers. There has also been broad internal support and understanding among employees for the need to adapt and coordinate. The challenges have given Posten Norden a more performance- and result-oriented organization.

### Significant improvement in operating profit

There was an economic recovery in 2010 – particularly in Sweden and Norway – and demand for our services strengthened in these countries. Meanwhile, the economic situation remains uncertain in Denmark and in a number of other countries that are important to us. We operate in markets where competition is fierce and where substitution drives down mail volumes. The communication and logistics businesses are both impacted by pressure on prices. Taken together, this contributed to a 2 percent decrease in net sales, excluding structural and currency translations.

During the year, the group succeeded in adjusting operating costs to changed market conditions and reduced costs by 3 percent, excluding structural and currency changes. The reductions are attributable to efficiency measures in production and distribution, administrative rationalizations and the realization of synergy effects from the merger according to plan. We also reduced staffing by 3,600 during the year, in a responsible manner and in full cooperation with the unions. Cost reductions led to a 28 percent improvement in operating profit, excluding structural and currency translations.

Due to our net profit of SEK 1,031m and our strong financial position, we are able to both propose a dividend distribution totaling SEK 1,000m and to allocate resources for continued structural measures.



We shall be the first choice among customers for sending items to, from or within the Nordic region.

Lars G Nordström



Competition from digital and non-digital alternatives has continued and will continue to have a negative impact on mail volumes. In Denmark, where substitution has been most pronounced, mail volumes fell 10 percent in 2010. Negative volume forecasts for traditional mail operations in both Denmark and Sweden present challenges for us going forward. 2010's positive profit trend therefore does not in any way remove the need for continued cost adjustments.

#### Customers decide

Falling mail volumes offer us an opportunity to change and to create growth and profitability in other areas in a responsible way, and we can step up the pace thanks to the platform created through the merger. We shall be the first choice among customers for sending items to, from or within the Nordic region.

The conditions for achieving this improved in 2010 through increased profitability and customer satisfaction. We are faster and more efficient than our competitors, and we are an industry leader when it comes to quality. We also meet demands for environmentally sustainable services, and have set new environmental goals for the group. Our opportunities to grow within existing and new areas are thus determined in large part by our own will and ability, supported by strong leadership. But our customers determine what is good and what is less so, and we will therefore be even more responsive to our customers' needs. This is especially true in terms of our management of customer complaints, where we have room for improvement.

Among our growth areas, e-commerce has a clear role to play and the group is working to continuously strengthen the offer to e-commerce companies, both within and outside of the Nordic region. Within the communication operations, there are physical and digital opportunities. Posten has, for instance, started a collaboration with Google for shared services. The logistics operation will grow within parcel and pallet as well as increasing business with new and existing customers. The group also has the flexibility and the strength to carry out acquisitions or initiate strategic alliances when the occasion warrants.

We have come a long way in our effort to become a group with common working methods, and this supports our development going forward. Nevertheless, we face many challenges. One of these challenges – achieving a shared group identity – is an important success factor.

#### Being the right size provides ideal conditions

In terms of development, the size of the business is crucial. Size provides opportunities to optimize unit costs and margins. Size provides the resources to develop new products and services, to hire the best people and to enable the business to bear the cost of mistakes, which in turn improves opportunities to succeed. Our operations involve clear-cut economies of scope and scale. Size presupposes the ability to do cross-border business, something Posten Norden has done since the merger and will continue to do going forward.

During 2010 and early 2011, new postal legislation came into effect in both Sweden and Denmark. The new Danish law is an important milestone and secures the universal service obligations in a deregulated Danish postal market. The group is also afforded a certain amount of relief in its capacity as provider of the universal service obligation. With respect to the Swedish law, it has become evident that Posten Norden and the Swedish regulatory agency have differing interpretations of several of the new law's provisions. This is unfortunate, and we intend to resolve the situation in cooperation with the agency.

I would like to extend my heartfelt thanks to the customers and employees with whom I've had the pleasure of working during my time as President and Group CEO. Everything we do can be done better, and there remains much to be accomplished within the group. I am confident that my successor, Lars Idermark, and all Posten Norden employees are inspired to continue developing Posten Norden.

Solna, February 2011

*Lars G Nordström*

President and Group CEO, Posten Norden



## » 2010 highlights

- On January 14, 2010 the group announced its intention to change customer channels in Sweden over the coming three years in order to improve service accessibility for corporate customers. Corporate services at 337 Business Centers will be moved to partner outlets, the Internet and to service points set up by Posten.
- On February 11, 2010 the group announced its agreement with Coop Norge for in-store parcel distribution. The ambition is to increase the number of parcel distribution centers in Norway by 200 stores, further improving opportunities for businesses to reach their Norwegian customers.
- A new Postal Act came into effect in Sweden on September 1, 2010. The new law includes regulations that exceed those in the EU's Postal Directive. The requirements for pricing transparency for the national operator have been increased and the price cap has been retained. At the same time, Posten Norden's main competitor – owned by the state-owned Norwegian Post – is not subject to these EU-specific regulations.
- On September 29, 2010 Posten Norden announced the Board of Director's appointment of Lars Idermark as new President and Group CEO. Mr Idermark is currently President and Group CEO of the Swedish Cooperative Union, KF. He will succeed Lars G Nordström on March 1, 2011.
- On September 29, 2010 Posten Norden announced the Board of Director's decision to invest in a new terminal structure in Sweden, which will increase production flexibility and counter the major changes that are expected in letter and parcel volumes. The investment totals approximately SEK 2.5 billion and enhances competitiveness and service. More mail will be transported by rail as opposed to by air and road, which benefits the environment.
- On December 16, 2010 the Danish Parliament passed a new Danish Postal Act. The new law came into effect on January 1, 2011 and contains provisions for free competition and the securing of universal postal service obligations by Post Danmark A/S. The law also established conditions that allow Post Danmark to continue its commercial operations as supplier of the universal mail service by means of reductions within selected high-cost areas. As a result of the new law, Post Danmark is introducing a more market-oriented and differentiated pricing system for various types of stamped letters as of April 1, 2011.  
 Post Danmark has been granted a temporary license which is valid through April 1, 2011. The final license is being prepared.

## » Highlights after the end of the period

- On January 19, 2011 the group announced the signing of its agreement with ICA, Coop and Axfood to expand its partner outlet collaboration in Sweden. Through the agreement, Posten Norden will strengthen its partner outlet network in grocery stores. The agreement covers a five-year period and aims to further improve access to postal services and the quality of customer service.



# A merger to increase competitiveness in the Nordic region

Posten Norden AB is the result of the historic merger of Post Danmark A/S and Posten AB. The merger was formally concluded on June 24, 2009. The efforts to construct a competitive communication and logistics operator in the Nordic region proceeded well during 2010.

The merger was initiated in order to meet the sweeping structural changes in the communication and logistics markets. As a larger, more competitive company, Posten Norden is better prepared to meet declining mail volumes and to capitalize on the opportunities presented by a larger market that is undergoing rapid change. The merger is the foundation of a distinctly Nordic industry leadership in terms of market share, efficiency, quality and geographic presence.

## A larger entity provides advantages

In terms of global development, regions – as opposed to nations – are increasingly important as the basis for business activity. The merger has provided Posten Norden with a strong regional presence in the four Nordic countries, as well as a larger home market that creates more opportunities.

The merger also made Posten Norden better equipped to make cost adjustments, thanks to economies of scale. As a larger entity, Posten Norden is able to bear the cost of crucial conversion investments as well as investments to make production processes more efficient, and this strengthens our ability to reduce unit costs. A larger operator also has more resources available to develop new services and market concepts and to hire and train managers and employees who have the right skills.

With the combined experience of the deregulated Swedish market and previous joint ownership of another European postal company (Belgian bpost, formerly De Post/La Poste), Posten Norden is well poised to benefit from the effects of European postal market liberalization.

## Increased coordination in 2010

Posten Norden captured the benefits of its Nordic strength through several crucial decisions made in 2010. The group's e-commerce business has been coordinated at the Nordic level. The three communication business areas have decided on a joint marketing plan that will speed up cost optimization and the development and launch of new and existing competitive services. A joint Nordic purchasing process has also been introduced within the group, in which Finland and Norway will be successively included. Operation of the group's SAP systems has been localized in Denmark.

## Synergies realized according to plan

At the time of the merger, it was expected that the new group would be able to generate synergies, especially on the cost side. The cost synergies within purchasing, administration and IT were estimated at approximately SEK 1 billion per year. Synergies were realized according to plan in 2010. Posten Norden also identified new synergy opportunities in several areas, including process uniformity, pricing and customer service in 2010, and improved capacity utilization within the logistics operation.



# The Nordic region's leading communication and logistics operator

Posten Norden delivers world-class communication and logistics solutions to businesses and individuals throughout the Nordic region. Efficient services that offer value for money enable our customers to reach their intended recipients on time, reliably and cost-efficiently. When our customers need to send a letter or parcel to, from or within the Nordic region, Posten Norden shall be their first choice – as well as the environmentally sound choice.

As the **industry leader within Nordic business communication**, Posten Norden offers a range of services that enable businesses to communicate effectively and more easily with their customers in terms of billing, sales letters or account statements and that offers a flexible combination of physical mail and e-mail. Posten Norden offers services that span the communication chain – from analysis to final printing, enveloping and stamping of mail items – prior to distribution through our own networks in Sweden and Denmark or to other parts of the world, with a high level of delivery assurance.

Posten Norden is **the mail operator for all of Denmark and all of Sweden**. With high levels of precision and delivery quality, Posten Norden fulfills Denmark's and Sweden's universal postal service obligations. With Posten Norden and the group's partners, people are able to send letters and parcels every day of the year to recipients throughout the world. Through its extensive service network – with 4,400 parcel distribution points and 5,700 stamp outlets in the Nordic region, 122 self-service stations in Denmark, as well as Internet services – Posten Norden offers the most accessible postal service in Europe.

As **one of the largest operators in the Nordic media market**, Posten Norden offers a broad range of direct mail services (DM) for marketing its customers' products and services accurately, cost-effectively and measurably. With the Reklamfixaren (Ad Fixer) tool, companies can easily and cost-efficiently produce their own mail-shots in Sweden, from idea to mailbox. The SPOT digital database offers businesses the opportunity to conduct highly accurate, relevant marketing in Denmark via letter, e-mail or text message. Posten Norden broadens its offer through partnerships with other media operators. One example is our collaboration with TV4 in Sweden, which offers companies the option of spreading their messages and offers throughout the country via unaddressed direct mail (UDM), the Internet and television.

With a comprehensive Nordic service offer and parcel distribution network, Posten Norden is **the strongest business partner for e-commerce in the Nordic region**. A range of services are offered to simplify day-to-day e-commerce, everything from marketing to distribution and notification. Posten Norden meets the need for high-quality service and accessibility resulting from sharply increasing e-commerce volumes with its My Pack parcel distribution points alongside its existing distribution network and mail services.

Every day, Posten Norden handles half a million parcels with its own market-leading capacity and infrastructure in the Nordic region. Posten Norden is **a leader in logistics services to, from and within the Nordic region**, and reaches two million businesses and 25 million individuals in Denmark, Finland, Norway and Sweden every day. With its own terminals in Belgium, Holland and Germany and partnerships with the well-reputed global DPD network, Posten Norden offers rapid, reliable parcel and pallet transports to and from the entire world. Posten Norden's comprehensive and flexible logistics solutions within third-party logistics save companies time and money through the entire logistics flow, from inventory management to delivery and return management.

## »» How Posten Norden creates value

### Value for Posten Norden's customers

- Nordic strength – international range
- World-class quality
- Reliable services
- Efficiency and good value for money
- High levels of accessibility
- Universal postal service
- Responsible and environmentally friendly

### Value for Posten Norden's owners

- Return targets
  - 10% return on equity over a business cycle
  - Dividend of at least 60% of annual net profit
- Targets for financial stability
  - Equity-Assets ratio at least 35%



## » Brands

Posten Norden meets its customers under a number of brands:



Posten offers communication and logistics solutions to, from and within Sweden.



Post Danmark offers communication and logistics solutions to, from and within Denmark.



**AddressPoint**

**AddressPoint** Direct updating of private individuals' addresses to companies, and targeted advertising from businesses to individuals. Operates in Sweden.



**ADRESSÄNDRING**

**Adressändring** Manages address changes for private individuals and companies, delivered to postal operators, the Swedish Tax Agency and Statistics Sweden (SCB). Operates in Sweden.



**BUDSTIKKEN**

**Budstikken** Express delivery business that targets companies in Denmark. International delivery services through partners. Operates in Denmark.



**PEX**

**PEX** Express delivery business that targets companies in Sweden. International delivery services through partners. Operates in Sweden.



**DIRECT LINK**  
A Sweden Post Group Company

**Direct Link** Offers global postal solutions to businesses. Operates in several European countries, Asia, Australia and North America.



**DPD**

**DPD** An international network offering global parcel solutions to businesses. Posten Norden is a DPD partner and responsible for operations in the Nordic region.



**eBoks**  
www.e-boks.dk

**E-boks** Service for the secure receipt of e-mail from businesses to private individuals in Denmark. Supplier to most of the financial sector.



**HIT**

**HIT** Offers distribution, import and export services as well as overnight transport of pallet and consignment cargo in the Nordic region, the Baltic region, Germany and the Netherlands.



**MyPack**

**MyPack** Parcel service for businesses with deliveries to private individuals in the Nordic region. The MyPack network has 700 distribution points in Norway and 1,200 in Finland.



**Strålfors**

**Strålfors** Develops, produces and delivers systems, services and products for efficient communication, as well as business-critical information labeling services. Operates in the Nordic region, Great Britain, France, Poland and Switzerland.



**TAB**

**TAB** Services for the distribution of daily newspapers in Sweden. Operates in Sweden.



**tidningstorget.se**

**Tidningstorget.se** Web-based subscription service for commercially published Swedish periodicals. Operates in Sweden.



**TOLLPOST GLOBE**

**Tollpost Globe** Offers national and international distribution of parcel, pallet and mixed cargo groupage, as well as consignment cargo to businesses. Operates in Norway.



**TRANSPORTGRUPPEN**

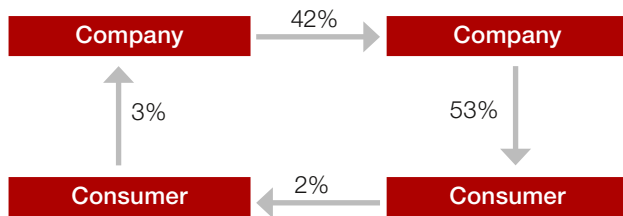
**Transportgruppen** Offers transport and logistics services to businesses in Denmark.

# A broad business model within communication and logistics

Posten Norden's business model is based on handling physical and digital mail items – which reach recipients on time, reliably and cost-efficiently – and to do this at the lowest possible unit costs and with the highest possible level of environmental efficiency.

Approximately 95% of Posten Norden's current distribution revenues are derived from companies or organizations. Large individual customers include national public authorities, companies from the banking and insurance sectors and the telecom industry, retailers, industrial enterprises and e-commerce companies.

Posten Norden's distribution flow, value breakdown 2010



## The communication business

The group markets and sells a full range of services covering most of the communication needs of businesses and private persons. A major revenue source is revenue related to mail distribution. Posten Norden supplies universal postal services in Denmark and Sweden, which imposes certain restrictions on setting prices for these services. In

Denmark, Post Danmark has pricing freedom. In Sweden, Posten is subject to postage price regulations; there is a maximum postage price for single mail items weighing up to 500 grams as well as limited opportunities for price differentiation. Customers with large mail flows who themselves take care of some parts of the service, such as pre-sorting, are offered discounts. The group also has revenues from various products linked to its distribution service – such as bags, envelopes, cards and other stationery – through its extensive partner outlet network, its own service centers and the Internet.

Posten Norden is a business partner in business communication, and also sells services that make it easier and more efficient for companies to reach their customers with physical and digital messages. The group is one of the largest operators in the Danish and Swedish media markets and earns revenues from direct mail services. The group also has revenues from data management, printing services, response management, etc. Its offer also includes transaction services, such as physical and digital services for billings and pay slips. The group also markets and sells secure e-mailbox solutions, newspaper distribution services and outsourcing solutions to meet companies' needs for managing external and internal mail items.

## » 2010 Stamps



Posten Norden issues a large number of stamps each year in Denmark and Sweden.

**The logistics business**

Posten Norden has a comprehensive infrastructure in the Nordic logistics services market. The group chiefly markets and sells services for parcel and pallet transport as well as mixed cargo groupage. The group also offers delivery and express services and services for third-party logistics, in-night freight forwarding and consignment freight. Posten Norden carries out most of its own transports though the group also uses subcontractors, particularly Tollpost Globe in Norway.

The most important customer industries for the group's logistics business are the retail, wholesale, industrial and service sectors. Together, these industries constitute nearly 70% of all revenues in the logistics business.

**E-commerce**

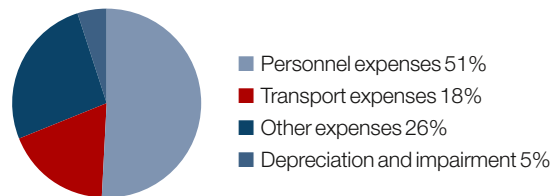
The e-commerce industry is an important area for Posten Norden, and the group focuses particularly on the part of its business directed toward e-commerce. Posten Norden is a Nordic e-commerce business partner and has a broad offer for this customer group. Our services cover a large share of e-traders' needs for distribution and notification, inventory management, pick-and-pack services, marketing and payment solutions. Our e-commerce offer involves both group businesses (communication and logistics). A major strength is the group's comprehensive Nordic parcel distribution network and mail delivery services in Denmark and Sweden, which reach each household every business day.

**Cost structure**

Posten Norden's operations have a high proportion of fixed costs, particularly within the communication business where personnel costs are the single largest cost item. The communication business as whole is more personnel-intensive than the logistics business, where transport costs are more dominant.

Cost management is one of the cornerstones of Posten Norden's strategy. The group continuously strives to streamline production and administration and optimize staffing based on the business' needs, all in order to optimize costs per mail item. Two factors determine the cost-effectiveness of a mailed item: the time during which the item will be conveyed (e.g., overnight delivery is more expensive than three-day delivery) and volume size (higher volumes provide greater opportunity to standardize production and reduce unit costs).

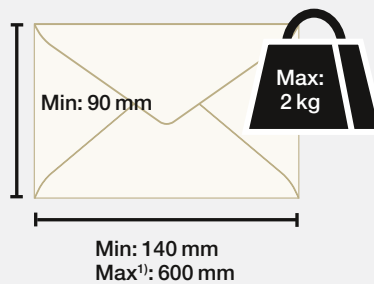
The group's 2010 operating expenses



» Letters and parcels

**Letters**

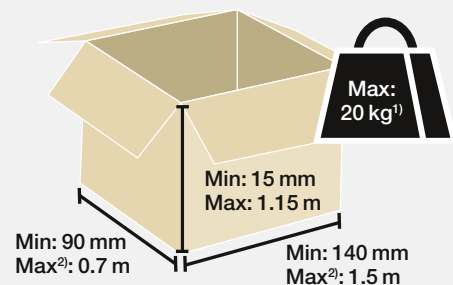
A letter is an addressed mail item enclosed in an envelope or wrapper and weighing a maximum of 2 kg. Postcards, business reply cards and similar mail items are also classified as letters.



1) Max length + width + thickness = 900 mm

**Parcels**

A parcel is a dispatch of goods or merchandise weighing over 2 kg, often of greater value than a letter. All parcels are electronically traceable.



1) 50 kg for corporate customers in Denmark and 35 kg when dropped off at Posten's Business Centers in Sweden. Minimum weight 150 grams in Sweden.  
 2) Max length + circumference = 3.6 m for corporate customers and 3.0 m for individual customers, in Denmark.

# Communication and logistics markets in transition

Posten Norden holds a strong position in the Nordic markets for communication and logistics services. 2010 saw an economic recovery in the Nordic region, though the degree of recovery varied between countries. Widespread substitution and regulatory provisions present challenges to the leading Nordic communication and logistics company, though the market also presents interesting opportunities.

## The communication market

Posten Norden is active in the communication market in Denmark, Sweden, Norway, Finland, as well as several other European markets including Great Britain and France.

Most of the group's sales are made in Denmark and Sweden, where the total market (including, e.g., telephony) is valued at approximately SEK 280 billion.

The parts of the communication market that are relevant to Posten Norden – physical and electronic messaging and direct mail – are estimated to total approximately SEK 160 billion. The Swedish postal market has been deregulated since 1993 and liberalization of the Danish market was implemented on January 1, 2011.

Due to substitution, mail volume growth in Denmark and Sweden is expected to follow a negative trend in coming years. With an underlying negative volume trend for physical messaging, mail volumes are expected to decline, more so in Denmark than in Sweden.

The Nordic advertising market totaled EUR 8.1 billion in 2009 and EUR 4.3 billion during the first half of 2010.

The Nordic advertising market grew 11% during the first half of 2010, and direct mail constituted 15% of the market (IRM, Institute for Advertising and Media Statistics). Nordic region growth remained strong during the second half of the year and growth is expected to continue through 2011.

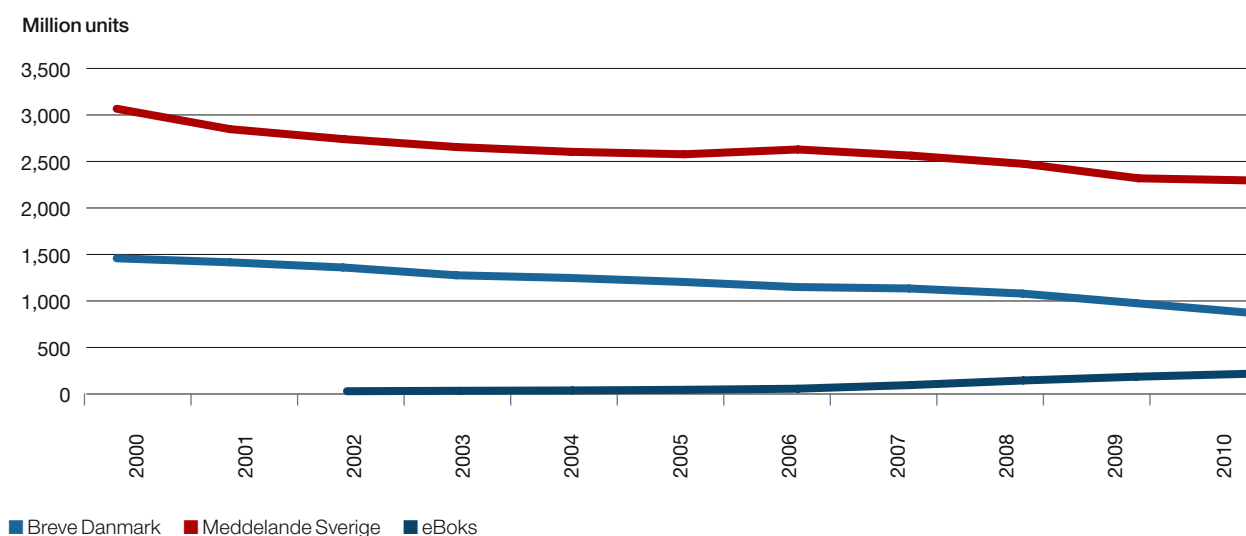
## The logistics market

The group is active in the logistics market in Denmark, Sweden, Norway and Finland and holds a leading position in parcels, both B2B and B2C. Posten Norden holds a strong position in the Norwegian mixed cargo market through wholly-owned Tollpost Globe.

The total Nordic market for logistics services is estimated at approximately SEK 700 billion. The sections of the market that are relevant to Posten Norden – parcel, pallet, in-night freight forwarding and third-party logistics – are valued at approximately SEK 80 billion.

The logistics market is highly correlated with GNP and is expected to grow during the next few years, particularly in the areas of pallet and heavy transport.

Volume development for mail in Sweden and Denmark and documents scanned in eBoks in Denmark

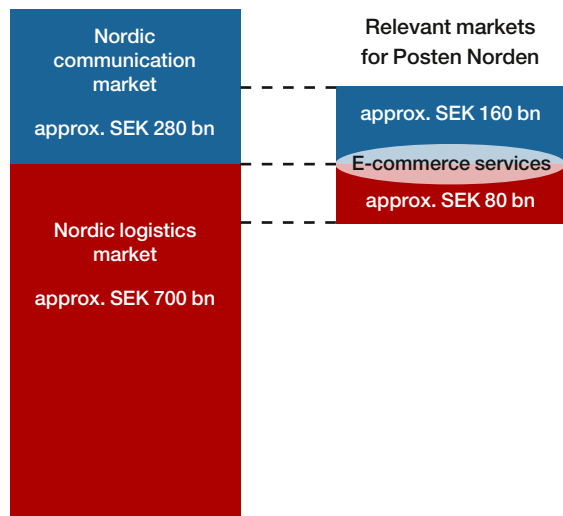


**The e-commerce market**

Within the scope of Posten Norden’s communication and logistics businesses, the group brings e-commerce services to the market. The group offers a wide range of services including distribution, market communication, payments and internal logistics.

The Nordic e-commerce market is in an early development stage. Total Nordic distance sales totaled just over SEK 90 billion in 2009, corresponding to roughly 5% of the Nordic retail business. Most Nordic consumers who shop from home order goods online, and distance selling can today be equated with e-commerce. In 2010, the Swedish e-commerce market’s sales totaled SEK 25 billion, a year-on-year increase of 13%.

Posten Norden’s markets



The growth rate for the Nordic e-commerce market is expected to remain high during the next few years. Posten Norden estimates that e-commerce will grow 10-12% per year through 2013.

**Competitors and competitive situation**

Competition in the communication market is fierce. The communication businesses’ greatest challenge by far is substitution. Over the past ten years, Posten Norden’s mail volumes fell 39% in Denmark and 24% in Sweden. Corresponding figures for the past two years are 18% and 7%, respectively.



In Denmark, substitution is driven by joint initiatives within the public sector and the financial sector to set up infrastructure and new e-services. Examples of this include NemID services and the borger.dk public mailbox. Posten Norden's involvement in this development includes its part ownership of the eBoks service, a service for the secure receipt of e-mail. A total of 160 million documents were scanned in eBoks in 2010. Over the past five years, the number of scanned documents has increased an average of 63% per year.

Competition from traditional postal operators has changed over the past year. Our main competitor within business communication – Bring Citymail, owned by Norwegian state-owned Posten Norge – did not expand at its previous rate in Sweden. In Denmark, competition from Bring is diminishing.

In the Danish and Swedish advertising and media markets, Posten Norden competes with DM operators and with other advertising media.

Posten Norden's facility management operations (e.g., its outsourcing solutions for companies' management of external and internal mail) compete with a number of operators, including ISS and COOR.

In the information logistics market, the most obvious competitors are Itella (Finnish), KMD (Danish) and Logica (British). Competition for individual products and services is fragmented, however. Many operators are developing services that compete with specific areas of Information Logistics' offer.

The logistics market is characterized by intense competition and price pressure. Our main competitors are the global logistics company DB Schenker, the German post through DHL and Dutch TNT. In addition, Nordic postal companies are strong in their respective domestic markets in Norway and Finland. Competition from international and other operators with Nordic ambitions is expected to gradually increase in the coming years, and this will call for cost-efficiency measures and customer focus within the logistics business.

Source for market data is Posten Norden unless otherwise indicated.





## Driving forces and challenges

### » Macroeconomic trend

The global economy recovered during 2010. The economic trend remains uncertain, however, particularly within the euro zone. The Nordic countries experienced differing degrees of economic recovery, with the strongest recovery occurring in Sweden and Norway. Uncertainty regarding stability is expected to continue through 2011, while growth is forecast for the Nordic countries. Along with the economic recovery, demand is increasing for DM, e-commerce and logistics services, while mail volumes are expected to continue to decline over time despite the strengthening economy.

### » Internationalization

Globalization leads to a growing need for complex cross-border logistics solutions. The Nordic region is highly dependent on exports, and the majority of its exports are interregional or to other European countries. A strong regional base and international reach are therefore prerequisites for Posten Norden's position as a competitive Nordic business partner.

### » Regulations

Posten Norden's subsidiaries, Post Danmark A/S and Posten AB, are commissioned to provide universal postal service in Denmark and Sweden, respectively. The commissions are based on the EU's Third Postal Directive, which regulates postal service within the EU, and on the Universal Postal Union treaty that regulates international mail. It is up to each individual state to follow the postal directive's framework, meaning that conditions for national postal operators in each country may differ significantly.

Posten Norden's postal operations are regulated by Danish and Swedish legislation and by authorization provisions in each country. A new postal law came into effect in Sweden this year. In Denmark, the parliament passed a new postal law that was enacted on January 1, 2011. The new Danish law is an important milestone and entails a certain amount of relief for the group in some expensive areas as well as enabling more flexible pricing. The new Swedish law does not provide the same opportunities in terms of meeting service needs and countering price changes in the market, and this impacts Posten Norden's competitiveness and profitability.

→ Read more about Posten Norden's universal service obligation in the Corporate Governance Report on page 52.



### » Technological development

The growth of a new, more technology-driven communication market presents major challenges and opportunities for Posten Norden in the communication and logistics markets. Portions of mail flows from the public sector, finance industry and publishing industry have been replaced by digital alternatives. This trend places demands on Posten Norden's offer and production conditions for both physical and digital solutions.

### » Environmental requirements

The continued strong focus on climate change has led to heightened public opinion and commercial requirements to reduce climate impact, particularly in the transport sector. A reduction in the dependence of logistics operators on fossil energy is reflected in their production and offers. The trend towards increased demand for environmentally friendly services imposes requirements on Posten Norden to continue modifying its operations to be even more eco-efficient.

### » Consumer power

The power and choice of customers and consumers has increased, creating larger markets, raising standards for transparency and enhancing competition. E-commerce has grown dramatically during the past five years, offering growth prospects for Posten Norden. Posten Norden meets stiff competition and price pressure with user-friendly offers and strong partnerships with businesses in the e-commerce industry.

# Industry leader in the Nordic region

Posten Norden's strategy for the 2011-13 period was developed during 2010 and is aimed at further consolidating the group as industry leader in the Nordic region.

## A strong Nordic position

Posten Norden is the Nordic leader in communication and logistics. The group is market leader in business communication in Sweden and Denmark and is one of the largest operators in the media market in both countries. With a parcel distribution network spanning the entire Nordic region and mail carriers who deliver mail to all households and businesses in Denmark and Sweden, every day, Posten Norden is the strongest e-commerce business partner and a leading logistics operator in the Nordic region.

No other operator in the region has the breadth of products and services that Posten Norden offers, or the accessibility that Posten Norden has today. Posten Norden ranks at the absolute top in international comparisons of precision and delivery assurance for both letters and parcels.

## Strategic direction

Posten Norden's strategy for 2011-13 is based on customer needs and on its two businesses, communication and logistics, with e-commerce extending over both businesses.

Posten Norden delivers universal postal services in Denmark and Sweden and has the ambition to continue to fulfill this obligation with the highest level of quality. With challenging forecasts for future mail volumes, Posten Norden's mail operations will contract. The group will therefore continue to streamline and develop existing services

and will develop new services within the communication business. The e-commerce and logistics markets are growing, and Posten Norden will capitalize on this trend.

## Industry leader within communication and logistics

Posten Norden shall be the **first choice** among customers for mailing and shipping to, from and within the Nordic region. Posten Norden will continue to develop its role as **business partner** with communication and logistics solutions for corporate customers. In this role, the group will continuously develop and market new services that create added value and new revenue prospects for the group.

Efficiency, speed and flexibility are prerequisites for being an attractive supplier to our customers. The group will therefore continue its successful **cost management** efforts by streamlining and rationalizing production and administration and reducing the share of fixed costs. Posten Norden shall be an **environmentally correct** alternative for its customers, and the group will give more visibility to the extensive efforts that are underway to radically reduce the group's environmental impact.

Key success factors for industry leadership are being an **attractive employer**, to attract the right skills to the group, and **financial stability** achieved through good profitability and a strong balance sheet, which enable targeted conversion investments and new business investments.

## » Outlook

2011 is expected to be characterized by continued uncertainty regarding euro zone stability but also by growth in Nordic countries. Posten Norden's markets will continue to be characterized by fierce competition, overcapacity, substitution and price pressure. Posten Norden intends to meet this trend with new business

initiatives and continued cost adjustments. Operations will be further streamlined. Production capacity will be adapted to greater volume variations and the cost base will be made more flexible. Efforts to secure new and previously identified synergies will continue.

There are opportunities to realize additional coordination gains from the merger of Post Danmark and Posten, and the group will therefore continue its integration work in terms of becoming **one group** with shared working practices and a joint, clear and cohesive identity.

- Within the **communication business**, Posten Norden will continue to develop its position as leading supplier of integrated, secure and efficient business communication in the Nordic region. The group will ensure that high-quality service is provided to customers and recipients, both businesses and private individuals. Service, marketing and sales will be developed; for example, within ad market services, information management and secure e-mail management.
- Within the **logistics business**, the group will capitalize on market growth and strive to increase volumes of focused product segments such as parcel and pallet, and international flows. The business will continue to develop a pan-Nordic infrastructure, and production and profitability will be strengthened through continued streamlining and standardizations.
- Posten Norden will be the obvious business partner for the **e-commerce** industry, and this position will be further strengthened by standardizing products and services to ensure that they are user-friendly and cost-efficient for customers and recipients, and by having a broader, more visible presence in physical and digital channels.

#### Financial flexibility

Posten Norden increased its profits this year and has a strong balance sheet. As of December 31, 2010, Posten Norden had an equity-assets ratio of 46%, and the group had cash and cash equivalents of SEK 3,640m (see Notes 21 and 29). As of December 31, 2010, the group had no unutilized credit facilities.

The group's strong financial position enables it to make major investments in infrastructure, to respond to declining mail volumes with conversion investments, to create new business initiatives and meet the owners' return requirements. The balance sheet and increased profits also provide the maneuverability and flexibility required for any future acquisitions. The group also continuously considers opportunities for commercially interesting collaborations and alliances.

## » Posten Norden's mission

- Posten Norden connects people and businesses reliably, efficiently and on time.

## » Posten Norden's vision

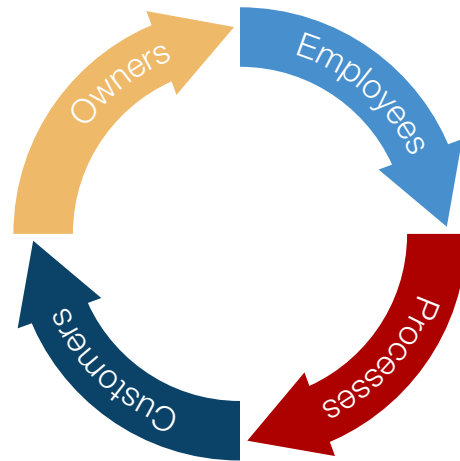
- Posten Norden delivers world-class communication and logistics solutions to satisfied customers.
  - Posten Norden develops strong, profitable international logistics and information logistics operations through ownership, partnership and collaboration.
  - Posten Norden is an attractive, stimulating workplace with committed, motivated employees.
  - Posten Norden is an environmentally correct choice for its customers.

# A balanced target picture with ambitions

Posten Norden's operations are oriented towards a balance of financial and non-financial key ratios aimed at ensuring that Posten Norden is an attractive company for its owners, customers and employees.

## Governance through balanced target picture

The balanced target picture is based on the company's mission and vision and associated components. The four target areas are owners, employees, processes and customers, and these illustrate the way conditions are created within the group for achieving a long-term, sustainable and profitable business. The group measures a number of key ratios per each target area and sets targets for key ratios in the business planning and budget processes. The group's development in relation to the target areas is monitored internally on a regular basis, and regular reports are made to group management and the Board. Target areas, key ratios, and results for 2010 are presented in the table to the right.



## Owners – financial and growth targets

In connection with the merger of Post Danmark A/S and Posten AB, the Board of Directors decided that operations would be run based on, among other things, a number of financial targets. The group shall have a ROE of 10% over a business cycle and an equity-assets ratio of at least 35%, and shall distribute at least 60% of its net profit to the owners.

Within the framework of the logistics business, the group also has the ambition to grow faster than the logistics services market. The group also has the goal to grow at least in pace with e-commerce market growth.

## Processes – environmental and quality targets

Posten Norden's long-term environmental ambitions entail the reduction of carbon dioxide emissions by 40% by 2020, based on 2009 levels. This ambition is in line with the owners' environmental targets.

High quality on all levels is fully in line with the group's vision, and is required under the terms of the universal service obligations. The Swedish state, through the Postal Act, requires that at least 85% of mail items stamped for overnight delivery ("first-class mail") must be delivered on the following business day. The Danish state has a quality requirement of 93% for all services delivered under the delivery obligation.

## Customers and employees

Posten Norden shall deliver world-class communication and logistics solutions to satisfied customers. Customer perception of the business is monitored regularly through measurements of customer satisfaction and Corporate Image. Posten Norden shall also be an attractive and stimulating workplace, with committed, motivated and healthy employees. Additional information on employees can be found on page 34.

## New key ratios for the new group

As a result of the merger of Post Danmark A/S and Posten AB and group-wide business planning, the group's goals and governance model will be changed as of 2011. The balanced target picture is based on the same target areas as before but measurements will be taken on a group-wide basis, rather than from Post Danmark A/S and Posten AB separately. Changes have also been made in terms of which key ratios are measured, how they are measured and how frequently. Changes are shown in the table to the right.





Target area	Key ratios, 2010	2010 Results	2009 Results	Group-wide key ratios, 2011-
<b>Employees</b> Posten Norden shall be an attractive and stimulating workplace with committed, motivated and healthy employees.	Employee commitment, MKA index (Post Danmark) <sup>1)</sup>	71	69	■ Employee index
	Employee commitment, MIX index (Posten)	64	66	
	Sick leave (Post Danmark) <sup>1)</sup>	6.6%	6.3%	■ Sick leave
	Sick leave (Posten) <sup>1)</sup>	5.1%	5.0%	
<b>Processes</b> Posten Norden shall deliver high-quality communication and logistics solutions and reduce the company's own climate impact.	Quality, 1st-class mail (Post Danmark)	93.3%	95.7%	■ Delivery quality, 1st-class mail
	Quality, 1st-class mail (Posten)	93.1%	95.9%	
	CO <sub>2</sub> emissions, tons (Post Danmark)	90,400	92,280	■ CO <sub>2</sub> emissions (by ton and gm CO <sub>2</sub> /letter or parcel)
	CO <sub>2</sub> emissions/net sales, tons/SEKm (Posten)	8.2	8.2	
<b>Customers</b> Posten Norden shall deliver world-class communication and logistics solutions to satisfied customers.	Customer satisfaction, KTA index (Post Danmark)	70	67	■ Customer value
	Customer satisfaction, NKI index (Posten)	67	67	
	Corporate image (Post Danmark) <sup>2)</sup>	3.26	3.24	■ Image
	Corporate image (Posten) <sup>2)</sup>	0.41	0.29	
<b>Owners</b> Posten Norden shall run a profitable and stable business that creates value for its owners.	Return on equity <sup>3)</sup>	8%	20%	■ Return on equity
	Equity-Assets ratio	46%	45%	■ Equity-Assets ratio
	Dividend/net profit <sup>4)</sup>	97%	60%	■ Dividend/net profit

1) Sick leave is measured differently in Denmark and Sweden; results are therefore not comparable.

2) Corporate Image is measured differently in Denmark and Sweden; results are therefore not comparable.

3) 2009 return included capital gain of SEK 2,002m with regard to the sale of Post Danmark A/S' share in the Belgian post bpost (formerly De Post-La Poste) in July 2009.

4) The Board proposes an ordinary dividend, in accordance with the company's dividend policy, of SEK 600m (1,440) as well as an extraordinary dividend of SEK 400m (0).

# Net sales and profit

## Net sales and profit

Net sales totaled SEK 41,669m (44,633), down 2% excluding structural and currency changes. Breve Danmark was adversely affected by a sharp drop in letter volumes as a result of competition from digital alternatives and continued economic uncertainty in the Danish market. Meddelande Sverige's volumes for non-priority mail and direct mail were positively impacted by the economic recovery in Sweden, while priority mail volumes continued to decline. Information Logistics' market was characterized by the economic uncertainty in Denmark, France and Great Britain in particular, and by price pressure and competition from digital alternatives. Despite overcapacity and price pressure in the logistics market, the business area's net sales rose excluding currency changes, which reflected the economic recovery in Sweden and Norway. Structural measures within Information Logistics were attributable to the sale of the Supplies division in July 2009.

Group operating expenses excluding structural and currency changes fell 3%. The lower expenses are attributable to the adjustment of cost to lower volumes and to the effects of the ongoing action program. The previously identified synergy effects of approximately SEK 1 billion are being realized according to plan, and are chiefly

attributable to IT in connection with the implementation of joint solutions. Structural measures were attributable to restructuring costs of SEK 407m (1,154) and Information Logistics' sale of the Supplies division in July 2009. Restructuring costs were attributable primarily to adjustments to and efficiency measures in production capacity, administrative rationalizations and costs related to the introduction of the new terminal structure in central and northern Sweden.

Operating profit totaled SEK 1,375m (284), an increase of 28% excluding structural and currency changes.

Net financial items totaled SEK -27m (2,155). Excluding a capital gain of SEK 2,002m attributable to the sale of Post Danmark A/S' shareholdings in the Belgian bpost (formerly De Post-La Poste) in July 2009, net financial items totaled SEK -27m (-63), of which costs for finance leasing totaled SEK -48m (-48). The change in net financial items is due mainly to lower debt and reduced liquidity, which produced a positive interest rate effect of SEK 18m.

Net profit totaled SEK 1,031m (2,414). Tax totaled SEK -317m (-25).

Return over equity (rolling 12-month) totaled 8 (20)%. The year-over-year reduction in return is primarily attributable to the capital gain from the sale of bpost in 2009.

## Net sales

SEKm	2010	Pro forma 2009	Change	Of which		
				Structural	Currency	Change excl. structural & currency
Breve Danmark	10,882	13,094	-2,212	-17%	-10%	-7%
Meddelande Sverige	15,554	15,794	-240	-2%	0%	-1%
Information Logistics	3,391	3,762	-371	-10%	-5%	0%
Logistics	12,423	12,673	-250	-2%	-4%	2%
Other and eliminations	-581	-690	109			
<b>Posten Norden Group</b>	<b>41,669</b>	<b>44,633</b>	<b>-2,964</b>	<b>-7%</b>	<b>0%</b>	<b>-2%</b>

## Operating profit

SEKm	2010	Pro forma 2009	Change	Change excl. structural & currency	
Breve Danmark	641	444	197	44%	92
Meddelande Sverige	879	397	482	>100%	37
Information Logistics	-170	-351	181	52%	74
Logistics	139	-158	297	>100%	246
Other and eliminations	-114	-48	-66		-63
<b>Posten Norden Group</b>	<b>1,375</b>	<b>284</b>	<b>1,091</b>	<b>&gt;100%</b>	<b>386</b>



### Financial position

Group equity totaled SEK 11,753m, down SEK 1,605m from December 31, 2009. The result was impacted by the dividend of SEK 1,440m distributed in April 2010. Currency changes, primarily in SEK versus DKK, EUR and NOK, produced a translation effect of SEK -1,174m. The equity-assets ratio as of December 31, 2010 totaled 46%, an increase of 1% compared to December 31, 2009.

Net financial position totaled SEK 3,879m, down SEK 663m from December 31, 2009. Excluding pensions, net financial position totaled SEK 2,354m, a decrease of SEK 859m from December 31, 2009. The change is attributable primarily to a reduction in cash and cash equivalents due to the dividend of SEK 1,440m distributed in April 2010. Compensation for pension payments totaling SEK 871m (0) was received from Posten's Pension Fund.

### Cash flows

Cash flows from operating activities before changes in working capital totaled SEK 2,301m. The liquidity effect as regards pensions totaled SEK -1,036m. Pension payments totaled SEK -1,907m and contributions from Posten's Pension Fund totaled SEK 871m. Change in working capital totaled SEK -477m.

Cash flows from investing activities totaled SEK -1,199m. Investments in tangible fixed assets totaled SEK -1,050m and were primarily attributable to vehicles. Investments in intangible assets totaled SEK -222m. The intangible investments were made primarily in the capitalization related to the integration of joint IT solutions.

Cash flows from financing activities totaled SEK -1,782m. Cash flows were impacted by the amortization

of loans and the redemption of management and employee shares in Post Danmark A/S. Dividends of SEK 1,440m and SEK 3m were distributed to parent company shareholders and to minority shareholders, respectively, in 2010.

Cash and cash equivalents totaled SEK 3,640m at the end of the period, down SEK 1,212m from December 31, 2009, SEK -55m of which is attributable to translation differences.

### Consolidated statement of net financial position

SEKm	Dec 31, 2010	Dec 31, 2009
Financial investments	155	149
Long-term receivables	13	14
Short-term investments		1
Cash and cash equivalents	3,640	4,852
<b>Total financial assets</b>	<b>3,808</b>	<b>5,016</b>
Long-term interest-bearing liabilities	1,047	1,193
Current interest-bearing liabilities	407	610
<b>Total financial liabilities</b>	<b>1,454</b>	<b>1,803</b>
<b>Net financial position excl. pensions</b>	<b>2,354</b>	<b>3,213</b>
Long-term receivables, pension-related assets	2,983	2,994
Pension provisions, pension-related liabilities	1,458	1,665
<b>Net financial position incl. pensions</b>	<b>3,879</b>	<b>4,542</b>

# Breve Danmark: Volume decline and cost control

Business area Breve Danmark continued to face challenging market conditions in 2010, characterized by economic uncertainty and a dramatic drop in mail volumes. The Danish Parliament decided during the year on the liberalization of the Danish postal market.

Breve Danmark is the leading supplier of distribution solutions in the Danish communication market. The business area offers physical and digital mail, direct mail and newspaper services, facility management services as well as services for drop-off and collection of private parcels. Each business day, including Saturdays, Breve Danmark delivers more than 8 million mail items to 2.6 million Danish households and to all businesses in Denmark. Breve Danmark also offers high-quality global reach through international collaborations.

## Market trends

The Danish economy showed continued signs of uncertainty in early 2010 but strengthened later in the year.

Breve Danmark's market is experiencing significant levels of substitution due to competition from digital alternatives. Mail volumes have dropped sharply, delivered domestic mail volumes fell 39% in Denmark over the past decade, and volumes have fallen 18% during the past two years. The digitalization of communication in Denmark is driven not least by the explicit goals of Danish companies and authorities to communicate digitally. The selection of infrastructure and new e-services supporting this trend has increased. Breve Danmark is part of this transition and its offer includes a digital mailbox service (eBoks), an effective and secure e-service for companies that want to make large mailings to private individuals more efficient. Over 600 companies and authorities and 2.4 million people subscribe to eBoks, which delivered just over 160 (133) million mail items in 2010.

Breve Danmark is one of Denmark's largest advertising operators. During the first half of 2010, both the advertising market as a whole and the direct mail market declined by 1% (IRM).

The Danish market was liberalized as of January 1, 2011 following the December 16, 2010 parliamentary decision on a new postal law. The new law contains provisions for free competition and the securing of universal postal obligations by Post Danmark A/S. The law also established conditions that allow Post Danmark to continue its commercial operations as supplier of the universal mail service by means of reductions within selected high-cost areas. As a result of the new law, Post Danmark is introducing a more market-oriented and differentiated pricing system for various types of stamped mail items as of April 1, 2011.

## 2010 results

Breve Danmark's 2010 net sales totaled SEK 10,882m (13,094). Excluding structural and currency changes, net sales fell 7%. Breve Danmark was negatively impacted by the prevailing economic uncertainty and by a dramatic drop in volumes due to substitution. Mail volumes fell 10% during the year. Operating profit totaled SEK 641m (444). Operating profit included structural measures aimed at, among other things, adjustments to and streamlining of production capacity and administration. Operating profit increased 15% in 2010 excluding structural and currency changes.

The quality of overnight mail delivery totaled 93.3 (95.7) %. The decrease is attributable in part to the year's extreme snow conditions and the Icelandic volcano eruption. There was nevertheless a clear increase in customer satisfaction, and the customer satisfaction index (KTA) rose to 70 (67). The increase was most pronounced among corporate customers.

There was an increase in employee commitment, with an MKA index of 71 (69). But sick leave also rose somewhat after falling in 2009, and totaled 6.6 (6.3) % in 2010.

## Key ratios

SEKm, unless otherwise specified	Pro forma		
	2010	2009	2008
Net sales	10,882	13,094	12,727
<i>Mail</i>	7,607	9,289	9,138
<i>Advertising and Newspapers</i>	2,211	2,546	2,479
<i>Other</i>	1,064	1,259	1,110
Other income	1,816	1,592	1,648
Operating profit (EBIT)	641	444	1,197
Operating margin, %	5.0	3.0	8.3
Average number of employees	15,187	16,320	17,649
Volume, millions of units produced			
<i>Priority mail</i>	602	680	n/a <sup>1)</sup>
<i>Non-priority and C-mail</i>	283	305	n/a <sup>1)</sup>
<i>UDM</i>	1,344	1,551	1,590

<sup>1)</sup> Total mail volume was 1,083 million units in 2008.



## » Focus in 2011

Breve Denmark will be the leading supplier of integrated, secure, efficient business communication in Denmark. Initiatives and investments on the income side, combined with continued efficiency measures within the operations and a high degree of cooperation with other business areas, will contribute to the group's profitability.

**Continued streamlining of the mail business:** Mail volumes are expected to continue to fall dramatically in Denmark, and Breve Denmark will continue to adjust costs and capacity to market conditions. The new postal law facilitates changes in distribution and production which can further streamline the operations. Several services can be integrated within the framework of the existing operations to optimize the cost of each mail item.

**Development of physical and digital services:** Operations will be developed by combining the strengths of our digital and physical offering. With integrated, secure and efficient solutions for business communication and direct marketing, Breve Denmark will capitalize on the market's high degree of digitalization. Among other things, Post Danmark has joined with JP/Politikens Hus to introduce SPOT, a digital database where private individuals register their areas of interest and subscriber companies have the opportunity to communicate with them via letter, e-mail or text message with high levels of accuracy and relevance.

**Growth in e-commerce services:** Breve Denmark's Døgnsposten self-service stations represent an important strategic initiative to create new revenue streams by capitalizing on the strong rise in e-commerce. With 122 Døgnspost automats in Denmark, individuals have the option of picking up parcels and letters around the clock. Another initiative to support the e-commerce industry is a new differentiated pricing model, with lower prices on small parcels. New parcel types designed for e-commerce customers will be introduced in 2011.

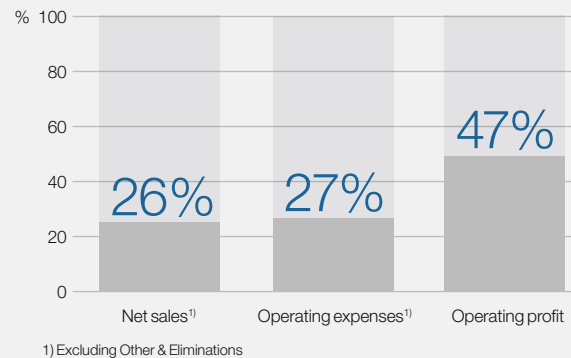
**Environmental improvements:** Breve Denmark strives above all to reduce its energy consumption. Major initiatives are adjustments to the vehicle fleet, the property portfolio and fuel and energy consumption in production. Breve Denmark strives to accelerate the conversion to cleaner technologies. The group's Climate Fund promotes the advancement of these investments. Breve Denmark's environmental initiatives also include its "Mail with Care" customer offer, which includes carbon offsetting as a part of the service.



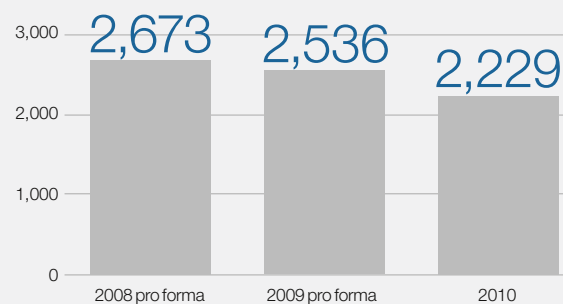
– The liberalization of the Danish postal market creates favorable conditions for long-term, successful business activities in Denmark.

*Finn Hansen, Head of business area Breve Denmark*

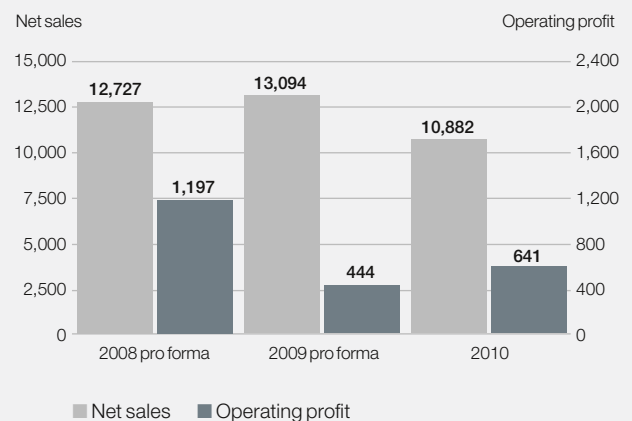
### Share of the group's sales, expenses and profits



### Volumes, priority mail, non-priority mail, C-mail, UDM Millions of units produced



### Net sales and operating profit



# Meddelande Sverige: Economic and profit improvement

For business area Meddelande Sverige 2010 was characterized by a recovery in demand, while the business area continued its adjustment of costs and production capacity to declining mail volumes.

With a nationwide distribution network, Meddelande Sverige is the leading supplier of distribution solutions in the Swedish communication market. It also offers a high-quality global reach through international collaborations. Its offer includes physical and digital mail, direct mail and newspaper distribution services and services for drop-off and collection of private parcels. Every business day, Meddelande Sverige delivers more than 20 million mail items to 4.5 million Swedish households and to all businesses in Sweden.

## Market trends

The Swedish economy improved dramatically in 2010 and growth figures were among the highest in Europe at the close of the year.

The transmission of an increased amount of information via electronic channels drives the demand for integrated and cost-efficient communication solutions. Meanwhile, competition from digital alternatives over the long term has resulted in a significant reduction in mail volumes. Over the past decade, delivered domestic mail volumes fell 24% in Sweden; volumes fell 7% over the past 2 years.

Meddelande Sverige is one of Sweden's largest advertising operators. During the first half of 2010, the advertising market as a whole grew 7% while the direct mail market declined by 1% (IRM).

There were major regulatory changes in the Swedish market during the year. A new postal law came into force in Sweden, heightening transparency requirements for the national operator, Posten AB, in terms of the pricing of addressed mail items weighing up to 20 kilos, while maintaining the price ceiling for single mail items weighing up to 500 grams. Posten AB has appealed the Post and Telecom Agency's (PTS) licensing requirements relative to the new law, as well as the Agency's decision of the same year requiring changes to Posten's pricing model for pre-sorted letters.

## 2010 results

Meddelande Sverige's 2010 net sales totaled SEK 15,554m (15,794). Excluding structural and currency changes, net sales fell 1%. Volumes for non-priority and direct mail were positively impacted by Sweden's strong economic recovery, while there was a decrease in priority mail volumes. Operating profit totaled SEK 879m (397), including structural measures aimed at, among other things, adjustments to and streamlining of production capacity and administration. Operating profit increased 4% in 2010 excluding structural and currency changes.

The quality of overnight mail delivery fell to 93.1 (95.9)%. The decrease is attributable in part to the year's extreme snow conditions and the Icelandic volcano eruption. Customer satisfaction increased slightly for Meddelande Sverige, with a customer satisfaction index (NKI) of 66 (65).

Employee commitment fell slightly following a 2009 increase. The MIX index was 63 (65). Sick leave totaled 5.3 (5.2)%.

## Key ratios

SEKm, unless otherwise specified	2010	Pro forma	
		2009	2008
Net sales	15,554	15,794	16,574
<i>Mail</i>	8,571	8,817	9,126
<i>Advertising and Newspapers</i>	4,670	4,639	5,017
<i>Other</i>	2,313	2,338	2,431
Other income	711	728	842
Operating profit (EBIT)	879	397	967
Operating margin, %	5.4	2.4	5.6
Average number of employees	19,010	20,197	21,937
Volume, millions of units produced			
<i>Priority mail</i>	1,045	1,088	1,237
<i>Non-priority mail</i>	1,266	1,245	1,245
<i>UDM</i>	2,260	2,221	2,482

## » Focus in 2011

Meddelande Sverige will be the leading supplier of integrated, secure and efficient business communication in Sweden. Initiatives and investments on the income side, combined with continued efficiency measures within the operations and a high degree of cooperation with other business areas, will contribute to the group's profitability.

**Continued streamlining of the mail business:** We will continue to adjust costs and capacity to declining mail volumes. One example of these efforts is the decision in 2010 to invest in a new terminal structure in central Sweden that will increase production flexibility, enhance competitiveness and improve service. Additional services will be integrated within the framework of the existing operations to optimize cost per mail item and to further assist the group's customers by streamlining their communication.

**Development of position in advertising and media markets:** Physical mail has great value in terms of conveying messages. Meddelande Sverige is one of Sweden's largest advertising operators, and is enhancing its position with service and product development which includes the integration of various forms of advertising. One example of this type of service development is the business area's collaboration with Google.

**Growth in e-commerce:** A nationwide partner outlet network is an important strategic component for capitalizing on the dramatic growth of e-commerce. The Swedish partner outlet network has ranked among the best in Europe over the past few years in terms of opening hours and accessibility. This year, cooperation agreements were signed with retail chains ICA, Axfood and Coop in order to further improve service and accessibility and gradually expand our product and service offering.

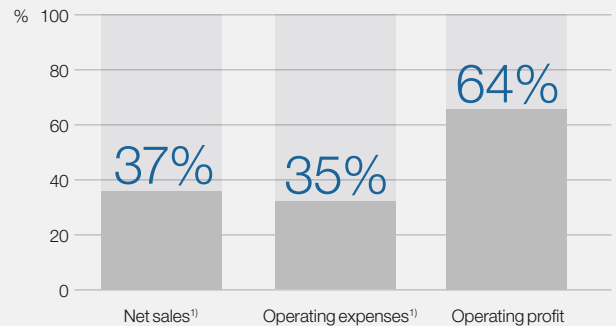
**Environmental improvements:** Meddelande Sverige will reduce its dependence on fossil energy and will further improve its environmental performance despite declining mail volumes. One significant step in this direction is the decision on the new terminal structure which will enable a greater share of transports by rail. The optimization of distribution routes is also important, as is the continued expansion of the electric vehicle fleet, already one of Europe's largest. Meddelande Sverige has also developed several Climate-Efficient services that are environmentally compatible in all stages, from pulp production to mail carriers' distribution.



– Mail volumes continue to fall, but we have been successful in adapting the business to market changes and have strengthened our profits.

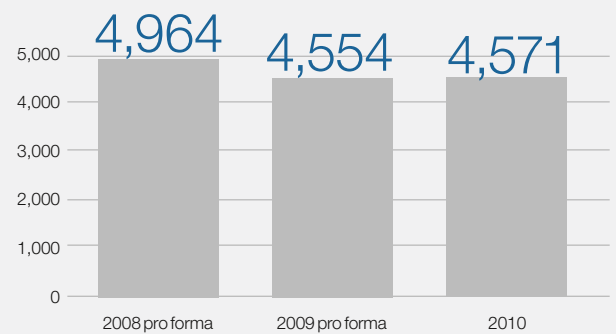
*Andreas Falkenmark, Head of business area Meddelande Sverige*

Share of the group's sales, expenses and profits

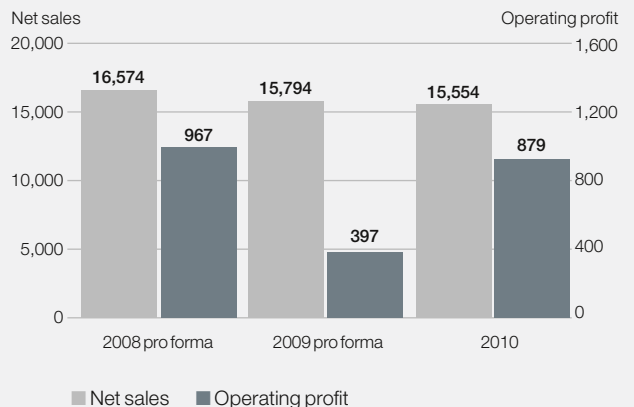


1) Excluding Other & Eliminations

Volumes, priority mail, non-priority mail, UDM  
Millions of units produced



Net sales and operating profit



# Information Logistics: Profit recovery despite challenging markets

Due to the uncertain economic situation in important markets, price pressure and competition from digital alternatives, sales growth for Information Logistics was unchanged. Comprehensive cost adjustments led to improved, albeit still negative, profits.

Information Logistics, with Strålfors, has a graphic tradition and develops, produces and delivers systems, services and products for effective business communication. The business area operates in the Nordic region and a number of other European countries, including Great Britain and France. Information Logistics is comprised of the Information Logistics division, which generates the majority of the business area's revenues, and the Identification Solutions division, which offers labeling solutions.

## Market trends

Although the economy has improved in the Nordic region, the uncertain economic situation persists in Denmark and a number of non-Nordic markets that are significant for the business area, including Great Britain and France. Information Logistics is a leader in the Nordic information logistics market – the largest operator in Sweden, Denmark and Norway and the second-largest operator in Finland.

The market for physical business communication services is characterized by price pressure and competition from the digital alternatives that are driving substitution. The rate of substitution has also accelerated as a result of the recession.

At the same time, demand is increasing for the business area's marketing communication services. It is becoming more and more important for companies and organizations with large addressed customer mailings – such as invoices, account statements and loyalty programs – to be highly effective with their communication, regardless of media employed. The need for precision and individually targeted messages and offers is growing, irrespective of whether distribution is physical or digital.

The labeling solutions market was characterized in 2010 by the uncertain economic situation in Europe and by tough competition. The labeling division also lost one of its largest clients during the year.

## 2010 results

Information Logistics' 2010 net sales totaled SEK 3,391m (3,762). Excluding structural and currency changes, net sales were unchanged over the previous year. The unchanged net sales were a result of economic recovery in Sweden and Norway and the continued economic uncertainty in countries such as Denmark, Great Britain and France. Compre-

hensive cost reductions led to an improved, albeit still negative, operating profit. Operating profit totaled SEK -170m (-351). Operating profit increased 46% in 2010 excluding structural and currency changes.

Customer satisfaction improved on its already high levels. Information Logistics' customer satisfaction index (NKI) was 72 (70) in 2010.

Employee commitment fell slightly following an increase in 2009. The MIX index was 68 (70). Sick leave was low, totaling 3.5 (3.3) %.

## Key ratios

SEKm, unless otherwise specified	Pro forma		
	2010	2009	2008
Net sales	3,391	3,762	4,032
Other income	28	25	96
Operating profit	-170	-351	-3
Operating margin, %	neg	neg	neg
Average number of employees	2,206	2,324	2,365



## » Focus in 2011

Information Logistics will grow and improve profitability by delivering solutions for information transfer that enhance customers' ability to concentrate on their core business. The following initiatives are essential to the business area's continued development:

**Continued cost-effectiveness:** Digital alternatives will continue to produce substitution of physical business communication. Information Logistics will successively adapt its operations, production and cost structure to prevailing market conditions. Production will be integrated in fewer production units while the ongoing growth strategy is to grow with our customers in Europe. With a presence in 8 European countries, the business area can efficiently manage cross-border business communication for large companies with customers in the Nordic region.

**Develop position within marketing communication:** Information Logistics will support and drive the development of marketing communication that combines business communication and marketing messages through fast, cost-effective, high-quality printing and digital printing technology. New services will be added, such as Data Management Services which will improve precision and increase added value for customers.

**Strengthen Nordic offer:** Thanks to Posten Norden's merger, the business area strengthened its market position and has a more distinct offer in the Nordic countries, not least within digital communication. With a Nordic organization, the foundation is laid for a joint technological platform and an integrated offer in all Nordic countries. The business area is continuing its strategic streamlining, and will expand its cooperation with Breve Danmark and Meddelande Sverige.

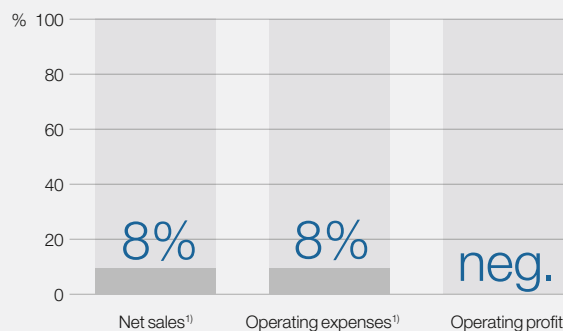
**Environmental improvements:** Information Logistics' environmental priorities are to continuously reduce carbon dioxide emissions and the use of solvents and paper-making materials. Through energy-saving initiatives and transitioning to more sustainable energy sources, the business area has significantly reduced its CO<sub>2</sub> emissions in recent years. New methods and processes have reduced the use of solvents and environmentally burdensome chemicals and have reduced paper waste. Information Logistics has five eco-licensed printing plants and three plants that are certified by FSC (Forest Stewardship Council) and PEFC (Program for the Endorsement of Forest Certification schemes), organizations that promote environmentally sustainable forestry.



– Economic uncertainty in several of our markets presented a challenge in 2010. We continue to focus on the big picture in terms of our customers' business communication needs, in cooperation with other the business areas.

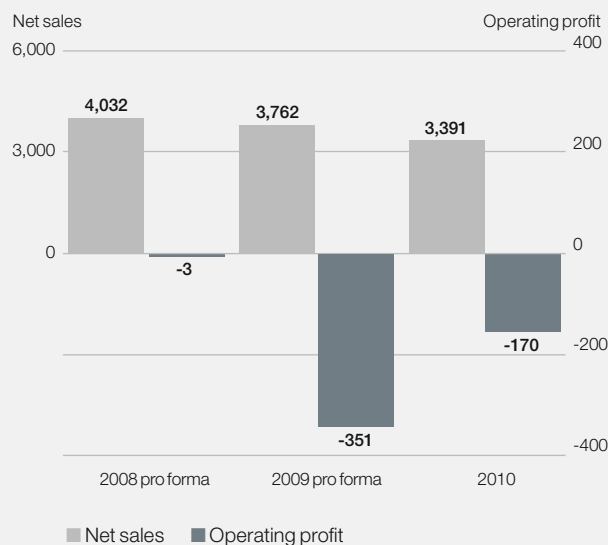
*Per Samuelson, Head of business area Information Logistics*

Share of the group's sales, expenses and profits



<sup>1)</sup> Excluding Other & Eliminations

Net sales and operating profit



# Logistics: Improved sales and profits

2010 was a year of recovery in the demand for logistics services in the Nordic region. Business area Logistics was profitable due to the improvement in the economy, growth in e-commerce and implemented efficiency measures.

Business area Logistics is a leader in the Nordic logistics market and offers unique coverage through its Nordic distribution network. With its own capacity and infrastructure in Sweden, Norway, Denmark and Finland, it handles approximately 500,000 parcels per day. In Norway, the business area operates under the Tollpost Globe brand which, with its own nationwide distribution, is a leader in parcel and mixed cargo deliveries to companies. The business area also has terminals in Germany, Belgium and the Netherlands, as well as international collaborations to capture flows to and from the Nordic region. Logistics is primarily active within parcel, pallet and mixed cargo groupage. It also provides delivery, express, third-party logistics, in-night freight forwarding and consignment freight services.

## Market trends

The 2010 global economic recovery served to increase the demand for logistics services. A regional recovery took place in Sweden and Norway, while the market situation in Denmark and Finland remained uncertain for portions of the year. Transport industry strikes in Norway and Finland, extreme snow conditions and the Icelandic volcano eruption also caused market disruptions during the year.

The liberalization of the Danish postal market involves changes and presents opportunities such as mailing parcels which recipients pick up themselves at distribution points.

The logistics market is characterized by fierce competition, overcapacity and price pressure. However, the market has good long-term growth prospects.

The rapid growth of e-commerce has great significance for the business area and also gives rise to new requirements. More and more e-commerce companies are demanding start-to-finish solutions that include everything from customized goods and inventory management and distribution to the end consumer to handling complaints. There is also a growing need for flexible solutions within third-party logistics and in-night transports.

## 2010 results

Logistics' 2010 net sales totaled SEK 12,423m (12,673). Excluding structural and currency changes, net sales increased 2% despite price pressure and overcapacity, thanks to the economic recovery, chiefly in Sweden and Norway, and the growth of e-commerce.

Successful efficiency measures were a contributing factor to making Logistics profitable again, following the business area's reported losses in 2009. 2010 operating profit totaled SEK 139m (-158).

Customer satisfaction improved slightly, and Logistics' customer satisfaction index (NKI) was 69 (68).

Employee commitment declined, with the business area's MIX index showing 61 (65). Sick leave increased to 5.2 (4.9) %.

## Key ratios

SEKm, unless otherwise specified	2010	Pro forma	
		2009	2008
Net sales	12,423	12,673	12,850
Other income	1,299	1,360	1,457
Operating profit	139	-158	100
Operating margin, %	1.0	neg	0.7
Average number of employees	6,275	7,010	7,416



## » Focus in 2011

As one of the largest logistics services operators in the Nordic region, the business area will capitalize on the logistics market's growth and will grow faster than the market. In this context, e-commerce services play a crucial role. At the same time, quality, security and environmental performance are increasingly important elements in the business area's offer.

**Streamlining and standardization for increased profitability:** An efficient infrastructure throughout the Nordic region with the capacity to handle volume growth is the foundation for low unit costs, strong profitability and competitiveness. The business area will continue to optimize its production capacity, also in cooperation with other business areas, to enhance flexibility and cost-efficiency. During the year, for instance, a shared production system for letters and parcels was introduced in Denmark, and the decision was made to invest in a new terminal structure in central and northern Sweden.

**Integrated infrastructure and production in the Nordic region:** The Nordic distribution network was strengthened during the year, which in turn strengthens the business area's e-commerce offer in the Nordic region. New agreements for parcel distribution in Norway were finalized with Norgesgruppen and Coop, and collaboration with existing partners was enlarged in Finland. More and more logistics purchasers view the Nordic region as a single market. Based on customer needs, the business area will continue to develop an integrated Nordic logistics offer founded on its own infrastructure in the four Nordic countries.

**Volume growth from, to and within the Nordic region:** Large volumes provide more opportunities for standardization and unit cost optimization. To increase volumes, Logistics will strengthen its position as the obvious partner for logistics flows to and from, but also within, the Nordic region. There is further potential to build on our strong Nordic base and strategic European hubs – through strategic alliances, for instance. Through our collaboration with one of the leading parcel networks in Europe, DPD, Nordic corporate customers are able to reach all of Europe with high-quality deliveries and competitive prices.

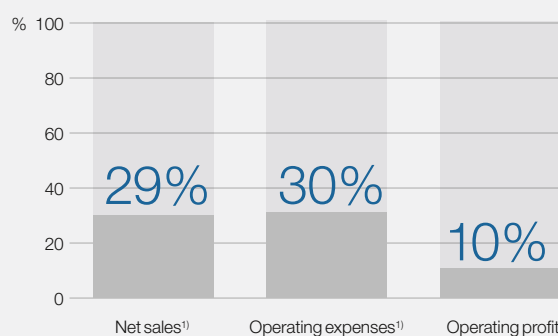
**Environmental improvements:** Logistics strives above all to reduce energy consumption per produced unit and to increase the operation's share of renewable energy. A key component of the business area's environmental work is increasing the fill rates of its vehicles. Planning and coordination also serve to reduce emissions and the consumption of electricity and heat at the business area's premises. As a major operator in the transport market, the business area is active in the development of alternative fuels and new vehicle technologies. One example of this is ongoing test operations for new vehicle fuel.



– We have the strongest logistics offer in the Nordic region, and are continuing to develop this position with an integrated Nordic offer and investments in infrastructure.

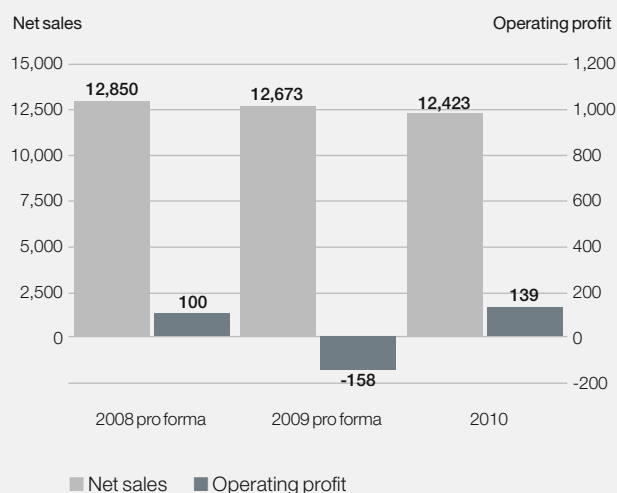
*Henrik Højsgaard, Head of business area Logistics*

Share of the group's sales, expenses and profits



<sup>1)</sup> Excluding Other & Eliminations

Net sales and operating profit



# Nordic e-commerce with power to grow

The e-commerce market is characterized by dramatic growth. The Nordic market has doubled over the past five years, and more and more e-commerce companies are being established. Services for e-commerce to, from and within the Nordic region are a key growth area for Posten Norden.

In the sparsely populated Nordic region, shopping from home has long played an important role in commerce. E-commerce has gained ground due to a number of factors, including high levels of Internet access, an increasingly broad online product and service offer, security improvements to payment methods and the improved functionality of e-stores. Over 80% of Nordic consumers that shop from home order products most often via the Internet, and distance selling can now be equated with e-commerce.

### Mobile e-commerce is growing

Increasingly advanced mobile phones function as complements to computers for e-consumers, in terms of both looking for information and buying products. E-sales via mobile phones nearly doubled in 2010, and 3 in 10 Swedish consumers would consider making an online purchase via their mobile phone. Of Swedish consumers who have a Smartphone, 19% have used their phone to make at least one purchase. Games, clothing and books are the products that are most commonly purchased via mobile phones. (Source: Posten Norden, e-barometer Q4 2010).

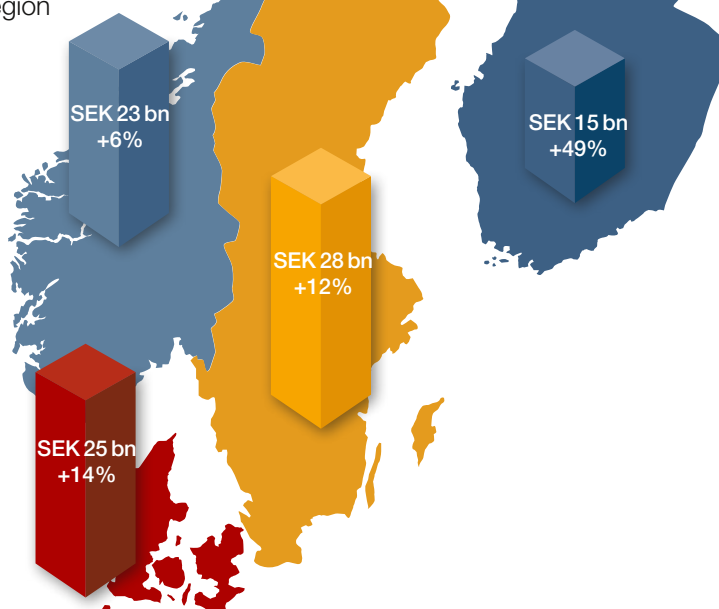
### Widespread foreign trade

A large portion of Nordic e-commerce is done with non-Nordic companies. 60% of all Danes and Norwegians who shop from home (but only 40% of Swedes) made purchases from a foreign site on at least one occasion. Nordic residents most often make foreign e-purchases from companies located in the USA, Great Britain and Germany.

Shopping over the Internet has become natural for the Nordic consumer. For Posten Norden, this growth is very clear and tangible. Our mail carriers and partner outlets have more and more parcels to deliver and distribute.

Arne Andersson, e-commerce specialist at Posten Norden

2010 Distance Selling Report – sales and growth for Nordic distance selling in 2009



- Danes shop most often:** Nearly 40% of all Danes shop from home each month, as compared to only 8% in Finland.
- Finnish trade soaring:** Distance trade in Finland grew nearly 50% in 2009, albeit from levels lower than the Nordic average.
- Norwegians spend the most:** Total 2009 distance trade in relation to number of consumers who shop from home totaled SEK 9,658 in Norway, as compared to SEK 7,342 in the Nordic region as a whole.
- Swedish market leads the pack:** Sweden is the largest e-commerce market in the Nordic region, with an estimate value of just under SEK 25 bn.

### Posten Norden and e-commerce

With 4,400 parcel distribution points throughout the Nordic region, as well as Døgnsposten self-service automats and mail carriers who deliver mail to all households and businesses in Denmark and Sweden each business day, Posten Norden offers the best accessibility for e-commerce customers. Posten Norden has a start-to-finish offer for e-retailers, from target group analyses and marketing support to mail distribution and management of customer returns. This makes the group the obvious business partner for e-retailers in the Nordic market.

Posten Norden took an important step in 2010 to strengthen its prominent position by coordinating its e-commerce operations within the business areas on a Nordic level. The group's activities in areas such as development of content, pricing, distribution and market presence will be increasingly coordinated to ensure that customers continue to have access to a broad, attractive e-commerce offer.

Source: Posten Norden "Distance Selling in the Nordics 2010", unless otherwise specified.



# An investment for competitiveness and the environment

To adapt to changing markets, Posten Norden makes adjustments and investments on an ongoing basis throughout the entire Nordic region. In 2010 Posten Norden made the decision to make a significant investment in infrastructure in Sweden.

Posten Norden has decided to invest in a new terminal structure in central and northern Sweden, which will increase production flexibility and counter the anticipated decline in letter volumes and rise in parcel volumes. The investment will also reduce the group's carbon dioxide emissions, as a substantially greater proportion of mail items will be transported by rail.

The investment is expected to total SEK 2.5 billion and be completed by 2014. Potential savings for the group exceed SEK 300m on an annual basis. The number of employees will be reduced by just over 500 over a four-year period as an effect of the change.

The investment makes us more competitive by significantly lowering costs and reducing our carbon footprint. It also creates scope for changes in our customer offer.

Andreas Falkenmark,  
Head of business area Meddelande Sverige

### Three new terminals

Two new mail terminals will be established directly adjacent to main railroad lines, one in Hallsberg and one in Rosersberg, north of Stockholm. A new parcel and pallet terminal will be established in northern Stockholm. The operations in Västerås and Karlstad will be moved to Hallsberg. Operations in Uppsala and Tomtebodav in Stockholm, and parts of the operation in Årsta, south of Stockholm, will be moved to Rosersberg. Investments will be made in a new logistics structure in northern Sweden. Operations in Ånge will be moved to Sundsvall, Umeå, Luleå and Östersund.

### Improved efficiency and more trains

For the mail operations, the new terminal structure means a higher level of geographic concentration which will facilitate the more highly automated, cost-effective production of mail, parcels and other freight. Posten Norden is investing heavily in new technologies in parallel with the new terminal constructions and the relocation of older termi-

### New terminal structure in Sweden

#### Northern Sweden

##### – Business area Logistics

Operations in Ånge moved to four supporting terminals in Östersund, Sundsvall, Umeå and Luleå

#### Rosersberg

##### – Business area Meddelande

Operations in Uppsala, Tomtebodav and parts of Årsta moved to new establishment in Rosersberg

#### Northern Stockholm

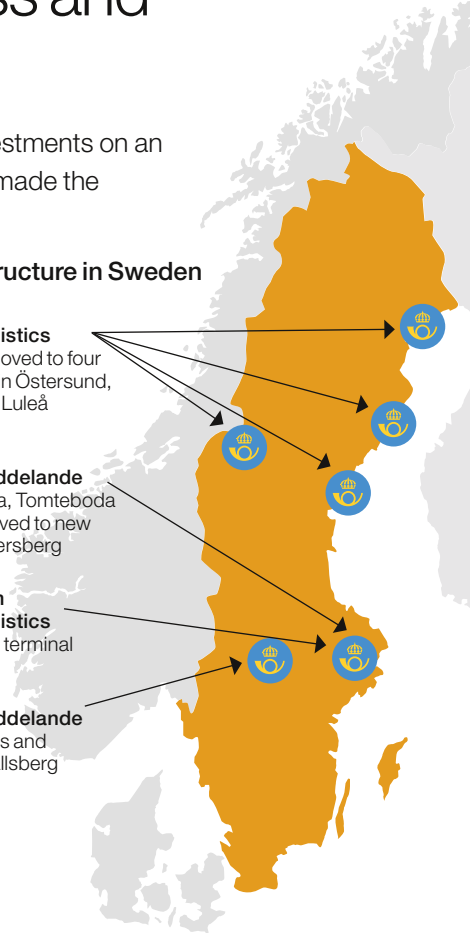
##### – Business area Logistics

New parcel and pallet terminal

#### Hallsberg

##### – Business area Meddelande

Operations in Västerås and Karlstad moved to Hallsberg



nals. The new and existing mail terminals will be equipped with new technology. This also applies to the terminals in Östersund, Sundsvall and Luleå.

Since the two new terminals will be constructed adjacent to main railroad lines, a greater share of transports can be made by rail. Conditions for doing so have been enhanced by the Swedish state's investments in the Botnia Line. The terminals' locations also mean that air and road transports will be made more efficient.

One of the benefits of the new logistics structure is that businesses in northern Sweden will have more hours of the day to dispatch their orders. Also, parcels sent to northern Sweden can be delivered earlier than they are today.

Henrik Höjsgaard, Head of business area Logistics

# An attractive workplace for tomorrow's talent

Posten Norden is one of the largest employers in the Nordic region. The group's success is founded on having excellent managers and employees with the right skills. Posten Norden therefore strives to be an attractive and stimulating workplace for committed and healthy managers and employees, both today and tomorrow.

Posten has a modern, detailed personnel policy based on leadership, employeeship and work environment/health. This requires a healthy dialog, which is conducted on many levels and in many ways throughout the group.

In 2010 Posten Norden employed an average of 44,060 people at the group's 2,000 workplaces. Employees provide their views of Posten Norden in annual surveys, the results of which are summarized in an employee commitment index. The Danish employee commitment index, MKA, rose in 2010, from 69% to 71%. Indices for the rest of the group, VOICE/MIX, fell from 66% to 64%. A new group-wide employee survey will be introduced in 2011.

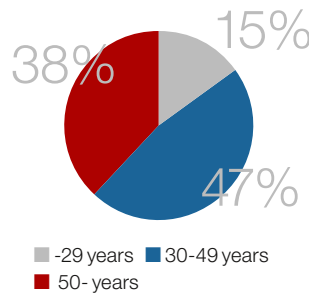
Employee turnover in 2010 totaled 10.1 (9.3) %.

## Workplace equality and diversity

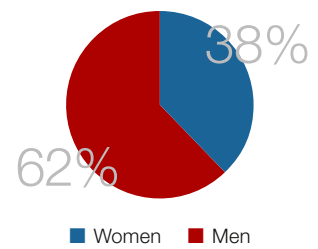
Posten Norden is an equal opportunity employer and opposes inequitable pay differentials. The group's goal is a 40% proportion of female managers within the group by the year 2015. In 2010, the proportion of female managers was approximately 30%. The female/male breakdown in 2010 was 38%/62%.

In pursuing its efforts towards zero-tolerance for discrimination, the group relies in part on its Codes of Conduct. The 2010 work environment survey indicated that 4.8 (4.5) % of employees had been subject to discrimina-

Age distribution group, Nordic region



Gender distribution percentage of average number of employees



tion or harassment at work. In order to increase respect for differences, diversity discussions are held during workplace meetings.

## Health and safe work environment

The group reported increased levels of sick leave in 2010, following a long period of improvement. Sick leave totaled 6.6 (6.3) % in Denmark and 5.1 (5.0) % in Sweden. Many efforts are being made in the work environment and health areas. Focus areas in 2010 included reducing the number of slip and fall accidents.

→ Read more about the group's employee efforts on page 113 of Posten Norden's 2010 Sustainability Report.



# New and long-term environmental ambitions

Environmental efforts are crucial to Posten Norden, and being the environmentally correct choice for customers is part of the group's vision. Environmental measures are integrated into the operations and are part of Posten Norden's balanced target picture.

As a major carrier in the Nordic region, Posten Norden's operations have a significant environment impact. In order to fulfill the group's mandate, virtually all modes of transportation are utilized. Posten Norden's goal is to fulfill its obligations and customer commitments in the most eco-efficient manner possible, thereby creating added value for both society and customers while being more economical with its own resources.

## Improved energy efficiency

Key initiatives in daily operations include coordinating transports and loading vehicles to the maximum possible fill rate. Clear economies of scale and large volumes allow the transport of a high percentage of mail items via rail – over 60% of mail volumes between sorting terminals in Sweden and approximately 80% of parcel and pallet volumes in Norway are transported each day by rail.

The group invests significant resources in reducing the operation's environmental impact. One example of this is the Climate Fund, introduced in 2009, which earmarks resources for environmental investments. The Climate Fund has enabled the group to step up the pace of its environmental efforts, and several investments have been made to make transports and premises more energy-efficient. SEK 100m was earmarked in 2010 and investments included the expansion of the electrical vehicle fleet and the implementation of several energy efficiency measures at mail and parcel terminals and printing plants. The group's climate-efficient offer has been broadened with new climate-efficient services.

The group has also participated in several sustainable development collaborations, including a fuel test of BioDME along with Volvo Trucks and the Swedish Energy Agency.

## Long-term environmental ambitions

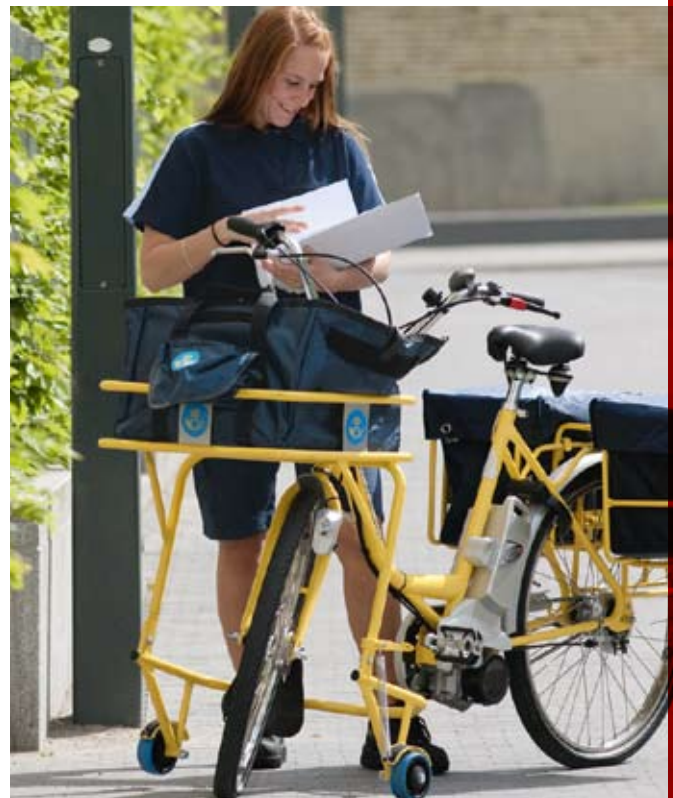
During the year, the operations were run based on two environmental goals. Post Danmark's goal was to reduce carbon dioxide emissions by 8% between 2007 and 2012. In 2010, emissions were reduced by 8,000 tons, equivalent to 8% compared to base year 2007 and 2% compared to 2009. Posten's goal was to reduce emissions in relation to net sales by 15% between 2006 and 2010. In 2010, emissions totaled 8.2 tons CO<sub>2</sub>/SEKm, representing a reduction of 16% between 2006 and 2010 and the achievement of the target.

Posten Norden's new long-term environmental goal is to reduce carbon dioxide emissions by 40% by 2020 over base year 2009. This goal is in line with the owners' environmental targets.

## Environmentally licensed operations

Posten Norden runs operations requiring registration under national legislation in Sweden, France and Poland. These operations constitute a limited portion of the group's net sales. In Sweden, business area Information Logistics runs facilities in Ljungby that require registration under the Swedish Environmental Code. Corresponding registrations are made with the applicable authorities for the business area's facilities in France and Poland. These environmentally licensed operations deal with graphic production, and impact the external environment through emissions to air. Other environmentally licensed operations subject to Environmental Code provisions are a number of cleaning bays used in Posten Norden's Swedish operations. No significant environmental incidents occurred during the year. No licenses require renewal in 2011.

→ Read more about the group's environmental efforts on page 109 of Posten Norden's 2010 Sustainability Report.



# Risks and risk management

Posten Norden's risk management is a continuous process, carried out within the operational management framework, and constituting a natural part of business planning and continuous follow-up of operations.

For Posten Norden, taking controllable risks is a prerequisite for the attainment of the group's goals. Posten Norden's Board of Directors and management team have overall responsibility for the group's risk management, which is an essential and integrated part of the management of all aspects of the business. Posten Norden's risk management work, which is based on accepted methods and principles, is meant to be an integrated part of the group's business and development plans, providing an overview and thereby strengthening the group's risk culture. The goal is that the well-established risk management process, in which risk maps and risk reporting from the group's business areas are consolidated and presented to Posten Norden's Audit Committee, will be further developed during the next few years. This will be achieved through the introduction of methods and processes that ensure that the group's risk focus creates value to a greater extent by focusing on essential work areas.

The most significant risks to Posten Norden are presented in the table below.

## External risks

### Market risks

2010 saw an economic recovery in the Nordic region, though the degree of recovery varied between countries. Recovery was strong in Sweden and Norway, but less so in Denmark and a number of other countries that are important to the group. The improved market conditions led to increased demand for Posten Norden's services.

Demand for services is dependent on the economy. In addition to lower volumes, reduced demand can result in a shift in demand to lower-priced or lower-margin services. The market for communication services is characterized by the increased use of digital channels, with a consequent sharp decline in mail volumes. Competition is expected to increase following the deregulation of the European postal market in 2013, as postal operators active primarily in domestic markets increase their presence in the Nordic countries. Fierce competition and price pressure prevail in the logistics market. Further consolidation is expected to result in fewer, though stronger, postal operators.

Continued decline in volumes and revenues presents the risk of a negative profitability trend. To meet this risk, Posten Norden has initiated a number of measures to adjust costs and capacity to new volume levels. The ability to react swiftly to market changes was a major factor behind the profit improvement in 2010.

The merger of Posten AB and Post Danmark A/S strengthened the group's market position in the Nordic region. Enhanced economies of scale also improve business development opportunities to meet the market's demands for efficient communication and logistics solutions.

→ Read more about Posten Norden's market and competitive situation on page 14

Risk areas	Risks	Risk management/follow-up
During the business planning process, risks in the following areas are identified and evaluated within the business areas and group functions	The risks are described and evaluated	For each risk there are normally one or more measures linked to reducing the risk or managing the situation in the event of risk fallout. Regular reporting and follow-up of risks and risk responses is performed
Market risks	Changes in customer demand, competitor behavior, new technologies	Monthly reports from each business area
Regulatory and legal risks	Pricing, VAT issues, liberalization of European postal markets	Managed on an ongoing basis by group management
Continuity risks	Disruptions to distribution networks, production units or other business-critical systems	Continuity plans and continuous risk analyses and training
Environmental risks	Climate changes, carbon dioxide emissions	Integrated in group's operating control
Risks associated with merger	Integration problems, costs	Part of Business Plan process and group's governance model
Financial risks	Customer credit losses, changes in interest rates, exchange rate fluctuations	Financial policy



#### Regulatory and legal risks

The markets in which Posten Norden is active are partially regulated in terms of price levels and commissions. In light of new EU regulations (the Postal Directive) aimed at breaking up remaining postal monopolies, national legislation is being amended in Sweden and Denmark. The liberalization of EU postal markets presents both opportunities and risks.

In Sweden, the parliament adopted a resolution that came into effect on September 1, 2010. The new Swedish law also includes important regulations that exceed those in the EU's Postal Directive. The requirements for pricing transparency for the national operator have been increased and the maximum price level has been retained. At the same time, Posten Norden's main competitor – owned by the state-owned Norwegian Post – is not subject to these EU-specific regulations. Accordingly, Posten Norden deems that there is a risk of distorted competition, a risk that the owner's return requirements may not be attainable and a risk that it may be unable to fulfill its universal service obligation. Posten AB has appealed an order by the Post and Telecom Agency based on licensing terms relative to the new law.

A new Danish postal law was adopted by the Danish Parliament in December 2010. The new law came into effect on January 1, 2011 and includes provisions securing universal service obligations in a deregulated postal mar-

ket. Post Danmark is commissioned to maintain its distribution obligation during the period 2011-13. This means that six-day-per-week mail distribution will continue and that Post Danmark is obliged to transport letters weighing up to 2 kilos and parcels weighing up to 20 kilos. Liberalization of the rest of the Danish postal market is being implemented simultaneously.

The Danish mail market experienced a 10% drop in volume during 2010, intensifying the need for continued comprehensive cost savings. The new law enables Post Danmark to continue its commercial operations by means of reductions within selected high-cost areas and by adjusting the letter pricing framework. The new postal law creates more favorable conditions for efficient production; price differentiation produces a better correlation between price and cost for various types of stamped letters.

PTS (the Swedish Post and Telecom Agency) announced its decision that group company Posten AB must establish a threshold value by January 1, 2011 which must be applied, without exception, when categorizing normal and low-price pricing zones when sorting letters. Posten appealed the decision to the Administrative Court in Stockholm, claiming that its prevailing pricing methods are compatible with the Postal Act, and requested that the order be set aside. An adjustment in accordance with the PTS's decision would risk having a significant impact on earnings or causing negative market effects. Posten also

requested a stay of enforcement, which was granted by the Administrative Court. The Court's ruling on the stay remains in force until the Court decrees otherwise or renders its final judgment, which will most likely occur during 2011.

The European Court of Justice rendered its decision in the spring of 2009 on VAT exemption for postal services under EC law (the TNT case). The decision may lead to changes in the Swedish VAT law resulting in exemption of portions of the postal services from VAT, thereby restricting rights to take deductions. The decision is in line with Danish practice but has given rise to individual clarifications in the Danish VAT law. If the EU's review leads to VAT exemptions being introduced for postal services in Sweden, this could, depending on outcome, be a major cost-related burden for the group.

Post Danmark initiated discussions in 2009 with the Danish Tax Authority concerning the possibility of recovering VAT attributable to certain expenses linked to Post Danmark's VAT-related operations. The Tax Authority dismissed Post Danmark's petition in late 2010. Post Danmark subsequently appealed the Tax Authority's dismissal to the National Danish Tax Tribunal. It is estimated that an outcome in the group's favor could produce lump-sum income equivalent to approximately DKK 100m.

#### Lawsuits and disputes

Bring Citymail – owned by the Norwegian state-owned and -subsidized monopoly company Posten Norge – sued Posten in the Swedish Market Court in February 2010. Bring Citymail claims that Posten should terminate the discount it offers to customers with large pre-sorted mailings. The Competition Authority has previously considered the issue, and dismissed the case in December 2009 based on lack of any grounds for further investigation.

Posten has appealed the PTS decision on Posten's application of calculations concerning the allocation of production costs between priority and non-priority mail and the possible price impact of this allocation. It is likely that the case will be finally adjudicated in 2011.

#### Internal operational risks

##### Safety and Continuity risks

Posten Norden works continuously to achieve high levels of safety and continuity, "robustness", in its communication and logistics deliveries. The group's safety organization works in an integrated way with main processes by identifying safety risks and preventing losses and damages arising from safety violations that may compromise the safety of employees and negatively impact the group's quality targets. These efforts have, among other things, resulted in a low number of complaints related to violations. Cooperation within the group is secured by focusing on management and common reporting formats aimed at guaranteeing shared standards.

The nationwide mail and parcel distribution network in the Nordic countries and production units within business area Information Logistics are dependent on well-functioning continuity and crisis management capacity to prevent and manage the failure of critical systems and functions resulting from man-made or natural disasters.

#### Environmental risks

Posten Norden's operations require transports and a comprehensive infrastructure of terminals, production facilities and distribution centers. Focus areas are the environmental impact associated with production and transport services in which management of emissions is highly prioritized. Overall environmental risks within Posten Norden's operations also include changes in customer and regulatory requirements and the management of waste, noise and chemicals. Rising public opinion on climate change issues means heightened requirements for communication and logistics solutions that involve lower climate impact. Increased levels of precipitation and heightened risks of flooding may have future impacts on infrastructure, resulting in an increased prevalence of production disruptions.

Environmental efforts are crucial for Posten Norden's current and future competitiveness. This is felt both in the business and in dealings with customers and partners. The objective is to limit environmental risk and the ensuing negative consequences for Posten Norden. The group's efforts to reduce carbon dioxide emissions also have a positive impact on expenses associated with carbon charges as well as fuel and energy prices. Environmental risks are also limited through improvements in Posten Norden's already highly efficient logistics system.

#### Risks associated with the merger

The merger of Posten AB and Post Danmark A/S is an offensive move that is expected to produce major synergy effects in areas including purchasing, administration and IT. In order to be prepared to address any risks that may arise in connection with these changes, the group regularly monitors the merger of the IT systems, among other things. Synergy realization is also monitored in this context.

#### Financial risks

Posten Norden's financial risk management is governed by the group's financial policy as determined by the group Board of Directors. The financial policy includes guidelines for liquidity management, financing and financial risk management. Financial risks include refinancing risks, credit risks and market risks.

#### Refinancing risks

The group's payment readiness is deemed to be very good. Payment readiness is monitored on an ongoing basis, and thorough advance planning is applied to changes in the group's financing and liquidity management to ensure stable readiness.

### Credit risks

The group has risk exposure in credit sales to customers, spread among a large number of customers. Credit losses have historically been very low. Investment of the group's liquid resources also carries credit risks, which are limited by adjusting counterparty risk in relation to each counterparty's credit standing.

### Market risks

In light of the group's international presence and business operations, there is a risk that currency rates will both impact earnings and cause changes in the value of foreign subsidiaries' net assets ("translation exposure"). A review of all group companies is conducted annually to ensure commercial solvency levels and thereby limit the group's translation exposure. Transaction exposure in currency is hedged with derivative instruments. The group's reported profit is also affected by changes in exchange rates upon consolidation. The effect of changed interest rates is managed both in terms of the market value of financial instruments and net interest income. In sum, the group's exposure to financial risks is limited by application of the financial policy.

→ Read more about the group's financial risks in Note 29, Financial Risk Management and Financial Instruments.

### Posten's Pension Fund

Posten's Pension Fund manages pension commitments for Posten AB, Posten Meddelande AB and Posten Logistik AB. The companies capitalize new pension commitments in the fund and receive compensation for pensions paid. A low consolidation ratio in the Pension Fund may negatively impact the group's cash flows if reimbursement is not received.

### Insurable risks

In 2010 the group's joint insurance requirement was consolidated in a joint structure. The insurance amount is tailored to Posten Norden's risk exposure and is in line with normal good practice for companies with comparable operations. The group works with risk surveys and risk workshops to ensure that the insurance amount corresponds to insurance requirements.

### Sensitivity analysis

Risk area	Variables	Change	Impact on profit before tax, SEKm
<b>Personnel risks</b>	Change in personnel expenses	+/- 1 percentage point	205
	Change in sick leave	+/- 1 percentage point	154
<b>Volume risks</b>	Change in physical mail volumes	+/- 1 percentage point	140
	Change in logistics volumes	+/- 1 percentage point	30
<b>Interest risks</b>	Change in market rate of interest <sup>1)</sup>	+/- 1 percentage point	26
<b>Currency risks</b>	Translation exposure	+/- 1 percentage point	93
<b>Pensions</b>	Change in interest margin on pension liabilities <sup>2)</sup>	-0.1 percentage point	-16
	Change in discount rate and expected return on plan assets	-0.5 percentage point	-169
	Change in salaries and wages	+0.5 percentage point	-57
	Change in income base amount	-0.5 percentage point	-19
	Change in inflation	+0.5 percentage point	-143

<sup>1)</sup> Calculations based on interest-bearing net receivables (cash and cash equivalents, investments, interest-bearing liabilities and finance leasing)

<sup>2)</sup> Assumptions for the discount rate on pension liabilities and the estimated rate of return on plan assets determine the impact on net financial items for the coming year. The change in the spread between these rates affects net financial items. The interest margin for pension liabilities is the difference between the assumed discount rate on pension liabilities and the yield assumption for plan assets in percentage points.

## Parent company

The company was formed in December 2008 and became parent company of the Posten Norden Group on June 24, 2009. The comparative year covers the period December 1, 2008-December 31, 2009.

The parent company has run a limited operation and has only one employee, the President/CEO. No net sales were reported for the period. Of operating expenses, which totaled SEK 18m (10), SEK 13m (7) were attributable to personnel expenses for the CEO. Financial items totaled SEK 958m (2,039), of which SEK 1,000m (2,044) was attributable to anticipated dividends from subsidiaries and SEK -45m (-1) to currency effects. Profit before tax totaled SEK 940m (2,029), and profit after tax totaled SEK 956m (2,033). No cash and cash equivalents were reported and no investments were made in tangible fixed assets.

### Proposed dividend

The Board proposes an ordinary dividend, in accordance with the company's dividend policy, of SEK 600m (1,440) as well as an extraordinary dividend of SEK 400m (0).

### Proposed distribution of profits

The Board of Directors proposes that unappropriated profits be distributed as follows:

SEK	
Dividend, 2,000,000,001 shares at SEK 0.50 per share	1,000,000,000
Carried forward	603,586,998
<b>Total</b>	<b>1,603,586,998</b>

## » Proposed guidelines for determining compensation for executives

The Board of Directors does not propose that any changes be made to the guidelines adopted by the 2010 Annual General Meeting. Under the executive pension plan in Sweden, Posten's pension plan (ITP-P) is applied with respect to defined benefit pensions, which are based on the individual's final salary and length of employment. Employees reaching full retirement age receive a pension of 10% of their pension-based compensation for wage components up to 7.5 income base amounts, 65% of wage components between 7.5 and 20 income base amounts and 32.5% of wage components between 20 and 30 income base amounts. Under ITP-P, executive pensions are supplemented with individual defined contribution agreements. Retirement plans and agreements stipulate a retirement age of either 60 or 62. Two members of group management, excluding the CEO, have retirement at 60 (based on earlier retirement plans) and six have retirement

at 62 under current executive pension plans. For executives employed in accordance with Danish labor law, full defined contribution pensions are applied and the retirement age is determined pursuant to Danish labor law. Pension costs for the current CEO are fixed at an amount corresponding to 30% of monthly salary. The notice period is three months. The employment contracts of all other members of group management stipulate a 6-12 month notice period when the employer terminates the contract and a 3-6 month notice period when the employee terminates the contract. If the employer terminates the contract, the employee is entitled to severance pay equal to a maximum of 12 months' pay and car benefits. For members of group management employed in Sweden prior to the merger with Post Danmark A/S, income earned from subsequent employment or comparable business activities is deducted from the aforementioned severance package.



# The Posten Norden share and shareholders

## Ownership and capital stock

Posten Norden AB is owned 60% by the Swedish state and 40% by the Danish state. Votes are allocated 50/50 between the Danish and Swedish states. The Danish Ministry of Transport represents the Danish state's shares and the Swedish Ministry of Finance represents the Swedish state's shares at Posten Norden AB's Annual General Meeting, where each owner nominates four members of Posten Norden's Board of Directors.

Posten Norden's capital stock totals SEK 2,000m, allocated into 2,000,000,001 shares, 1,524,905,971 of which are A shares and 475,094,030 of which are B shares. Each share has a quota value of SEK 1 and carries a right to dividend. A shares carry the right of one vote per share; B shares carry the right of one-tenth vote per share.

A redemption program for Post Danmark A/S shares held by executives and employees was concluded in 2010, and Posten Norden AB owned 100% of Post Danmark A/S shares as of December 31, 2010.

## Dividends paid and proposed

Dividends totaling SEK 1,440m were distributed in 2010, representing SEK 0.72 per share. Earnings per share, before and after dilution, totaled SEK 0.51 (1.21) for full-year 2010. The Board proposes an ordinary dividend, in accordance with the company's dividend policy, of SEK 600m (1,440) as well as an extraordinary dividend of SEK 400m (0). This represents a dividend of SEK 0.50 (0.72) per share. The proposed dividend represents a dividend of 97 (60) % relative to net profit.

## Annual General Meeting

Posten Norden's AGM will be held at 11:30 AM on April 15, 2011 at Posten Norden's headquarters, Terminalvägen 24, Solna, Sweden. Documentation concerning the AGM is available on the group's home page, [www.postennorden.com](http://www.postennorden.com). Posten Norden's 2010 Annual Report can also be downloaded on the home page, and can be ordered via mail from Posten Norden AB, 105 00 Stockholm or via e-mail at [ir@posten.se](mailto:ir@posten.se).

## » Financial calendar

Annual General Meeting	April 15, 2011
January – March 2011 Interim Report	May 18, 2011
January – June 2011 Interim Report	August 30, 2011
January – September 2011 Interim Report	November 9, 2011
Year-end Report 2011	February 2012
Annual Report and Sustainability Report 2011	March 2012



# » Corporate Governance Report

## » Corporate Governance Report

■ Governance of Posten Norden	43
■ Board of Directors	44
■ Board of Director's actions	46
■ Group management	48
■ Internal governance and control of financial reporting	50
■ Universal service obligations	52

→ Information on the group's corporate governance can also be found on [www.postennorden.com](http://www.postennorden.com)

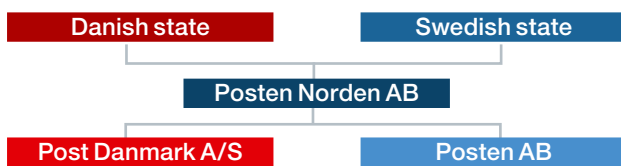


# Governance of Posten Norden

Posten Norden's overall goal is to create long-term value for its owners and other stakeholders and to ensure the fulfillment of its universal service obligations. One prerequisite for this is well-functioning corporate governance characterized by an efficient organizational structure as well as clarity and simplicity in the management system and governing documents. This Corporate Governance Report has been prepared in accordance with the Companies Act, the Annual Reports Act and the Swedish Code of Corporate Governance.

## Ownership structure

Posten Norden AB (publ), corporate identity number 556771-2640, is a Swedish corporation owned 40% by the Danish state and 60% by the Swedish state. Posten Norden AB is the parent company of the Posten Norden Group. Votes are allocated 50/50 between the Danish and Swedish states.



## Deviations from the Code

Posten Norden applies the Swedish Code of Corporate Governance, with the exception of the following Code provisions:

**1.5** The rule specifies that simultaneous interpretation must be offered and that all or portions of meeting material must be translated, if so warranted by the composition of the owners and if financially justifiable. Posten Norden's sole owners are the Danish and Swedish states. All meeting material is provided in Swedish. It is the company's assessment that this does not limit the owners' ability to participate in the meetings or to read and understand the material.

**2.1** The nomination and appointment of Board members is performed in accordance with the principles agreed upon by the owners. Nominations are made in cooperation with the owners.

**4.4** Under the Code, the Board of Directors must include a specified minimum number of members who are independent of major shareholders, and the independence of all Board members must be audited. The primary reason for this rule is to protect minority shareholders. Posten Norden has only two owners; the auditing of Board members is therefore less relevant.

**9.7** The rules concerning equity-related incentive programs are not applicable, as the Danish and Swedish states together own 100 percent of the company's shares.

## Annual General Meeting

Under the terms of the Companies Act, the AGM is the company's highest decision-making body. The Swedish Ministry of Finance and the Danish Ministry of Transport vote on behalf of the Swedish and Danish states at Posten Norden's Annual General Meeting. AGM resolutions are normally made by simple majority. In certain issues, however, the Companies Act and Posten Norden's by-laws stipulate that motions must be seconded by a higher proportion of the shares represented and votes cast.

### 2010 Annual General Meeting

Posten Norden AB's 2010 Annual General Meeting was held on April 14, 2010. The AGM resolved to adopt the proposal concerning the election of Board members and the proposal concerning Board member remuneration. The AGM also resolved that Board and Committee remuneration shall not be paid to Board members employed by the Swedish Government Offices. In accordance with the Board of Director's proposal, the AGM resolved to distribute a dividend of SEK 1,440m to the owners. The AGM also approved the proposed guidelines for determining compensation for executives, adopted by the Board of Directors in February 2010. The proposal includes provisions stipulating that neither variable salaries nor bonuses will be paid to executives. Minutes from the 2010 AGM are published on Posten Norden's website.

### 2011 Annual General Meeting

Posten Norden's 2011 AGM is planned for April 15, 2011. In accordance with the Code, Posten Norden published the date of its 2011 AGM on its website and in its January-September Interim Report.

A Notice of Annual General Meeting is published in Post och Inrikes Tidningar (the Swedish Official Gazette) and Dagens Nyheter. Notification of the time and place of the AGM is also sent to the central offices of the Danish and Swedish Parliaments in conjunction with the issuance of the notice. AGM minutes are published as soon as they have been verified.

The public and members of the Swedish and Danish Parliaments can register via e-mail to attend the AGM at [ir@posten.se](mailto:ir@posten.se).

## Rules and regulations affecting the governance of Posten Norden

### External rules and regulations

- Companies Act (2005:559)
- NASDAQ OMX Stockholm's regulations for issuers
- Swedish Code of Corporate Governance
- Swedish Annual Accounts Act
- International Financial Reporting Standards, IFRS
- Laws and regulations of the countries concerned
- Danish and Swedish states' owner directives
- Specific legislation, regulations, concessions and licensing terms concerning universal service obligations in Denmark and Sweden. Read more on page 52

### Internal rules and regulations

- By-laws
- Rules of procedure for the Board of Directors, including the Board's instructions to the CEO
- Formal decision-making procedure
- Code of Conduct and policy documents
- Financial Accounting Manual
- Audit Committee's formal work plan

# Board of Directors

## Composition of the Board

The Board is composed of eight ordinary Board members. Fritz H. Schur is Chairman of the Board. Among the elected Board members, 37.5% are women and 62.5% are men. The Board also includes three employee representatives and their three deputies.



Fritz H. Schur



Mats Abrahamsson



Ingrid Bonde



Gunnel Duveblad



Bjarne Hansen



Torben Janholt

### Fritz H. Schur

Born 1951. Resides in Klampenborg, Denmark. Chairman since April 2009.

Chairman of the Board of Post Danmark A/S since 2002, board member since 1995. Chamberlain and Consul-General.

CEO or chairman of the board of Fritz Schur Gruppen companies.

Chairman of the board of DONG Energy A/S, F. Uhrenholdt Holding A/S, SAS AB and C.P. Dyvig & Co. A/S.

Vice-chairman of Brd. Klee A/S.

Committee: The Compensation Committee (chair) since 2009.

### Gunnel Duveblad

Born 1955. Resides in Danderyd, Sweden. Board member since August 2009.

Board member of Posten AB since 2007. Degree in Systems Engineering from Umeå University.

Previous positions include: CEO of EDS Northern Europe.

Board member of, inter alia, HiQ International AB, Ruter DAM Foundation, Sweco AB and Aditro AB.

Committee: The Audit Committee (chair) since 2009.

### Mats Abrahamsson

Born 1960. Resides in Linköping, Sweden. Board member since August 2009.

Board member of Posten AB since 2003. PhD (Tech). Professor at Linköping University.

Board member of Dixma Consultant AB.

Committee: The Compensation Committee since 2009.

### Bjarne Hansen

Born 1940. Resides in Charlottenlund, Denmark.

Board member since August 2009.

Board member of Post Danmark A/S 2005-09. Partner, WingPartners IS.

Chairman of the board of Billund Lufthavn A/S and Bel Air by Lastein A/S and subsidiaries.

Board member of F. Uhrenholdt Holding A/S, Aalborg Industries Holding A/S, Aalborg Industries A/S, Bacher Work Wear A/S, Newco AEP A/S, Wrist Group A/S, O.W. Bunker and Trading A/S, Ove Wrist and Company A/S, Keppel Offshore and Marine Pte. Ltd, Monali Aps, Eva Vind K/S, Torvegade K/S.

Director, Rosenborg Partners Aps. Director Bjarne Hansen Aps.

Committee: The Audit Committee since 2009.

### Ingrid Bonde

Born 1959. Resides in Stockholm, Sweden. Board member since August 2009.

Board member of Posten AB since 2005.

Master of Business Administration.

CEO of AMF.

Previous positions include: Director-General, Swedish Financial Supervisory Authority.

Board member of the Swedish Public Employment Service, the Center for Business and Policy Studies (SNS) and the Swedish Insurance Federation.

Committee: The Compensation Committee since 2009.

### Torben Janholt

Born 1946. Resides in Holte, Denmark.

Board member since August 2009.

Bachelor of Commerce.

CEO of J Lauritzen A/S.

Board member of A/S United Shipping & Trading Company, Danmarks Rederiforening, European Community Shipowners' Association. Chairman of the board or board member of several companies within Lauritzen Gruppen.

Committee: The Compensation Committee since 2009.



Anne Birgitte Lundholt



Lars Chemnitz



Alf Mellström



Richard Reinius



Kjell Strömbäck

**Anne Birgitte Lundholt**

Born 1952. Resides in Dragør, Denmark.  
Board member since April 2009.  
Board member of Post Danmark A/S since 2005.  
Degree in Economics and Master of Political Science.  
CEO of VIF, Veterinary Pharmaceutical Industry.  
Chairman of the board of Naviair, FOF Denmark and Bornholms Erhvervsfond.  
Board member of SCF Technologies A/S, Svaneke Bryghus A/S and IFAH Europe.  
Committee: The Compensation Committee since 2009.

**Richard Reinius**

Born 1967. Resides in Stockholm, Sweden.  
Board member since April 2009.  
Board member of Posten AB since 2007.  
Master of Business Administration.  
Senior advisor, Ministry of Finance state ownership unit.  
Board member of Jernhusen AB and AB Svensk Bilprovning.  
Committee: The Audit Committee since 2009.

**Lars Chemnitz**

Born 1957. Union-appointed representative.  
Resides in Copenhagen, Denmark.  
Board member since January 2010.  
Deputy representative since August 2009.  
Board member of Post Danmark A/S since 2007.

**Kjell Strömbäck**

Born 1950. Union-appointed representative.  
Resides in Tullinge, Sweden.  
Board member since August 2009.  
Board member of Posten AB since June 1999.  
Employee representative appointed by the Union of Civil Servants (ST) at Posten.  
Joined Posten in 1968.  
Board member of ST.

**Alf Mellström**

Born 1956. Union-appointed representative.  
Resides in Nyköping, Sweden.  
Board member since August 2009.  
Board member of Posten AB since April 2001.  
Employee representative appointed by the Union of Service and Communication Employees (SEKO).  
Joined Posten in 1978.

Deputy employee representatives

**Peter Madsen**

Born 1953. Union-appointed representative.  
Resides in Aalborg, Denmark.  
Deputy representative since January 2010.  
Board member of Post Danmark A/S since 2007.  
Joined Post Danmark in 1990.

**Isa Merethe Rogild**

Born 1949. Union-appointed representative.  
Resides in Copenhagen, Denmark.  
Deputy representative since August 2009.  
Board member of Post Danmark A/S since 1995.  
Post Danmark employee.

**Anne-Marie Ross**

Born 1951. Union-appointed representative.  
Resides in Strängnäs, Sweden.  
Deputy representative since August 2009.  
Board member of Posten AB since April 2005.  
Employee representative appointed by the Union of Service and Communication Employees (SEKO).  
Joined Posten in 1971. Member of SEKO's executive committee.

# Board of Director's actions

## Rules of procedure / delegation of authority

The Board of Directors establishes annually rules of procedure regulating matters such as the Chairman's duties, information to the Board and the roles and responsibilities of the CEO and Board members. Apart from the committees presented in this report, Board tasks are not divided among the members. The CEO and other company officials participate in Board meetings in reporting or administrative capacities. Posten Norden's General Counsel serves as secretary to the Board of Directors.

## Evaluation of Board actions

The Board conducts an annual evaluation of its own actions. The evaluation is carried out via a questionnaire and through discussions between the Chairman of the Board and Board members. Areas evaluated include the manner in which important decisions are prepared, discussed and managed; whether the right issues are brought up by the Board; the integrity of supporting documentation; and how well decisions and discussions are recorded in the minutes. Verbal and written feedback is provided to Board members.

## Board members' remuneration

Remuneration for Board members was determined by the Annual General Meeting held on April 14, 2010. The remuneration for each elected Board member is SEK 250,000, while the Chairman's remuneration is SEK 600,000. Members of the Audit Committee are paid SEK 50,000, while the committee chair receives SEK 62,500. Members of the Compensation Committee are paid SEK 25,000, while the chair receives SEK 37,500. Board and Committee remuneration is not paid to members employed by the Government Offices. See also Note, Employees, Personnel Expenses and Executive Compensation in the consolidated financial statements.

## Audit Committee

The Audit Committee's rules of procedure are set by the Board and are aimed at preparing the Board to perform its duties to supervise the company's financial reporting. The Committee's task is to assure the quality of the company's financial reporting, and to monitor the effectiveness of the company's internal governance and control as well as risk management systems and processes. The Committee also assists the owners in selecting auditors. The Audit Committee, in addition to reporting to the Board on its efforts, regularly reviews the auditors' reports and determines whether the auditors are performing their task independently, objectively and cost-efficiently. The Audit Committee is the principal of the internal audit and its monitoring of internal governance and control, and remains apprised of internal audit reports. The Committee is comprised of at least three Board members and meets at least four times

per year. The company's external auditors participate in meeting(s) at which the year-end report, annual report and auditor's report are presented, as well as when they are needed for assessment of the group's financial position. The Committee chair is responsible for continually apprising the Board of the Committee's activities. Audit Committee members are Gunnel Duveblad (chair), Bjarne Hansen, Anne Birgitte Lundholt and Richard Reinius.

## Compensation Committee

The Compensation Committee is tasked with preparing and presenting proposals to the Board regarding compensation and other benefits for executive management and remuneration principles for external directors serving on the boards of group subsidiaries. The Compensation Committee is comprised of at least three members. The Chairman of the Board chairs the Committee. The Committee meets at least twice per year. Seven non-recorded meetings, including two telephone meetings, were held in 2010. The Committee's chair is responsible for continually apprising the Board of the Committee's activities. Compensation Committee members are Fritz H. Schur (chair), Mats Abrahamsson, Ingrid Bonde and Torben Janholt.

## Board actions 2010

The Board held 5 ordinary meetings and one statutory meeting, 6 Audit Committee meetings and 5 Compensation Committee meetings.

### Board attendance 2010

Board member	Number of board meetings	Number of Audit Committee meetings	Number of Compensation Committee meetings*
Fritz H. Schur	5/6	-	5/5
Mats Abrahamsson	6/6	-	5/5
Ingrid Bonde	6/6	-	5/5
Gunnel Duveblad	6/6	6/6	-
Bjarne Hansen	6/6	6/6	-
Torben Janholt	5/6	-	5/5
Anne Birgitte Lundholt	6/6	6/6	-
Richard Reinius	6/6	5/6	-
Lars Chemnitz	4/6	-	-
Alf Mellström	6/6	-	-
Kjell Strömbäck	5/6	-	-

\* Excluding telephone meetings.

Board meeting	Main topic	Additional key issues
02-23-2010	2009 annual financial statements	Business plan 2010-2012
04-14-2010	Statutory board meeting	
05-11-2010	Interim Report	New subsidiary – Logistik Danmark A/S
08-30-2010	Interim Report	Group financial strategy
11-08-2010	Interim Report	
12-14-2010	Business plan 2011-2013 2011 budget	Principles for CEO and executive compensation Investment program in Denmark

**External auditors**

Ernst & Young AB is the appointed auditor, with authorized public accountant Lars Träff as the managing auditor. The auditors meet with the Board at least once per year and also participate in a number of Audit Committee meetings. In 2010, the Board met with the auditors during one board meeting, during which board members were able to present questions to the auditors.

**Internal audit**

Posten Norden’s internal audit is certified in accordance with the Institute of Internal Auditors’ international standards and is tasked with examining and evaluating the group’s internal governance and control. The audit plan is established by the Audit Committee and the Board of Directors. The Head of Group Audit participates in Audit Committee meetings along with the group’s external auditors.

**Operative structure**

The group’s operative structure consists of four business areas. Traditional postal operations in Denmark and Sweden are run in business areas Breve Danmark and Meddelande Sverige. The information logistics operations and other Strålfors AB operations are gathered in the Information Logistics business area. The above three business areas constitute the group’s communication business. The group’s logistics operations are run in the fourth business area, Logistics.

Seven group functions have been established for group management and coordination: Business Development,

Business Information Services, Finance & Treasury, HR, Legal, Group Communications and Operations Development.

**Group management**

The CEO, assisted by the other members of group management, oversees the day-to-day business operations as framed by the Board’s rules of procedure and instructions. Group management operates on the principle that it should be easy to make decisions and to manage and follow up on operations.

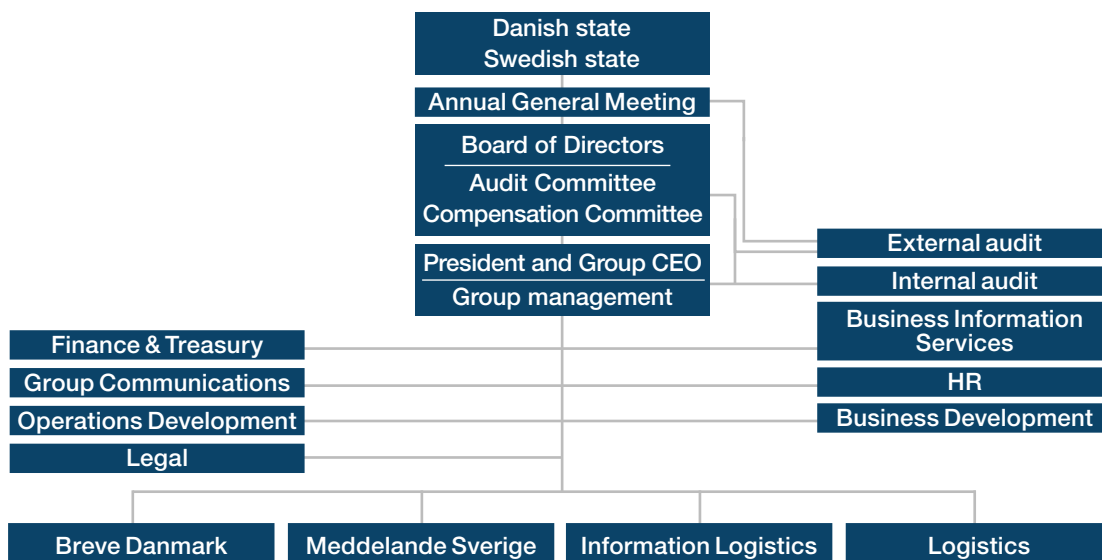
Since July 1, 2009 group management has been comprised of the President and Group CEO, the heads of Posten Norden’s seven group functions (Business Development, Business Information Services, Finance & Treasury, HR, Legal, Group Communications and Operations Development) and the heads of business areas Breve Danmark, Meddelande Sverige, Information Logistics and Logistics. Women constitute 8% of group management, while men constitute 92%.

**Principles for executive compensation**

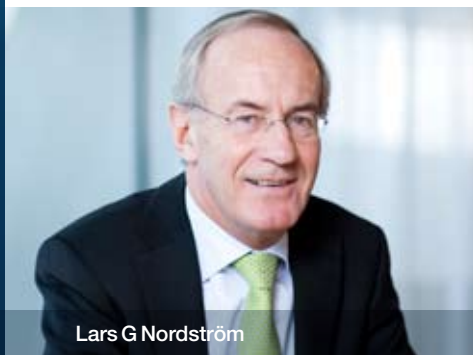
Salaries and wages for Posten Norden employees shall conform to market conditions. The CEO’s employment terms are determined by the Board after preparation by the Compensation Committee.

For additional details on executive compensation, see Note, Employees, Personnel Expenses and Executive Compensation in the consolidated financial statements, and page 40 of the Consolidated Financial Review.

Governance structure



# Group Management



Lars G Nordström



K. B. Pedersen



Göran Sällqvist



Viveca Bergstedt Sten



Joss Delissen



Andreas Falkenmark

**Lars G Nordström,  
President and Group CEO**

Born 1943.  
Studied law at the University of Uppsala.  
President and Group CEO of Posten AB, 2009-11.  
Previous positions include: President and Group CEO of Nordea Bank AB, 2002-07. Various positions within Nordea and Skandinaviska Enskilda Banken, 1970-2002.  
Other duties: Board member of Nordea Bank AB, Viking Line Abp. Chairman of Finnish-Swedish Chamber of Commerce and member of Swedish-American Chamber of Commerce.

**Viveca Bergstedt Sten, General Counsel**

Born 1959.  
Master of Laws and Master of Business Administration.  
General Counsel at Posten Norden AB since 2009.  
Previous positions include: General Counsel at Posten AB, 2002-09. General Counsel, LetsBuyIt.com and SMART AB; Corporate Legal Counsel, Scandinavian Airlines.

**K. B. Pedersen,  
Executive Vice President**

Born 1948.  
Trained at the Danish Post and Telegraph Service.  
Executive Vice President and head of group function Operations Development at Posten Norden AB since 2009.  
Previous positions include: Deputy CEO of Post Danmark A/S, 1995-2009. Deputy Director of P&T, 1988-95.  
Other duties: Board member of bpost and e-Boks A/S.

**Joss Delissen,  
Chief Information Officer**

Born 1963.  
Master of Business Administration.  
CIO at Posten Norden AB since 2009.  
Previous positions include: CIO at Posten AB, 2006-09. Various positions at Unilever, most recently as Director of Solutions Architecture.

**Göran Sällqvist,  
Executive Vice President**

Born 1957.  
Bachelor of Science (Economics), Purchasing and Logistics.  
Executive Vice President and head of group function Business Development at Posten Norden AB since 2009.  
Previous positions include: Deputy CEO responsible for Posten AB's Production and Logistics Division, 2003-09. Deputy CEO of Coop Sverige AB.

**Andreas Falkenmark, Head of business area Meddelande Sverige**

Born 1955.  
Master of Laws.  
Head of business area Meddelande Sverige at Posten Norden AB since 2009.  
Previous positions include: CEO of Posten Meddelande AB, 2007-09. Deputy CEO responsible for Posten AB's Marketing and Sales Division, 2005-07. CEO of NK Förvaltnings AB, CEO of Duka AB. CEO of Coop Sverige AB. CEO of Observer Northern Europe.





Bo Friberg



Finn Hansen



Henrik Højsgaard



Palle Juliussen



Per Mossberg



Per Samuelson

**Bo Friberg, Chief Financial Officer**

Born 1957.  
Master of Business Administration.  
CFO at Posten Norden AB since 2009.  
Previous positions include: CFO at Posten AB, 2002-09. Director of Business Development, NCC; Director of IT and Finance, NCC. Business Controller, Beckers, Kanthal-Höganäs and Nordstjernan. Auditor, PriceWaterhouse-Coopers.

**Palle Juliussen, HR Director**

Born 1948.  
Master of Laws.  
HR Director at Posten Norden since 2009.  
Previous positions include: Member of Post Danmark's general management with HR as area of responsibility, 1995-2009. Director of TeleDanmakr, 1991-95.

**Finn Hansen, Head of business area Breve Danmark**

Born 1956.  
Master of Science.  
Head of business area Breve Danmark at Posten Norden AB since 2009.  
Previous positions include: Deputy Director of Distribution, 2008-09, and Deputy Director of Mail Production and Transport, 2003-08, Post Danmark A/S. Various positions within Post Danmark A/S since 1987.

**Per Mossberg, Director of Corporate Communications**

Born 1953.  
Bachelor of Science (Econ.).  
Director of Corporate Communications at Posten Norden AB since 2009.  
Previous positions include: Director of Corporate Communications, Posten AB, 2004-09. Partner, JKL AB; Director of Communications, Telia; Corporate Communications Manager, Trygg-Hansa SPP, Nobel Industries and Bofors; CEO, Näringslivets EU-Fakta and Näringslivets Ekonomifakta.

**Henrik Højsgaard, Head of business area Logistics**

Born 1965.  
Head of business area Logistics at Posten Norden AB since 2009.  
Previous positions include: CEO of Posten Logistik, 2007-09. Shipbroker in Denmark, Great Britain and Hong Kong. Head of TNT International Express in Denmark. CEO of TNT International Express in Sweden. President and Group CEO of Buslink in Sweden AB. CEO of Keolis Nordic AB.

**Per Samuelson, Head of business area Information Logistics**

Born 1957.  
Master of Business Administration.  
Head of business area Information Logistics at Posten Norden AB since 2009.  
Previous positions include: CEO of Strålfors AB since 1999. Lecturer at the Stockholm School of Economics and IFL. Various positions within the Perstorp and PLM groups, most recently as Divisional Manager and member of PLM group management.  
Other duties: Chairman, BTJ Group AB; member, Chamber of Industry and Commerce of Southern Sweden and Aniagra.

Co-opted members of group management

**Jørn Schmidt, Senior Vice President**

Born 1959.  
Master of Science in Business Economics and Auditing and state authorized public accountant.  
Senior Vice President at Posten Norden AB since 2009.  
Previous positions include: Executive Secretary of Post Danmark A/S management secretariat, 2000-09. State authorized public accountant, KPMG, 1979-95.

# Internal governance and control of financial reporting

Internal governance and control of financial reporting is defined in the Board of Director's rules of procedure as a process by which the Board, the CEO and employees provide a reasonable level of assurance for the reliability of financial reports. Following is a description of the main elements of the group's internal governance and control aimed at ensuring that the group's external reporting is complete and accurate.

## Control environment

A good control environment is ensured by clearly defining and communicating details about the organization, decision-making paths and allocation of authority within the group.

Decision-making within the group is regulated by Posten Norden AB's formal delegation of authority, which is based on the allocation of responsibilities established by the Board in its formal rules of procedure. The delegation of authority document sets forth the decision-making authority delegated by the CEO to the managers who report to him. These managers may then further delegate their decision-making authority within their respective areas of responsibility.

The group has a Code of Conduct and policy documents that clarify the values that are expected to be applied. The Code and policy documents provide guidance in terms of what Posten Norden stands for and how we want to be perceived by our stakeholders.

A significant part of the control environment in terms of financial reporting is covered by governing documents and processes for accounting and financial reporting. These documents are regularly updated by the group's central accounting and finance departments in the event of changes to legislation, accounting rules, reporting requirements, etc.

## Identification and management of risks

Risk analysis and risk management is a continuous process and constitutes a natural link in planning and follow-up of the group's operations. Risk analysis results are dealt with regularly by the Board, which evaluates and monitors financial reporting risks. See also the Risk and Risk Management section in the Consolidated Financial Review.

## Control activities

Control activities help to limit identified risks and are aimed at ensuring that financial reporting is complete and accurate. The group's business processes include controls

that cover issues such as the approval and reporting of business transactions.

The Shared Services unit ensures that services outsourced within the group's finance and payroll administration are delivered with high quality to the consuming units. Special finance functions within all business areas and group functions are responsible for planning and evaluating each unit's business goals and results.

The closing and reporting processes also include built-in controls for reporting, evaluation, disclosure requirements and application of established accounting principles. The group's central finance and treasury function is responsible for consolidated financial statements and for the group's shared financial and administrative control system. This responsibility includes regular analyses of the financial results of the business areas and group functions.

The group's internal audit function conducts efforts to examine the group's internal governance and control.

The Audit Committee, which has the overall task of preparing the Board's work in terms of the control and quality assessment of the group's financial reporting, helps ensure complete and accurate reporting by, among other things, maintaining an ongoing discussion with group management and examining accounting issues and the formulation of the group's financial reports.

## Information and communication

The group's Financial Accounting manual and supplementary internal guidelines for accounting and closing procedures are regularly updated and are communicated to relevant employees via the group's intranet and other channels.

The Board receives financial reports on the group's position and earnings trends on a regular basis, and deals with all quarterly accounts and the group's annual report before they are published.

Information to the group's external stakeholders is communicated on an ongoing basis through press releases and Posten Norden's external website.



### Governance and monitoring

The Audit Committee plays an important role in the Board's monitoring of the effectiveness of the internal governance and control of financial reporting. The CEO, pursuant to instructions from the Board, is also tasked with ensuring that internal governance and control are appropriate and effective.

All companies and corporate functions conduct annual self-assessments of the internal governance and control of financial reporting. A selection of companies and divisions are visited annually in order to verify the reliability of the self-assessments. Results are compiled and presented to the Audit Committee, the Board and to responsible managers.

Based on responses received, the internal governance and control of financial reporting is deemed satisfactory with reference to the companies and to the group functions.

Posten Norden has an overall internal audit function tasked with monitoring the group's internal governance and control and performing regular independent audits pursuant to an annual audit plan established by the Audit Committee and the Board. The function reports to the Board and to the CEO.

# Universal service obligations

Posten Norden's subsidiaries, Post Danmark A/S and Posten AB, are commissioned to provide universal postal services in Denmark and Sweden, respectively. The commissions are based on the EU directive regulating postal services within the EU and on the Universal Postal Union treaty that regulates international mail.

## Deregulation within the EU

In February 2008 the European Parliament and Council of Ministers announced their approval of Directive 2008/6/EC (the "Third Postal Directive") concerning the complete implementation of community inner markets for postal services. The new directive includes provisions for the deregulation of EU postal markets by December 31, 2010, with the exception of 11 countries which are exempted until December 31, 2012.

## Denmark

The EU directive was enacted in a new Danish Postal Law which regulates postal services in Denmark. The new law was passed by the Danish Parliament on December 16, 2010 and came into effect on January 1, 2011. It includes provisions stipulating that Post Danmark A/S will ensure universal services in a deregulated postal market. Post Danmark A/S has been appointed to fulfill the distribution obligation during the 2011-13 period. Postal operators will be licensed and the Ministry of Transport has been commissioned to establish a fund to finance the net costs of the universal postal service obligation to which all postal operators shall contribute.

Nationwide postal services and associated rights and obligations are also set forth in the "Special License for Post Danmark S/A". The final license is being prepared; Post Danmark has been granted a temporary license that is valid through April 1, 2011. The special license includes terms for service level, quality and prices. Under the new law Post Danmark shall, six days per week (five days per week for parcels), pick up and distribute mail items that are covered by the delivery obligation. Such items include addressed letters; daily, weekly and monthly periodicals; addressed parcels weighing up to 20 kilos and Braille material weighing up to 7 kilos. Addressed priority mail is delivered overnight, non-priority letters are delivered within 2-3 days and C-mail within four days. The quality requirement for letters and parcels is set at 93%.

Prices for services provided under the delivery obligation shall be cost-based, transparent and non-discriminatory. Only single mail items are required to be offered at uniform prices throughout the country. The Transport Ministry approves the price for domestic, stamped non-priority letters weighing up to 50 grams that are sent as single mail items. Post Danmark sets the price of other mail items.

Post Danmark shall maintain a nationwide service network of postal service points able to perform all services covered by the delivery obligation. Under the new law, format-based rates for stamped letters have been abolished. The law also specifies that mailboxes for all Danish households must be located on the property line. In line with the enactment of the new law, Posten Norden has decided to introduce two new types of parcels.

## Sweden

The Swedish Postal Act, Postal Statutes, and Concession terms issued by the Swedish Post and Telecom Agency (PTS) regulate universal postal services in Sweden.

The Third Postal Directive has been enacted in Sweden through a new Postal Act which came into effect on September 1, 2010. The Postal Act mandates the provision of nationwide postal services that enable all residents of Sweden to receive addressed mail items weighing up to 20 kilos (universal postal service).

Postal services must be of good quality, and it must be possible for everyone to receive such mailings delivered at reasonable prices. In addition, single mail items shall be conveyed at uniform prices. It must be possible to insure mailings and to obtain a receipt from the recipient showing that the mail item has been delivered. The government's service objectives for mail weighing up to 20 kilos are that mail be collected and delivered on every workday and at least five days a week nationwide. The Postal Statutes specify that at least 85% of the mail posted before a specified time and stamped for overnight delivery must be delivered on the following business day, wherever it is addressed to in Sweden. At least 97% of mail shall be delivered within three business days. For overnight mail, a price limit applies to single mail items weighing up to 500 grams, so their price may be raised no faster than the consumer price index.

The new Postal Act imposes the same universal postal service requirements as the previous law in terms of scope and quality. The new law also includes regulations that exceed those in the EU's Postal Directive. Among other things, the requirements for pricing transparency for the national operator have been increased and the price cap has been retained. At the same time, Posten Norden's main competitor, Bring – owned by the state-owned Norwegian Post – is not subject to these regulations. Under the new law the market is also allowed to provide necessary universal postal services, meaning that no specific postal operator needs to be appointed. If needed, how-



ever, PTS may appoint a postal operator to provide universal postal service. Following the law's effective date, PTS decided to include a requirement for Posten AB to provide universal postal service as part of Posten AB's licensing terms. Posten AB appealed this decision to the Administrative Court in 2010.

### Supervision

In Denmark, the Traffic Board regulates postal services on the national level. The Traffic Board supervises Post Denmark and all private postal companies operating in the Danish market. There are estimated to be over 700 postal operations in Denmark. Under Danish postal legislation, "postal operation" is defined as a business that provides commercial postal services for addressed mail items weighing up to 20 kilos. Upon request, postal operations must provide the Traffic Board with a number of details, including information on mail volumes processed.

In Sweden, PTS supervises postal operations to ensure that Posten complies with postal legislation and fulfills government requirements for universal postal services. PTS has granted permits to conduct postal operations in Sweden to more than 30 companies. According to the PTS report "Service and Competition 2010", the group fulfills the government requirements in terms of service level and quality. In terms of the proportion of mail distributed on the following day, the group continues to exceed by a wide margin the minimum requirements stipulated by the terms of its license.

### Special provisions – including provisions for sparsely populated areas

In Denmark, a postal operations and postal services ordinance sets forth regulations for the installation of mailboxes and apartment mailboxes. Under the new law, mailboxes for all households must be located on the property line. All multi-storey buildings must install apartment mailboxes in the entrance area. Disabled persons are entitled to have their mail delivered to their door. The Ministry of Transport may limit mail distribution in fringe areas, such as particularly remote areas and islands lacking ferry service. An extra day is added to the delivery time for parcels from Bornholm addressed nationwide.

In Sweden, PTS has issued general suggestions concerning the delivery of mail in the provision of the universal postal service. The general suggestions include advice that, outside urban areas, mail should be delivered to mailbox clusters along the mail carrier's route. Mail items addressed to a mail recipient living less than 200 meters down a side road from the mail carrier's main route should be delivered to the mailbox cluster on the main route. If there are at least two mail recipients who reside or work permanently for every kilometer of the side road, mail should be delivered along that road. However, elderly and physically handicapped people are entitled to have their mail delivered to their property line, as opposed to the mailbox cluster, upon request.

# » Consolidated financial statements

## » Consolidated financial statements

■ Income statement	55
■ Comprehensive income statement	55
■ Balance sheets	56
■ Statement of cash flows	57
■ Statement of changes in equity	58

## » Notes

Note 1 Accounting principles	59
Note 2 Estimates and assessments	66
Note 3 Revenue distribution	66
Note 4 Segment reporting	67
Note 5 Employees, personnel expenses and executive compensation	69
Note 6 Other expenses	70
Note 7 Audit fees and reimbursement of expenses	71
Note 8 Depreciation and impairment of tangible and intangible fixed assets	71
Note 9 Net financial items	71
Note 10 Taxes	71
Note 11 Participations in associated companies and joint ventures	71
Note 12 Intangible fixed assets	72
Note 13 Tangible fixed assets	73
Note 14 Leased machinery and equipment, property leases	73
Note 15 Financial investments	74
Note 16 Long-term receivables	74
Note 17 Deferred tax	74
Note 18 Inventory	74
Note 19 Accounts receivable	74
Note 20 Prepaid expenses and accrued income	75
Note 21 Cash and cash equivalents	75
Note 22 Interest-bearing liabilities	75
Note 23 Pensions	75
Note 24 Other provisions	79
Note 25 Accrued expenses and deferred income	80
Note 26 Pledged assets and contingent liabilities	80
Note 27 Investment commitments	81
Note 28 Statement of cash flows	81
Note 29 Financial risk management and financial instruments	81
Note 30 Transactions with associated parties	86
Note 31 Acquisitions and divestments of operations	87
Note 32 Highlights after the end of the period	88
Note 33 Consolidated pro forma statements	88
Note 34 Definitions	88

## Income statement

SEKm	Note	2010	Pro forma 2009	Change	Jul-Dec 2009
Net sales	1, 2	41,669	44,633	-7%	21,858
Other income	3	289	249	16%	120
<b>Income</b>	4	<b>41,958</b>	<b>44,882</b>	<b>-7%</b>	<b>21,978</b>
Personnel expenses	5	-20,551	-22,633	-9%	-10,938
Transport expenses		-7,384	-7,561	-2%	-3,902
Other expenses	6, 7, 24	-10,737	-12,397	-13%	-6,547
Depreciation and impairment of tangible and intangible fixed assets	8	-1,917	-2,014	-5%	-1,010
<b>Expenses</b>		<b>-40,589</b>	<b>-44,605</b>	<b>-9%</b>	<b>-22,397</b>
Participations in the earnings of associated companies		6	7		13
<b>OPERATING PROFIT</b>		<b>1,375</b>	<b>284</b>	<b>384%</b>	<b>-406</b>
Financial income	9	174	188	-7%	113
Financial expenses	9	-201	-251	-20%	-128
Participations in the earnings of associated companies and joint ventures			2,218		1,966
<b>Net financial items</b>		<b>-27</b>	<b>2,155</b>		<b>1,951</b>
<b>Profit before tax</b>		<b>1,348</b>	<b>2,439</b>	<b>-45%</b>	<b>1,545</b>
Tax	10	-317	-25		161
<b>NET PROFIT</b>		<b>1,031</b>	<b>2,414</b>	<b>-57%</b>	<b>1,706</b>
Attributable to					
Parent company shareholders		1,030	2,421		1,712
Minority interests		1	-7		-6
Earnings per share, SEK		0.51	1.21		0.86

## Comprehensive income statement

SEKm	2010	Jul-Dec 2009
<b>Net profit</b>	<b>1,031</b>	<b>1,706</b>
Other comprehensive income for the period, translation differences <sup>1)</sup>	-1,174	-344
<b>COMPREHENSIVE INCOME</b>	<b>-143</b>	<b>1,362</b>
Attributable to		
Parent company shareholders	-138	1,369
Minority interests	-5	-7

1) Translation differences are attributable to translation of the group's equity in foreign currency.

# Balance sheets

SEKm	Note	Dec 31, 2010	Dec 31, 2009
	1, 2		
<b>ASSETS</b>			
Goodwill	12	2,806	3,055
Other intangible fixed assets	12	1,493	1,962
Tangible fixed assets	13, 14	7,868	9,173
Participations in associated companies and joint ventures	11	95	117
Financial investments	15, 29	155	149
Long-term receivables	16	2,996	3,008
Deferred tax assets	17	136	168
<b>Total fixed assets</b>		<b>15,549</b>	<b>17,632</b>
Inventory	18	275	299
Tax assets		338	215
Accounts receivable	19	4,262	4,495
Prepaid expenses and accrued income	20	1,266	1,623
Other receivables	29	453	454
Short-term investments	15, 29		1
Cash and cash equivalents	21, 29	3,640	4,852
<b>Total current assets</b>		<b>10,234</b>	<b>11,939</b>
<b>TOTAL ASSETS</b>		<b>25,783</b>	<b>29,571</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Capital stock		2,000	2,000
Other contributed equity		9,954	9,898
Reserves		-1,512	-343
Retained earnings		1,302	1,712
<b>Total equity attributable to parent company shareholders</b>		<b>11,744</b>	<b>13,267</b>
<b>Minority interests</b>		<b>9</b>	<b>91</b>
<b>TOTAL EQUITY</b>		<b>11,753</b>	<b>13,358</b>
<b>LIABILITIES</b>			
Long-term interest-bearing liabilities	22, 29	1,047	1,193
Other long-term liabilities	29	68	199
Pension provisions	23	1,458	1,665
Other provisions	24	1,703	1,919
Deferred tax liabilities	17	797	742
<b>Total long-term liabilities</b>		<b>5,073</b>	<b>5,718</b>
Current interest-bearing liabilities	22, 29	407	610
Accounts payable		1,992	1,896
Tax liabilities		162	145
Other current liabilities	29	1,593	1,859
Accrued expenses and prepaid income	25	4,288	5,274
Other provisions	24	515	711
<b>Total current liabilities</b>		<b>8,957</b>	<b>10,495</b>
<b>TOTAL LIABILITIES</b>		<b>14,030</b>	<b>16,213</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>25,783</b>	<b>29,571</b>

For information on the group's pledged and contingent liabilities, see Note.



# Statement of cash flows

SEKm	Note	2010	Jul-Dec 2009
<b>OPERATING ACTIVITIES</b>			
Profit before tax		1,348	1,545
Adjustments for non-cash items:			
Reversal of depreciation and impairments		1,917	1,010
Capital gain/loss on sale of fixed assets		55	65
Capital gain/loss on sale of joint venture companies			-2,001
Pension provisions		842	395
Other provisions		-367	752
Other items not affecting liquidity		-19	-9
Pensions, net liquidity effect		-1,036	-530
Other provisions, liquidity effect		-104	-303
Tax paid		-335	222
<b>Cash flows from operating activities before changes in working capital</b>		<b>2,301</b>	<b>1,146</b>
Cash flows from changes in working capital			
Increase(-)/decrease(+) in inventories		24	17
Increase(-)/decrease(+) in accounts receivable		233	655
Increase(-)/decrease(+) in other operating assets		360	-119
Increase(+)/decrease(-) in accounts payable		96	-314
Increase(+)/decrease(-) in other operating liabilities		-1,307	-578
Other changes in working capital		117	-167
<b>Changes in working capital</b>		<b>-477</b>	<b>-506</b>
<b>Cash flows from operating activities</b>		<b>1,824</b>	<b>640</b>
<b>INVESTING ACTIVITIES</b>			
Investment in tangible fixed assets		-1,050	-773
Sale of tangible fixed assets		53	27
Capitalized development expenditures		-184	-86
Investment in intangible assets		-38	-31
Sale of intangible assets		4	
Acquisition of subsidiaries/business, net liquidity effect	31		-13
Sale of subsidiaries/business, net liquidity effect	31		36
Sale of joint venture /associated company, net liquidity effect	31		4,045
Investment in financial assets		-5	-11
Sale of financial assets		21	133
<b>Cash flows from investing activities</b>		<b>-1,199</b>	<b>3,327</b>
<b>FINANCING ACTIVITIES</b>			
Amortized loans		-123	-440
Amortized finance leasing liabilities		-110	-66
Dividend(s) paid to parent company's owner		-1,440	
Dividend(s) paid to minority interests		-3	
Buy-back, minority Post Danmark A/S	28	-19	-317
Increase(+)/decrease(-) in other interest-bearing liabilities		-87	-106
<b>Cash flows from financing activities</b>		<b>-1,782</b>	<b>-929</b>
<b>CASH FLOWS FOR THE PERIOD</b>		<b>-1,157</b>	<b>3,038</b>
Cash and cash equivalents, beginning of the period		4,852	1,844
Translation difference in cash and cash equivalents		-55	-30
Cash and cash equivalents, end of the period	21	3,640	4,852

## Statement of changes in equity

SEKm	Equity attributable to parent company shareholders						Total equity
	Capital stock <sup>1)</sup>	Other contributed equity	Currency translation reserve	Retained earnings	Total	Minority interest	
Issue for non-cash consideration	2,000	10,141			12,141		12,141
Result of issue		-243			-243	415	172
<b>Beginning balance as of 01-07-2009</b>	<b>2,000</b>	<b>9,898</b>			<b>11,898</b>	<b>415</b>	<b>12,313</b>
Redemption of Post Danmark A/S shares						-317	-317
Net profit				1,712	1,712	-6	1,706
Other comprehensive income for the period			-343		-343	-1	-344
<b>Ending balance as of 12-31-2009</b>	<b>2,000</b>	<b>9,898</b>	<b>-343</b>	<b>1,712</b>	<b>13,267</b>	<b>91</b>	<b>13,358</b>
Beginning balance as of 01-01-2010	2,000	9,898	-343	1,712	13,267	91	13,358
Redemption of Post Danmark A/S shares		56			56	-75	-19
Dividend <sup>2)</sup>				-1,440	-1,440	-3	-1,443
Net profit				1,030	1,030	1	1,031
Other comprehensive income for the period			-1,169		-1,169	-5	-1,174
<b>Ending balance as of 12-31-2010</b>	<b>2,000</b>	<b>9,954</b>	<b>-1,512</b>	<b>1,302</b>	<b>11,744</b>	<b>9</b>	<b>11,753</b>

1) Number of shares is 2,000,000,001: 1,524,905,971 ordinary shares and 475,094,030 series B shares.

2) A dividend of SEK 1,440m (SEK 0.72 per share) was distributed to the owners; Svensk Adressändring AB distributed a dividend of SEK 3m to minority shareholders.

# Notes

## NOTE 1 Accounting principles

### Compliance with legislation and regulations

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), together with interpretation statements from the International Financial Reporting

Interpretations Committee (IFRIC), to the extent that they have been approved by the European Commission for application within the European Union. The Swedish Annual Accounts Act and the Swedish Financial Reporting Board's rule RFR 1, Supplemental Financial Statements for Groups, have also been applied.

The parent company applies the same accounting principles as the group, with exceptions specified in Note 1, Accounting Principles for the parent company. The differences between the parent company's and the group's accounting principles result from the parent company's limitations in applying IFRS as a consequence of the Swedish Accounts Act and the Act of Safeguarding of Pension Commitments, and are to some extent based on tax considerations.

### Basis of preparation

The parent company's functional currency is SEK, which is also the reporting currency for the consolidated and parent company accounts. This means that all financial reports are presented in SEK. Unless otherwise specified, all figures are rounded to the nearest million. Assets and liabilities are primarily carried at acquisition cost, with the exception of certain financial assets and liabilities that are reported at fair value. These financial assets and liabilities reported at fair value consist of derivatives as well as financial assets classified either as "financial assets reported at fair value in the income statement" or as "available-for-sale financial assets". (See the description of categories in the "Financial instruments" section). Available-for-sale fixed assets and disposable items held for trading are reported at the lower of their fair value less the cost of sale or the value at which they were previously reported.

The reporting under IFRS requires the executive management to make assessments, estimates and assumptions that affect the application of the accounting principles and the reported values of assets, liabilities, income and costs. These estimates and assumptions are based on historical experience and a number of other factors considered reasonable under prevailing circumstances. The results of these estimates and assumptions are used to assess the reported values of assets and liabilities whose values cannot be clearly determined using other sources. Actual future values may differ from these estimates and assessments.

The estimates and assumptions used are reviewed regularly. Changes in estimates or valuations are reported in the period when the change is made, if the change only affects that period, or are reported in future periods as well, if the change affects the original as well as subsequent periods.

Assessments made by executive management in the application of IFRS that have a material effect on the financial reports as well as estimates that can lead to significant adjustments in subsequent fiscal year's financial reports are described in further detail in Note 2, Estimates and Assessments, and in relevant notes where estimates have been used.

The accounting principles for the group, described below, have been applied consistently during all periods presented in the group's financial statements. The consolidated accounting principles have been applied consistently to the reporting and consolidation of subsidiaries, associated companies and joint ventures.

### Changes in accounting principles

#### *Accounting principles that came into effect in 2010*

- **IFRS 3, Business Combinations.** Stipulates revised rules for determination of disclosed goodwill and that acquisition costs may not be capitalized; expands definition of 'business combination'; specifies that fair value of consideration shall be determined at acquisition date and that changes in liability related to contingent consideration occurring up to settlement shall be adjusted in other total results. The new rules also allow the choice between two methods of calculating the minority and specify that additional acquisitions shall be reported as equity transactions after a stipulated level of influence is achieved. The standard shall be applied from January 1, 2010. Application of the new IFRS 3 will have some effect on the consolidated position and results in connection with future business combinations, primarily in terms of acquisition costs for advisory services and consultations in connection with acquisitions that can no longer be capitalized in the consolidated financial statements and which will differ from the reporting of legal entities and the application of conditional purchase consideration.
- **IAS 27, Consolidated and Separate Financial Statements,** has been changed with respect to the way in which changes of ownership interest in subsidiaries, effects of goodwill, and profit and loss resulting from changes in ownership shall be reported. Changes of ownership in entities in which controlling influence is retained shall be reported as equity transactions. Profits and losses resulting from the cessation of controlling influence of an entity shall be reported in net profit; the remainder shall be re-valued. In addition, losses shall be allocated to non-controlling interest holdings even where this results in a negative share of equity. The changed standard has not to date affected reported acquisitions.
- **Improvements to Standards:** Change of IFRS 8, Operating Segments. Total assets and liabilities shall be reported in the financial statements in the manner in which they are reported to company management for the management of operations. The improvement to the standard has not caused any change in the company's segment reporting.

#### *Future changes in accounting principles that take effect in 2011 or later*

- **IAS 24, Related Party Disclosures.** Amendment stipulates that transactions between state-owned companies are not automatically considered to be related party transactions. To be applied from January 1, 2011. The company's disclosures to date concerning transactions with the government are limited to reports of a non-commercial nature, meaning that related party transactions have been applied to specific mandates from the state and licenses from authorities. The amendments to the standard have not had any bearing on the company's related party disclosure.
- **IFRS 9, Financial Instruments,** replaces the current IAS 39. To be applied from January 1, 2013. The main known changes are that classification and valuation will be reduced to two categories and will be assessed either at fair value or at amortized cost, and that estimation and valuation of credit losses in connection with loan valuations will be based on a model of anticipated losses rather than "realized" losses. Changes with regard to hedge accounting are also anticipated but are as yet unknown. The changes to classification and valuation are not expected to affect the company's reporting of financial instruments, since the company does not have assets in other categories. The standard regarding credit losses is not expected to have any effect on the company, since the company's credit losses apply only to accounts receivable.

- **IFRIC 14 IAS 19, Limits on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.** Under the change, surplus for covering minimum pension funding requirements may be recognized as assets. The change will be applied as of January 1, 2011. The majority of defined benefit pension plans in Sweden are safeguarded by a pension fund. Payments are not normally made to the pension fund to cover minimum funding requirements. Rather, other methods such as pension liability insurance are used to safeguard benefits. The change therefore has no effect on the company's reporting.

The company has elected not to apply new and future changes to accounting principles, interpretations or improvements ("Improvements to IFRSs") in advance.

#### Segment reporting

A segment is a component of the group that can be distinguished for financial reporting purposes, comprising operational divisions or geographical areas. A segment is identified by the fact that its divisions offer similar products and services and that it is exposed to different risks and opportunities from those of other segments. Segment accounting is based on management's segment reporting. Posten Norden's segment grouping is based on its universal service obligation for mail and parcel services in Sweden and Denmark, and on its mission to offer information logistics and logistics services in the Nordic region.

Information on segments is available only for the group.

#### Classification, etc.

Fixed assets and long-term liabilities essentially comprise amounts expected to be recovered or paid more than 12 months from the close of the accounting period. Current assets and current liabilities essentially comprise amounts expected to be recovered or paid within 12 months from the close of the accounting period.

#### Basis of consolidation

The Swedish Ministry of Enterprise, Energy and Communications and the Danish Ministry of Transport announced on February 2, 2009 that Posten AB and Posten Danmark A/S had signed an agreement to merge the companies through a joint venture between the Swedish and Danish states. The owners founded a new company, Posten Norden AB, which became the parent company of the joint group as of June 24, 2009. The Posten AB and Post Danmark A/S groups were consolidated as of July 1, 2009.

The merger has been reported in accordance with the "carry-over method", meaning that consolidated net assets are reported at the reported values in the accounts of Posten AB and Post Danmark A/S respectively at the time of the merger. For reported values as of

December 31, 2009, this means that Posten Norden's consolidated balance sheet comprises the book values that the two companies would have had if each were reported individually. The group's opening balances are the book values of each company's balance sheet at the time of the merger. Therefore, pension liabilities were not recalculated actuarially as of the merger date and no revaluation of assets was performed. In compiling the group's Notes, opening balances (as required and not reported at time of merger) were calculated based on 12-31-09 balances and reported changes and income items.

#### Subsidiaries

Subsidiaries are companies in which Posten Norden exercises a controlling influence. This implies directly or indirectly holding the right to set the companies' financial and operational strategies with the aim of attaining financial benefits. Voting rights that can be exercised or immediately converted are considered when determining the existence of a controlling influence.

- Subsidiaries are reported in accordance with acquisition method. Under this method, an acquisition is treated as a transaction in which the group indirectly acquires the assets and assumes the actual and contingent liabilities of the subsidiary. The consolidated acquisition cost is calculated using an acquisition analysis performed upon acquisition. The analysis determines the acquisition cost of the shares or operations as well as the fair value of the assets acquired and the actual and contingent liabilities assumed at the acquisition date. The acquisition cost of a subsidiary's shares or its operations consists of the fair value on the acquisition date of assets, realized or assumed liabilities and equity instruments issued in exchange for the net assets acquired. Acquisition costs attributable to the acquisition are only capitalized for legal entities in line with local accounting and taxation regulations, and are expensed in the consolidated financial statements. Conditional purchase consideration is fixed at fair value at acquisition date. Adjustments made to the related liability for the conditional purchase consideration through the settlement date are reported in total income. The difference between the acquisition cost for subsidiary shares and the fair value of acquired assets, assumed liabilities and contingent liabilities comprise consolidated goodwill. Ownership changes are reported as equity transactions as long as control is maintained. When controlling influence ceases, gains and losses are reported in net profit; the remainder is revalued in income.

Subsidiaries' accounts are included in the consolidated statements from the date of acquisition until the date on which the controlling influence ceases to exist.

#### Associated companies

- Associated companies are companies in which the group has a significant, but not controlling, influence on operational and financial management, normally between 20 and 50% of the voting rights. Participations in associated companies are reported in the consolidated statements using the equity method from the date on which the significant influence is established. Under the equity method, the consolidated book value of a participation in an associated company corresponds to the group's share of that company's equity as well as consolidated goodwill and any residual value of consolidated surplus and deficit values. The group's share of associated companies' operating earnings, financial income, taxes and minority interests is reported after being adjusted for any depreciation, impairments or dissolution of acquired surplus or deficit values. Dividends received from an associated company are deducted from the reported value of that investment. The group's acquisition cost, goodwill and any deficit values are determined in the same way as for subsidiaries, using an acquisition analysis (see the "Subsidiaries" section above), except that acquisition costs are capitalized in the group. Losses are allocated to non-controlling interests even in cases where the proportion of equity becomes negative.

The equity method is applied until the date on which the significant influence ceases to exist.

### *Joint ventures*

For reporting purposes, a joint venture is a company in which the group exercises a significant influence on operational and financial management decisions jointly with one or more partners based on an agreement. Joint ventures are consolidated in the accounts using the proportional method. Under the proportional method, the group's stake in each joint venture's income and costs as well as assets and liabilities are consolidated in the group's income statement and balance sheet. This is done by combining, item by item, the joint venture partner's stake in assets and liabilities and income and costs with the corresponding items in the partner's consolidated accounts. Only equity earned after the acquisition is reported in consolidated equity. The proportional method is applied from the date on which the joint controlling influence is established, until the date on which that influence ceases.

### *Transactions eliminated on consolidation*

Intra-group receivables and liabilities, income and costs, and gains or losses arising from intercompany transactions are eliminated in their entirety upon consolidation. Intra-group losses that indicate impairment are included in the consolidated accounts.

Gains and losses resulting from transactions with associated companies or joint ventures are eliminated in proportion to the group's stake in those businesses. Losses are recognized to the extent they indicate impairment.

### **Foreign currency**

#### *Foreign currency transactions*

A group's functional currency is the currency of the primary economies in which the companies in that group operate. The group consists of the parent company and its subsidiaries, associated companies and joint ventures.

Transactions in foreign currencies are translated into the functional currency at the rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate on the balance sheet date. Foreign exchange differences arising from these translations are reported in the income statement. Non-monetary assets and liabilities denominated in foreign currencies and reported at their acquisition costs are translated at the rate prevailing on the transaction date. Non-monetary assets and liabilities denominated in foreign currencies and reported at fair value are translated into the functional currency using the exchange rate on the date of valuation. Changes in exchange rates are then reported in the same way as other changes in the value of assets or liabilities.

#### *Foreign entities' financial statements*

Assets and liabilities held by foreign entities, including goodwill and other consolidated surplus and deficit values, are translated into SEK at the exchange rate prevailing on the balance sheet date. Income and costs in foreign entities are translated into SEK using an average exchange rate, approximately equal to the exchange rates prevailing on the transaction date. Translation differences arising from the translation of foreign entities are recognized directly in equity as a translation reserve.

### **Income**

Income from services is reported in the income statement based on the stage of completion at the balance sheet date. The Letter and Messaging and Logistics business segments recognize income when a physical mail piece has been collected for physical transportation. Income related to services featuring an electronic component (hybrid service) is recognized once the object has been converted into a physical format and been received for physical transportation in the form of a mail piece. Mail processing facility fees relate to the handling period; that is, the

period in which the mail piece was received from abroad. Distribution income is recognized in the period in which the service is performed. Income from post office boxes is accrued over the contract duration. Services in Stralfors are generally performed over a short period of time, the income recognized when the service has been delivered.

The sale of goods is recognized upon delivery in accordance with the terms and conditions of sale, such that income is reported when the risks and rewards associated with the goods are transferred to the counterparty.

Income is not recognized if the financial rewards are unlikely to fall the group. Net sales are reported excluding value-added tax, discounts provided and similar income reductions.

### **Expenses and financial income and expenses**

#### *Expenses*

Personnel expenses are attributed to the period in which duties are performed. Changes in vacation and wage liabilities are reported on an ongoing basis, as employee entitlements accrue. Thus, periods during which large numbers of employees are on vacation usually feature below-average personnel expenses. Other expenses are reported in the period during which the goods or services have been delivered or utilized (e.g. rental costs).

#### *Payments for assets leased under operational leases*

Payments for operational leases are reported in the income statement on a straight-line basis over the leasing period. Rewards received upon signing a leasing contract are reported as part of the total leasing cost in the income statement on a straight-line basis over the leasing period. Variable costs are expensed in the period in which they arise.

#### *Payments for assets leased under finance leases*

Minimum lease payments are divided between interest and amortization of the remaining liability. Interest expenses are distributed over the leasing period so that each reporting period is charged with a payment corresponding to a fixed interest rate for the liability reported in that period. Variable costs are expensed in the period in which they arise.

#### *Financial income and expenses*

Financial income and expenses consist of interest income from bank deposits, receivables and interest-bearing securities; interest paid on loans; dividend income; foreign exchange differences; unrealized and realized gains and losses on financial investments; and derivatives used in financial operations.

Interest income on receivables and interest expense on liabilities are calculated using the effective interest method. When the effective interest rate is used, the present value of all receipts and disbursements during the fixed-interest term equals the reported value of the receivable or liability. The interest component of a finance lease payment is reported in the income statement using the effective interest method. Interest income and expense include accrued transaction costs and any discounts, premiums or other differences between the original reported value of the receivable or liability and the amount settled at maturity.

Issue expenses and similar direct transaction costs related to raising loans are included in the calculation of effective interest.

Dividend income is recognized when the right to receive dividends has been confirmed.

### **Financial instruments**

Financial instruments reported on the assets side of the balance sheet include cash and cash equivalents, accounts receivable, shares, loan receivables, bond premiums and derivatives. Reported on the equity and liabilities side are accounts payable, debt and equity instruments issued, loans and derivatives.

Financial instruments are initially recognized at acquisition cost, equivalent to the instrument's fair value plus transaction costs, for all financial instruments except those classified as financial assets. Financial assets are reported at fair value in the income statement. Subsequent accounting differs, depending on how the financial instrument is classified, as detailed below.

A financial asset or liability is entered on the balance sheet when the company becomes a party to the instrument's terms and conditions. Accounts receivable are recognized on the balance sheet once the invoice has been sent. Liabilities are recognized when a counterparty has rendered services and payment as due under the terms of the contract, even if an invoice has yet to be received. Accounts payable are recognized when an invoice is received.

Financial assets are taken off the balance sheet when the rights of the contract have been realized, when they mature or when they are no longer controlled by the company. The same applies to portions of financial assets. Financial liabilities are taken off the balance sheet when contractual obligations are fulfilled or otherwise cease. The same applies to portions of financial liabilities.

Acquisitions and disposals of financial assets are recorded on the date of transaction, which is the day on which the company becomes legally bound to acquire or dispose of the financial assets. This does not apply to the acquisition or disposal of listed securities, which are recorded on the settlement date.

The fair value of a listed financial asset corresponds to the asset's bid rate in the market on the balance sheet date. The fair value of unlisted financial assets, consisting of accounts receivable, endowment insurance policies and cash, is ascertained through various valuation methods such as the use of recent transactions, the price of comparable instruments and discounted cash flows.

The values of financial assets and groups of financial assets are assessed in every reporting period to discern any objective impairment. The criteria for determining the need for any impairment is primarily based on the counterparty's officially communicated inability to meet its obligations or on its ability to pay demonstrated by experience in the financial markets.

Financial instruments are classified into categories, depending on the purpose for which each instrument was acquired. The classification is determined at the time of acquisition. The categories are as follows:

***Financial assets reported at fair value in the income statement***

This category contains two subgroups: financial assets held for trading and other financial assets that the company has initially chosen to place in this category. A financial asset is classified as "held for trading" if acquired for the purpose of resale in the short term. Derivatives are classified as held for trading unless they are used for hedge accounting. Assets in this category are carried at their fair value, with changes in value recognized in the income statement.

***Loan receivables and accounts receivable***

Loan receivables and accounts receivable are financial assets that are not derivatives but have fixed payments or determinable payments and are not listed in an active market. They are created by the company when providing money, goods or services directly to the debtor, not for the purpose of trading in the right to recover the debt. This category includes acquired receivables. Assets in this category are valued at their amortized cost. The amortized cost is determined based on the effective interest rate calculated at the acquisition date.

***Held-to-maturity investments***

Held-to-maturity investments are financial assets with fixed or predetermined payments and fixed maturity, and which the company has the express intent and ability to hold to maturity. Assets in this category are valued at their accrued acquisition cost. The amortized cost is

determined based on the effective interest rate calculated at the acquisition date. Thus, surplus and deficit values as well as direct transaction costs are distributed over the instrument's duration.

***Available-for-sale financial assets***

Available-for-sale assets are those financial assets that are not required to be classified in any other category, or financial assets which the company has initially chosen to place in this category. Assets in this category are carried at their fair value, with changes in value recognized in equity, except those attributable to impairments. When the assets are disposed of and removed from the balance sheet, unrealized gains and losses in the equity are reversed to the income statement. Interest measured with the effective interest rate method is recognized in the income statement.

***Financial liabilities held for trading and other financial assets***

Financial liabilities held for trading consist of interest-bearing liabilities and derivatives not used for hedge accounting. Liabilities in this category are reported at fair value, with changes in value recognized in the income statement.

***Other financial liabilities***

Financial liabilities not held for trading are valued at amortized cost. The amortized cost is determined based on the effective interest rate calculated at the acquisition date. Thus surplus and deficit values as well as direct issue expenses are distributed over the liability's duration. Borrowing costs attributable to the acquisition, construction or production of assets that take a significant time to complete will be capitalized.

***Cash and cash equivalents***

Cash and cash equivalents consist of cash, money in demand deposits at banks and similar institutions, and short-term liquid investments with maturities shorter than three months from the date of acquisition that are exposed to minimal risk of fluctuation in value. Funds in transfer on the statement of cash flows are not treated as cash and cash equivalents. They are accounting items that Posten Norden transfers on behalf of customers. These funds are therefore unavailable to Posten Norden and may not be used by its business operations. The Funds in Transfer item fluctuates independently of operating earnings, investments and other payment streams in the business operations.

***Financial investments***

Financial investments are classified either as financial fixed assets or short-term investments, depending on the purpose of the investment. If the maturity or expected investment period is longer than one year, they are classified as financial fixed assets; if shorter than one year but longer than three months, they are short-term investments.

Interest-bearing securities acquired with the aim of being held to maturity belong to the category "financial investments held to maturity" and are valued at amortized cost. Interest-bearing securities that the company does not intend to hold to maturity are classified as "financial assets recognized at fair value in the income statement" or "available-for-sale financial assets".

When assets are reported at fair value in the income statement, changes in value are recognized under net financial items.

***Long-term receivables and other short-term receivables***

Long-term receivables and other short-term receivables are receivables created by the company when providing money not for the purpose of trading in the right to recover the debt. Those with an expected holding period longer than one year are classified as long-term receivables, those less than one year as other short-term receivables. These receivables belong to the category Loans Receivable and Accounts Receivable.

**Accounts receivable**

Accounts receivable are classified under Loans Receivable and Accounts Receivable. Accounts receivable are reported at the amount expected to be received less doubtful receivables, assessed on an individual basis. Accounts receivable are written down when considered doubtful; that is, if more than 90 days past due or due from a customer with a history of payment difficulties. Accounts receivable from customers recognized as solvent and with good payment histories are not considered doubtful even if more than 90 days past due as long as the customer can be expected to pay appropriate interest. The expected maturity of accounts receivable is short, so they are reported at their non-discounted nominal value. Impairments on accounts receivable are reported under expenses.

**Liabilities**

Liabilities are classified as other financial liabilities and are thus initially reported at the amounts received less transaction costs. After its acquisition date, a loan is valued at its amortized cost using the effective interest rate method. Those with an expected maturity of more than one year are classified as long-term liabilities, and those of less than one year as short-term liabilities.

**Accounts payable**

Accounts payable are classified under other financial liabilities. The expected maturity of accounts payable is short, so they are valued at their non-discounted nominal value.

**Derivatives and hedge accounting**

Derivatives held by the group are in the form of forward contracts used to minimize the group's exposure to fluctuations in exchange rates, electricity rates and fuel prices. Changes in the values of derivatives are recognized in the income statement, based on the purpose of the holding.

**Foreign currency receivables and liabilities**

Forward contracts are used to hedge assets and liabilities against foreign exchange risk. Hedge accounting is unnecessary for matching, as the hedged item is translated at the exchange rate on the balance sheet date and the hedge instrument is measured at fair value with changes in value recognized in the income statement under foreign exchange differences. Posten Norden thereby achieves essentially the same matching of income and expenses as through hedge accounting. Changes in value related to operating receivables and liabilities are recognized under operating earnings, while changes in value related to financial receivables and liabilities are recognized under net financial items.

**Transaction exposure – cash-flow hedges**

Forward contracts are used to hedge exposure to fluctuations in exchange rates related to cash flows under contractual agreements and in electricity rates related to forecast future cash flows. Value changes are recognized in the income statement.

**Net investments**

Investments in foreign subsidiaries (net assets including goodwill) are not hedged. At year-end they are translated at the exchange rate on the balance sheet date. Foreign exchange differences recognized in the parent company's income statement are eliminated in the consolidated accounts through revaluation of the net assets in the subsidiary included in equity.

**Tangible fixed assets****Owned assets**

Tangible fixed assets are entered as assets on the balance sheet when it is likely that the future financial rewards of ownership will befall the company, and if the acquisition cost of the asset can be reliably determined.

Tangible fixed assets are reported at acquisition cost less accumulated depreciation and impairments. The acquisition cost consists of the purchase price as well as costs directly related to bringing the asset to the necessary place and condition for its use in accordance with the purpose of the acquisition. Examples of directly related costs included in acquisition cost are delivery and handling, installation, registration of title, consulting fees and legal fees. Loan expenses are not included in the acquisition cost of fixed assets produced by the company. Accounting principles for depreciations are described below.

Tangible fixed assets consisting of parts with different useful lives are treated as separate components of tangible fixed assets.

The reported value of a tangible fixed asset is taken off the balance sheet when the asset is discarded or disposed of, or when no further financial rewards are expected to be gained from the use. Gains or losses arising from the discarding or disposal of an asset are calculated as the difference between the sale price and the asset's carrying value, less expenses directly related to the sale. Gains and losses are reported under other income/expenses.

**Leased assets**

Leases are classified in the consolidated financial statements as either finance or operational leases. Under finance leases, the economic risks and rewards associated with ownership are essentially transferred to the lessee. If such is not the case, the agreement is deemed an operational lease.

Assets leased through finance lease agreements are reported as assets in the consolidated balance sheets. Obligations to pay leasing payments in the future are reported as current and long-term liabilities. Leased assets are depreciated according to plan, while lease payments are reported as interest and amortization of the liability.

For operational leases, leasing fees are expensed during the term based on usage and thus may differ from the leasing fees actually paid during the year.

**Additional costs**

Additional costs related to tangible assets are added to the acquisition cost only when it is likely that the future financial rewards of the asset will befall the company and the acquisition cost can be determined reliably. All other additional costs are reported as expenses in the period in which they were incurred.

Critical to the determination of whether additional costs should be added to the acquisition cost is whether or not the charge is related to exchanges of identifiable components or subcomponents; if so, such charges are capitalized. The cost of creating a new component is also added to the acquisition cost. Any reported value of an exchanged component or subcomponent not already depreciated is discarded and recognized as an expense at the date of exchange. Repairs are expensed as they arise.

**Depreciation principles**

Tangible fixed assets are depreciated on a straight-line basis over the estimated useful life of the asset. Land is not depreciated. The group applies component depreciation, such that the estimated useful lives of material subcomponents are a basis for depreciation.

The depreciation periods are as follows:

Buildings, land improvements and improvements to leased properties	20-50 years
Equipment and installations for leased premises	5-10 years
Sorting equipment	5-10 years
Vehicles	4-8 years
Computer equipment	3-7 years
Other machinery and equipment	3-10 years

The residual values and estimated useful lives of assets are evaluated annually.

**Intangible assets**

**Goodwill**

Goodwill represents the difference between the acquisition cost of a subsidiary and the fair value of the acquired assets and assumed and contingent liabilities.

The group has not applied IFRS retroactively to goodwill arising from business combinations occurring prior to January 1, 2004; rather, the reported value at that date has been taken as the consolidated acquisition cost, after impairment testing.

Goodwill is measured at acquisition cost less any accumulated impairments. Goodwill is allocated to cash-generating units and is no longer amortized but is tested for impairment annually. Goodwill arising from the acquisition of an associated company is included in the reported value of the holding in that associated company.

Goodwill relates mainly to the acquisition in 2001 of Posten's parcel distribution services, the 2006 acquisition of Stralfors and the acquisition of Tollpost AS. Goodwill from these acquisitions is denominated in SEK, NOK, EUR, GBP and DKK.

**Capitalized development expenditures**

Development-related expenditures are capitalized whenever it is deemed they will provide future financial benefits. The reported value includes direct expenses for services and materials. Other development expenditures are expensed in the income statement as they arise. Capitalized development expenditures are reported on the balance sheet at acquisition cost less accumulated amortization and impairments. Posten Norden defines development expenditures as costs related to the development of commercially viable services and products that can be incorporated into Posten Norden's offering. These costs include costs that are directly related to the newly developed offering. Development expenditures are capitalized when they satisfy IAS 38 criteria and are estimated to amount to a material sum for the overall development project. Other development expenditures are expensed as normal expenses.

The main criteria for capitalization are that the development efforts will lead to proven future rewards and cash flows and that the necessary technical and financial conditions exist for completing the development work once it has been commenced.

Other development projects, such as projects related to essential ERP systems, are capitalized when they amount to or are estimated to amount to a material sum for the overall project. Otherwise, such charges are expensed.

**Other intangible fixed assets**

Other intangible fixed assets comprise acquired brands and other rights, which are reported at the acquisition cost less accumulated amortization and impairments. Straight-line depreciation is used for the term of such rights, usually 5-10 years.

**Additional costs**

Additional costs related to capitalized intangible assets are recognized as assets on the balance sheet only when they enhance the future financial benefits that exceed the original assessments. All other payments are expensed as they arise.

**Amortization principles**

Amortization is reported in the income statement on a straight-line basis over each intangible asset's estimated useful life, where this can be ascertained. Goodwill and intangible assets with indeterminate useful lives are tested for impairment annually or as soon as there is an indication of impairment of the asset in question. Intangible assets are amortized from the date on which they were made available for use.

The following amortization periods are applied:

Capitalized, completed development efforts	5-10 years
Brands, customer relations, licenses and other rights	5-10 years

**Inventory**

Inventory is valued at the lower of acquisition value, determined using the first-in/first-out (FIFO) method, and net realizable value.

**Impairments**

The reported values of consolidated assets – with the exception of available-for-sale assets and disposal items reported in accordance with IFRS 5, investment properties, inventories, assets under management used to meet pension commitments, and deferred tax credit – are tested at each balance sheet date to discern impairment. If such indications exist, the asset's recoverable value is calculated. The assets listed as exceptions above are tested to applicable standards.

The recoverable value of goodwill, other intangible assets with indeterminate useful lives and intangible assets not yet ready for use is calculated annually.

For impairment of financial assets, see the "Financial Instruments" section.

An impairment loss is reported when the reported value of an asset of a cash-generating unit exceeds its recoverable value. Impairment losses are reported in the income statement.

Impairments on assets related to cash-generating units are primarily allocated to goodwill. Proportional impairments are subsequently charged to all other assets in the unit.

**Calculation of recoverable amount**

The reported values of the group's assets are tested at each balance sheet date to discern indications of impairment. If such indications exist, the recoverable value of individual or naturally affiliated assets is measured as the higher of the fair value less selling expenses and the useful value. The measurement of useful values is based on Posten Norden's assessment of future cash flows. In the measurement of useful values, future cash flows are discounted using a discount rate that takes into account risk-free interest and the risk linked to each specific asset. The assessments are based on the corporate business plans and are augmented by other relevant information, used to enhance accuracy.



**Reversal of impairment**

Impairment losses on goodwill are never reversed. Impairment of other assets is reversed if there is both an indication that the impairment no longer exists and a change in the assumptions used as a basis for measuring such assets' recoverable values.

Impairment is reversed only to the extent that the reported value of an asset, after reversal, does not exceed the reported value that the asset would have had if no impairment had been recognized, taking into account the amortization that would have been charged.

**Dividends paid**

Dividends are reported as liabilities after they have been approved for payment by the AGM.

**Employee benefits***Pension commitments*

The Posten Norden Group's pension commitments are met in part through defined benefit plans featuring a contractually binding promise regarding a given future pension level for employees, and in part through defined contribution plans for which premiums have been set aside and for which the employee assumes the risk as regards the future pension level. The Group's obligations with respect to defined contribution plans are reported as personnel expenses in the income statement as they accrue through the employees' performance of their work duties. Most of the defined benefit plans consist of a pension plan set up for Posten Norden AB (publ) in Sweden and some smaller plans in Norway and France. Actuarial calculations are prepared for all defined benefit plans in accordance with the projected unit credit method in an effort to establish the present value of commitments concerning benefits for current and former employees. Actuarial calculations are prepared annually and are based on actuarial assumptions, which are made at the end of the fiscal year. These assumptions cover inflation, changes in the income base amount, personnel turnover, discount rates, rates of return and life expectancy.

The group's net commitments consist of the present value of pension commitments less the fair value of assets under management. Changes in the present value of commitments owing to changed actuarial assumptions are treated as actuarial gains or losses. Actuarial gains and losses are recognized in the income statement over the employee's average remaining period of employment in cases where they exceed the "corridor" threshold for each plan. The corridor threshold equals 10% of the higher of the value of the pension commitment and the fair value of assets under management. Pension provisions and similar commitments appearing on Posten Norden Group's balance sheet equal the commitments' present value at fiscal year-end, less the fair value of assets under management, unreported actuarial gains or losses and unreported costs related to employment from earlier periods. If this calculation leads to an asset for the group, the reported value of the asset is limited to the sum of the reported actuarial losses plus the value that the company can be expected to attain in the future from the surplus in funded assets. If the pension cost and pension provision set for Swedish plans deviate from the corresponding amount in accordance with RedR 4, the difference is reported for special payroll tax in accordance with UFR 4 (originally published as URA 43). For pensions and similar benefits financed through defined contribution plans, amounts corresponding to Posten Norden's annual fees for the plans are expensed.

*Severance pay*

Provisions for severance pay are made only if Posten Norden can be proven to have committed to terminate an employment contract before its expiration, without a reasonable possibility of withdrawal. If compensation is paid for voluntary termination, a provision is reported when the offer has at least been accepted by the concerned parties' representative and when the number of employees that will accept the offer can be reliably calculated. When Posten Norden terminates employee contracts, a detailed plan is prepared covering workplaces, positions and the estimated number of employees affected, as well as compensation paid to each personnel group or position and the period of implementation of the plan.

**Provisions**

Provisions are made for commitments resulting from an event and for binding loss contracts, in which it is probable that an outflow of resources will be needed to settle the commitment. Provisions are reported on the balance sheet when there is a legal or informal obligation to do so and when the amount can be determined reliably. Provisions for restructuring are made when an adequately detailed plan is in place and has been communicated in a fashion that creates firm expectations among stakeholders, or their representatives, who will be affected by the measures.

**Taxes**

Tax on net earnings is comprised of current tax and deferred tax. Taxes are recognized in the income statement except when the underlying transaction is recognized directly in equity, provided that the subsequent tax effect is also reported in equity. Current tax is the tax calculated on the year's taxable income. Adjustments of current tax attributable to earlier periods are also included.

Deferred tax is calculated in accordance with the balance sheet method, based on the temporary differences between the reported and taxable values of assets and liabilities. The amounts are calculated based on how temporary differences are expected to be equalized, and by applying the tax rates and tax regulations that have been decided or announced as of fiscal year-end. Temporary differences are not treated in consolidated goodwill. Legal entities report untaxed reserves including the deferred tax liability. In the consolidated financial statements, however, untaxed reserves are divided into deferred tax liability and restricted equity. Tax credits in deductible temporary differences and loss carry-forwards are reported only to the extent that it is probable that they will lead to lower tax disbursements in the future. This probability is based on data contained in Posten Norden's business plans.

**Assets pledge and contingent liabilities**

Contingent liabilities are reported when there is a possible commitment arising from an event, the fulfillment of which can only be confirmed by one or more uncertain future events. Contingent liabilities are also reported when there is a commitment that is not reported as a liability or provision because an outflow of resources is not likely to be required. Pledged assets are reported for given guarantees and assets pledged as securities

**NOTE 2 Estimates and assessments**

In making these financial reports, the group management has made assessments, estimates and assumptions that affect the group's reported accounts. These estimates and assumptions are based on what is known at the time the financial reports are presented, as well as historical experience and assumptions that the group management considers reasonable under the current circumstances. The conclusions drawn by group management form the basis for the reported values in the accounts. Actual future values, estimates and assessments in future financial reports during the coming financial year may differ from those in this report, due to changing environmental factors and new knowledge and experience.

The most significant estimates and assessments for Posten Norden have been made in the areas described below.

**Postal obligation**

Posten Norden's postal obligation is calculated for stamps which have been sold but not used. Assumptions used in calculating the postal obligation affect the size of the obligation. Assumptions are based on the number of stamps sold but not used in Sweden and Denmark. Investigations are conducted in Sweden and Denmark to ensure that the assumptions are reasonable. The size of the obligation may be affected in cases where investigations show changes in the behavior of the population or where a sample group is not representative of the population.

**Intangible assets**

Assumptions are made about future conditions in order to calculate future cash flows that determine the recoverable value of goodwill, brand and customer relations. The recoverable value is compared with the reported value for these assets and forms the basis for possible impairment or reversals. The assumptions that affect the recoverable value most are future volume development, profit margin development, the discount rate and estimated useful life of the asset. If future environmental factors and circumstances change, these assumptions may be affected so that the reported values of intangible assets are changed.

**Pension commitments**

In order to arrive at a reasonable estimate for Posten Norden's defined pension commitments, the actuarial valuation of such commitments is based on a number of assumptions. These assumptions include Discount rate, expected rate of return on plan assets, future annual pay increases, and inflation. Changes in pension commitments due to changed external factors may influence Posten Norden's income statement and balance sheet if the net value of such changes falls outside the corridor. Changed commitments also affect the forecast for the next year's costs. A change in interest margin on pension liabilities of +/-0,1 percentage point, would impact earnings by SEK +/- 16m in terms of financial income or cost. A change in the discount rate +/- 0,5 percentage points, would impact earnings by SEK -124/+115m. A change of +/- 0,5 percentage points in inflation or future pay increases would impact earnings SEK +/- 100m (inflation) and SEK +/- 40m (future pay increases). All calculations above assume that all other factors remain unchanged.

**Provisions**

As a consequence of Posten AB becoming a Swedish corporate entity in 1994, Posten Norden assumed a contingent liability (transition regulations) such that certain categories of the workforce may choose to retire early, at the age of 60 or 63. The contingent liability is reported as a provision in the balance sheet and is calculated based on previous experience of the proportion of persons who have chosen to exercise their right to early retirement in accordance with these provisions. If the number of those who choose this option should change, the liability will change accordingly. A change in the utilization rate of 5 percentage points impacts operating profit by SEK 15-20m.

**Taxes**

The capitalization of tax loss carry-forwards has been assessed based on business plans and estimates of future taxable profits that can utilize tax loss carry-forwards. Estimates have been made of non-deductible costs and non-taxable income in accordance with current tax regulations. Furthermore, consideration has been taken of the next six years' financial results in order to evaluate the reported tax claim at the currently applicable tax rate. Changes to tax legislation in Sweden and other countries where Posten Norden operates and changes in interpretation and application of applicable legislation may influence the size of the reported tax assets and liabilities. Changed circumstances that impact the assumptions will also influence financial results for the year.

**NOTE 3 Revenue distribution**
**Net sales**

Net sales in the Posten Norden Group arise primarily from the sale of services.

**Other income**

SEKm	2010	Jul-Dec 2009
Rental income	62	22
Insurance compensation	3	1
Fee and commission income	1	
Capital gain, machinery and equipment	20	
Exchange gains	34	13
Other	169	84
<b>Total</b>	<b>289</b>	<b>120</b>

**NOTE 4 Segment reporting**

Posten Norden's organization into business units is based on the manner in which Posten Norden is governed and activities are reported to management. Market pricing applies to internal dealings between Posten Norden business units. There is no latitude for making external purchases where the service in question is available internally. In Posten Norden's operational structure, though not in its legal structure, cost distribution of corporate shared service functions is at cost price with full allocation of costs.

**Breve Danmark** (Mail) is the leading supplier of distribution solutions in the Danish communication market, with a nationwide distribution network. The business area offers physical and digital letter, direct mail and newspaper services, facility management services as well as drop-off and collection of parcels.

**Meddelande Sverige** (Mail) is the leading supplier of distribution solutions in the Swedish communication market, with a nationwide distribution network. The business area offers physical and digital letter, direct mail and newspaper services as well as drop-off and collection of parcels.

**Information Logistics**, with Strålfors, develops, produces and delivers systems, services and products for efficient business communication. The business area is a Nordic leader in its field and has operations in the Nordic region and several other European countries.

**Logistics** is a leader in the Nordic logistics market and offers a unique scope of coverage within its distribution network throughout the entire region. The business area runs operations in parcel, pallet and mixed cargo groupage as well as messaging, express, third-party logistics, in-night freight forwarding and consignment freight.

**Other and eliminations** comprises shared services and corporate functions including the parent company, the Swedish Cashier Service and group adjustments. The adjustments are primarily internal eliminations; IFRS adjustments regarding pensions in accordance with IAS 19, Employee Benefits; and finance leasing in accordance with IAS 17, Leases. From Other and Eliminations, service costs for shared services and corporate functions are allocated to the business areas. Cost allocations are taken up as income in Other and Eliminations under Other Income, Internal. Within the business areas, cost allocations are taken up as income under Other expenses.

Shared services and corporate functions and the Swedish Cashier Service are included as of January 1, 2010, and comparative figures for previous years have been adjusted.

**2010 Jan-Dec**

SEKm	Breve Danmark	Meddelande Sverige	Information Logistics	Logistics	Other and Eliminations	Posten Norden Group
Net sales, external	10,581	15,433	3,339	12,307	9	41,669
Net sales, internal	301	121	52	116	-590	
<b>Net sales</b>	<b>10,882</b>	<b>15,554</b>	<b>3,391</b>	<b>12,423</b>	<b>-581</b>	<b>41,669</b>
Other income, external	-9	64	28	25	181	289
Other income, internal	1,825	647		1,274	-3,746	
<b>Income</b>	<b>12,698</b>	<b>16,265</b>	<b>3,419</b>	<b>13,722</b>	<b>-4,146</b>	<b>41,958</b>
Personnel expenses	-7,250	-8,007	-1,166	-3,093	-1,035	-20,551
Transport expenses	-679	-2,609	-113	-5,496	1,513	-7,384
Other expenses	-3,685	-4,576	-1,934	-4,700	4,158	-10,737
Depreciation and impairments	-443	-194	-382	-294	-604	-1,917
<b>Expenses</b>	<b>-12,057</b>	<b>-15,386</b>	<b>-3,595</b>	<b>-13,583</b>	<b>4,032</b>	<b>-40,589</b>
Participations in the earnings of associated companies and joint ventures			6			6
<b>OPERATING PROFIT</b>	<b>641</b>	<b>879</b>	<b>-170</b>	<b>139</b>	<b>-114</b>	<b>1,375</b>
Net financial items						-27
<b>Profit before tax</b>						<b>1,348</b>
Tax						-317
<b>Net profit</b>						<b>1,031</b>
Assets	10,153	7,102	3,206	6,200	-878	25,783
Liabilities	4,756	5,376	1,795	2,947	-844	14,030
Investments in fixed assets	519	122	169	183	284	1,277
Depreciation	433	193	305	294	605	1,830
Impairments for the year	10		77			87
Provisions(+)/reversals(-)	46	94		64	119	323

## Note 4, cont'd

## 2009 Jan-Dec Pro forma

SEKm	Breve Danmark	Meddelande Sverige	Information Logistics	Logistics	Other and eliminations	Posten Norden Group
Net sales, external	12,751	15,645	3,704	12,533		44,633
Net sales, internal	343	149	58	140	-690	
<b>Net sales</b>	<b>13,094</b>	<b>15,794</b>	<b>3,762</b>	<b>12,673</b>	<b>-690</b>	<b>44,633</b>
Other income, external	12	90	25	46	76	249
Other income, internal	1,580	638		1,314	-3,532	
<b>Income</b>	<b>14,686</b>	<b>16,522</b>	<b>3,787</b>	<b>14,033</b>	<b>-4,146</b>	<b>44,882</b>
Personnel expenses	-8,509	-8,177	-1,303	-3,425	-1,219	-22,633
Transport expenses	-787	-2,628	-167	-5,581	1,602	-7,561
Other expenses	-4,538	-5,129	-2,305	-4,846	4,421	-12,397
Depreciation and impairments	-408	-191	-370	-339	-706	-2,014
<b>Expenses</b>	<b>-14,242</b>	<b>-16,125</b>	<b>-4,145</b>	<b>-14,191</b>	<b>4,098</b>	<b>-44,605</b>
Participations in the earnings of associated companies and joint ventures			7			7
<b>OPERATING PROFIT</b>	<b>444</b>	<b>397</b>	<b>-351</b>	<b>-158</b>	<b>-48</b>	<b>284</b>
Net financial items						2,155
<b>Profit before tax</b>						<b>2,439</b>
Tax						-25
<b>Net profit</b>						<b>2,414</b>

## 2009 Jul-Dec

SEKm	Breve Danmark	Meddelande Sverige	Information Logistics	Logistics	Other and eliminations	Posten Norden Group
Net sales, external	5,980	7,717	1,751	6,290	120	21,858
Net sales, internal	180	106	21		-307	
<b>Net sales</b>	<b>6,160</b>	<b>7,823</b>	<b>1,772</b>	<b>6,290</b>	<b>-187</b>	<b>21,858</b>
Other income, external	11	39	11	24	35	120
Other income, internal	822	322		671	-1,815	
<b>Income</b>	<b>6,993</b>	<b>8,184</b>	<b>1,783</b>	<b>6,985</b>	<b>-1,967</b>	<b>21,978</b>
Personnel expenses	-3,989	-3,997	-619	-1,675	-658	-10,938
Transport expenses	-377	-1,312	-106	-2,813	706	-3,902
Other expenses	-2,421	-2,870	-1,143	-2,384	2,271	-6,547
Depreciation and impairments	-142	-96	-200	-168	-404	-1,010
<b>Expenses</b>	<b>-6,929</b>	<b>-8,275</b>	<b>-2,068</b>	<b>-7,040</b>	<b>1,915</b>	<b>-22,397</b>
Participations in the earnings of associated companies and joint ventures			13			13
<b>OPERATING PROFIT</b>	<b>64</b>	<b>-91</b>	<b>-272</b>	<b>-55</b>	<b>-52</b>	<b>-406</b>
Net financial items						1,951
<b>Profit before tax</b>						<b>1,545</b>
Tax						161
<b>Net profit</b>						<b>1,706</b>
Assets	12,786	7,604	3,543	6,544	-906	29,571
Liabilities	6,082	5,578	2,123	2,947	-517	16,213
Investments in fixed assets	402	117	141	175	66	901
Depreciation	142	96	163	169	403	973
Impairments for the year			37			37
Provisions(+)/reversals(-)	218	539	140	51	62	1,010

## Geographic areas

The business's distributions by geographic area are based on the customer's billing address. Sweden and Denmark are Posten Norden's main markets and account for 84 (84) % of its income. Subsidiaries

and strategic alliances give the company a solid position in the Nordic region and enable it to serve Europe and beyond.

SEKm	2010			SEKm	2009		
	Income	Assets	Investments		Income	Assets	Investments
Sweden	23,326	12,670	589	Sweden	10,164	15,204	287
Denmark	11,833	9,198	554	Denmark	8,376	9,998	505
Rest of Nordic region	4,333	3,107	69	Rest of Nordic region	2,089	3,301	78
Rest of the world	2,466	808	65	Rest of the world	1,349	1,068	31
<b>Total</b>	<b>41,958</b>	<b>25,783</b>	<b>1,277</b>	<b>Total</b>	<b>21,978</b>	<b>29,571</b>	<b>901</b>

#### NOTE 5 Employees, personnel expenses and executive compensation

SEKm	2010	Jul-Dec 2009
<b>Personnel expenses</b>		
Wages, salaries and other remuneration	15,780	8,490
Statutory social costs	2,648	1,278
Pension expenses	2,032	1,043
Other personnel expenses	91	127
<b>Total</b>	<b>20,551</b>	<b>10,938</b>

Specification of wages, salaries and other remuneration, by country, SEKm	2010				Jul-Dec 2009			
	Presidents <sup>1)</sup>	Of which, bonuses	Other employees	Total	Presidents <sup>1)</sup>	Of which, bonuses	Other employees	Total
Sweden	29		7,567	7,596	14		3,807	3,821
Denmark	1		7,254	7,255	15		4,180	4,195
Finland	2		105	107	1		55	56
Norway	4	1	596	600	2	1	282	284
Other countries	4		218	222	2		132	134
<b>Total</b>	<b>40</b>	<b>1</b>	<b>15,740</b>	<b>15,780</b>	<b>34</b>	<b>1</b>	<b>8,456</b>	<b>8,490</b>

1) "Presidents" refers to current and former chief executive officers and executive vice presidents.

Specification of pension expenses, SEKm	2010	Jul-Dec 2009
Cost of retirement pensions <sup>1)</sup>	1,852	951
Net cost of early retirement pensions	180	92
<i>of which, gross cost of early retirement pensions</i>	319	244
<i>of which, release of provisions for early retirement pensions</i>	-139	-152
<b>Total<sup>2)</sup></b>	<b>2,032</b>	<b>1,043</b>

1) Cost of retirement pensions includes an amortization effect of actuarial gains and losses totaling SEK 134m (73).

2) Current and former chief executive officers and executive vice presidents account for SEK 24m (8) of consolidated pension costs. Outstanding commitments for these individuals amount to SEK 141m (118). There are no outstanding commitments for the current Group CEO.

Specification of wages, salary and other executive compensation, 12 persons, SEKm	2010				Jul-Dec 2009			
	Base salary <sup>1)</sup>	Pension expenses	Other benefits	Total	Base salary	Pension expenses	Other benefits	Total
Lars G Nordström, President and Group CEO	8.4	2.5		10.9	4.2	1.3		5.5
Göran Sällqvist, Executive Vice President	4.1	2.3	0.1	6.5	1.6	1.0	0.1	2.7
K B Pedersen, Executive Vice President	4.4			4.4	1.7			1.7
<b>Total, CEO and Executive VPs</b>	<b>16.9</b>	<b>4.8</b>	<b>0.1</b>	<b>21.8</b>	<b>7.5</b>	<b>2.3</b>	<b>0.1</b>	<b>9.9</b>
Total, other members of executive management	30.2	9.9	0.6	40.7	12.1	4.3	0.3	16.7
<b>Total, all members of executive management</b>	<b>47.1</b>	<b>14.7</b>	<b>0.7</b>	<b>62.5</b>	<b>19.6</b>	<b>6.6</b>	<b>0.4</b>	<b>26.6</b>

1) Cost for salaries and wages for 2010 included SEK 2.7m in retroactive payments for 2009.

#### Approved guidelines for executive compensation

The term "executive" refers to

- The President and Group CEO
- Group Management

In 2010 the owners made a decision on new guidelines for determining compensation for executives.

Under the executive pension plan in Sweden, Posten's pension plan (ITP-P) is applied as regards defined benefit pensions, which are based on the individual's final wage and length of employment. Members

reaching full retirement age receive a pension of 10% of their pension-based compensation for wage components up to 7.5 income base amounts, 65% of wage components between 7.5 and 20 income base amounts and 32.5% of wage components between 20 and 30 income base amounts. Under ITP, executive pensions are supplemented with individual premium-based agreements. Retirement plans and agreements stipulate a retirement age of either 60 or 62. Two members of group management, excluding the CEO, have retirement at 60 (based on earlier retirement plans) and six have retirement at 62 under current executive pension plans.

**Note 5, cont'd.**

For executives members in accordance with Danish labor law, full premium-based pensions are applied and the retirement age is determined pursuant to Danish labor law.

Pension costs for the current CEO are fixed at an amount corresponding to 30% of monthly salary. The notice period is three months.

The contracts of all members of group management stipulate a 6-12 month notice period when the employer terminates the contract and a

3-6 month notice period when the member terminates the contract. If the employer terminates the contract, the employee is entitled to severance pay equal to a maximum of 12 months' pay and automobile benefits. For members of group management employed in Sweden prior to the merger with Post Danmark A/S, income earned from subsequent employment or comparable business activities is deducted from the aforementioned severance package.

Average number of employees, by country	2010				Jul-Dec 2009			
	Women	Men	Total	Percentage men	Women	Men	Total	Percentage men
Sweden	9,849	15,547	25,396	61%	10,430	16,370	26,800	61%
Denmark	6,248	10,449	16,697	63%	6,790	11,641	18,431	63%
Finland	100	179	279	64%	107	194	301	64%
Norway	180	839	1,019	82%	201	883	1,084	81%
Other countries	260	409	669	61%	264	439	703	62%
<b>Total</b>	<b>16,637</b>	<b>27,423</b>	<b>44,060</b>	<b>62%</b>	<b>17,792</b>	<b>29,527</b>	<b>47,319</b>	<b>62%</b>

Gender division of executives, %	Dec 31, 2010		Dec 31, 2009		
	Percentage women	Percentage men	Percentage women	Percentage men	
Executives		23%	77%	22%	78%
Board members, incl. subsidiaries		19%	81%	18%	82%

**Compensation to the Board of Posten Norden Group/Posten Norden AB,**

SEK thousands	Audit Committee	Compensation Committee	2010	Jul-Dec 2009
Fritz Schur (chair)		Chairman	670	300
Marianne Nivert				36
Anne Birgitte Lundholt	Member		298	125
Richard Reinius	Member		110	125
Mats Abrahamsson		Member	274	89
Ingrid Bonde		Member	274	89
Gunnel Duveblad	Chairman		294	89
Bjarne Hansen	Member		288	89
Torben Janholt		Member	274	89
<b>Total</b>			<b>2,482</b>	<b>1,031</b>

**Remuneration approved by annual general meeting, 04-14-2010, SEK**

	Board	Audit Committee	Compensation Committee
Chairman	600,000	62,500	37,500
Board member	250,000	50,000	25,000

Remuneration for participation in the Audit and Compensation Committees is paid in full the following year.

**NOTE 6 Other expenses**

SEKm	2010	Jul-Dec 2009
Cost of premises	2,236	1,180
Provisions <sup>1)</sup>	323	1,010
Terminal fees	1,072	513
Cost of goods and material	1,617	858
Purchased IT resources	1,463	671
Activated work for own account, IT	-138	
Other	4,164	2,315
<b>Total</b>	<b>10,737</b>	<b>6,547</b>

1) Of the total amount of SEK 323m (1,010 SEK 385m (998)) is attributable to provisions and SEK -62m (-50) to reversals for personnel reductions. See also Note Other Provisions, footnote 1.

**NOTE 7 Audit fees and reimbursement of expenses**

SEKm	2010	Jul-Dec 2009
<b>Audit engagement</b>		
Ernst & Young	12	11
PwC	2	1
<b>Total</b>	<b>14</b>	<b>12</b>
<b>Other audit activities</b>		
Ernst & Young	1	2
PwC	1	1
<b>Total</b>	<b>2</b>	<b>3</b>
<b>Tax consultancy</b>		
Ernst & Young	1	
PwC	1	1
<b>Total</b>	<b>2</b>	<b>1</b>
<b>Other services</b>		
Ernst & Young	1	1
PwC	2	1
<b>Total</b>	<b>3</b>	<b>2</b>

“Audit engagement” refers to examination of the annual report, book-keeping and administration of the Board and the CEO; other duties resting with the company’s auditors; and advisory services and other types of support that arise in the course of such examination or the performance of such other duties. All other items are “Other services”.

**NOTE 8 Depreciation and impairment of tangible and intangible fixed assets**

SEKm	2010	Jul-Dec 2009
<b>Depreciation/Amortization</b>		
Licenses, brands, customer relations and similar assets	177	79
Development, completed	219	136
Buildings and land	185	117
Machinery and equipment	1,249	641
<b>Total</b>	<b>1,830</b>	<b>973</b>
<b>Impairments</b>		
Licenses, brands, customer relations and similar assets	77 <sup>1)</sup>	8
Machinery and equipment	10	29
<b>Total</b>	<b>87</b>	<b>37</b>

1) See Note Intangible fixed assets.

**NOTE 9 Net financial items**

SEKm	2010	Jul-Dec 2009
<b>Financial income</b>		
Earnings from participations in associated companies		1,966
Interest income	61	46
Interest income on pensions	108	52
Other financial income	3	15
Net exchange rate fluctuations	3	
<b>Total</b>	<b>174</b>	<b>2,079</b>
<b>Financial expenses</b>		
Interest expense	-50	-48
Interest expense on pensions	-104	-55
Interest expense on finance leasing	-48	-24
Other financial expenses		6
Net exchange rate fluctuations		-7
<b>Total</b>	<b>-201</b>	<b>-128</b>
<b>Net financial items</b>	<b>-27</b>	<b>1,951</b>

See Note Financial Risk Management and Financial Instruments. For interest expense on pensions, see also Note Pensions.

**NOTE 10 Taxes**

SEKm	2010	Jul-Dec 2009
<b>Current tax</b>	<b>-200</b>	<b>-100</b>
<b>Deferred tax</b>		
Change in deferred tax on untaxed reserves	52	70
Temporary difference in balance sheet items	-12	-18
Change in deferred tax on tax loss carry-forwards	-157	209
<b>Total</b>	<b>-117</b>	<b>261</b>
<b>Total tax</b>	<b>-317</b>	<b>161</b>

Reconciliation of effective tax rate	2010		Jul-Dec 2009	
	%	SEKm	%	SEKm
Profit before tax	26.3	1,348	26.3	1,545
Tax according to the parent company rate		-354		-407
Non-deductible expenses		-34		-36
Tax-exempt income		38		588
Tax attributable to previous years		16		47
Effect of changed tax rates and imposition of new taxes				1
Effect of other tax rates for foreign companies		-5		-29
Other		22		-4
<b>Total</b>		<b>-317</b>		<b>161</b>

Uncapitalized loss carry-forwards are primarily attributable to foreign operations.

**NOTE 11 Participations in associated companies and joint ventures**
**Participations in associated companies**

At the end of the period, Post Danmark A/S owned an equity interest in associated company e-Boks A/S valued at SEK 95m (117). E-boks A/S is headquartered in Ballerup, Denmark and is 50%-owned by Post Danmark A/S.

**Participations in joint ventures**

Summary of participating interest in the balance sheets of joint ventures

SEKm	Dec 31, 2010	Dec 31, 2009
Fixed assets	1	1
Current assets		1
<b>Total assets</b>	<b>1</b>	<b>2</b>
Equity	1	1
Long-term liabilities		1
<b>Total equity and liabilities</b>	<b>1</b>	<b>2</b>

Strålfors Tandbyn AB owns 50% of the company Tand 2:103 Fastighets AB located in Östersund, Sweden.

**NOTE 12 Intangible fixed assets**

SEKm	Goodwill		Other intangible fixed assets					
	2010	2009 <sup>1)</sup>	Licenses, brands, customer relations and similar assets		Development, completed		Total other intangible fixed assets	
	2010	2009 <sup>1)</sup>	2010	2009 <sup>1)</sup>	2010	2009 <sup>1)</sup>	2010	2009 <sup>1)</sup>
<b>Accumulated acquisition value, beginning balance</b>	<b>3,064</b>	<b>3,605</b>	<b>1,783</b>	<b>1,808</b>	<b>2,887</b>	<b>2,937</b>	<b>4,670</b>	<b>4,745</b>
Acquisition of affiliated companies		10		47				47
Other investments	2		38	31	184	86	222	117
Disposals		-10	-13	-41	-400	-8	-413	-49
Reclassifications	-2		-23	-9	17	9	-6	
Translation differences	-250	-541	-89	-53	-280	-137	-369	-190
<b>Accumulated acquisition value, ending balance</b>	<b>2,814</b>	<b>3,064</b>	<b>1,696</b>	<b>1,783</b>	<b>2,408</b>	<b>2,887</b>	<b>4,104</b>	<b>4,670</b>
<b>Amortization, beginning balance</b>			<b>-715</b>	<b>-754</b>	<b>-1,519</b>	<b>-1,453</b>	<b>-2,234</b>	<b>-2,207</b>
Amortization for the year			-177	-79	-219	-136	-396	-215
Disposals			8	30	246	-1	254	29
Reclassifications			-4		4			
Translation differences			42	88	174	71	216	159
<b>Accumulated amortization, ending balance</b>			<b>-846</b>	<b>-715</b>	<b>-1,314</b>	<b>-1,519</b>	<b>-2,160</b>	<b>-2,234</b>
<b>Impairments, beginning balance</b>	<b>-9</b>	<b>-9</b>	<b>-8</b>		<b>-466</b>	<b>-466</b>	<b>-474</b>	<b>-466</b>
Impairments for the year			-77	-8	100		23	-8
Translation differences	1							
<b>Accumulated impairments, ending balance</b>	<b>-8</b>	<b>-9</b>	<b>-85</b>	<b>-8</b>	<b>-366</b>	<b>-466</b>	<b>-451</b>	<b>-474</b>
<b>Ending balance</b>	<b>2,806</b>	<b>3,055</b>	<b>765</b>	<b>1,060</b>	<b>728</b>	<b>902</b>	<b>1,493</b>	<b>1,962</b>

1) The group was formally established on June 24, 2009 and first consolidated as of July 1, 2009.

During the year, expensed development totaled SEK 16m (34). Internally generated intangible assets are reported as “completed development projects.” For more information about assets resulting from acquisitions of affiliated companies, see Note, Acquisitions and Divestments of Operations.

Completed development projects, attributable chiefly to business systems, total SEK 728m. Other intangible fixed assets of SEK 765m are primarily attributable to brands and customer relations.

Structural changes within Information Logistics operations resulted in an impairment of other intangible fixed assets of approximately SEK -77m (-8).

**Impairment test on intangible fixed assets**

Goodwill is the only intangible asset with an indeterminate period of useful life, as it is difficult to determine the residual value of cash-generating units that are part of the strategic operations.

The SEK 2,806m (3,055) carrying amount of goodwill arose in the following cash-generating segments: SEK 1,525m (1,667) for international parcel and pallet operations (DPD and Tollpost Globe AS), SEK 753m (780) for Stralfors, SEK 313m (361) for Post Danmark A/S and SEK 215m (247) for other businesses (Data Scanning A/S, Transportgruppen A/S, Budstikken Transport A/S, HIT, Direct Link and Addresspoint). The recoverable value of each of these cash-generating segments was based on their value in use. The calculations were based on three-year business plans and forecasts adopted and formulated based on analyses of the external business environment and planned marketing and production activities. The assessments made in the business plans are based on group management’s knowledge and experience.

The most significant amounts of goodwill lie in two cash-generating segments: SEK 1,525m (1,667) for international parcel and pallet operations, SEK 313m (361) for Post Danmark A/S and SEK 753m (780) for Stralfors. The assumptions with the greatest impact on the impairment assessments are volume growth, profit margins and useful life. Calculations were made with different assumptions for the pace of growth to evaluate the effects on earnings.

Tollpost Globe AS is part of the international parcel and pallet operation and is considered integrated with DPD and the impairment test performed. For international parcel and pallet operations, the current business plan forecasts 3% annual growth. The total useful life in the value estimations is unlimited. A value assessment was performed using a discount rate of 10% before tax. The test did not show any impairment requirement.

Goodwill in Post Danmark A/S is attributable to the 1995 conversion into a corporation. The cash-generating unit’s recoverable amount is based on value in use. A value assessment was performed using a discount rate of 12.75%. Value in use exceeds book value. The test did not show any impairment requirement.

With respect to Stralfors, the entire operation (that existed as of the 2006 acquisition) is viewed as a cash-generating unit at the time of testing. For Stralfors, the current business plan forecasts an average growth of 2%. A value assessment was performed using a discount rate of 10% before tax. The cash-generating unit’s recoverable amount is based on value in use. Calculated value in use together with other intangible fixed assets, arising from synergies realized through the merger, exceed the book value by a significant amount. The test did not show any impairment requirement.



**NOTE 13 Tangible fixed assets**

SEKm	Buildings and land		Machinery and equipment		Ongoing construction and advances		Total	
	2010	2009 <sup>1)</sup>	2010	2009 <sup>1)</sup>	2010	2009 <sup>1)</sup>	2010	2009 <sup>1)</sup>
<b>Acquisition value, beginning balance</b>	6,956	7,060	15,243	15,501	276	432	22,475	22,993
Acquisition of affiliated companies			1	-1			1	-1
Other acquisitions	73	24	808	735	169	14	1,050	773
Disposals	-518	-19	-927	-625		-7	-1,445	-651
Reclassifications	-6	144	96	23	-192	-167	-102 <sup>2)</sup>	
Translation differences	-669	-253	-874	-390	-25	5	-1,568	-638
<b>Accumulated acquisition value, ending balance</b>	<b>5,836</b>	<b>6,956</b>	<b>14,347</b>	<b>15,243</b>	<b>228</b>	<b>277</b>	<b>20,411</b>	<b>22,476</b>
<b>Depreciation, beginning balance</b>	<b>-2,869</b>	<b>-2,833</b>	<b>-10,399</b>	<b>-10,568</b>			<b>-13,268</b>	<b>-13,401</b>
Depreciation for the year	-185	-117	-1,249	-641			-1,434	-758
Acquisition of affiliated companies				-1				-1
Disposals	511	-5	849	556			1,360	551
Reclassifications	37		-13				24 <sup>2)</sup>	
Translation differences	228	86	593	255			821	342
<b>Accumulated depreciation, ending balance</b>	<b>-2,278</b>	<b>-2,869</b>	<b>-10,219</b>	<b>-10,399</b>			<b>-12,497</b>	<b>-13,267</b>
<b>Impairments, beginning balance</b>	<b>-6</b>	<b>-6</b>	<b>-29</b>				<b>-35</b>	<b>-6</b>
Impairments for the year			-10	-29			-10	-29
Disposals			-1				-1	
Reclassifications			-1				-1	
Translation differences			1				1	
<b>Accumulated impairments, ending balance</b>	<b>-6</b>	<b>-6</b>	<b>-40</b>	<b>-29</b>			<b>-46</b>	<b>-35</b>
<b>Ending balance</b>	<b>3,552</b>	<b>4,081</b>	<b>4,088</b>	<b>4,815</b>	<b>228</b>	<b>277</b>	<b>7,868</b>	<b>9,173</b>
Assessed value (Sweden)		321						
of which, land		87						

1) The group was formally established on June 24, 2009 and first consolidated as of July 1, 2009. 2) Reclassified Asset held for sale

The group holds buildings and machinery through financial lease agreements.

For information on finance and operating leases, see Note, Leased machinery and equipment, property leases.

**NOTE 14 Leased machinery and equipment, property leases**
**Operating leases**

The group's leasing fees for the year totaled SEK 1,507m. At the balance sheet date, the group had outstanding leasing fees of SEK 6,619m, calculated at the prevailing exchange and interest rates.

The minimum payments for operating leases fall due as follows:

SEKm	Machinery and equipment		Properties	
	2010	2009	2010	2009
Within one year	235	94	1,307	1,196
Between one and five years	283	127	3,035	3,169
Five or more years	1		1,758	1,938
<b>Total</b>	<b>519</b>	<b>221</b>	<b>6,100</b>	<b>6,303</b>

The majority of the machinery and equipment put at the group's disposal through leases is held by Meddelande Sverige (Mail) and consists of machines for the production of Posten Norden's electronic mail services.

**Finance lease agreements**

Fees due under finance lease agreements mature as follows:

SEKm	Minimum leasing expenses		Interest		Present value	
	2010	2009	2010	2009	2010	2009
Within one year	61	132	4	43	56	89
Between one and five years	177	178	25	26	151	152
<b>Total</b>	<b>238</b>	<b>310</b>	<b>29</b>	<b>69</b>	<b>207</b>	<b>241</b>

**Finance leasing assets**

Financial leasing assets reported as tangible fixed assets are as follows:

SEKm	2010	Jul-Dec 2009
<b>Acquisition value</b>		
Machinery and equipment	8	20
Properties	592	1,147
<b>Ending balance</b>	<b>600</b>	<b>1,167</b>
<b>Accumulated depreciation</b>		
Machinery and equipment	-17	-7
Properties	-414	-941
<b>Ending balance</b>	<b>-431</b>	<b>-948</b>
<b>Book value</b>	<b>169</b>	<b>219</b>

In 2010, finance leasing fees totaled SEK 153m.

The maturities of the long-term liabilities attributable to finance leasing are presented in Note Financial Risk Management and Financial Instruments.

The finance leases primarily comprise two processing facilities in Sweden. See also Note Pledged Assets and Contingent Liabilities.

**NOTE 15 Financial investments**

SEKm	Dec 31, 2010	Dec 31, 2009
<b>Financial investments that are fixed assets</b>		
Endowment insurance policy	136	130
Other long-term investments	18	19
<b>Ending balance</b>	<b>155</b>	<b>149</b>
<b>Current investments that are fixed assets</b>		
Other current investments		1
<b>Ending balance</b>		<b>1</b>

**NOTE 16 Long-term receivables**

SEKm	Dec 31, 2010	Dec 31, 2009
Carrying amount related to funded defined-benefit retirement and early retirement pension plans appraised in accordance with IAS 19	2,266	2,342
Carrying amount related to funded defined-benefit disability pension plans appraised in accordance with IAS 19	260	180
Payroll tax receivables attributable to reporting lower pension commitments (under IAS 19) than amounts recognized in the financial statements for legal entities in Sweden in accordance with UFR 4	601	621
Payroll tax health insurance	-144	-149
Deposits, property leases	13	12
Electricity derivatives		1
Other		1
<b>Ending balance</b>	<b>2,996</b>	<b>3,008</b>

**NOTE 17 Deferred tax**

SEKm	2010				2009			
	Beginning balance	Reported in income statement	Acquisition/Divestment of operations and translation differences	Ending balance	Beginning balance as of July 1, 2009	Reported in income statement	Acquisition/Divestment of operations and translation differences	Ending balance
<b>Deferred tax assets</b>								
Other provisions	520	-73		447	334	186		520
Loss carry-forwards	297	-138	-19	140	88	209		297
Finance leases	24	-14		10	31	-7		24
Offset against liabilities	-673		213	-460	-310		-363	-673
<b>Total</b>	<b>168</b>	<b>-226</b>	<b>194</b>	<b>136</b>	<b>143</b>	<b>388</b>	<b>-363</b>	<b>168</b>
<i>of which, outside Sweden</i>	<i>157</i>			<i>136</i>	<i>77</i>			<i>157</i>
<b>Deferred tax liabilities</b>								
Intangible fixed assets	-529	116	32	-381	-478	-47	-4	-529
Tangible fixed assets	-433	36	16	-381	-501	70	-2	-433
Current assets	23	-7		16	5	18		23
Pension provisions	-476	-36		-512	-308	-168		-476
Offset against receivables	673		-213	460	310		363	673
<b>Total</b>	<b>-742</b>	<b>109</b>	<b>-165</b>	<b>-797</b>	<b>-972</b>	<b>-127</b>	<b>357</b>	<b>-742</b>
<i>of which, outside Sweden</i>	<i>-441</i>			<i>-338</i>	<i>-194</i>			<i>-441</i>

In Sweden receivables and liabilities have been reported net, at SEK 632m (845), whereas other receivables and liabilities have been reported gross. Foreign receivables totaled SEK 136m (157), and foreign payables SEK 338m (441).

Non-reported receivables for deferred tax relating to loss carry-forwards from previous years totaled SEK 85m (83). SEK 53m (55) pertained to France, SEK 25m (28) to Germany and SEK 7m (0) to Denmark. None of these receivables has a due date.

**NOTE 18 Inventory**

SEKm	Dec 31, 2010	Dec 31, 2009
Goods for resale, etc.	190	175
Raw materials	85	124
<b>Ending balance</b>	<b>275</b>	<b>299</b>

The majority of raw materials and goods for resale in inventory are with business area Information Logistics.

Inventory depreciation for 2010 totaled SEK 1m (1). For 2010, the cost of goods sold totaled SEK 1,306m (1,628).

**NOTE 19 Accounts receivable**

Accounts receivable, taking into account accumulated bad debt expenses, totaled SEK 21m (13). Estimated losses on accounts receivable totaled SEK 23m (5). With respect to accounting treatment, refer to Note 1, Accounting Principles. For risk management and ageing of overdue but non-written-off account receivables, see Note, Financial Risk Management and Financial Instruments.

**NOTE 20 Prepaid expenses and accrued income**

SEKm	Dec 31, 2010	Dec 31, 2009
Accrued interest income		2
Accrued postage charges	123	127
Prepaid rent	227	222
Prepaid insurance premiums	1	2
Prepaid wages and salaries	203	239
Terminal fees	496	744
Forward currency contracts	4	6
Other items	212	281
<b>Ending balance</b>	<b>1,266</b>	<b>1,623</b>

**NOTE 21 Cash and cash equivalents**

SEKm	Dec 31, 2010	Dec 31, 2009
Cash and bank balances	1,431	1,720
Short-term investments comparable to cash and cash equivalents	2,209	3,132
<b>Ending balance</b>	<b>3,640</b>	<b>4,852</b>

Short-term investments are classified as cash and cash equivalents if they are easily convertible into cash and have a maximum maturity of three months from the acquisition date, with minimal risk for value fluctuations.

**NOTE 22 Interest-bearing liabilities**

SEKm	Dec 31, 2010	Dec 31, 2009
<b>Long-term interest-bearing liabilities</b>		
Debt to credit institutions	802	1,017
Finance leases	108	176
Other long-term liabilities	137	
<b>Ending balance</b>	<b>1,047</b>	<b>1,193</b>
<b>Current interest-bearing liabilities</b>		
Debt to credit institutions	321	409
Utilized credit line	20	64
Liabilities, payment transfers	19	30
Finance leases	47	107
<b>Ending balance</b>	<b>407</b>	<b>610</b>

The bond programs have a limit of SEK 1,000m. See Note Financial Risk Management and Financial Instruments.

**NOTE 23 Pensions**

Posten Norden Group's pension plans are described in Note 1, Accounting Principles. There are both defined benefit and defined contribution plans. Some personnel categories are eligible for pensions at an earlier age based on specific provisions in connection with incorporation. Pos-

ten's Pension Fund safeguards the pension commitments of Posten AB, Posten Meddelande AB and Posten Logistik AB. See the Plan Assets and Transactions with Associated Parties sections for information concerning dealings between the Group and Posten's Pension Fund.

**Balance sheet items for defined benefit pension plans**
*Pension commitments and plan assets*

	Dec 31, 2010				Dec 31, 2009			
	Funded pension plans	Unfunded pension plans, future unconditional pension benefits	Unfunded pension plans, future conditional pension benefits	Total	Funded pension plans	Unfunded pension plans, future unconditional pension benefits	Unfunded pension plans, future conditional pension benefits	Total
<b>Pension commitments and plan assets, net amount, SEKm</b>								
Present value of defined benefit commitments	14,533	1,450	795	16,778	15,128	1,699	810	17,637
Fair value of plan assets	-15,808			-15,808	-14,781			-14,781
<b>Net commitment</b>	<b>-1,275</b>	<b>1,450</b>	<b>795</b>	<b>970</b>	<b>347</b>	<b>1,699</b>	<b>810</b>	<b>2,856</b>
Unreported actuarial gains (plus) and losses (minus)	-1,230	-13	53	-1,190	-2,839	-64	101	-2,802
<b>Net indebtedness on balance sheet</b>	<b>-2,505</b>	<b>1,437</b>	<b>848</b>	<b>-220</b>	<b>-2,492</b>	<b>1,635</b>	<b>911</b>	<b>54</b>
<i>Of which: Other provisions (see also Note Other provisions)</i>			848	848			911	911
<i>Pension provisions</i>	21	1,437		1,458	30	1,635		1,665
<i>Long-term receivables (see also Note Long-term receivables)</i>	-2,526			-2,526	-2,522			-2,522
<b>Net amount attributable to plans in the following countries, SEKm</b>								
Sweden				-248				16
France				7				8
Norway				21				30
<b>Total</b>				<b>-220</b>				<b>54</b>

Note 23, cont'd.

Specification of present value of defined benefit commitments, SEKm	2010				2009 <sup>1)</sup>			
	Funded pension plans	Unfunded pension plans, future unconditional pension benefits	Unfunded pension plans, future conditional pension benefits	Total	Funded pension plans	Unfunded pension plans, future unconditional pension benefits	Unfunded pension plans, future conditional pension benefits	Total
<b>Beginning balance</b>	<b>15,128</b>	<b>1,699</b>	<b>810</b>	<b>17,637</b>	<b>14,917</b>	<b>1,556</b>	<b>899</b>	<b>17,372</b>
Costs, employment service during current year	455	8	27	490	215	5	16	236
Interest expense	600	66	33	699	296	28	17	341
Early retirement pensions	319	0	0	319		238		238
Payment of benefits	-922	-234	0	-1,156	-470	-125		-595
Curtailments and settlements	-6	0	0	-6			-22	-22
Transfers	156	-44	-112	0	123		-123	
Actuarial gains (minus) and losses (plus)	-1,193	-44	37	-1,200	40	-4	23	59
Exchange rate difference in foreign plans	-4	-1	0	-5	7	1		8
<b>Ending balance</b>	<b>14,533</b>	<b>1,450</b>	<b>795</b>	<b>16,778</b>	<b>15,128</b>	<b>1,699</b>	<b>810</b>	<b>17,637</b>

1) The group was formally established on June 24, 2009 and first consolidated on July 1, 2009.

Specification of fair value of plan assets, SEKm	2010	2009 <sup>1)</sup>
<b>Beginning balance</b>	<b>14,781</b>	<b>13,804</b>
Expected return on plan assets	724	338
Funds paid by employer	<b>994</b>	98
Compensation	<b>-871</b>	
Payment of benefits	-97	-63
Actuarial gains (plus) and losses (minus)	280	599
Exchange rate difference in foreign plans	-3	5
<b>Ending balance</b>	<b>15,808</b>	<b>14,781</b>

1) The group was formally established on June 24, 2009 and first consolidated on July 1, 2009.

Return on plan assets, SEKm	2010	Jul-Dec 2009
Actual return on plan assets	1,004	937
Expected return on plan assets	724	338
<b>Actuarial gains (plus)/losses (minus) for plan assets during the period</b>	<b>280</b>	<b>599</b>

Net commitment, SEKm	Dec 31, 2010	Dec 31, 2009
Present value of defined benefit commitments	16,778	17,637
Fair value of plan assets	-15,808	-14,781
<b>Surplus (minus)/deficit (plus)</b>	<b>970</b>	<b>2,856</b>

Experience-based adjustments, SEKm	Dec 31, 2010	Dec 31, 2009
Experience-based adjustments for commitments	-323	15
Experience-based adjustments for plan assets	-280	-599
<b>Surplus (minus)/deficit (plus)</b>	<b>-603</b>	<b>-584</b>

The group expects to make payments in 2011 totaling SEK 1,060m (1,077) for defined benefit plans.

**Provisions, estimated future conditional pensions**

Posten Norden Group is responsible for future conditional pension benefits under the transition regulations for Swedish companies. The transition regulations apply to certain employees who are entitled to retire at the age of 60 or 63. To qualify, employees must have reached 28 years of age by January 1, 1992 and have held the same position since then. Commitments, calculated according to the Act on Safeguarding of Pension Commitments, totaled SEK 2,892m (2,978) as of

31 December 31, 2010. Experience demonstrates that an average of 25% utilizes the transition regulations, and the provision is determined at that percentage of the total commitment. Special payroll tax is taken into consideration. The amount entered as liability totals SEK 898m (925) including special payroll tax. For accounting in accordance with IAS 19 see unfunded pension plans, future conditional pension benefits in the tables in this Note, and future conditional pension benefits in Note, Other Provisions.

Note 23, cont'd.

### Final responsibility provision

The Posten Norden Group assumed "final responsibility" for an obligation assumed in connection with its conversion into a corporation. Previously, this was reported as a contingent liability. Provisions were made for the commitment in conjunction with the adoption of IAS 19. Based on available information, the commitment has been estimated at SEK 103m (114) as of 31 December 31, 2010, and includes a provision for special payroll tax. This commitment is included in the balance for unfunded pension plans, future conditional pension benefits in the table in this Note, and future conditional pension benefits in Note 24, Other Provisions.

### Index-linked responsibility

In 2000, pension commitments previously safeguarded by Posten's Pension Fund were redeemed through the acquisition of insurance policies. As of December 31, 2009 the net present value of these was SEK 77m (149). Posten Norden Group bears index-linking and gross coordination responsibility for these pension commitments.

### Income and expenses for defined benefit and defined contribution pensions

Income and expenses for defined benefit and defined contribution pensions, SEKm	2010				Jul-dec 2009			
	Funded pension plans	Unfunded pension plans, future unconditional pension benefits	Unfunded pension plans, future conditional pension benefits	Total	Funded pension plans	Unfunded pension plans, future unconditional pension benefits	Unfunded pension plans, future conditional pension benefits	Total
Costs, employment service during current year	455	8	27	490	215	5	16	236
Interest expense	600	66	33	699	296	28	17	341
Expected return on plan assets	-724	0	0	-724	-338			-338
Actuarial gains (minus) and losses (plus)	137	8	-11	134	76	4	-7	73
Early retirement pensions	319	0	0	319		244		244 <sup>1)</sup>
Curtailements and settlements	-7	0	0	-7			-24	-24
<b>Total defined benefit pensions</b>	<b>780</b>	<b>82</b>	<b>49</b>	<b>911</b>	<b>249</b>	<b>281</b>	<b>2</b>	<b>532</b>
<b>Defined contribution plans</b>					<b>1,165</b>			<b>660</b>
Deducted as financial items					25			-3
Utilization of restructuring provisions, costs of early retirement pensions					-139			-152
Other defined benefit pension expenses					70			6
<b>Total pension expenses</b>					<b>2,032</b>			<b>1,043</b>

1) Of which SEK 6m are early retirement pensions paid via insurance.

### Actuarial assumptions

The actuarial valuation of Posten Norden Group's defined benefit pension commitments and pension expenses are based on the following assumptions. These assumptions are provided as a total average value

for each pension plan. A change in any of these key assumptions may have a significant impact on the projected benefit commitments, funding requirements and periodic pension cost.

Actuarial assumptions, %	Dec 31, 2010	Dec 31, 2009	Dec 31, 2008
Discount rate	4.50	4.10	4.10
Expected return on plan assets	5.50	5.10	5.10
Future annual wage increases	2.80	2.80	2.80
Change in income base amount	3.00	3.00	3.00
Inflation	2.00	2.00	2.00
Life expectancy	FFFS 2007:31	FFFS 2007:31	FFFS 2007:31
Personnel turnover	5.00	5.00	6.00
Average remaining employment service, years	10	10	10

The costs for 2010 are based on actuarial assumptions adopted at the beginning of 2010. At the end of 2010, Posten Norden Group adopted assumptions applicable to calculation of the results as of December 31, 2010. These actuarial assumptions are also used in the forecast for 2011 costs. In setting the assumptions the long-term, mutual compatibility of all assumptions used in the appraisal has been taken into account.

The discount rate is determined with reference to prime corporate bonds traded in a functioning corporate bond market. Sweden has not had a functioning market for corporate bonds for many years, though a mortgage-backed bond market has gradually developed. This market is comparable on an international basis to corporate bond markets with trade in prime bonds. As of 2010, it is deemed that a functioning market for prime corporate bonds (in the sense of IFRS by referring

**Note 23, cont'd.**

to the Swedish mortgage-backed bond market) has developed to the point that it is a reliable basis for determining the discount rate in accordance with IAS 19. Group management thus takes the view that the discount rate applied reflects the time value of the money and provides a reasonable present value of Posten's pension commitments. Expected return on plan assets corresponds to the expected average return on current (or future) investments in the Pension Fund, after all costs (including tax). With respect to interest-bearing assets, the expected return is based on risk-free market rates of interest; in terms of other assets, expected return is based on assumptions of risk premiums in excess of risk-free interest rates. The risk premiums are based on long-term, historical risk premiums with consideration taken of the assets' relative risk and covariance. The risk premiums vary between 2% and 6% (2-5%), depending on the type of asset. Future annual pay increases reflect expected future salary increases as a compound of inflation, seniority and promotion. The income base amount is set annually by the Swedish government and is used, among other things, to set a cap on pensionable income in the social security system. With respect to inflation, the Group has chosen to use the Swedish Central Bank's inflation targets as a basis. Personnel turnover is an aggregate of expected future business development, increases in real wages and productivity growth needed to maintain profitability, as well as consideration of actual personnel turnover in recent years. The average remaining employment service factor is estimated based on employees' current age breakdown. Life expectancy assumptions are based on the Swedish Supervisory Authority's guidelines FFFS 2007:31 (FFFS 2007:31).

**Alecta**

Retirement and family pension plans for salaried employees in Sweden can be insured by Alecta. Only a few companies within the Posten Norden group utilize this. According to a pronouncement by the Swedish Financial Reporting Board, UFR 3, this is a defined benefit plan that encompasses several employers. For fiscal year 2010, the company has not had access to information enabling the reporting of this plan as a defined benefit pension plan. The ITP pension plan insured by Alecta is therefore reported as a defined contribution plan. Pension insurance fees related to Alecta totaled SEK 4.6m (2.7). Anticipated fees for 2011 total SEK 4.8m (5.0). Alecta's surplus can be distributed to policy-holders and/or the insured. As of December 2010, Alecta's surplus in the form of the collective consolidation level was 146% (141%). The collective consolidation level equals the market value of Alecta's assets divided by total insurance commitments and calculated in accordance with Alecta's actuarial assumptions, which do not comply with IAS 19.

**Plan assets**

the greatest portion of plan assets is included in Posten's Pension Fund. Other plan assets consist of assets in Posten's insurance association, pension insurance at Skandia and plan assets related to Norwegian pension plans. Total plan assets total SEK 15,808m (14,781).

Posten's Pension Fund assets per class, market value, SEKm	2010			2009		
	Dec 31	%	Total %	Dec 31	%	Total %
Liquidity/interest-bearing securities	1,040	7		1,219	9	
Nominal bonds	1,154	8	15	684	5	14
Index-linked bonds	2,437	17	17	3,016	23	23
Hedge funds	2,859	20	20	2,398	18	18
Infrastructure	726	5		657	5	
Property	1,091	8		998	8	
Other alternative assets	1,168	8	21	444	3	16
Swedish stocks	936	7		964	8	
Foreign stocks	2,286	16		2,452	19	
Private Equity	456	3	26	315	2	29
<b>Total fund assets in Posten's Pension Fund</b>	<b>14,153</b>	<b>100</b>		<b>13,147</b>	<b>100</b>	

Other fund assets, market value, SEKm	Dec 31, 2010	Dec 31, 2009
Posten's insurance association	1,509	1,427
Norwegian pension plans	50	48
Skandia pension insurance	96	159
<b>Total other fund assets</b>	<b>1,655</b>	<b>1,634</b>

The asset allocation of Posten's Pension Fund at December 31, 2010 is presented in the table above. The overriding objective of the Fund is to manage the assets so as to best serve the Posten Norden Group's pension commitments, the funds for which have been entrusted to the Fund. The composition of and return on the assets should serve as reassurance that the Group can meet the pension commitments safeguarded by the Fund.

**Sensitivity analysis**

At year-end 2010, Posten Norden Group had pension commitments of SEK 16,778m (17,637) and plan assets of SEK 15,808m (14,781). The Group's pension commitments are valued based on the above-referenced actuarial assumptions; plan assets are assessed at fair value.

**Note 23, cont'd.**
**Actuarial assumptions**

Changes in pension commitments due to changed actuarial commitments are treated as actuarial gains or losses. These gains or losses have no effect on the income statement or balance sheet unless and until the net value exceeds the corridor. The corridor's limits are 10 % of the pension commitment or the fair value of plan assets, whichever is greater. To the extent that the changes cause effects exceeding the corridor, the excess values are reported as income or cost. However, in these cases the impact on the income statement first appears in the entry of forecasted costs/income pursuant to IAS 19 the following year. See also the table below for the impact on earnings of changed actuarial commitments.

**Exercise of rights under the transition regulations**

A provision of 25% of total commitments is made pursuant to the transition regulations. This number is based on the historical degree to which rights under the regulations are exercised. The special payroll tax has also been taken into account. Change in the commitments pursuant to the transition regulations and due to different levels of exercise of rights is reported as income or cost. See the table below for the effect on earnings of changed levels of exercise of rights under the transition regulations.

Sensitivity analysis, SEKm	Change	Impact on profit
<b>Actuarial commitments</b>		
Change in interest margin on pension liabilities <sup>1)</sup>	+0.1 percentage point	16
	-0.1 percentage point	-16
Change in discount rate and expected return on fund assets	+0.5 percentage point	164
	-0.5 percentage point	-169
Change in salaries and wages	+0.5 percentage point	-57
	-0.5 percentage point	47
Change in income base amount	+0.5 percentage point	14
	-0.5 percentage point	-19
Change in inflation	+0.5 percentage point	-143
	-0.5 percentage point	134
<b>Level of exercise of rights under transition regulations</b>		
Change in level of exercise of rights under transition regulations	+5.0 percentage point	-25
	-5.0 percentage point	14

1) Assumptions for the discount rate on pension liabilities and the estimated rate of return on plan assets determine the effect on net financial items for the coming year. The change in the spread between these rates affects net financial items. The interest margin for pension liabilities is the difference between the assumed discount rate on pension liabilities and the yield assumption for plan assets in percentage points.

**NOTE 24 Other provisions**

2010, Jan-Dec SEKm	Beginning balance	Reclassification	Provisions	Reversals	Utilizations	Translation effects	Ending balance
<b>Restructuring activities</b>							
Personnel reductions, primarily early retirements	1,066	14	385 <sup>1)</sup>	-62 <sup>1)</sup>	-579 <sup>2)</sup>	-24	800
Other closure costs	74	14			-36 <sup>2)</sup>		52
<b>Future conditional pension benefits</b>							
Payroll tax	222				-15 <sup>3)</sup>		207
Future conditional pension benefits under IAS 19	911		49 <sup>5)</sup>		-112 <sup>3)</sup>		848
<b>Other</b>							
Job-related injuries	66		3 <sup>5)</sup>		-11 <sup>2)</sup>		58
Pension adjustments in relation to the Danish state	26	31			-12 <sup>2)</sup>	-6	39
Provision, commemorative awards	174		19 <sup>5)</sup>		-18 <sup>2)</sup>	-13	162
Other provisions	91				-38 <sup>2)</sup>	-1	52
<b>Total</b>	<b>2,630</b>	<b>59</b>	<b>456</b>	<b>-62</b>	<b>-821</b>	<b>-44<sup>4)</sup></b>	<b>2,218</b>
<i>Of which, current provisions</i>	<i>711</i>	<i>35</i>					<i>515</i>

1) Impact on profit: SEK 323m, of which SEK 385m is attributable to provisions and SEK -62m to personnel reductions. See also note Other expenses.

2) Change in other income statement items totals SEK -694m, SEK -622m of which is attributable to personnel expenses.

3) The change has not been reported in the income statement in accordance with IAS 19.

4) A discount effect of SEK 15m is reported in the income statement's financial items. A translation difference regarding currency translation of SEK -59m is reported in the total result; see Comprehensive Income Statement - Group.

5) The effect of provisions and reversals is reported as personnel expenses.

6) Reclassification from current and long-term liability to other provisions and transfers between personnel reductions and other closure costs.

Expected payments, SEKm	1 year	2 years	3 years	>3 years
Provisions, restructuring	486	272	64	30
Provisions, future conditional pension benefits <sup>7)</sup>	221	70	66	553
Other provisions <sup>7)8)</sup>	37	45	21	226
<b>Total</b>	<b>744</b>	<b>387</b>	<b>151</b>	<b>809</b>

7) Expected payments are somewhat higher than the respective provision due to the fact that the provision is calculated as the present value of the expected payments.

8) Expected payments for future conditional pension commitments are calculated pursuant to IAS 19.

## Note 24, cont'd.

2009, Jul-Dec SEKm	Beginning balance as of July 1, 2009	Provisions	Reversals	Utilizations	Translation effects	Ending balance
<b>Restructuring activities</b>						
Personnel reductions, primarily early retirements	448	998 <sup>1)</sup>	-50 <sup>1)</sup>	-327 <sup>2)</sup>	-3	1,066
Other closure costs	37	57 <sup>1)</sup>		-20 <sup>2)</sup>		74
<b>Future conditional pension benefits</b>						
Payroll tax	254	6 <sup>5)</sup>	-5 <sup>5)</sup>	-33 <sup>3)</sup>		222
Future conditional pension benefits under IAS 19	1,045	24 <sup>5)</sup>	-22 <sup>5)</sup>	-136 <sup>3)</sup>		911
<b>Other</b>						
Job-related injuries	77	3 <sup>5)</sup>		-14 <sup>2)</sup>		66
Pension adjustments in relation to the Danish state	33	32 <sup>5)</sup>	-24 <sup>5)</sup>	-6 <sup>2)</sup>	-9	26
Provision, commemorative awards	176	11 <sup>5)</sup>		-11 <sup>2)</sup>	-2	174
Other provisions	163			-66 <sup>2)</sup>	-6	91
<b>Total</b>	<b>2,233</b>	<b>1,131</b>	<b>-101</b>	<b>-613</b>	<b>-20<sup>4)</sup></b>	<b>2,630</b>
<i>Of which, current provisions</i>	<i>487</i>					<i>711</i>

1) Impact on income: SEK 1,010m, of which SEK 998m is attributable to provisions and SEK -50m to reversals for personnel reductions.

SEK 57m is attributable to other closure costs and SEK 5m to exchange rate differences between carrying amounts in the Income Statement and Statement of financial position. See also note Other expenses.

2) Change in other income statement items totals SEK 444m, SEK 381m of which is attributable to personnel expenses.

3) The change has not been reported in the income statement in accordance with IAS 19.

4) A discount effect of SEK 1m is reported in the income statement's financial items. A translation difference regarding currency translation of SEK 19m is reported in the total result; see Comprehensive Income Statement - Group.

5) The effect of provisions and reversals is reported as personnel expenses.

**Present value**

Provisions with payment periods longer than one year are discounted to the present value. Discount effects included in changes for the year are shown separately where significant. Provisions for future conditional pension benefits have payment periods longer than one year. Present value calculations are not shown separately for this provision item, as it is included under IAS 19 (Compensation to Employees). See also Note, Pensions.

**Expected payments for provisions**

Stated amounts correspond to the estimated result that forms the basis for calculating the size of the provision but cannot be deemed to reflect real, total payment flows, as certain costs do not correspond to any payments. Such costs include some costs related to personnel cutbacks.

**Provisions, restructuring**

In 2010, restructuring provisions were attributable mainly to early retirement and the entry of units that handle redundant personnel.

New provisions are charged to the business area that decides on closure.

**Provisions, estimated future conditional pensions**

Posten is responsible for future conditional pension benefits under the transition regulations. The transition regulations apply to certain employees who are entitled to retire at the age of 60 or 63. Consideration has also been taken of special payroll tax. See Unfunded Pension Plans, future conditional pensions and the Provisions paragraph for estimated future conditional pensions, and the Final Responsibility Provision in Note Pensions, for further information.

**Other provisions**

Provisions for job-related injuries refer to the payment of annuities in accordance with the Industrial Injuries Insurance Act, and to occupational injury annuities.

The pension settlement in relation to the Danish state refers to future commitments regarding a specific group of employees within the Post Danmark group.

Provisions for commemorative awards refer to anticipated commemorative awards in the form of extra salary and vacation received after 25 or 40 years of employment within the Post Danmark group.

**NOTE 25 Accrued expenses and deferred income**

SEKm	Dec 31, 2010	Dec 31, 2009
Provision for stamps sold but unutilized	355	376
Accrued payroll expenses	585	612
Vacation pay liability	1,679	2,064
Special payroll tax on pension costs	6	3
Social security expenses	648	995
Accrued interest expense		1
Terminal fees	418	620
Finance leasing	18	20
Forward currency contracts	23	6
Other items	556	577
<b>Ending balance</b>	<b>4,288</b>	<b>5,274</b>

**NOTE 26 Pledged assets and contingent liabilities**

SEKm	Dec 31, 2010	Dec 31, 2009
<b>Assets pledged for own liabilities</b>		
Real estate mortgages	804	1,013
Endowment insurance policy for current and previous employees	137	130
Assets pledged as security	16	20
<b>Total</b>	<b>957</b>	<b>1,163</b>
<b>Contingent liabilities</b>		
Guarantee commitments, PRI	91	93
Other guarantees	20	127
Dispute <sup>1)</sup>	100	104
<b>Total</b>	<b>211</b>	<b>324</b>

1) The court Østre Landret ruled against Post Danmark in a case concerning discriminatory pricing. Post Danmark A/S appealed the decision to Højesteret. In connection with this matter, a competitor filed a claim against Posten Danmark A/S. The claim for compensation is contested in its entirety by Post Danmark A/S.



**NOTE 27 Investment commitments**

As of December 31, 2010, Posten Norden had committed to acquire tangible fixed assets. These commitments totaled SEK 356m (102) and related primarily to sorting equipment and vehicles.

**NOTE 28 Statement of cash flows****Redemption of employee shares**

In 2009 CVC Capital Partners sold its 22% participating interest in Post Danmark A/S to the Danish state. Following this transaction and prior to the merger with Posten AB, Posten Danmark's owner circle was comprised of the Danish state (97%) and executive and employee shares (3%). A repurchasing program was commenced on October 1, 2009 for both executive and employee shares. The repurchasing program expired in 2010 and remaining shares were subject to compulsory redemption in April 2010. As of December 31, 2010 Posten Norden holds 100% of the shares in Post Danmark A/S.

**Interest paid and received**

Cash flows from operating activities include the following amounts of interest paid and received.

SEKm	2010	Jul-Dec 2009
Interest received	63	44
Interest paid	-98	-103

**NOTE 29 Financial risk management and financial instruments**

The group's Treasury Policy, adopted by the Board of Directors, governs Posten Norden's financial risk management activities. The Treasury Policy establishes the criteria for liquidity management, refinancing and financial risk management. Treasury management is responsible for group companies' external bank relationships, liquidity management, net financial income/expenses, interest-bearing assets and liabilities and for group-wide payment solutions.

**Objectives and principles for financial risk management**

The objectives for financial risk management are to maintain appropriate liquidity, to ensure the efficient use of capital and to guarantee the raising of capital in the medium and long term. The basic principles applied to manage financial risk are as follows:

- Financial risks to which the group is exposed in its operations must be kept within the constraints set for credit risk, market risk, administrative risk and refinancing risk. The Treasury Policy does not permit speculative trading in any risk management operation.
- All credit granted must be based on business analyses which take into account financing costs as well as risk. Credit must not be granted until the debtor's creditworthiness has been assessed.
- The group's treasury management and credit operations, including internal control and reporting functions, shall be organized so as to minimize administrative risk.

**Financial risks**

The group's exposure to financial risks is limited by constraints stipulated in the Treasury Policy. Posten Norden divides financial risks into the following categories: refinancing risk, liquidity risk, credit risk, market risk and administrative risk.

**Refinancing risk**

Refinancing risk is the risk that cash and cash equivalents will not be available and that financing will be partly or wholly unobtainable or obtainable only at substantially increased cost.

Posten Norden mitigates refinancing risk by constantly maintaining payment adequacy above a fixed minimum level and by diversifying the maturity structure of its financing portfolio. The group shall at all times maintain payment adequacy to manage operating activities and provide favorable conditions for managing risk and pursuing of-fensive strategies.

Payment adequacy is defined as the sum of cash and cash equivalents, investments in liquid instruments, unutilized confirmed loan facilities and projected cash flows less maturing loans. The group shall ensure access to payment adequacy totaling at least SEK 1,500m for the coming 360 days.

Posten Norden's liquidity risk is managed through the control of refinancing risk and the payment adequacy limit. As of December 31, 2010, Posten Norden's liquidity totaled SEK 3,640m (4,852), SEK 898m (71) of which was invested in treasury bills, SEK 828m (0) in commercial paper and the remainder in bank deposits and balances.

**Credit risk**

Credit risk is the risk that a borrower will be unable to pay or to pay on time. Credit risk also includes the risk that, in cases of deficient solvency, pledged assets or guarantees do not cover the claim.

Credit risk arises partly through sales to customers, extending advances to suppliers or accepting guarantees, and partly through Treasury's liquidity management or the use of derivative contracts. Security in the form of payment guarantees, advance payments and guarantees can be used to limit credit risk.

**Credit risk in financial operations**

Posten Norden limits the credit risk on financial transactions by depositing surplus liquidity in a bank or investing it in interest-bearing instruments with high credit ratings. Trading is also constrained by caps set for each debtor based on the debtor's Standard & Poor rating (or other comparable official rating) and on duration. All counterparties must undergo a credit check before qualifying as a debtor.

**Credit risk from sales to customers**

Credit risk in credit sales to customers is limited by spreading the risk across numerous customers in various industries. All customers undergo a credit check in which data on a customer's financial position is obtained from a credit-rating agency. Of the SEK 4,262m (4,495) total consolidated accounts receivable, Posten AB accounts for SEK 0 (0)m. In 2010, accumulated bad debt expenses were SEK 21m (13) for the group.

Note 29, cont'd.

Ageing of accounts receivable	Dec 31, 2010	Dec 31, 2009
Accounts receivable, undue	3,746	3,863
Accounts receivable, due, not impaired		
1-5 days	236	254
6-20 days	161	202
21-30 days	26	52
31-60 days	54	66
61-90 days	18	32
>90 days	109	109
<b>Total</b>	<b>4,350</b>	<b>4,578</b>
Provision for bad debts	-88	-83
<b>Total</b>	<b>4,262</b>	<b>4,495</b>

*Market risk*

Market risk is the risk that changes in market prices will affect the fair value or cash flows of a financial instrument. There are two types of market risk: currency risk and interest rate risk.

*Currency risk*

Posten Norden is exposed to two types of currency risk: transaction and translation exposure. Transaction exposure consists of loans and investments and foreign exchange flows with suppliers and customers. The total transaction exposure for the group may not exceed the equivalent of SEK 450m. Derivative instruments in the form of forward currency contracts are used to reduce transaction exposure. Translation exposure is defined as net assets in the group's foreign subsidiaries. Due to exchange rate fluctuations, a change in the group's equity arises through the translation of foreign net assets.

*Translation exposure*

Foreign net assets are exposed to exchange rate fluctuations. Posten is exposed to currency risk through its foreign subsidiaries, a risk referred to as "translation exposure". Translation exposure arises when a subsidiary's income statements and balance sheets are translated into SEK for the consolidated accounts. The greatest amount of translation exposure relates to DKK, NOK and EUR.

Posten Norden has elected not to hedge translation exposure. If the relationship between SEK and total foreign currencies changes by +/- 1%, the equity effect will be +/- SEK 93m.

Currency	Dec 31, 2010			Dec 31, 2009		
	SEKm	%	+/- 1 %	SEKm	%	+/- 1 %
AUD	3			1		
CHF	29	0.3		56	0.5	1
DKK	6,950	74.4	70	8,622	76.7	86
EUR	741	7.9	7	811	7.2	8
GBP	176	1.9	2	220	2.0	2
HKD	8	0.1		4		
NOK	1,416	15.2	14	1,504	13.4	15
SGD	-10	-0.1		-9	-0.1	
USD	23	0.2		27	0.2	
<b>Total</b>	<b>9,336</b>	<b>100.0</b>	<b>93</b>	<b>11,236</b>	<b>100.0</b>	<b>100</b>

*Interest rate risk*

Interest rate risk is measured in the Treasury Policy as the change in value of all interest-bearing assets and liabilities if the market interest rate for all relevant maturities changes +/- 1 %. Net interest rate risk in the group's interest-bearing receivables and liabilities was SEK 2m (9) as of December 31, 2010. A change of +/- 1 % in the market rate as of December 31, 2010 causes an effect on earnings totaling SEK 26m (36) over the next twelve months. Upon a 1 percentage point change in the market interest rate for all relevant durations, the price risk in the group's total investment and financing portfolios (excluding the facilities portfolio), if greater than SEK 25m, may not exceed 1 % of the portfolios' total value, or a maximum of SEK 50m. Financial fixed assets portfolio duration may not exceed 2 years.

*Market risk in asset management*

Asset management is carried out in the group's affiliated agencies Posten's Pension Fund and Posten's insurance association. The agencies manage assets that safeguard payments of certain of the group's commitments such as future pensions, sickness benefits and family pensions. Asset management includes the investment of capital in various markets and instruments.

Through board representation, Posten Norden advocates a prudently managed diversification between asset classes in Posten's Pension Fund and Posten's insurance association in relation to Posten Norden's underlying commitment and expected returns.

## Note 29, cont'd.

Dec 31, 2010

Financial assets and liabilities	Nominal amount in millions, local currency	Effective interest, %	Interest amount, SEKm	<3 months, SEKm	3 months - 1 year, SEKm	1-5 years, SEKm	>5 years, SEKm	Total, SEKm
<b>Investments</b>								
Commercial paper, DKK	405	1.15 - 1.4%	6	483			6	489
Commercial paper, EUR	0.1						1	1
Treasury bills, SEK	900	1.05 - 1.3%	10	900				900
Certificates, SEK	828	1.39 - 1.88%	13	828				828
Other, EUR	0.6					2	3	5
<b>Total</b>			<b>29</b>	<b>2,211</b>		<b>2</b>	<b>10</b>	<b>2,223</b>
<b>Liabilities</b>								
<b>Bank loans</b>								
EUR, variable interest rate	30	3.72%	10		270			270
SEK, variable interest rate	50	2.13%	1		50			50
DKK, variable interest rate	665	1.82%	230				804	804
Credit line	17	1.8 - 4.1%			20			20
<b>Other loans, SEK</b>								
Real estate credit	0.5	4.7%				0.2	0.3	0.5
Finance leasing	155			1	46	108		155
Liabilities, payment transfers	19				19			19
<b>Total</b>			<b>241</b>	<b>1</b>	<b>405</b>	<b>108</b>	<b>804</b>	<b>1,319</b>

Dec 31, 2009

Financial assets and liabilities	Nominal amount in millions local currency,	Effective interest, %	<3 months, SEKm	3 months-1 year, SEKm	1-5 years, SEKm	>5 years, SEKm	Total, SEKm
<b>Investments</b>							
Commercial paper, DKK	2,200	1.1-1.5%	3,061				3,061
Treasury bills, SEK	71	0.07%	71				71
<b>Total</b>			<b>3,132</b>				<b>3,132</b>
<b>Liabilities</b>							
<b>Bank loans</b>							
EUR, fixed interest rate	5	5.22%		20	20		40
EUR, variable interest rate	30	3.72%			311		311
SEK, variable interest rate	50	1.41%			50		50
DKK, variable interest rate	727	3.4 - 4.0%		381		630	1,011
Credit line	45	1.80%	45				45
<b>Other loans, SEK</b>							
Real estate credit	0.6	4.80%	0.02	0.05	0.24	0.26	0.6
Finance leasing	283			107	176		283
Liabilities, payment transfers	30			30			30
<b>Total</b>			<b>45</b>	<b>538</b>	<b>557</b>	<b>630</b>	<b>1,771</b>

**Financial instruments, accounting treatment***Fair value*

Official market quotes on the balance sheet date without deducting transactions costs (level 1) are used to ascertain the fair value of financial instruments. The fair value of derivatives (forward currency contracts) is based on official market quotes (level 2). If market quotes are unavailable, straight interpolation (level 2) is used. Concerning the impact of interpolation on earnings, see Note 9, Net Financial Items.

The fair value of loans is calculated as the discount value of future cash flows as regards repayment of principal and interest. Value is discounted to actual lending rate.

For accounts receivable and accounts payable with a remaining credit period of less than one year, the book value is considered to constitute fair value. Accounts receivable and accounts payable with a remaining useful life of more than one year are discounted when the fair value is ascertained.

Note 29, cont'd.

Dec 31, 2010

Fair value and reported value recognized in the balance sheet as follows: SEKm	Reported value	Fair value determined based on prices quoted in an active market (level 1)	Fair value determined based on valuation technique of observable market data (level 2)	Fair value determined based on observable market data (level 3)
<b>Financial assets reported at fair value in Comprehensive Income Statement</b>				
<i>Prepaid expenses and accrued income</i>	1,266			
<i>Of which: Forward currency contracts</i>	4		4	
<i>Terminal fees</i>	4		4	
<b>Other receivables</b>	<b>452</b>			
<i>Of which: Terminal fees</i>	2		2	
<b>Cash and cash equivalents <sup>1)</sup></b>	<b>3,640</b>			
<i>Of which: Commercial paper</i>	828		828	
<i>Treasury bills</i>	898		898	
<b>Loans and accounts receivable</b>				
<b>Long-term receivables</b>	<b>2,996</b>			
<i>Of which: Deposits, rent for premises</i>	13 <sup>2)</sup>			
<b>Accounts receivable</b>	<b>4,262</b>			
<i>Of which: Accounts receivable</i>	4,262			
<b>Cash and cash equivalents <sup>1)</sup></b>	<b>3,640</b>			
<i>Of which: Cash</i>	1,431			
<b>Held-to-maturity investments</b>				
<b>Financial investments</b>	<b>155</b>			
<i>Of which: Endowment insurance</i>	136			
<i>Other</i>	19			
<b>Available-for-sale financial assets</b>				
<b>Cash and cash equivalents <sup>1)</sup></b>	<b>3,640</b>			
<i>Of which: Deposits</i>	490		490	
<b>Total assets</b>	<b>10,116</b>	<b>0</b>	<b>2,226</b>	
<b>Financial liabilities reported at fair value in Comprehensive Income Statement</b>				
<b>Accrued expenses and prepaid income</b>	<b>4,288</b>			
<i>Of which: Forward currency contracts</i>	23		23	
<i>Terminal fees</i>	3		3	
<b>Other liabilities</b>				
<b>Long-term interest-bearing liabilities</b>	<b>1,047</b>			
<i>Of which: Finance leasing</i>	108			
<i>Debt to credit institutions</i>	802			
<b>Short-term interest-bearing liabilities</b>	<b>407</b>			
<i>Of which: Debt to credit institutions</i>	321			
<i>Finance leasing</i>	47			
<b>Other liabilities</b>				
<i>Of which: Terminal fees</i>	3		3	
<i>Accounts payable</i>	1,992			
<b>Total liabilities</b>	<b>7,734</b>	<b>0</b>	<b>29</b>	

1) "Cash and cash equivalents" are investments that normally mature in less than 3 months.

2) Long-term receivables total SEK 2,996m, of which SEK 13m is attributable to deposits for premises rentals. The remaining amount is attributable to pensions.

Note 29, cont'd.

Dec 31, 2009

Fair value and reported value are recognized in the balance sheet as follows: SEKm	Reported value	Fair value determined based on prices quoted in an active market (level 1)	Fair value determined based on valuation technique of observable market data (level 2)	Fair value determined based on observable market data (level 3)
<b>Financial assets reported at fair value in Comprehensive Income Statement</b>				
<b>Prepaid expenses and accrued income</b>	<b>1,623</b>			
<i>Of which: Forward currency contracts</i>			6	
<i>Terminal fees</i>			10	
<b>Other receivables</b>	<b>454</b>			
<i>Of which: Terminal fees</i>			2	
<b>Long-term receivables</b>				
<i>Of which: Electricity derivatives</i>		1		
<b>Cash and cash equivalents<sup>2)</sup></b>	<b>4,852</b>			
<i>Of which: Commercial paper</i>			71	
<b>Loans and accounts receivable</b>				
<b>Long-term receivables</b>				
<i>Of which: Deposits, rent for premises</i>	12 <sup>3)</sup>			
<b>Accounts receivable</b>	<b>4,495</b>			
<i>Of which: Accounts receivable</i>	4,495			
<b>Cash and cash equivalents<sup>2)</sup></b>	<b>4,852</b>			
<i>Of which: Cash</i>	1,717			
<b>Held-to-maturity investments</b>				
<b>Financial investments</b>	<b>149</b>			
<i>Of which: Endowment insurance</i>	130			
<i>Other</i>	18			
<b>Available-for-sale financial assets</b>				
<b>Cash and cash equivalents<sup>2)</sup></b>	<b>4,852</b>			
<i>Of which: Deposits</i>	3,061			
<i>Other</i>	3			
<b>Short-term investments<sup>1)</sup></b>	<b>1</b>			
<i>Of which: Other</i>	1			
<b>Total assets</b>	<b>11,574</b>	<b>1</b>	<b>89</b>	
<b>Financial liabilities reported at fair value in Comprehensive Income Statement</b>				
<b>Long-term interest-bearing liabilities</b>	<b>1,193</b>			
<i>Of which: Electricity derivatives</i>		2		
<b>Accrued expenses and prepaid income</b>	<b>5,274</b>			
<i>Of which: Forward currency contracts</i>			6	
<i>Terminal fees</i>			7	
<b>Other liabilities</b>				
<b>Long-term interest-bearing liabilities</b>	<b>1,193</b>			
<i>Of which: Finance leasing</i>	176			
<i>Debt to credit institutions</i>	1,017			
<b>Short-term interest-bearing liabilities</b>	<b>610</b>			
<i>Of which: Debt to credit institutions</i>	409			
<i>Finance leasing</i>	107			
<b>Other liabilities</b>				
<i>Of which: Terminal fees</i>			2	
<i>Accounts payable</i>	1,896			
<b>Total liabilities</b>	<b>7,077</b>	<b>2</b>	<b>15</b>	

1) "Short-term investments" are investments that mature within 3-12 months.

2) "Cash and cash equivalents" are investments that normally mature in less than 3 months.

3) Long-term receivables total SEK 3,008m, of which SEK 12m is attributable to deposits for premises rentals and SEK 1m to electricity derivatives. The remaining amount is attributable to pensions.

**NOTE 30 Transactions with associated parties****Affiliated companies**

Affiliated companies provide products and services to one another in accordance with the full costing principle, except for services included in Posten Norden's service range, for which market rates and terms apply. Intra-group sales totaled SEK 650m (542). For a list of the parent company's holdings in affiliated companies and joint ventures, see Note 8 to the parent company's financial statements.

**Swedish state**

Posten Norden AB (publ) is wholly-owned by the Swedish and Danish states. The Posten Norden Group's range of services is provided to state-owned companies and agencies on conventional commercial terms. Correspondingly, Posten Norden purchases services from state-owned agencies and companies at market rates and conventional commercial terms. Neither the state nor its agencies or companies are individually responsible for a significant portion of Posten Nordens's net sales.

Posten Norden has been mandated by the Swedish state to provide universal mail services in accordance with the Postal Services Act.

Like other postal operators in Sweden, Posten Norden requires a permit to provide postal services. During the period, the National Post and Telecom Agency (PTS) received SEK 12m (7) from Posten Norden as payment for this permit. Posten Norden paid SEK 8m (4) to PTS for handling dead letters.

The PTS appropriated SEK 14m (7) to Posten Norden for physical disability compensation, corresponding to full cost. Of that total, SEK 7m (3) is compensation for Braille or audio recordings sent to and from the visually impaired. The remaining SEK 7m (4) concerns compensation for special service provided by rural mail carriers to senior citizens and the physically disabled living in sparsely populated areas.

**Danish state**

During the period, Post Danmark A/S paid the Danish state pension premiums of SEK 241m (144) for the group of civil servants employed prior to the corporatization date. A further SEK 18m (31) is reserved in the Statement of Financial Position for any additional obligations to the same group.

**Other organizations in Sweden**

Posten's insurance association is a freestanding fund monitored by the Swedish Financial Supervisory Authority. The association insures Posten Norden's commitments regarding employee disability and family pensions in accordance with ITP-P. During the period, Posten Norden paid premiums of SEK 172m (96) to the insurance association and received compensation totaling SEK 10m (5). Other compensation from the insurance association was paid directly to beneficiaries, and payroll tax for disability pensions was paid by the association.

Posten's Pension Fund leases premises in property owned by Posten Norden AB's subsidiary, Fastighets AB Kvasten 8. Annual rent amounts to SEK 0.7m (0.4). Posten's Pension Fund manages pension commitments for Posten AB, Posten Meddelande AB and Posten Logistik AB. The companies capitalize new pension commitments in the fund and receive compensation for pensions paid. Capitalization of SEK 854m (20) occurred during the period, and compensation totaling SEK 871m (0) was received (related to pension payments made during 2009).

**Executives**

For information on compensation and benefits paid to executives and Board directors, see Note Employees, Personnel Expenses and Executive Compensation.

All members of the group Board of Directors and group management were asked to provide written notification of any business relations they may have with Posten Norden and whether these occurred on a commercial basis. Only one such business relation was reported: Viveca Bergstedt Sten is a member of Posten's group management, and her husband is CEO of the property management company GE Real Estate. During the period, Posten Norden Group rented premises from GE Real Estate on a purely commercial basis for a value of SEK 4m (2).

**NOTE 31 Acquisitions and divestments of operations****Acquisitions**

During the year an additional purchase price of SEK 2m were paid with regard to EKL Night Express SA, which was acquired on October 30, 2009. Nässjöterminalen KB was acquired on November 30th.

**Acquisitions and divestments had the following effects on Posten Norden's assets and liabilities**

SEKm	2010			Jul-Dec 2009		
	Acquisition	Divestment	Total	Acquisition	Divestment	Total
Brands				12		12
Other fixed assets				1	-1,968	-1,967
Current assets				3	-150	-147
<b>TOTAL ASSETS</b>				<b>16</b>	<b>-2,118</b>	<b>-2,102</b>
<b>TOTAL LIABILITIES</b>				<b>7</b>	<b>-48</b>	<b>-41</b>
<b>NET ASSETS</b>				<b>9</b>	<b>-2,070</b>	<b>-2,061</b>
Capital gain, divested operations/group companies					-2,001	-2,001
Goodwill on acquisition	2		2	4	-10	-6
Purchase price paid/received	-2		-2	-14	4,076	4,062
Cash and cash equivalents (acquired/divested)				1	5	6
<b>Net effect on cash and cash equivalents</b>	<b>-2</b>		<b>-2</b>	<b>-13</b>	<b>4,081</b>	<b>4,068</b>

**NOTE 32 Highlights after the end of the period**

On January 19, 2011 the group announced the signing of its agreement with ICA, Coop and Axfood to expand its partner outlet collaboration in Sweden. Through the agreement, Posten Norden will strengthen its partner outlet network in grocery stores. The agreement covers a five-year period and aims to further improve access to postal services and the quality of customer service.

**NOTE 33 Consolidated pro forma statements**

Pro forma statements have been prepared to illustrate what Posten Norden would have looked like had the group been formed and the capital structure established as of 1 January 2009 in respect of the pro forma income statement.

Pro forma reporting is intended to represent a hypothetical situation and has only been prepared for illustrative, informative purposes and to highlight facts. It does not aim to present the financial position or earnings that the business actually would have achieved if the merger had been completed as of the date of reporting. Neither does it aim to present the actual financial position nor the operation's earnings for any future date or period.

Pro forma reporting is based on the reported, audited consolidated financial statements for 2008 and the unaudited interim reports for the first and second quarters of 2009.

In its pro forma reporting, Posten Norden AB consolidated the income statements and balance sheets for the Posten AB Group and the Post Danmark A/S Group as if the merger had occurred as of 1 January 2009. Upon the merger, Posten Norden AB took over the reported values of Posten AB and Post Danmark A/S without any revaluations or adjustments other than those required for adaptation to uniform accounting principles and for the pro forma adjustments described below. The 50 % share of equity held by Post Danmark A/S in MIE Group S.A., representing Post Danmark A/S's equity interest in the Belgian postal company De Post N.V.-La Poste S.A., has been classified as a financial fixed asset and returns have been reported in net financial items under participations in the earnings of associated companies and joint ventures. The merger was reported in accordance with the "carry-over method", meaning that consolidated net assets were entered at their reported value at Posten AB and Post Danmark A/S, respectively, at the time of the merger.

Posten AB uses Swedish kronor as its functional currency, while Post Danmark uses Danish kronor. The joint company uses Swedish kronor as its presentation currency.

**Reporting of business segments, pro forma**

Posten Norden's reporting of business segments is based on management's governance of the group. The business segments, or business areas, are defined based on responsibility for range of services.

Post Danmark has not defined any business segments in its external reporting. In Posten Norden's reporting, results were allocated among business segments in accordance with responsibilities as described in Note Reporting of Business Segments. The allocation was performed in the same way for all periods, including pro forma reporting. The majority of Post Danmark's operations are run within the Post Dan-

mark A/S company. These results were allocated via a combination of areas and additional internal reconciliations based on production statistics, among other things. Other Post Danmark companies were treated entirely in the business segment in which they belong in terms of responsibility.

Posten used business segment reporting in its external reporting, conforming with Posten Norden's practice to a large extent. Posten's previous business segments have been assigned in their entirety to business areas. Within Posten Norden, business areas are charged with all central costs with the exception of the Swedish Cashier Service and IFRS adjustments concerning pensions and leasing.

**NOTE 34 Definitions**

**ADM (addressed direct mail):** Direct mail personally addressed to an individual. ADM is sent with a personal message when companies want to build relationships with existing customers and identify new customers.

**Average number of employees:** The total number of paid employee hours divided by the standard number of hours for a full-time employee.

**C-mail:** In Denmark, mail with special posting conditions processed in a production flow for distribution within two to four days after mailing.

**Earnings per share:** Share of net earnings attributable to the parent company's shareholders divided by the average number of shares outstanding.

**Equity-Assets ratio:** Equity (including minority shares) at the end of the period in relation to total assets at the end of the period.

**Non-priority mail:** Mail processed in a production flow for distribution within three business days after mailing.

**Operating margin:** Operating earnings as a percentage of income (net sales and other income). The calculation of operating margin by business area includes sales to other business areas and to parent company functions.

**Priority mail:** Mail processed in a production flow for delivery on the first business day after mailing.

**Return on equity (ROE):** earnings for the 12 months to the end of the period divided by average equity for the 12 months to the end of the period.

**Substitution:** Customers' replacement of physical letters with electronic alternatives.

**UDM (unaddressed direct mail):** Direct mail sent without personal address by companies that, for instance, do not have their own client register or wish to reach a new target group. Through UDM, the customer has the option of reaching out widely to all national households or businesses or targeting mailings to a specific audience.



# » Parent company financial statements

## » Parent company financial statements

■ Income statement	90
■ Comprehensive income statement	90
■ Balance sheets	91
■ Statement of cash flows	92
■ Statement of changes in equity	92

## » Notes

Note 1 Accounting principles	93
Note 2 Estimates and assessments	93
Note 3 Employees and personnel expenses	93
Note 4 Audit fees and reimbursement of expenses	93
Note 5 Earnings from participations in group companies	94
Note 6 Interest income and interest expense and similar items	94
Note 7 Tax	94
Note 8 Participations in group companies, joint ventures and associated companies	94
Note 9 Contingent liabilities	96

## Income statement

SEKm	Note	2010	Dec 1, 2008 - Dec 31, 2009 <sup>1)</sup>
	1, 2		
Personnel expenses	3	-13	-7
Other expenses	4	-5	-3
<b>Expenses</b>		<b>-18</b>	<b>-10</b>
<b>OPERATING PROFIT</b>		<b>-18</b>	<b>-10</b>
Income from participations in group companies	5	1,000	2,044
Interest income and similar income items	6	30	9
Interest expense and similar expense items	6	-72	-14
<b>Net financial items</b>		<b>958</b>	<b>2,039</b>
<b>Profit before tax</b>		<b>940</b>	<b>2,029</b>
Tax	7	16	4
<b>NET PROFIT</b>		<b>956</b>	<b>2,033</b>

1) The company was formally established on December 1, 2008.

## Comprehensive income statement

SEKm	2010	Dec 1, 2008 - Dec 31, 2009 <sup>1)</sup>
Net profit	956	2,033
<b>COMPREHENSIVE INCOME</b>	<b>956</b>	<b>2,033</b>

1) The company was formally established on December 1, 2008.

## Balance sheets

SEKm	Note	Dec 31, 2010	Dec 31, 2009
	1,2		
<b>ASSETS</b>			
Participations in group companies	8	12,476	12,457
Deferred tax asset			4
<b>Total financial fixed assets</b>		<b>12,476</b>	<b>12,461</b>
<b>Total fixed assets</b>		<b>12,476</b>	<b>12,461</b>
Receivables from group companies, interest-bearing		195	3,766
Other receivables from group companies		1,075	2,048
<b>Total current receivables</b>		<b>1,270</b>	<b>5,814</b>
<b>Total current assets</b>		<b>1,270</b>	<b>5,814</b>
<b>TOTAL ASSETS</b>		<b>13,746</b>	<b>18,275</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Restricted equity</b>			
Capital stock		2,000	2,000
Share premium reserve		10,140	10,140
<b>Non-restricted equity</b>			
Retained earnings		648	
Net profit		956	2,033
<b>TOTAL EQUITY</b>		<b>13,744</b>	<b>14,173</b>
<b>LIABILITIES</b>			
Liabilities to group companies			4,084
<b>Total interest-bearing liabilities</b>			<b>4,084</b>
Accounts payable			1
Liabilities to group companies			16
Other operating liabilities		1	
Accrued expenses and prepaid income		1	1
<b>Total non-interest-bearing liabilities</b>		<b>2</b>	<b>18</b>
<b>Total current liabilities</b>		<b>2</b>	<b>4,102</b>
<b>TOTAL LIABILITIES</b>		<b>2</b>	<b>4,102</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>13,746</b>	<b>18,275</b>
<b>CONTINGENT LIABILITIES</b>	9		
Contingent liabilities		728	741

## Statement of cash flows

SEKm	2010	Dec 1, 2008 - Dec 31, 2009 <sup>1)</sup>
<b>OPERATING ACTIVITIES</b>		
Profit before tax	940	2,029
Anticipated dividend	-1,000	-2,044
<b>Cash flows from operating activities before changes in working capital</b>	<b>-60</b>	<b>-15</b>
<b>Cash flows from changes in working capital</b>		
Increase (-)/decrease (+) in trade accounts receivable	2,049	-4
Increase (+)/decrease (-) in operating liabilities	-16	18
<b>Changes in working capital</b>	<b>2,033</b>	<b>14</b>
<b>Cash flows from operating activities</b>	<b>1,973</b>	<b>-1</b>
<b>INVESTING ACTIVITIES</b>		
Buy-back, minority Post Danmark A/S	-19	-317
Acquisitions/disposals of financial assets	3,570	-3,766
<b>Cash flows from investment activities</b>	<b>3,551</b>	<b>-4,083</b>
<b>FINANCING ACTIVITIES</b>		
Loans raised		4,084
Amortization of loans	-4,084	
Dividend(s) paid to parent company's owner	-1,440	
<b>Cash flows from financing activities</b>	<b>-5,524</b>	<b>4,084</b>
<b>CASH FLOWS FOR THE PERIOD</b>	<b>0</b>	<b>0</b>
Cash and cash equivalents, beginning of the period	0	0
Cash and cash equivalents, end of the period	0	0

1) The company was formally established on December 1, 2008.

## Statement of changes in equity

SEKm	Restricted equity		Non-restricted equity	
	Capital stock <sup>1)</sup>	Surplus fund	Accum. profit or loss incl. net profit	Total
Net profit			2,033	2,033
<b>Total changes in capital wealth excl. transactions with company's owner</b>	<b>0</b>	<b>0</b>	<b>2,033</b>	<b>2,033</b>
Dec 1, 2008	0			0
Apr 24, 2009	0			0
Jun 24, 2009	2,000	10,140		12,140
<b>Ending balance as of 12-31-2009</b>	<b>2,000</b>	<b>10,140</b>	<b>2,033</b>	<b>14,173</b>
<b>Beginning balance as of 01-01-2010</b>	<b>2,000</b>	<b>10,140</b>	<b>2,033</b>	<b>14,173</b>
Received group contribution			75	75
Tax on received group contribution			-20	-20
Total changes in capital wealth reported directly against equity, excl. transactions with company's owner			55	55
Net profit			956	956
Total changes in capital wealth excl. transactions with company's owner			1,011	1,011
Dividend			-1,440	-1,440
<b>Ending balance as of 12-31-2010</b>	<b>2,000</b>	<b>10,140</b>	<b>1,604</b>	<b>13,744</b>

1) Number of shares is 2,000,000,001, quota value per share SEK 1.

Capital stock upon company formation Dec 1, 2008: SEK 100,000. New share issue Apr 24, 2009: SEK 400,000. New share issue Jun 24, 2009: SEK 1,999,500,001.

# Notes

## NOTE 1 Accounting principles

The parent company essentially applies the same accounting principles as the group does, and thus applies RFR 2, Reporting of Legal Entities. The differences between the parent company's and the group's accounting principles result from the parent company's limitations in applying International Financial Reporting Standards (IFRS) as a consequence of the Swedish Annual Accounts Act and the Law on Safeguarding of Pension Commitments, and are to some extent also based on tax considerations. The company Posten Norden AB was originally registered at the Swedish Companies Registration Office on December 1, 2008. The comparative reporting period is December 1, 2008 – December 31, 2009.

### Participations in subsidiaries, associated companies and joint ventures

Participations in subsidiaries, associated companies and joint ventures are reported in the parent company using the acquisition cost method. Received dividends are reported as income provided that they arise from post-acquisition earnings. Dividends that exceed post-acquisition earnings are viewed as a repayment of the investment and may reduce the reported value of the participation.

### Dividends

Dividends from subsidiaries, associated companies and joint ventures are reported as income when the right to receive such dividend is established.

Anticipated dividends from subsidiaries are reported in cases where the parent company has the exclusive right to determine the size of the dividend and has made a decision on the size of the dividend prior to publication of the parent company's financial statements.

If the carrying amount of the parent company's holding in the subsidiary, associated company or joint venture exceeds the carrying amount reported in the financial statements, this is considered an indication of an impairment requirement and an impairment test shall be performed.

### Employee benefits

Pension commitments for civil servants covered by pension insurance plans are reported in the parent company as defined contribution plans. Other pension costs are included under operating profit.

### Financial guarantees

The parent company's financial guarantees consist mainly of guarantees for the benefit of subsidiaries and joint ventures. Financial guarantees entail the company pledging to compensate the owner of a debt instrument for losses incurred in the event a debtor does not complete payment on the due date specified in the contract. To report financial guarantee agreements, the parent company applies RFR 2, which is somewhat more lenient than the rules in IAS 39 regarding financial guarantee contracts for the benefit of subsidiaries, associated companies and joint ventures. The parent company reports financial guarantee agreements as provisions on the balance sheet when Posten Norden has a commitment for which payment is likely to be required to settle the commitment.

### Taxes

The parent company reports untaxed reserves, including its deferred tax liability.

### Segment reporting

The parent company's business activities consist of a sole operation, group functions.

## NOTE 2 Estimates and assessments

In making these financial reports, group management has made assessments, estimates and assumptions that affect the group's reported accounts. These estimates and assumptions are based on what is known at the time the financial reports are presented, as well as on historical experience and assumptions that group management considers reasonable under the current circumstances. The conclusions drawn by group management form the basis for the values reported in these accounts. Actual future values, estimates and assessments in future financial reports during the coming year may differ from those in this report, due to changing environmental factors and new knowledge and experience.

No estimates or assessments were made in the 12-31-2010 annual statements for Posten Norden AB.

## NOTE 3 Employees and personnel expenses

SEKm	2010	Dec 1, 2008 - Dec 31, 2009
<b>Personnel expenses</b>		
Wages, salaries and other remuneration	8	5
Statutory social costs	2	1
Pension expenses	3	1
<b>Total</b>	<b>13</b>	<b>7</b>

The parent company has only one employee, the President and Group CEO, operating in Sweden. The CEO's monthly salary is SEK 690,000. Posten Norden AB also pays SEK 210,000 per month for a premium-based pension insurance policy for the CEO. There are no other pension commitments for the CEO.

### Gender distribution within Boards of Directors for Posten Norden AB and Posten Norden Group

	Dec 31, 2010	Dec 31, 2009
Proportion of women	37%	37%
Proportion of men	63%	63%

## NOTE 4 Audit fees and reimbursement of expenses

SEKm	2010	Dec 1, 2008 - Dec 31, 2009
<b>Audit engagement</b>		
Ernst & Young	1	1
<b>Total</b>	<b>1</b>	<b>1</b>

"Audit engagement" refers to examination of the annual report, bookkeeping and administration of the Board and the CEO; other duties resting with the company's auditors; and advisory services and other types of support that arise in the course of such examination or the performance of such other duties.

**NOTE 5 Earnings from participations in group companies**

SEKm	2010	Dec 1, 2008 - Dec 31, 2009
Anticipated dividend from subsidiaries	1,000	2,044
<b>Total</b>	<b>1,000</b>	<b>2,044</b>

**NOTE 6 Interest income and interest expense and similar items**

SEKm	2010	Dec 1, 2008 - Dec 31, 2009
Interest income from group companies	30	9
<b>Total</b>	<b>30</b>	<b>9</b>
Interest expense to group companies	-28	-13
Exchange rate gains	-45	-1
<b>Total</b>	<b>-72</b>	<b>-14</b>

See also Note for the group, Financial Risk Management and Financial Instruments.

**NOTE 7 Tax**

SEKm	2010	Dec 1, 2008 - Dec 31, 2009
<b>Current tax</b>	<b>20</b>	
<b>Deferred tax</b>		
Change in deferred tax on tax loss carry-forwards	-4	4
<b>Total</b>	<b>16</b>	<b>4</b>

Reconciliation of effective tax rate	2010		Dec 1, 2008 - Dec 31, 2009	
	%	SEKm	%	SEKm
Profit before tax		940		2,029
Tax at current tax rate	26.3	-247	26.3	-534
Tax-free dividend		263		538
<b>Total</b>		<b>16</b>		<b>4</b>

**NOTE 8 Participations in group companies, joint ventures and associated companies**

SEKm	2010	Dec 1, 2008 - Dec 31, 2009
<b>Opening accumulated acquisition value</b>	<b>12,457</b>	<b>0</b>
Issue for non-cash consideration Jun 24, 2009		12,140
Redemption of minority shares in Post Danmark A/S	19	317
<b>Ending balance</b>	<b>12,476</b>	<b>12,457</b>

**Parent company's and group's holdings in group companies, joint ventures (JV) and associated companies (AC)**

Shares owned directly or indirectly by parent company (Posten Norden AB), SEKm	Corporate Identity Number	Legal domicile	Country	Equity stake, %		Number of shares	Book value, parent company Dec 31, 2010	Dormant
				Direct	Indirect			
<b>Posten AB</b>	<b>556128-6559</b>	<b>Solna</b>	<b>Sweden</b>	<b>100</b>		<b>600,000</b>	<b>7,088</b>	
Posten Meddelande AB	556711-5695	Solna	Sweden		100	1,000		
Strålfors AB	556062-0618	Malmö	Sweden		100	21,381,288		
Strålforsbolagen AB	556158-7006	Ljungby	Sweden		100	2,000		v
Strålfors Maila Nordic AB	556516-4455	Ljungby	Sweden		100	600		v
Strålfors Svenska AB	556102-9843	Ljungby	Sweden		100	5,000		
Strålfors Tandsbyn AB	556203-4693	Östersund	Sweden		100	6,000		
Tand 2:103 Fastighets AB	556594-3650	Östersund	Sweden		JV 50	2,000		
Strålfors Göteborg AB	556126-6973	Gothenburg	Sweden		100	1,000		
Strålfors 1 AB	556683-4916	Ljungby	Sweden		100	1,000		v
Strålfors Identification Solutions AB	556692-2422	Ljungby	Sweden		100	1,000		v
Strålfors Information Logistics AB	556694-6736	Ljungby	Sweden		100	1,000		v
Strålfors Supplies Holding AB	556779-8490	Nyköping	Sweden		AC 20	200		
Strålfors NV		Sint-Niklaas	Belgium		100	1		v
Strålfors A/S		Brøndby	Denmark		100	1,986		
Strålfors Information Logistics A/S		Brøndby	Denmark		100	200,000		
Strålfors Oy		Helsinki	Finland		100	2,100		
Strålfors Finance SAS		Paris	France		100	200,000		v
Strålfors France S.A.		Evry	France		100	100		v
Strålfors SAS		Paris	France		100	620,776		
SCI du Pont St Jean Société Civile		Paris	France		70	70		
Strålfors AS		Oslo	Norway		100	200		
Strålfors Sp. z o.o.		Crakow	Poland		100	100		v
Strålfors Sp. z o.o.		Laskowice	Poland		100	2,000		

## Note 8, cont'd.

## Parent company's and group's holdings in group companies, joint ventures (JV) and associated companies (AC)

Shares owned directly or indirectly by parent company (Posten Norden AB), SEKm	Corporate Identity Number.	Legal domicile	Country	Equity stake, %		Number of shares	Book value, parent company Dec 31, 2010	Dormant
				Direct	Indirect			
		Zug	Switzerland		100	100		
		Aesch	Switzerland		100	5,000		
		Redruth	UK		100	100		
		Redruth	UK		100	1,000		v
		Orpington	UK		100	45,000		v
		Orpington	UK		100	45,000		v
		Redruth	UK		100	600,000		
		Redruth	UK		100	10,000		v
		Mörfelden-Walldorf	Germany		100	150		
		Lübeck	Germany		100	1		
		Oslo	Norway		100	117,570		
	556711-5380	Solna	Sweden		100	1,000		
		Wekjenraedt	Belgium		1	1		
		Brøndby	Denmark		100	1		v
		Brøndby	Denmark		100	1		v
		Brøndby	Denmark		100	2		
		Helsinki	Finland		100	250		
		Vantaa	Finland		100	5,817		
	516401-8649	Stockholm	Sweden		100	50,000		
	556615-7987	Stockholm	Sweden		100	1,000		
		Copenhagen	Denmark		100	500,001		
	556476-3562	Stockholm	Sweden		85	850		
	556039-7480	Stockholm	Sweden		100	7,500		
		Middlesex	UK		100	110,000		
	556587-5597	Stockholm	Sweden		85	1,700		
		Wekjenraedt	Belgium		99	99		
	556341-0009	Stockholm	Sweden		100	5,000		
	556234-1353	Stockholm	Sweden		100	1,000		v
		Oslo	Norway		100	10,000		v
		New Jersey	USA		100	100		
		Oslo	Norway		100	1,000		
		Vantaa	Finland		100	100		
		Amsterdam	Netherlands		100	200		
		Gendringen	Netherlands		100	80		
		Gendringen	Netherlands		100	4,500		
	556528-7694	Stockholm	Sweden		100	3,000		v
	556517-0544	Stockholm	Sweden		100	100		
	916629-7458	Solna	Sweden		100			v
	556371-8021	Stockholm	Sweden		100	1,000		
	556756-1211	Stockholm	Sweden		90	900		
	556482-7508	Stockholm	Sweden		100	1,000		
		Singapore	Singapore		100	700,000		
		Sydney	Australia		100	1		
		Hong Kong	China		100	1		
<b>Post Danmark A/S</b>		<b>Copenhagen</b>	<b>Denmark</b>	<b>100</b>		<b>25,000,000</b>	<b>5,388</b>	
		Copenhagen	Denmark		100	1,000		
		Copenhagen	Denmark		100	500		
		Copenhagen	Denmark		100	10		
		Hvidovre	Denmark		100	400		
		Brøndby	Denmark		51	23,858,000		
		Ballerup	Denmark		AC 50	12,000,000		
<b>Total holdings in group companies</b>							<b>12,476</b>	

**NOTE 9** Contingent liabilities

SEKm	Dec 31, 2010	Dec 31, 2009
Guarantee commitment, PRI	656	740
Guarantees on behalf of subsidiaries <sup>1)</sup>	72	1
<b>Total</b>	<b>728</b>	<b>741</b>

1) As of 12/31/10, Posten Norden AB's subsidiary (Posten AB) had pledged a total of SEK 163m (206) in guarantees for the benefit of subsidiaries.



# Signatures of the Board and CEO

## Signatures of the Board and CEO

Posten Norden's Board of Directors and CEO hereby affirm that the consolidated accounts were prepared in compliance with International Financial Reporting Standards, as they have been adopted within the European Union; that the annual report was prepared in compliance with generally accepted accounting principles; and that the consolidated accounts and annual report are a true and fair representation of the group's and the com-

pany's financial position and earnings. Nothing of a significant nature that could affect the representation of the company as described in the annual report has been omitted. The Financial Review and Board of Directors' report provide a fair and accurate overview of the development of the group's and parent company's operations, position and financial results, and describe significant risks and uncertainty factors facing the parent company and other group companies.

Stockholm February 23, 2011

Fritz H. Schur  
Chairman

Mats Abrahamsson  
Member of the Board

Ingrid Bonde  
Member of the Board

Gunnel Duveblad  
Member of the Board

Bjarne Hansen  
Member of the Board

Torben Janholt  
Member of the Board

Anne Birgitte Lundholt  
Member of the Board

Richard Reinius  
Member of the Board

Lars Chemnitz  
Employee representative

Alf Mellström  
Employee representative

Kjell Strömbäck  
Employee representative

Lars G Nordström  
President and CEO

Our audit report was presented on February 23, 2011

Ernst & Young  
Lars Träff  
Authorised Public Accountant

# Audit report

To the annual meeting of the shareholders of Posten Norden AB (publ)  
Corporate identity number 556771-2640

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Posten Norden AB (publ) for the financial year January 1, 2010 – December 31, 2010. The annual accounts and the consolidated accounts of the company are included in the printed version of this document on pages 1-5, 8-98. The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consoli-

dated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statement and balance sheet of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the statutory administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Stockholm February 23, 2011

Ernst & Young AB  
Lars Träff  
Authorized Public Accountant



## » Sustainability Report

### » Sustainability Report

■ Key sustainability events 2010	100
■ The CEO on sustainability	101
■ Posten Norden's stakeholder dialog	102
■ Objectives and governance of Posten Norden's sustainability efforts	104
■ Posten Norden's financial responsibility	106
■ Posten Norden's environmental responsibility	109
■ Posten Norden's social responsibility	113
■ Attestation report	121

## » Overview of Posten Norden's sustainability report

Posten Norden's operations should be conducted in a responsible way with respect to the company's stakeholders. Our financial, social and environmental responsibility is important for the company's long-term success. Sustainability is therefore an integrated part of the company's operations and is managed and measured as all other operations in the group.

→ Read more in Posten Norden's Annual Report 2010, pages 20-21.

The Sustainability Report 2010 is intended to describe the group's situation with regard to its sustainability efforts during the past year, and our future ambitions in this area. The report covers the operations in the Nordic region, which represents the majority of the group's sales and employees. Additional information can be found in the Reporting Principles on Posten Norden's website.

This Sustainability Report has been prepared in accordance with The Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, version 3.0. The selection of GRI indicators is based on external stakeholders' expectations and requirements, as well as the group's assessment of what is most relevant with regard to the direction of the group's operations.

Posten Norden's Board of Directors adopted the Sustainability Report on February 23, 2011. The Sustainability Report has been prepared in accordance with the reporting principles and measurement methods further described on Posten Norden's website, where the GRI index can also be found. Ernst & Young AB has reviewed Posten Norden's Sustainability Report 2010 and has confirmed its classification as a C+ report according to the Global Reporting Initiative.

→ Read more at [postennorden.com/sustainability](http://postennorden.com/sustainability)

## » Key sustainability events 2010

- January: Decision taken to earmark SEK 100m for the Climate Fund 2010. Resources are invested in measures proposed by group employees which limit the group's environmental impact.
- January: Launch of Klimatekonomiskt Varubrev in Sweden – an environmental and climate-compensated alternative for sending items weighing between 150 grams and 2 kg.
- April: Group management established Posten Norden's long-term goal to increase the proportion of women in senior management positions to 40% by 2015.
- May: Information Logistics' printing press in Poland became environmentally certified. The printing press in Laskowice was the first in Poland to receive the Swan Ecolabel – a stamp of environmental quality in the Nordic region. The Swan is a certification with a total overview of environmental impact, from raw material to the company's own environmental efforts.
- June: Marianne Nivert's leadership grant was awarded to Johanna Allert and Lene Reipeurt, who had distinguished themselves through exemplary leadership qualities. The grant is intended to contribute to strong leadership in Posten Norden and help more women reach management positions. The grant was founded in 2009 and is to be awarded for five years starting in 2010. Marianne Nivert served as the Chairman of Posten AB's Board of Directors from 2003-09.
- June: A prize for excellent work environment was founded and awarded within business area Meddelande Sverige (Mail). The prize is intended to increase awareness of the importance of a positive work environment and to showcase good examples. Of all Swedish regions, the Växjö region was considered to have the most success in this area.
- September: The Eco Rally competition was held in Denmark as a way to inspire more environmentally friendly driving techniques. Twenty-four employees from Denmark and Sweden competed in driving as far as possible using the least amount of fuel.
- September: A two-year test of the environmental biofuel BioDME was initiated. The tests are being led by Volvo Trucks with support from the EU and the Swedish Energy Agency. The objective of the tests is to contribute to the development of sustainable fuels and to evaluate alternatives for Posten Norden's own fleet of vehicles.
- September: The Board of Directors decided to build a new terminal structure in Sweden in order to boost the group's competitiveness, improve conditions for fulfilling its universal service obligation, reduce the environmental impact of its facilities and increase the proportion of environmental transports.
- October: Danish Christmas Seals were sold to benefit the country's four "Christmas Seal Homes" which help children. The sales generated about DKK 20m for the homes.
- October: Employees in Denmark collected and donated DKK 38,000 to the Danish Red Cross to help flood victims in Pakistan.
- October: Launch of Klimatekonomisk Posttidning in Sweden – an environmental and climate-compensated alternative for distribution of periodicals.
- November: DKK 2m was donated to the Children's Cancer Fund, corresponding to the proceeds from sales to date of Danish charity postage stamps.
- November: The target to reduce the group's carbon dioxide emissions by 40% by the year 2020 was set.
- December: Posten Norden expanded employee benefits in Sweden by offering partial coverage of treatments for involuntary childlessness. This is in line with the group's ambition to be an attractive workplace throughout various stages of life.

# We shall be an industry leader in sustainable development

Sustainability is an integrated part of Posten Norden's operations. It is both our role and our duty to ensure that our operations are run with the utmost level of responsibility. This ambition is reflected in every aspect of our corporate vision and it pervades the way we conduct our day-to-day business.

## Responsibility to create real change

We deliver about 29 million pieces of mail every week-day, which means that we are clearly accountable for the way our operations affect the environment. However, our services are also necessary and comprise a natural part of people's everyday lives. We strive to operate our business in a way that limits our environmental impact as much as possible and to be economical with our own resources as well as those of the environment. Our responsibility also extends to our employees and the society around us, and we aim to enhance the qualities that make us an attractive and progressive employer.

## Adjusting responsibly

During 2010 we devoted much energy to adjusting our operations to a market in transition. These adjustments have been successful, and have been made in a responsible way in relation to our stakeholders. The majority of personnel turnover has occurred through natural attrition or through reorganization programs.

The need for both cost and environmental adjustments have prompted several initiatives designed to optimize our transports. The decision to invest in a new terminal struc-

ture will allow us to transport greater volumes by rail in Sweden and will, according to our calculations, reduce our total carbon emissions in Sweden by 6 percent over the next few years.

## We are increasing the pace of our environmental efforts

We are investing considerable resources in specific initiatives that will limit the environmental impact of our operations. The Climate Fund plays a crucial role, especially considering the group's ambition to reduce carbon dioxide emissions by 40 percent by the

year 2020. This target is also in line with our owners' ambitions.

By taking the initiative to create real change, Posten Norden shall be an industry leader when it comes to sustainable business development.

*Lars G Nordström  
Solna, February 2011*



# An open and constructive stakeholder dialog

Our dialog with stakeholders allows us to listen to and understand their viewpoints and needs, which ultimately influence how Posten Norden manages and develops its operations. The stakeholder dialog also allows us to better explain what we have to offer as a company, as well as how a constantly changing external environment will affect our future operations and corporate direction. Maintaining an open stakeholder dialog gives us room to maneuver in the arenas of politics and public opinion. It also allows us to better develop more competitive products and services and to become a better employer. Each of these aspects is crucial for Posten Norden's success. Posten Norden's primary stakeholder groups are described to the right and on the next page. These groups are considered to be the most significant, either in terms of contributing to or being dependent on Posten Norden. The process for measuring and monitoring results is described under each specific stakeholder category.

## Stakeholders

### » Owners

Posten Norden is owned by the Danish and Swedish states via the Danish Ministry of Transport and the Swedish Ministry of Finance. The overall business direction for Posten Norden is specified by the owners through the company's by-laws. The general meeting of shareholders is the owners' principal forum for decision-making and monitoring Posten Norden's operations. We also conduct an ongoing dialog with our owners, mainly through the Board of Directors. When necessary, other Posten Norden representatives also engage in dialog with the Ministry of Transport and the Ministry of Finance.

#### Focus during 2010

- Decision on new postal legislation in Denmark.  
New postal legislation in Sweden
- The Board of Director's decision that a number of key financial goals should guide the group's business operations

→ Read more under **Financial Responsibility** on page 106.



## » Society

Posten Norden fulfills the universal postal service obligations in Denmark and Sweden, and also has extensive operations in Norway, Finland and several other countries. With operations that affect so many we strive to maintain an ongoing, high-quality dialog with the various regulatory authorities, such as the Swedish Post and Telecom Agency (PTS) and the Danish Transport Authority.

Posten Norden cooperates with a number of other authorities and also participates in several international associations such as Universal Postal Union (UPU), Post-Europ and International Post Corporation (IPC) as well as various interest groups representing business owners, rural residents, functionally disabled persons, senior citizens and others. These dialogs are collaboratively managed by the relevant functions within the group.

Posten Norden's role in society is monitored through Corporate Image surveys and quality measurements.

### Focus during 2010

- Decision on new postal legislation in Denmark with price increase effects
- Updated postal legislation in Sweden with new licensing terms
- Service and accessibility. Dialog with interest organizations for rural residents and functionally disabled persons
- Zone pricing in Sweden for sorted mailings

→ Read more about Posten Norden's universal service obligations in the Corporate Governance Report on page 52.

→ Read more about Posten Norden's social responsibility on page 119.

## » Employees

Posten Norden's skilled and committed employees are crucial for the company's success. This requires a strong two-way dialog on many levels. Dialog with employees occurs, among other places, in workplace meetings where managers and employees discuss current issues. Other channels for communicating with employees include the intranet and internal magazines, and a shared website for managers. All employees are encouraged to express their views via annual employee surveys. All employees and managers should have annual career development discussions. Union organizations play an important role in the relationship between companies and employees. We strive to maintain a proactive and constructive cooperation with the union on all levels within Posten Norden. We aim to ensure that these efforts are well-functioning and lead to a positive result for both Posten Norden and its employees.

Activities to monitor employees' views of Posten Norden as an employer include employee survey programs and measurements of sick leave.

### Focus during 2010

- Personnel changes
- Exchange and experience of work methods in other countries
- Collective agreements in Denmark and Sweden
- Increased operational efficiency and productivity

→ Read more about Posten Norden's responsibility towards its employees on page 113.

## » Customers

Approximately 95% of Posten Norden's sales are generated from businesses whose customers are largely individual private recipients. Customers' needs and wishes direct Posten Norden in its development of new services. Customer dialog takes place in meetings with Posten Norden's sales representatives, and with the customer service department via phone or Internet. Our drivers and mail carriers also visit every household and business each workday, year-round.

Posten Norden monitors its performance through regular measurements of customer satisfaction and Corporate Image. Complaints are measured and monitored through continuous improvement work. Delivery quality is measured and monitored on an ongoing basis.

### Focus during 2010

- Development of environmental services based on customer demand
- Handling complaints – decision to create a customer representative role in early 2011
- Decision on new postal legislation in Denmark – group introduction of differentiated prices

## » Partners and suppliers

Posten Norden has a large number of collaborations with external companies and organizations. One example is our partnership with retailers throughout the Nordic region through which our services are provided to private individuals and companies. Another example is our procurement of products and services from roughly 26,000 suppliers each year. Posten Norden also has a number of collaborations with sport, cultural and charitable organizations.

Monitoring of Posten Norden's role in relation to suppliers includes regular measurements of contractual fidelity.

### Focus during 2010

- New and renewed agreements with partner outlets in Sweden
- Sponsorship of sports and culture
- Charitable projects for The Christmas Seal Foundation and Children's Cancer Foundation in Denmark
- Sustainability and social responsibility: collaborations with various initiatives. Participation in developing the ISO standard 26000 for social responsibility

→ Read more about Posten Norden's responsibility in relation to suppliers and partners on page 119.

# Objectives and governance of sustainability efforts

Posten Norden's ambition to contribute to sustainable development is reflected in the group's vision and mission as well as in the group's general governance model, the balanced target picture, which guides the implementation of sustainability measures. The balanced target picture encompasses governance models for financial stability and social and environmental responsibility.

As the leading communication and logistics company in the Nordic region, as well as one of the region's largest employers, Posten Norden impacts the societies in which we operate. We create significant value through meeting the communication needs of many companies and private individuals. Our operations are energy-intensive and generate carbon dioxide emissions. We therefore play an important role in society, and we have a long-term ambition to manage this role in the most responsible way possible and to contribute to sustainable development.

## Three key areas of responsibility

Our approach to and our work with sustainability issues are grounded in three areas of responsibility: financial, environmental and social.

### Financial responsibility

Being financially responsible requires that our operations remain competitive, effective and profitable over time, thus creating long-term value for customers and owners.

### Environmental responsibility

Being environmentally responsible involves actively working to limit the environmental impact of our operations in order to be the environmental choice for our customers.

### Social responsibility

By being socially responsible, we strive to support committed and healthy employees and to maintain a meaningful dialog with the rest of society.

## Management of sustainability efforts

Posten Norden's financial, environmental and social obligations are clearly reflected in the group's mission and vision. The mission and vision comprise – together with the group's strategy and other guiding factors such as certification requirements, standards and external guidelines such as the UN Global Compact – a foundation for the group's governance model, the balanced target picture.

The balanced target picture contains a number of financial and non-financial key ratios which have guided the group's operations since 2009. It contains four target areas: owners, employees, processes and customers. The group measures a number of key ratios for each target area and establishes objectives for each key ratio in the busi-

ness and budget planning process. The group's development in relation to the balanced target picture is internally monitored on a monthly basis with reports sent to group management and the Board. The results of the financial key ratios are made public in Posten Norden's quarterly reports.

The targets and results then inform the decision-making processes for day-to-day sustainability efforts. Each key ratio is broken down in the detailed plan for each business area, and progress is reported by the business manager for each area.

Target area	Key ratio/measure	For more information, see section
Owners	Financial targets	Posten Norden's Financial Responsibility
Employees	Employeeeeship and sick leave	Posten Norden's Social Responsibility, Employees
Processes	CO <sub>2</sub> -emissions and quality	Posten Norden's Environmental Responsibility, Financial Responsibility
Customers	Customer satisfaction and Corporate Image	Posten Norden's Financial Responsibility

These key ratios, results and targets (in cases where the targets are public) are discussed in the following sections of the Sustainability Report. The group also measures a number of other key ratios relevant to its sustainability efforts, and many of these are also reported in the following sections. Additional information about the balanced target picture can be found in Posten Norden's Annual Report for 2010.

→ Read more about targets in Posten Norden's Annual Report 2010, page 20.

## Towards ISO certification

In order to ensure that the group's environmental and quality-improvement efforts are coordinated and integrated, efforts to establish a joint operational management system were commenced in 2010. The goal is to obtain, in a few years' time, multisite certification for environment (ISO 14001) and quality (ISO 9001). Many parts of the group have already received certifications for work environment, quality and environment.





**Risk management**

Posten Norden's management of internal and external risks is carried out within the operative management framework and is a natural part of the ongoing business monitoring process. The process also identifies risks that may impact the organization from a sustainability perspective, including environmental risks.

→ Read more about risk management in Posten Norden's Annual Report 2010, page 36.

» **Global Compact**

Posten Norden supports the Global Compact and its ten principles. The Global Compact was launched at the World Economic Forum in Davos in 1999 when Kofi Annan – then UN Secretary-General – urged the business community to join the initiative. The idea behind the initiative is to make companies aware of and encourage them to take active responsibility for ten internationally recognized principles in the areas of human rights, labor law, the environment and battling corruption.

**Managing Posten Norden's sustainability efforts**

Responsibility for sustainable development

Balanced target picture with operational targets



## Long-term stability and profitability

Environmental and social issues are inherently linked to Posten Norden's financial responsibility. A business that is stable and profitable over time creates conditions conducive for achieving and surpassing requirements for environmental and social responsibility. Looked at in another way, an environmentally conscious and socially responsible business opens opportunities to gain a competitive advantage, which enhances the company's value.

Our financial success requires that we take a responsible approach toward our stakeholders, which means that financial responsibility extends beyond the company. By creating profitability and value for its owners, Posten Norden ensures a robust and long-term business that also benefits many of the company's other stakeholders. Our mandate to fulfill our universal service obligations in Denmark and Sweden makes it even more important that we operate our business in an efficient and profitable way.

Posten Norden's view of sustainability is founded on the financial premise that economical use of resources is central for business operations. We believe that the great-

est returns can be achieved by optimizing the use and organization of the company's assets. Reduced fuel consumption, satisfied employees and low levels of sick leave yield both financial returns and environmental and social advantages. This perspective gives the company an incentive to see the full picture and act accordingly.

In the same way, high levels of customer satisfaction and quality and a good reputation in society are of great value to the group's ability to generate returns, and these factors form some of the parameters on which our operations are governed.

By increasing the size of the business and creating operational synergies, the merger of Post Danmark A/S and Posten AB has contributed to strengthening the group's competitiveness and improving conditions for a stable and profitable business over time.

### A market in transition

The general state of the economy significantly affects Posten Norden's ability to generate profitability and returns for its owners. The global economy recovered somewhat during 2010 after having constricted business throughout the world since 2008. Sweden and Norway in particular saw an economic upswing during 2010, while the outlook for Denmark and other countries that are important for the group continues to be uncertain.

Posten Norden is exposed to intense competition in the communication area, primarily from digital alternatives, which results in declining letter volumes. This substitution effect means that the group must adjust its operational capacity and costs in order to adapt to a changing market, where pressure on prices has affected both the communication and logistics businesses, while the Nordic logistics market continues to grow.

### Considerable improvement in profit

In 2010 net sales fell 2% excluding structural and currency changes. As a result of considerable cost adjustments, the group's operating profit improved 28% during the same period, excluding structural and currency changes. In 2010 the group's costs fell 3%, excluding structural and currency changes. The group's average number of employees was reduced by about 3,600 during the year, and personnel expenses fell 9%. Personnel turnover occurred largely through natural attrition or through reorganization programs. The group's transport costs fell 2% during the year.





**Generated and distributed value**

The GRI indicators with regard to generated and distributed value are based on value creation for a number of the group's most important stakeholders. The value generated by the group during 2010 totaled SEK 41,937m, a year-on-year decrease of 11%. Distributed value for suppliers, employees and society totaled SEK 40,007m. Distributed value to society totaled SEK 1,335m: tax payments totaling SEK 335m and a proposed dividend to the owners of SEK 1,000m. The group also distributed value through sponsorships and charitable projects. See page 120 for more information.

**Targets for financial responsibility**

The targets for the group's financial responsibility directly correspond to a number of the group's targets with regard to financial goals, corporate image, and employee and customer satisfaction.

When Post Danmark A/S and Posten AB merged, the owners agreed that the operations should be run based on, among other things, a number of financial targets.

The group's ROE should be 10% over the course of an economic cycle, the equity-assets ratio should be at least 35% and at least 60% of the net profit should be distributed to the owners. In 2010 the group's ROE was 8 (20) %, the equity-assets ratio was 46 (45) % and the dividends from net profit totaled 97 (60) %.

→ Read more in Posten Norden's Annual Report 2010 on page 20.

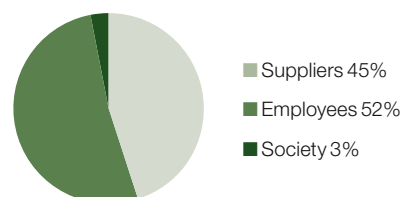
Generated and distributed value (EC1, EC3, EC4)

SEKm, unless otherwise specified	Pro forma		
	2010	2009	2008
<b>Generated value</b>	<b>41,937</b>	<b>47,044</b>	<b>47,094</b>
Net sales, external	41,669	44,633	45,810
<i>of which, payments received from the state, EC4</i>	14	7	
Other income	289	249	586
Participations in associated companies and joint ventures	6	7	4
Net financial items	-27	2,155	694
<b>Distributed value</b>	<b>40,007</b>		
<b>Suppliers</b>	<b>18,121</b>		
Transport expenses	7,384	7,561	7,722
Cost of premises	2,236		
Other	8,501		
<b>Employees, EC3</b>	<b>20,551</b>		
Wages, salaries and other remuneration	15,780		
Social security contributions	4,680		
<i>of which, pension costs (excl. payroll tax)</i>	2,032		
Other personnel expenses	91		
<b>Society</b>	<b>1,335</b>		
Taxes paid	335		
Dividend	1,000 <sup>1)</sup>	1,440	n/a <sup>2)</sup>

1) Dividend proposed by Board of Directors.

2) Pursuant to the merger agreement between the Swedish and Danish states, no ordinary dividend was distributed in 2008. Pursuant to the same agreement, an extraordinary dividend of SEK 1,400m was paid to the Swedish state.

Distributed value





### **A good reputation requires high-quality performance and satisfied customers**

Delivering world-class communication and logistics solutions to satisfied customers is the basis of our vision. Customer satisfaction in terms of service, quality and range of services is measured and followed up through the customer satisfaction indices KTA in Denmark and NKI in Sweden. NKI for Posten in 2010 was 67 (67). KTA for Post Danmark increased in 2010 to 70 (67), with business customers representing the greatest increase.

As of spring 2011, the measurements will be replaced by a customer value index (KVI), which will cover Posten Norden's operations within all four business areas throughout the Nordic countries. Corporate and private customers will be interviewed.

High quality on all levels is not only required by our universal service obligations, it is also a unique competitive advantage. The Swedish state's requirement for mail items stamped for overnight delivery is that at least 85% shall be delivered during the following business day. The Danish state's quality requirement for all services provided under the transport obligation is 93%. During 2010, delivery quality for priority mail was at 93.3 (95.7) % in Denmark

and at 93.1 (95.9) % in Sweden, making Posten Norden a world leader in terms of mail delivery quality.

Reputation and reliability as a supplier of critical social services are important for Posten Norden and create the foundation for operating a sustainable business in the long term. The group's image was strengthened during 2010, totaling 3.26 (3.24) in Denmark and 0.41 (0.29) in Sweden.

### **Service development and investments**

Posten Norden's operations are built on transportation, which undeniably impacts the environment. For this reason, the group invests considerable resources to increase the sustainability of its operations. An important initiative is the group's Climate Fund, through which SEK 100m has been earmarked for investments that reduce the group's impact on the environment. Another important investment for the future is the new terminal structure in central and northern Sweden, which will be completed in the next few years. The investment also allows for a greater proportion of long-distance transports to be made by rail, which will reduce carbon dioxide emissions.

→ Read more about Posten Norden's environmental responsibility on page 109.

# An environmental vision that carries obligations

Environmental efforts are crucial for Posten Norden, and a central tenet of the group's vision is to be an environmentally sound choice for our customers. We aim to reduce our environmental impact and thereby strengthen our customers' and our own competitiveness. Our commitment to the environment is an integral part of the organization and is part of the group's governance tool, the balanced target picture.

Our vision to be the environmental choice for our customers is essentially an obligation. Posten Norden's operations require the use of transportation, which in and of itself has a significant impact on the environment. In order to fulfill the group's mandate, virtually all modes of transportation are utilized: train, truck, car, planes, boat, moped and bicycle. In order to fulfill our universal service obligations in Denmark and Sweden, a large portion of the mail we handle must reach recipients on the following workday, which means that we must also use planes for certain transports. However, we strive to fulfill our obligations and commitments to our customers in the most environmentally sound way possible.

Many of Posten Norden's customers have bold environmental goals which often include reducing CO<sub>2</sub> emissions. This makes it even more important for us to reduce the environmental impact of our operations in order to allow our customers to reach their targets. Limiting our environmental impact creates added value and a competitive advantage both for our customers and ourselves.

## A continuous process

Our day-to-day environmental efforts are based on the viewpoint that each unused kilowatt hour or liter of fuel is both an environmental benefit and a cost savings. Our environmental work is therefore both a strategic endeavor, guiding how we plan and invest in our operations, and an ongoing operational activity.

As a transport company, our central focus areas include coordinating transportation and utilizing the maximum capacity of our trucks in order to optimize each transport. We also actively participate in collaborations that promote sustainable development; for example, research on alternative fuels, efforts to encourage drivers to practice more energy-efficient driving techniques, and making our facilities and equipment as energy-efficient as possible. Today, such efforts are expected of any large transport company.

The merger of Post Danmark A/S and Posten AB and the past year's economic growth led to an increase in the number of business-related trips. To reduce the amount of business travel, the group has introduced a video conference system which is increasingly replacing face-to-face meetings.

Our size in the Nordic region allows us to take measures that have real and lasting value. Large volumes, for

instance, allow us to transport mail via rail. Today Posten already transports more than 60% of Sweden's mail volumes by rail between sorting terminals. In Norway approximately 80% of pallet and parcel volumes are transported by rail.

## The Climate Fund accelerates environmental efforts

Posten Norden aims to invest in measures that have real and concrete results for sustainability. Posten's Climate Fund was introduced in 2009 and is a part of our ambition to increase the pace of our environmental efforts. Its sum is equal to the cost that the entire group would have incurred by carbon-offsetting operations. In 2010 SEK100m was earmarked for investments, many of which are suggestions from within the organization. A large number of investment proposals were submitted in 2010; proposals adopted or implemented include:

- **Energy recovery from machines.** Warm sorting machines created a hot and dusty work environment at the sorting terminal in Umeå, Sweden. Posten Norden invested in a solution that vacuums hot air into a heat exchange system that in turn heats the premises, creating a better work environment and saving energy.
- **More electric vehicles.** Posten Norden's fleet of 3,000 electric vehicles is one the largest among Europe's postal operators. The investment in electric cars has lowered maintenance costs and reduced noise pollution. It has also increased the proportion of fossil-free postal distribution, in part through the use of "green electricity". With resources coming partially from the Climate Fund, Posten Norden increased the number of electric cars in Denmark in 2010.
- **Collaboration for sustainable transport.** From September 2010, Posten Norden has participated in a two-year test of BioDME, a new fuel that has very little impact on the climate. Participating in the tests, which are being headed by Volvo Trucks with support from the EU and the Swedish Energy Agency, is a way for us to contribute to the development of sustainable fuels while evaluating alternative fuels for our own vehicle fleet.
- **Energy optimization at printing presses.** With support from the Climate Fund, Information Logistics' operations in Poland initiated a number of activities in late 2010 designed to optimize energy use. The machines in

the printing press in Laskowice radiate heat that is now recaptured and re-used in the facility's heating system. The previous oil-based heating system now only fills a backup function. New lighting has been installed and measures have been taken to reduce the machines' total electricity consumption.

- **Improved sealing around door frames.** At the terminal in Voss, Norway, the loading doors have been better sealed. The measures have led to a more stable indoor temperature and reduced energy consumption.
- **Improved energy efficiency at parcel terminal.** Copenhagen's parcel terminal in Brøndby has long focused on environmental efficiency in order to be classified as a "green terminal". With support from the Climate Fund, electric fittings with longer life cycles, motion detectors and daylight regulators have replaced the lighting in the production facilities. This measure reduced energy use by 60%. Estimated annual savings total DKK 1m per year and the investment is expected to pay for itself in as soon as 17 months.
- **More energy-efficient lighting at letter terminal.** At the Swedish letter terminals and mail carrier offices in Gothenburg, Posten Norden implemented environmental efficiency measures similar to those in Copenhagen. More energy-efficient lights will save 585,000 kilowatt-hours per year, and about the same amount in Swedish kronor. The investment in the new lighting fittings is expected to pay for itself within three years for the terminal and within one year for the mail carrier office.

### More environmental services

As a part of Posten Norden's extensive environmental efforts, we also provide a number of environmental services. In Denmark, the services include "Pakker med omtanke," "Reklame med omtanke," and "Brev med omtanke," all of which are carbon-offset.

Direct mail is a key component of our service offer, and climate-efficient direct mailings have been available in Sweden for several years. The climate impact of this service is reduced in every step of the process, and distribution is carbon-offset. An increasing number of customers choose this alternative and we hope the trend will continue.

During the year, Swedish environmentally-focused services have expanded to include climate-efficient alternatives for lightweight mailings and periodicals. The rapid development of such services is largely driven by companies who are striving to live up to their own customers' demands for environmental alternatives.

### More efficient use of energy on premises

Posten Norden's operations require considerable infrastructure in the form of terminals, production facilities and distribution offices. Energy consumption (i.e., electricity and heat) is therefore also a significant environmental aspect. We are constantly looking for ways to reduce energy consumption in our existing premises and we set strict standards for property owners when we lease and for contractors when we construct new buildings.

### Targets and results 2010

Environmental efficiency was the common denominator in the environmental goals pursued by Post Danmark and Posten, even before the two companies merged.

Post Danmark's overall environmental goal has been to reduce its CO<sub>2</sub> emissions in absolute terms by 8% during the period 2007-12. By 2010, CO<sub>2</sub> emissions in the Danish operations had fallen by 8,000 tons or 8% as compared to 2007. During 2010 emissions fell by approximately 1,800 tons, or 2% as compared to the previous year. Reductions in the required number of transports and energy efficiency measures contributed to the drop in the Danish operation's CO<sub>2</sub> emissions.

The corresponding goal for Posten AB has been a 15% reduction in CO<sub>2</sub> emissions in relation to net sales during the period 2006-10. 2010 results for the Swedish operations were 8.2 tons CO<sub>2</sub> per SEK<sub>m</sub>, which meant that the key ratio decreased by 16% during the period, and the target was met. Posten Norden's total CO<sub>2</sub> emissions for 2010 fell by 40,000 tons, or 18%, as compared to base year 2006. Factors that contributed to meeting the target were the purchase of fossil-free electricity, the transfer of air transports to ground transports, and efficiency measures.





In 2010 the group's total carbon dioxide emissions increased by 2% compared to the previous year. The change is attributable to increased energy consumption within the communication and logistics operations due to the year's unusually cold winter.

**New long-term environmental ambitions**

During 2010 Posten Norden established new long-term environmental ambitions. The group intends to reduce CO<sub>2</sub> emissions 40% by 2020 over base year 2009. This ambition is in line with the owners' environmental goals.

This is a challenging goal and will require considerable adjustments and investments in terms of transports and energy consumption on our premises. Required measures include an increased number of electric vehicles, better utilization of capacity during transports, greater proportion of long-distance mail transports by rail, greater proportion of biofuel consumption, and the purchase of fossil-free electricity.

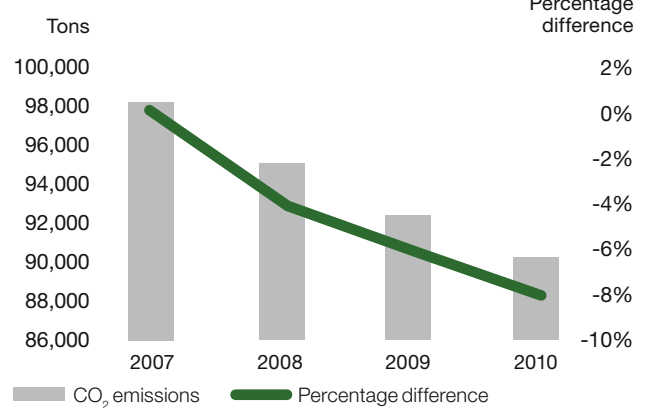
**More trains and electric vehicles in the future**

During the year the group also decided to invest in a new terminal structure in Sweden. The future terminal structure will allow for more coordinated transports of letters, parcels and other goods via rail, with reduced CO<sub>2</sub> emissions as a result. The changes have the potential to reduce the group's CO<sub>2</sub> emissions in Sweden by about 6%.

Posten Norden currently owns approximately 3,000 electric vehicles, one of the largest among European postal operators, and it will continue to grow. Electric vehicles are important if the group is to realize its environmental ambitions.

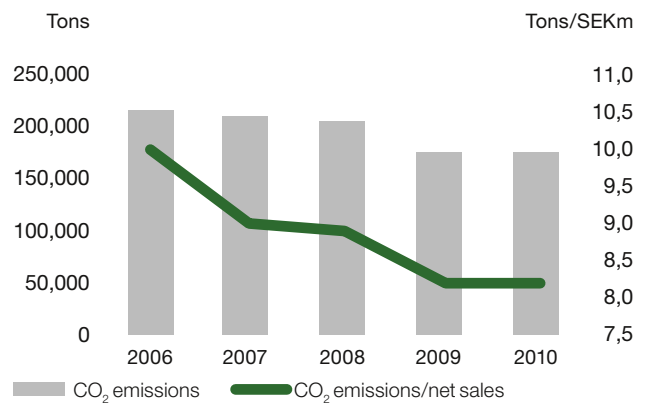
In 2011, group operations in Denmark will conduct an extensive field test using electric mopeds, with an aim of replacing a number of fuel-driven mopeds. The use of a quieter, cleaner electric model is viewed favorably by both mail carriers and mail recipients.

CO<sub>2</sub> emissions, Post Danmark <sup>1)</sup>



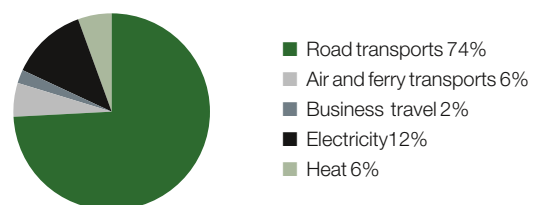
<sup>1)</sup> Pertains to CO<sub>2</sub> emissions in Denmark.

CO<sub>2</sub> emissions, Posten <sup>2)</sup>



<sup>2)</sup> Pertains to CO<sub>2</sub> emissions in Sweden.

Distribution of CO<sub>2</sub> emissions, Group





**Noise pollution**

Although we always try to show consideration towards people living in the vicinity, our neighbors are occasionally disturbed by noise and report this disturbance to the municipality. This can result in orders to conduct noise measurements and take any required action. During the year we have taken various measures to reduce the risk of disturbance in towns including Huddinge and Halmstad. The case in Halmstad is now resolved, and the measures taken have reduced noise to the acceptable levels established by the Swedish National Board of Health and Welfare. The municipality has approved the measure.

**Waste management**

Waste from the group's operations consists primarily of paper, cardboard and wood. We work actively to minimize the amount of waste we generate and to increase our recycling.

In 2010, 77 (70) % of our waste was recycled and 23 (29) % went to energy recovery.

**Chemicals**

The Information Logistics business area conducts ongoing reviews of ways in which the operation can reduce its use of chemicals and minimize the risk of emissions. The use of solvents varies depending on printing method, number of colors and type of finishing treatment. The business area increasingly uses the Computer-to-Plate printing technique, which does not require film or chemicals for film development.

**Operations that require registration**

In Sweden, France and Poland, Posten Norden runs operations that require registration in accordance with the relevant authorities in each country. More information can be found in Posten Norden's Annual Report 2010, page 35.

**Environmental Data Posten Norden**

CO <sub>2</sub> emissions (tons)	2010	2009
Fossil CO <sub>2</sub> emissions, entire group	343,019	336,410
Transports, EN16		
Fossil fuel	271,583	269,223
Renewable fuel	11,976	12,115
Business travel, EN17	7,885	6,938
Energy use		
Heat and electricity, EN16	63,550	60,249
Initiatives to reduce CO <sub>2</sub> (procurement of eco-labeled electricity, EN18)	-12,079	-11,504
Other emissions to air for transports (tons), EN20 <sup>1)</sup>	2010	2009
Carbon monoxide	329	395
Sulphur dioxide	3	6
Nitric oxide	1,036	1,181
Hydrocarbon (VOC)	85	84
Particulates	19	23

Energy	2010	2009
Fuel transports (TJ), EN3		
Fossil fuel	3,819	3,814
Renewable fuel	120	117
Business travel by car (TJ), EN3 <sup>1)2)</sup>	423	60
Heating (district heating and gas) (MWh), EN4	157,692	146,714
Electricity use	231,914	236,572
Waste, tons EN22 <sup>1)</sup>	2010	2009 <sup>3)</sup>
Paper	22,005	15,069
Cardboard/paperboard	3,067	3,191
Plastic	1,277	600
Glass	5	2
Metal	563	461
Wood	2,059	1,782
Combustible	5,347	6,347
Electronics	72	63
Hazardous waste	171	154
Landfill	51	37
Others	43	189

1) Pertains only to Posten Norden's operations in Sweden and Denmark.  
 2) Values for 2009 and 2010 are not comparable since some emissions listed under "Business travel by car" in 2009 were included under "Fuel transports".  
 3) Adjusted due to refined measurement methods.



# The right conditions for high performance

Posten Norden aims to be an attractive and stimulating workplace with healthy and committed employees. With progressive and clear personnel policies, we are recruiting tomorrow's workforce and retaining committed employees with the right skills.

As the leading communication and logistics company in the Nordic region and one of the region's largest employers, we must provide the right conditions for high performance. With more than 44,000 employees at over 2,000 workplaces, this presents both a challenge and an opportunity to strengthen the team. Our goal-oriented and ambitious personnel policies focus on three aspects: leadership, employeeship and health. These aspects will continue to guide the group as it establishes overarching objectives and activities for its personnel efforts.

## Employee satisfaction survey 2010

Employees' views of Posten Norden as a company and employer are measured through employee satisfaction surveys. The results and ensuing discussions between employees and managers encourage performance and help Posten Norden become a better workplace.

The results of the employee satisfaction surveys are reported as an employee index and comprise a total value for the level of satisfaction and involvement. The results of the Danish employee satisfaction index (MKA index) increased to 71 (69) in 2010. The rest of the group's business areas responded to the Voice survey. The results of the index, 64 (66), showed a slight decrease in the employee satisfaction index (MIX). The manager of each unit analyzes the results and creates an action plan for moving forward.

As of 2011 all Posten Norden employees will respond to the same employee satisfaction index.

## Good management and leadership qualities produce positive results

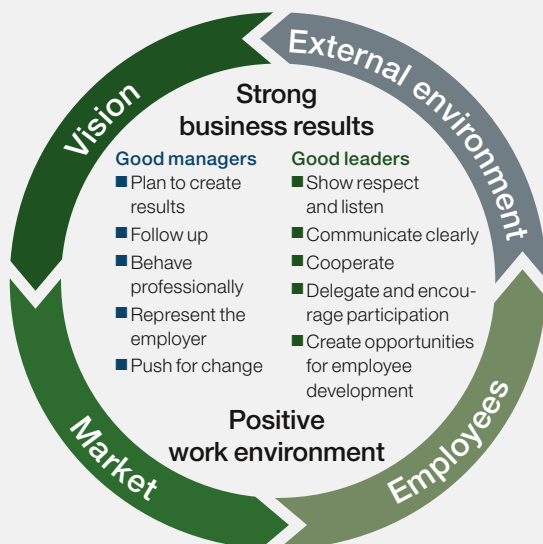
Good leadership is fundamental for maintaining satisfied and committed employees who perform well. Ultimately this creates value for our customers, which in turn provides good economic conditions for our business. Our managers' leadership qualities are regularly evaluated through employee surveys. Based on the results, managers are offered development options and additional training opportunities.

Efforts to develop a joint management support process were commenced in 2010. It is our goal to have the Nordic region's best managers, and we aim to achieve this by identifying and helping managers with specific career development needs, by supporting our best talent, and by recruiting the right employees.

Each business area currently has talent pools on the middle-management level. The pools identify potential future leaders, who are then offered development support such as coaching, internships or various management training opportunities.

In business area Meddelande Sverige, 24 managers participated in a coaching program designed to strengthen them in their leadership role. In June 2010 Breve Danmark

## The importance of management and leadership for the business



started its mentorship program which aims to support leaders and managers in developing operations and delivering results. By the end of the year, about 40 mentors had registered for the program. In Finland a one-year program was conducted for all employees in leadership positions, approximately 40 people, in order to provide them with tools and methods for promoting employee motivation and participation.

During the year additional training efforts targeted first line managers, including distribution managers, team leaders and production managers, to give them the tools they need to better support their teams. Post-training employee surveys showed increased confidence in direct managers.

**Commitment is the key to change**

For any successful organization, the commitment of its employees is essential for the company's ability to perform and deliver. We believe that the best ideas often come from our own employees and that by making use of these ideas, we can boost commitment and strengthen the company. Posten Norden utilizes several methods to capture employees' involvement and ideas:

- Both Denmark and Sweden have special systems that allow employees to make proposals that will be reviewed by management. During the past year over 825 proposals were submitted in Denmark and about 3,350 in Sweden.
- The Climate Fund invites all employees to make suggestions for reducing the operations' impact on the climate and environment. Read more on page 109.
- Through its Selvbærende Team (SBT) efforts, Denmark improved employee participation and motivation while simultaneously utilizing employee skills more effectively. Employees' knowledge of working methods and customers enables the business area to identify viable solutions and new opportunities. The manager's ability to act as a coach is also a success factor. SBT is highly appreciated by the production division in Denmark, and been successful. In 2011 this method of work will be evaluated across a number of workplaces in Sweden. If the tests are successful it may be introduced throughout the entire group.

- Through workplace meetings and annual career development discussions, Posten Norden has an opportunity to encourage employee commitment and gain a better understanding of employee perspectives. In 2010, 74% of the group's employees reported that they had had such discussions. During the discussions the manager and the employee review and evaluate the past year together and identify future areas for development or training.

**Equality and diversity – differences enrich**

The group's efforts to promote equality and diversity are based on our view that differences between people can enhance the work environment by making it more attractive and dynamic.

Posten Norden strives to offer equal opportunities to men and women and opposes unfair pay differentials. The group has for many years worked with equality issues, but there are still a number of areas for improvement. In order to step up the pace of equality efforts, management has established a group-wide goal to increase the proportion of female managers to 40% by 2015. In 2010, 30% of leadership positions within the group were filled by women. In Denmark we have joined the "Charter for More Women in Leadership Roles" initiated by the Danish Minister of Equality. The project was established in cooperation with public and private organizations whose goals include increasing the proportion of women in leadership positions.

The group has a zero-tolerance policy for discrimination. Our workplaces are to be characterized by respect for the equal value of all individuals. With nearly 70 nationalities, 50 languages and numerous cultures and religions represented among our employees, challenges regularly emerge. The cooperation that is needed to overcome these challenges benefits everyone - individuals, the business and the community. Support can be found in the Danish værdier/leveregler and in the Code of Conduct. Each workplace is expected to promote increased awareness of these documents and obtain employee support. Adherence is evaluated in employee satisfaction surveys, employee discussions and work environment surveys.



We want to have the best employees and managers. If we don't recruit from outside the traditional male recruitment base, we lose out on half the population and half the competence. No company can afford that.

Palle Juliussen, HR Director at Posten Norden

In 2011 the group will establish a joint guidance system to improve the way we work and take responsibility as managers, employees and companies. This system will be based on Posten Norden's core values of employeeship and leadership.

#### **An open workplace**

There are also many good examples from within Posten Norden where people with functional disabilities are offered assistance in order to be able to work on the same terms as other employees. This is one way for Posten Norden to exercise its social responsibility in a way that benefits both individuals and the business. The parcel terminal in Brøndby is one example. During periods when hearing-impaired employees have worked at the terminal, employee satisfaction surveys have shown a considerable increase in satisfaction and pride among terminal employees in general.

#### **Responsible cost adjustments**

Posten Norden's external environment is changing. Letter volumes continued to decline during 2010, especially in Denmark, and the trend is expected to persist in coming years. Maintaining solid financial development and competitiveness is essential for Posten Norden's long-term operations. Several changes and cost adjustments have been implemented during the year and will be necessary in the future. For example, the group's decision to build a new terminal structure in central and northern Sweden will call for a workforce reduction of 500 employees.

Posten Norden always strives to act as a responsible employer throughout all adjustments. In the event of personnel adjustments, natural attrition is the preferable alternative, meaning that employees retire or move on to new jobs or studies. In other cases employees are offered support in finding a new position.

One example is the Job Exchange in Denmark, which maintains an overview of excess personnel and provides advice during new recruitments. Another example is Futurum, Posten's Swedish reorganization program

## » An attractive workplace during different life stages

Posten Norden is the first major employer in Sweden to offer cost reductions for treatments for involuntary childlessness, known as IVF treatments.

"We want to make our benefit package as relevant as possible for as many people as possible, and we want to be an attractive employer throughout life's different stages," says Mattias Holmberg, Posten Norden's head of salaries and benefits.

Other personnel benefits include expanded insurance coverage, compensation for medicine, subsidized medical and preventative care and wellness activities.

which offers guidance in searching for a job, studying or starting a business. During 2010 Posten reduced the number of its employees by approximately 3,600. Natural attrition or participation in various reorganization programs accounted for the majority of these departures. Of the employees who participated in the Futurum reorganization program, 77% have found new employment. For those who cannot work due to medical reasons, Posten Norden offers relocation services such as the Swedish Omstart program. Posten Norden takes extra measures to offer new solutions outside the company for employees who have been on extended sick leave.

We will continue to see personnel adjustments as letter volumes continue to decline. Clearly, Posten Norden has made extensive efforts to date and has fulfilled its responsibility in the cutbacks that have been made. Through cooperation and agreements with union representatives like myself, Posten Norden ensured that a large portion of the job leaving occurred through natural attrition or the offering of other jobs. This cooperation will be even more important in the future.

Lars Chemnitz, head of 3F Post, the Danish union organization for postal employees, and employee representative on Posten Norden's Board of Directors.

**The business benefits when employees are healthy**  
 During 2010 the group noticed increased levels of sick leave following a long period of improvement. Sick leave totaled 6.6 (6.3) % in Denmark and 5.1 (5.0) % in Sweden. The group monitors results in order to preclude the development of a possible negative trend.

Work environment and health are key priorities for Posten Norden, since healthy employees enjoy a better quality of life as individuals as well as providing cost savings and increased productivity for the business.

**Work environment and health**

Using the group's collective experience as a foundation for establishing a group-wide approach towards health and work environment is both a challenge and an opportunity with enormous potential. In Denmark, operations have long focused on improving the work environment, an important area since many of the group's employees work in a physically strenuous environment. The Swedish business is a pioneer in health promotion. In Norway some teams have such high levels of healthy work presence that the Prime Minister expressed interest in the personnel policies.

Posten Norden systematically registers and follows up accidents and occurrences that result in injury. The work environment certificate awarded to the Danish operations in late 2009, after several years of intense effort, pertains to all postal operations in the country and has contributed to better processes and quality throughout the operations. Efforts continued in 2010 to improve work environment and employee health. In Denmark a one-year campaign was begun in the fall to reduce the number of slip and fall accidents, one of the most common accidents in the production area. Several ergonomic projects were initiated in order to use technology and new work methods more effectively to reduce work-related injuries. The group's cooperation with health motivational experts continued in Sweden, and a sick leave reduction project in Denmark investigated possibilities for a similar effort.

Cooperation between people representing **70** nationalities, **50** languages and numerous cultures and religions serves to strengthen individuals, the business and society.

» Collective agreements

Comanagement rights for Posten Norden employees are based on each country's labor market legislation and are thus regulated chiefly at a national level. In all subsidiaries and at the group level, Posten Norden cooperates with union organizations. A collective agreement is signed locally in each country. All Posten employees in the Nordic region are covered by a collective agreement. The Collaboration and Employee Participation agreement states that unions shall receive information at an early stage and shall have the opportunity to influence negotiations and collaborations in order to increase understanding of and participation in the changes that take place at Posten Norden.

We are often asked by other companies to participate in training sessions and events to describe Posten Norden's personnel efforts. It is exciting that so many people view our personnel efforts as a model and a source of inspiration, when it is so self-evident to us.

Angelica Björkbom, Head of Employee Health Posten Norden



## Employee Data

Average number of employees, LA1 <sup>1)2)</sup>	2010	2009
<b>Total for the group</b>	<b>44,060</b>	<b>47,625</b>
<b>Total Nordic region</b>	<b>43,395</b>	<b>46,897</b>
<b>Breve Danmark</b>	<b>15,187</b>	
of which, basic staff	14,265	
of which, temporary staff	922	
<b>Meddelande Sverige</b>	<b>18,889</b>	
of which, basic staff	17,000	
of which, temporary staff	1,889	
<b>Information Logistics</b>	<b>1,705</b>	
of which, basic staff	1,705	
of which, temporary staff	0	
<b>Logistics</b>	<b>6,232</b>	
of which, basic staff	6,082	
of which, temporary staff	150	
<b>Group Functions</b>	<b>1,382</b>	
of which, basic staff	1,382	
of which, temporary staff	0	

Work-related injuries, LA7 <sup>1)3)</sup>	2010	2009
<b>Total Nordic region</b>	<b>88</b>	<b>41</b>
<b>Breve Danmark</b>	<b>171</b>	
of which, number of deaths	0	
<b>Meddelande Sverige<sup>4)</sup></b>	<b>46</b>	
of which, number of deaths	0	
<b>Information Logistics</b>	<b>7</b>	
of which, number of deaths	0	
<b>Logistics</b>	<b>54</b>	
of which, number of deaths	0	
<b>Group Functions</b>	<b>3</b>	
of which, number of deaths	0	



Personnel turnover, LA2 <sup>1)</sup>	2010	2009
<b>Total Nordic region</b>	<b>10.1%</b>	<b>9.3%</b>
<b>Breve Danmark</b>	<b>12.9%</b>	
-29 years	26.4%	
30-49 years	8.8%	
50 years-	13.7%	
women	13.2%	
men	12.7%	
<b>Meddelande Sverige<sup>4)</sup></b>	<b>4.9%</b>	
-29 years	7.0%	
30-49 years	2.0%	
50 years-	7.0%	
women	3.4%	
men	7.1%	
<b>Information Logistics</b>	<b>15.5%</b>	
-29 years	16.9%	
30-49 years	12.6%	
50 years-	21.0%	
women	16.0%	
men	14.5%	
<b>Logistics<sup>5)</sup></b>	<b>13.5%</b>	
-29 years	16.9%	
30-49 years	7.6%	
50 years-	10.3%	
women	12.9%	
men	16.2%	
<b>Group functions</b>	<b>28.2%</b>	
-29 years	36.5%	
30-49 years	29.4%	
50 years-	26.0%	
women	34.5%	
men	20.2%	

 1) See Reporting Principles at [postennorden.com/sustainability](http://postennorden.com/sustainability).

2) Posten Norden uses external staffing services to some extent. Within mail delivery operations personnel from staffing services represent about 0.5% of the staff. Within business area Logistics, drivers from staffing services are employed to a varied extent. There are significant differences between operations in different Nordic countries. Six percent of the Logistics staff in Sweden, for example, comes from staffing services.

3) Relates to number of injuries per million work hours.

4) Data is unavailable for the subsidiary Tidningstjänst, part of Meddelande Sverige.

5) Distribution of age categories is unavailable for Logistics Denmark.

## Employee Data

Wage differential women/men, LA14	2010	Distribution of employees by age and gender, LA 13 <sup>3)</sup>	2010
<b>Total Nordic region</b>		<b>of which, basic staff</b>	
of which, basic staff	3.9%	<b>Breve Danmark</b>	<b>14,854</b>
women	25,210	-29 years	13%
men	26,184	30-49 years	51%
of which, temporary staff	5.6%	50 years-	36%
women	20,010	women	37%
men	21,127	men	63%
<b>Breve Danmark</b>		<b>Information Logistics</b>	<b>1,614</b>
of which, basic staff	1.0%	-29 years	13%
women	26,763	30-49 years	63%
men	27,018	50 years-	24%
of which, temporary staff	1.3%	women	66%
women	22,761	men	34%
men	23,061	<b>Logistics<sup>2)</sup></b>	<b>6,213</b>
<b>Meddelande Sverige<sup>1)</sup></b>		-29 years	25%
of which, basic staff	3.0%	30-49 years	48%
women	22,712	50 years-	27%
men	23,395	women	19%
of which, temporary staff	0.9%	men	81%
women	18,013	<b>Meddelande Sverige<sup>1)</sup></b>	<b>17,751</b>
men	18,183	-29 years	15%
<b>Information Logistics</b>		30-49 years	42%
of which, basic staff	13.5%	50 years-	43%
women	29,277	women	41%
men	33,243	men	59%
of which, temporary staff	21.7%	<b>Group functions</b>	<b>1,358</b>
women	20,806	-29 years	4%
men	25,327	30-49 years	53%
<b>Logistics</b>		50 years-	43%
of which, basic staff	1.5%	women	51%
women	27,399	men	49%
men	27,006	<b>Total</b>	<b>41,790</b>
of which, temporary staff	2.8%	-29 years	15%
women	19,992	30-49 years	47%
men	19,441	50 years-	38%
<b>Group functions</b>		women	36%
of which, basic staff	24.8%	men	64%
women	31,459		
men	39,275		

1) Data is unavailable for the subsidiary Tidningstjänst, part of Meddelande Sverige.

2) Distribution of age categories is unavailable for Logistics Denmark.

3) As measured on December 31, 2010.

# Involvement in many collaborations requires responsibility

Every workday we handle approximately 29 million pieces of mail. With an expansive presence in the Nordic region as a communication and logistics operator, we have a clear role in society and a responsibility to act professionally and prudently.

## A high-quality and accessible service network

Posten Norden has an extensive service network throughout the Nordic region. Through 720 Posthuse and Postbutikker in Denmark and 1,600 postal outlets in Sweden, Posten Norden is able to provide full postal service including parcel distribution. We also have over 2,100 parcel distribution points in Denmark, Greenland, the Faroe Islands, Norway, Finland and Åland. A number of postal services are also available through self-service points in Denmark via 122 Døgnposten self-service stations, 37 Post-Selv-machines and 5 Døgnposthuse. In addition, Denmark and Sweden have 3,500 and 2,200 stamp outlets, respectively. Posten Norden's service points shall offer high levels of service and accessibility. This is why our retail partners have generous opening hours in locations where people usually have other errands.

We are constantly working to increase accessibility for our customers with service points that provide high-quality service. Posten Norden has rigorous quality standards for its service points, and ongoing dialog ensures the maintenance of high service levels and the development of the collaboration in a manner that benefits both parties.

During the year, new agreements were entered in Sweden and in Norway aimed at improving and expanding services to customers and providing greater accessibility by being present in locations where more people do their errands. One aspect of this is developing self-service solutions in Sweden and Denmark. Surveys show that customers appreciate the increased postal service accessibility. Many of our service points offer full postal service 10 hours per day, seven days a week, a level of accessibility few other European postal companies can match.

## Large procurements mean a large amount of responsibility

The merger of Post Danmark A/S and Posten AB gave rise to many synergies, not least in terms of procurement. Each year Posten Norden purchases approximately SEK 20 billion worth of goods and services from over 26,000 suppliers.

In order to best capitalize on Posten Norden's strength as a purchaser, from both a financial and a sustainability perspective, it is important that the group's purchases are governed centrally through a joint purchasing process. This improves Posten Norden's ability to aggregate the purchase volumes under fewer suppliers, which improves cost-efficiency and makes it easier for us to monitor our suppliers.

Compliance with the purchasing process is monitored by targeting and continuously measuring contractual fidelity. This approach allows the group to use its purchasing strength as leverage, and also to streamline adherence to regulatory requirements and ensure that purchases are done through approved suppliers. To further improve control, Posten Norden initiated efforts in 2011 to establish a Nordic database over supplier agreements.

In its role as a powerful purchaser, Posten Norden is both able and obliged to set standards for suppliers when it comes to sustainability. Therefore, for every procurement process we specify that our suppliers and their subcontractors must fulfill a number of environmental, quality and security criteria.

In addition to suppliers' ability to deliver goods and services in a professional manner, they must also comply with Posten Norden's code for suppliers, which has specific requirements concerning salaries, social security and tax registration. Posten Norden's procurement process also requires that the supplier must guarantee that the goods and services it or its subcontractors provide are produced under conditions that are compatible with:

- The UN Declaration on Human Rights
- The UN Convention on the Rights of Children
- The Global Compact
- The ILO's eight core conventions
- Occupational safety and work environment legislation applicable to the manufacturing country
- Labor laws and social security provisions applicable to the manufacturing country.

Posten Norden's code for suppliers was introduced in 2009 and takes effect in our supplier agreements as they are renegotiated or renewed.

## Collaborations and initiatives

Posten Norden actively participates in a number of various collaborations, interest organizations and dialogs. We see this as a way to develop both our industry and our operations, as well as a way to contribute to a strong and sustainable society.

### Sustainability

We believe that we can learn from other businesses while also imparting our own perspective when it comes to environmental and social responsibility. To this end, we participate in several forums that promote sustainable development. These include the Global Compact, Council

for Sustainable Development, CSR Sweden, Business Forum for Social Responsibility (VFSA), Climate-neutral road transports (KNEG), the Swedish Association of Environmental Managers, and the Network for Transport and Environment (NTM).

During the year the international ISO 26000 standard for social responsibility was established. Via the Danish standardization committee, Posten Norden participated in preparing the standard for international negotiations. The group also participated in efforts to establish a certifiable Danish standard (DS2601) that is based on ISO 26000, as well as associated Danish guidelines, DS26004.

Posten Norden participates in climate initiatives that aim to reduce CO<sub>2</sub> emissions. Such objectives have been produced within the framework of the Universal Postal Union (UPU), PostEurop and the International Post Corporation (IPC). Posten Norden also contributed to the IPC's Postal Sector Sustainability Report 2010.

#### Service and accessibility

By maintaining a dialog with interest organizations representing business owners, rural residents, the functionally disabled, retired persons, or environmental organizations, we can better understand and detect future challenges and potential consequences for our operations.

Service and accessibility in rural Swedish areas was discussed several times this year in meetings with the national Swedish Village Action Movement organization. Topics addressed included the role of e-commerce and the importance of rural mail carriers for businesses operating in these areas, as well as an effective and sustainable nationwide postal service.

As a provider of essential services, it is important that our services in Denmark and Sweden are accessible for everyone. As an employer, we must also provide our employees with a good work environment. In the fall of 2008, 3,850 Swedish mailboxes were raised from their original positions in order to reduce the strain of mail carriers' daily tasks. Protests from various groups, including the wheelchair-bound, led to Posten Norden's compromise with the National Association for Disabled Persons (DHR), Previa and the Swedish Association of Visually Impaired Youth. Starting in spring 2011, the mailboxes will be repositioned at a maximum height of 130 cm, 10 cm higher than DHR requested, but the lowest pos-

sible position from a work environment perspective. Of approximately 25,000 mailboxes in Sweden, 21,000 have a low opening positioned between 100 and 120 cm from the ground.

Denmark also made adjustments for better accessibility. Screens on automatic parcel machines were lowered, and customers can now use Post Danmark's website to check whether letters and parcels will be placed at a height that the customer can reach.

#### Charity and sponsorship

Posten Norden sponsors a number of sports and cultural projects, including Broløbet, Dansk Cykel Union, Post Danmark Rundt, Fotbollförbundet and Augustpriset.

Post Danmark's charitable work has a long tradition. Since October 2010, Post Danmark has sold Christmas Seals to benefit the country's four "Christmas Seal Homes" which provide help for children. Sales generated approximately DKK 20m for the homes. Post Danmark also sells charity stamps year-round to support the Children's Cancer Foundation. The goal to raise proceeds of DKK 2m was achieved by October, and proceeds were distributed to the foundation.

Posten Norden also organizes its own philanthropic projects. As part of the project "High:Five" Copenhagen's parcel terminal offered jobs to reformed criminals and thus a chance to return to the employment market. In Sweden the group continues to support the non-profit organization Mentor, which works to prevent violence and drug use among young people. Posten's work with Mentor began in 2006, and during the past year 25 employees volunteered to be mentors for young people.



## » Social responsibility collaboration in Denmark

The Business Forum for Social Responsibility (VFSA) is a forum for 15 representatives from the Danish business community, one of which is Posten Norden. The representatives are personally chosen by Denmark's Minister of Labor and act as a council that meets four times annually. Combined, the companies represented in the council employ over 100,000 people. VFSA actively works to identify new forms of coopera-

tion for social responsibility, and strives to promote openness and integration in the workplace despite the existence of disabilities, a criminal past, a long period of sick leave or low level of education. Several joint projects have been started, including High:Five, a national initiative intended to create career or educational opportunities for young people who risk being marginalized due to a criminal record.



# Limited attestation report for Posten Norden AB's Sustainability Report

To the readers of Posten Norden AB's Sustainability Report:

## Introduction

We have been engaged by the board of directors of Posten Norden AB to perform an assurance engagement related to Posten Norden AB's Sustainability Report for the financial year 2010.

The board of directors and the senior management are responsible for the ongoing activities regarding environment, work environment, quality, social responsibility and sustainable development, and for the preparation and presentation of the Sustainability Report in accordance with the applicable criteria. Our responsibility is to express a conclusion on the Sustainability Report based on our review.

## The scope of the review

We conducted our review in accordance with RevR 6, Assurance of Sustainability Reports, issued by FAR SRS. A review consists of making inquiries, primarily of persons responsible for preparing the Sustainability Report, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing in Sweden RS and other generally accepted auditing standards. The procedures performed in a review do not enable us to obtain an assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The criteria that our procedures are based on are the applicable parts of the Sustainability Reporting Guidelines G3, published by the Global Reporting Initiative (GRI), which are relevant to sustainability reporting, as well as the accounting and calculation principles that the company has developed and identified. We believe that these criteria are suitable for the preparation of the Sustainability Report.

Our limited assurance review encompasses the indicators presented in the GRI Cross-reference table, which can be found on Posten Norden AB's website, [www.postennorden.com](http://www.postennorden.com), as well as in this Sustainability Report and in the Annual Report as indicated in the table of contents.

The main procedures of our review, based on our assessment of relevance and risk, have included the following:

- a. update of our knowledge and understanding for Posten Norden AB's organization and activities
- b. assessment of suitability and application of criteria in respect to stakeholders' need of information
- c. assessment of the result of the company's stakeholder dialogue
- d. interviews with responsible management, at selected units with the aim to assess whether the qualitative and quantitative information stated in the Sustainability Report is complete, accurate and adequate
- e. obtain internal and external documents to assess whether the information stated is complete, accurate and adequate,
- f. evaluation of the systems and processes used to obtain, manage and validate sustainability information
- g. evaluation of the model used to calculate carbon dioxide emissions
- h. analytical review of reported information
- i. reconciliation of financial information against company's 2010 Annual Report
- j. assessment of the company's declared application level according to GRI guidelines
- k. assessment of the overall impression of the Sustainability Report and format, taking consideration of the internal consistency of information with relevant criteria
- l. reconciliation of the reviewed information against the sustainability information in Posten Norden AB's 2010 Annual Report

## Conclusion

Based on our review procedures, nothing has come to our attention that causes us to believe that the information in Posten Norden AB's 2009 Sustainability Report has not, in all material respects, been prepared in accordance with the above-stated criteria.

Stockholm February 23, 2011  
Ernst & Young AB

Lars Träff  
Authorized Public Accountant

Göran Tyréus  
Authorized Public Accountant

# Quarterly data

SEKm, unless otherwise specified	Pro forma							
	2009				2010			
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
<b>Posten Norden Group</b>								
Net sales	11,779	10,996	10,222	11,636	10,918	10,231	9,649	10,871
Other income	73	56	55	65	50	120	44	75
Expenses	-11,256	-10,952	-9,994	-12,403	-10,440	-10,091	-9,244	-10,814
Operating profit, EBITDA	1,101	593	758	-154	1,006	724	912	650
Operating profit, EBIT	601	89	279	-685	532	261	450	132
Profit before tax	699	195	2,241	-696	542	254	436	116
Net profit	531	177	2,198	-492	422	185	363	61
Cash flows from operating activities			-416	1,056	133	808	-76	959
Operating margin, EBITDA, %	9.3	5.4	7.4	neg	9.2	7.0	9.4	5.9
Operating margin, EBIT, %	5.1	0.8	2.7	neg	4.9	2.5	4.6	1.2
ROE, rolling 12-month, %	20	16 <sup>1)</sup>	30	20	18	19	4	8
Equity-Assets ratio, close of period, %	43	42	47	45	46	43	45	46
Average number of employees	48,233	47,685	48,331 <sup>1)</sup>	46,010	44,582 <sup>1)</sup>	43,286	45,332	43,040
<b>Breve Danmark</b>								
Net sales	3,555	3,379	2,855	3,305	3,034	2,696	2,428	2,724
<i>Letters</i>	2,568	2,339	2,059	2,323	2,164	1,886	1,667	1,890
<i>Advertisements and Newspapers</i>	666	633	600	647	587	546	525	553
<i>Other</i>	321	407	196	335	283	264	236	281
Other income	448	311	433	400	487	467	423	439
Operating profit, EBIT	267	113	133	-69	277	171	133	60
Operating margin, %	6.7	3.1	4.0	neg	7.9	5.4	4.7	1.9
Average number of employees	17,117	16,641	16,294	15,228	15,817	14,908	15,228	14,795
Volume, millions of units produced								
<i>Priority mail</i>	184	169	154	173	163	148	138	153
<i>Non-priority and C-mail</i>	84	77	69	75	82	66	62	73
<i>UDM</i>	365	378	383	425	325	319	340	360
<b>Meddelande Sverige</b>								
Net sales	4,103	3,868	3,564	4,259	3,978	3,796	3,591	4,189
<i>Letters</i>	2,337	2,138	1,921	2,421	2,254	2,083	1,884	2,350
<i>Advertisements and Newspapers</i>	1,172	1,159	1,113	1,195	1,152	1,153	1,135	1,230
<i>Other</i>	594	571	530	643	572	560	572	609
Other income	198	169	180	181	174	185	161	191
Operating profit, EBIT	296	192	186	-277	300	119	242	218
Operating margin, %	6.9	4.7	5.0	neg	7.2	3.0	6.4	5.0
Average number of employees	19,975	20,087	21,204	19,522	18,678	18,584	20,080	18,698
Volume, millions of units produced								
<i>Priority mail</i>	288	269	248	283	271	258	240 <sup>1)</sup>	276
<i>Non-priority mail</i>	353	284	269	339	345	299	284	338
<i>UDM</i>	501	590	510	620	500	587	570	603
<b>Information Logistics</b>								
Net sales	1,039	951	873	899	908	874	764	845
<i>Information Logistics</i>	779	710	740	757	744	730	639	706
<i>Identification Solutions</i>	172	156	113	141	164	144	125	139
<i>Supplies</i>	88	85 <sup>1)</sup>	20					
Other income	6	8	3	8	7	6	7	8
Operating profit, EBIT	-2	-77	-81	-191	-11	-10	-21	-128
Operating margin, %	neg	neg	neg	neg	neg	neg	neg	neg
Average number of employees	2,291	2,323	2,286	2,324	2,256 <sup>1)</sup>	2,120	2,091	2,093
<b>Logistics</b>								
Net sales	3,307	3,076 <sup>1)</sup>	2,937	3,353	3,148	3,002	2,989	3,284
Other income	371	294	356	339	323	320	323	333
Operating profit, EBIT	6	-109	57	-112	-2	-20	100	61
Operating margin, %	0.2	neg	1.7	neg	neg	neg	3.0	1.7
Average number of employees	7,033	6,995	7,089	6,923	6,240	6,212	6,379	6,269

1) Previously reported quarterly data has been adjusted.

# Contact information

## Posten Norden AB

105 00 Stockholm  
Visiting address: Terminalvägen 24, Solna, Sweden  
Phone: +46 8 781 10 00

Tietgensgade 37  
1566 København V, Denmark  
Phone: +45 33 61 00 00

[www.postennorden.se](http://www.postennorden.se)  
[www.postennorden.dk](http://www.postennorden.dk)  
[www.postennorden.com](http://www.postennorden.com)

## Contacts

Per Mossberg, Director of Corporate Communications	+46 8 781 11 94
Bo Friberg, Chief Financial Officer	+46 8 781 15 29
Oscar Hyléen, Head of Investor Relations	+46 8 781 14 93 <a href="mailto:ir@posten.se">ir@posten.se</a>
Per Ljungberg, Head of Media Relations	+46 8 781 17 39 <a href="mailto:press@posten.se">press@posten.se</a>
Lars Kaspersen, Head of Communications Denmark	+45 33 61 60 00
Johanna Skanvik, Sustainability Communication	+46 8 781 38 04



HC. 341609 Eco-labeled printed matter.

Concept, text and production: Posten Norden. Print: Alloffset.

Photographers: Peter Phillips, Mads Armgaard, Bengt Alm, Håkan Bergström, Kjell Brustad, Nina Dodd, Claus Peuckert and Lars Schmidt.

Every care has been taken in the translation of this annual report. In the event of discrepancies, however, the Swedish original will supersede the English translation.



Posten Norden was founded through the merger of Post Danmark A/S and Posten AB. The group offers communication and logistics solutions to, from and within the Nordic region. In 2010 the group had sales of approximately SEK 42 billion and over 44,000 employees. The parent company, Posten Norden AB, owner of the legal entities Post Danmark A/S and Posten AB, is a Swedish public company owned 40% by the Danish state and 60% by the Swedish state. Votes are allocated 50/50 between the owners. Operations are managed in business areas Breve Danmark (mail), Meddelande Sverige (mail), Information Logistics and Logistics. The group's headquarters are located in Solna, Sweden.

Read more about Posten Norden at [www.postennorden.com](http://www.postennorden.com).

