

Posten Annual Report 2000



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Financial information from the Posten Group

Three-month Interim Report – April/May 2001

Six-month Interim report– July/August 2001

Nine month Interim Report

– October/November 2001

Year-end Report – February 2002

*All reports are available in both English
and Swedish*

www.posten.se

The Board of Directors and the Chief Executive Officer present herewith the Annual Report of operations in the Parent Company and the Group for the fiscal year ended December 31, 2000. Posten AB (publ) is the Parent Company of the Posten Group. The Group's composition as of December 31, 2000 is provided in Note 18 on page 49. Consolidated financial results are reported in the business unit structure.

Highlights of the Year

■ Consolidated operating earnings, excluding extraordinary items, amounted to SEK 835 M (317).

■ Consolidated operating earnings, excluding Postgirot and items affecting comparability, improved in 2000 by SEK 203 M to SEK 201 M (–2).

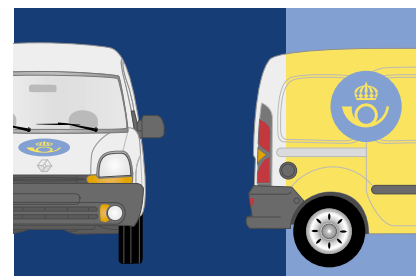
■ Posten is reporting total consolidated negative earnings after financial items of SEK –1,360 M (–4,065), including items affecting comparability of SEK –2,148 M (–4,301).

■ Through the Ministry of Industry, Employment, and Communications, the Swedish Government has mandated Posten to provide basic cashier service. These operations will not bear their costs and the Board of Directors and management of Posten have requested that the Government underwrite these costs in full. There is as yet

no agreement on subsidization of costs. Accordingly, a provision of SEK 2,353 M has been made to cover future estimated deficits for the period of 2001–2005.

■ On February 13, 2001, the Swedish Competition Authority rendered its decision opposing Svenska Girot's application to acquire Postgirot. For that reason, Posten has elected to withdraw from the agreement with Svenska Girot and has begun a new sale process.

■ Posten's letter distribution network was appointed the Swedish Institute for Quality Award for 2000. The Swedish Institute for Quality appoint the award to the best example of organization that should set standards for others. The only organization to receive an award in 2000 was Posten's letter network. It was the first time in two years that the award was appointed to an organization greater than 200 employees.



The most comprehensive visual change of Posten ever began in March 2001. The objective is to enhance Posten and for customers to discover a proactive and professional Posten on the leading edge of development. In a world that is constantly changing, there is only one Posten.

Key ratios

	Posten Group excluding Postgirot		Postgirot		Posten Group Total	
	2000	1999	2000	1999	2000	1999
Net sales, SEK M	21,813	21,475	2,695	2,419	24,508	23,894
Operating earnings, excluding items affecting comparability SEK M	201	– 2	634	319	835	317
Items affecting comparability, SEK M	– 2,148	– 4,098	–	– 203	– 2,148	– 4,301
Operating earnings, including items affecting comparability, SEK M	– 1,947	– 4,100	634	116	– 1,313	– 3,984
Earnings after financial items, SEK M	– 1,980	– 4,164	620	99	– 1,360	– 4,065
Net earnings after tax, SEK M	– 1,490	– 3,050	443	60	– 1,047	– 2,990
Profit margin, % ¹⁾	0.8	neg	–	–	3.2	1.0
Return on equity, % ¹⁾	5.7	neg	–	–	26.9	3.4
Return on capital employed, % ¹⁾	25.0	neg	–	–	46.4	10.6
Equity ratio, % ²⁾	4.6	12.2	–	–	0.9	2.6
Capital expenditures, SEK M	1,008	999	35	123	1,043	1,122
Total assets, SEK M ²⁾	15,751	14,573	65,808	54,027	81,559	68,600
Equity, SEK M	726	1,777	0	0	726	1,777
Average number of employees	39,335	39,381	2,187	2,444	41,522	41,825
Customer Satisfaction Index, CSI	–	–	–	–	61	62
Employee Satisfaction, ViP	–	–	–	–	53	56

1) Excluding extraordinary items, 2000 and 1999.

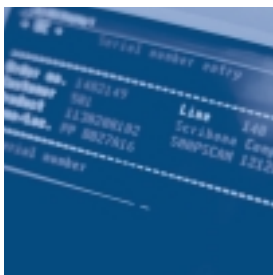
2) These values refer to December 31 of each year.

Letter from the President and CEO

We are now going on the offense!



We are now proceeding with investments in the mobile world in order to live up to our vision of a post office in every home, in every company and in every mobile telephone.



The systematic and long-term quality and development effort carried out within Posten in recent years bore fruit in 2000. We were appointed the 2000 Swedish Quality Award from the hands of the king with tremendous pride in Göteborg last December. We now have the honour of serving for an entire year as a good example for quality enhancement in Swedish business.

In our actions, we are living up to our motto: "Every day, we create the best Postal Service in the world."

The financial year 2000 was a dynamic year of major changes within Posten. We devoted much of the year to building the foundation for the Posten of tomorrow, based on our vision of how the modern distribution company should work.

Stronger annual results

I am pleased to report that we strengthened annual results for the Posten Group in 2000 for our core business, from a deficit of SEK 2 M in 1999 to a surplus of approximately SEK 200 M. I am particularly gratified that our long-term investments in logistics are beginning to show results. I am also very pleased with Postgirot's excellent performance.

As of this writing, no agreement has been reached with the Swedish state concerning basic cashier service. As a result, we were forced to make provisions for future estimated losses in the cashier network. This weakened Posten's balance sheet and pushed the equity ratio to an unacceptably low level. However, our equity ratio is too low even without the reserve. Accordingly, the sale of Postgirot and other measures aimed at reinforcing the balance sheet will be prioritised issues for Posten and its owner.

Rapid change process

The change process within Posten has proceeded apace since we presented our vision on 8 December 1999. Please allow me to look back on a few of the many measures taken since that date.

We have reorganised the Group from a production-oriented organisation to one that is managed strictly according to business principles. We are now working in a new organisation that is focused on service development and encourages networking and cooperation with partners. Joint development efforts are carried out in "Corporate projects". Six major projects were successfully carried out during the year and an additional two will be concluded soon.

On the IT side, we have defined a cohesive strategy, Posten's standard workstation, and introduced a common e-mail system throughout Posten. We have decided to proceed with stringent standardisation IT-solutions.

Rebuilding postal service in Sweden

The production networks for letters and parcels have been gathered under a joint management. Local service has been coordinated in 91 service regions. A gigantic planning effort for the new service network was carried out. We will begin rebuilding postal service in Sweden in late summer of 2001 and will be going from the current 1,800 service outlets to more than 3,000 for mail and parcel distribution.

A competition-neutral cashier network is being created, in which all banks will be given the opportunity to offer cashier services to their customers. Thus far, we have signed agreements on representing Postgirot Bank, Nordbanken and Förenings-sparbanken in the Posten network.

Posten has positioned itself well as a supplier to the “smart” homes of the future in partnership with Elektrolux, Ericsson, Skanska and the housing company Poseidon in Göteborg.

Employees

One of our achievements on the human resources side was the establishment of our Management Academy. The Academy’s first assignment will be skills enhancement for some 350 managers. Training shall thereafter be expanded to become an efficient management provision programme open to all employees with managerial potential. We have appointed more than a hundred new managers in the Group, opened Posten’s Life and Career Development Centre, introduced “employee contracts,” and formed the company Unidas AB for project manager provision, in partnership with the company Askus. Prior to that, we formed “Futurum”, the Posten unit that is managing the redundancy that is arising as a result of the changes in the company in a highly responsible and sensitive manner. Futurum is now starting a programme called Resource Pool 58 Plus to secure jobs for our senior employees.

New design

We have also been working hard with design and brand issues to achieve more functional and purposeful tools: better bicycles, more secure post boxes, more attractive and durable uniforms, etc.

Our new trains carriages for rapid transport of the mail constitute a meaningful investment in protecting our environment. We are making sharp cuts in lorry transports and associated emissions. Imagine: mail trains at a speed of 160 km per hour.

On the delivery side, we have now essentially implemented the new comb-sorting method. We shall be reviewing and refining the method based on our experiences so far. We have also reviewed our bulk advertising function and are seeking new solutions, based on customer needs, which will improve working conditions for our mail carriers.

Strong sales channel

In the sales area, I would very much like to mention that the world’s largest wholesaler of IT products, Ingram Micro, has chosen Posten as its distributor in Sweden.

Our new website, posten.se, has become a strong sales channel offering several new services. We are now proceeding with investments in the mobile world in order to live up to our vision of a post office in every home, in every company and in every mobile telephone. Posten’s future depends on combining our core business with value added services.

The Internet portal Torget has been streamlined into a dedicated shopping site and coordinated with the e-commerce company Oppido.

Finally, I would also like to mention that we have moved large portions of our staff in Stockholm from downtown to smaller, purpose-built and cost-effective premises in Tomtebodan. Corporate management will be moving there as well in September 2001.

Deregulation has stagnated

It is with regret that I can note that several of the large European countries have chosen not to concern themselves with the matter of deregulation. As a result, Sweden and Finland, like the other deregulated postal markets, will remain a test market.

Large, capital-strong international postal organizations have free access to both of these markets, while we are not allowed competing in their monopoly markets.

A modern distribution company

I am looking forward to 2001 with confidence. It will be a year of renewal and a year of tremendous challenges. Our customers have expressed a distinct wish for Posten to reinforce international cooperation. Accordingly, securing the international link in our logistics business will be a prioritised area for me.

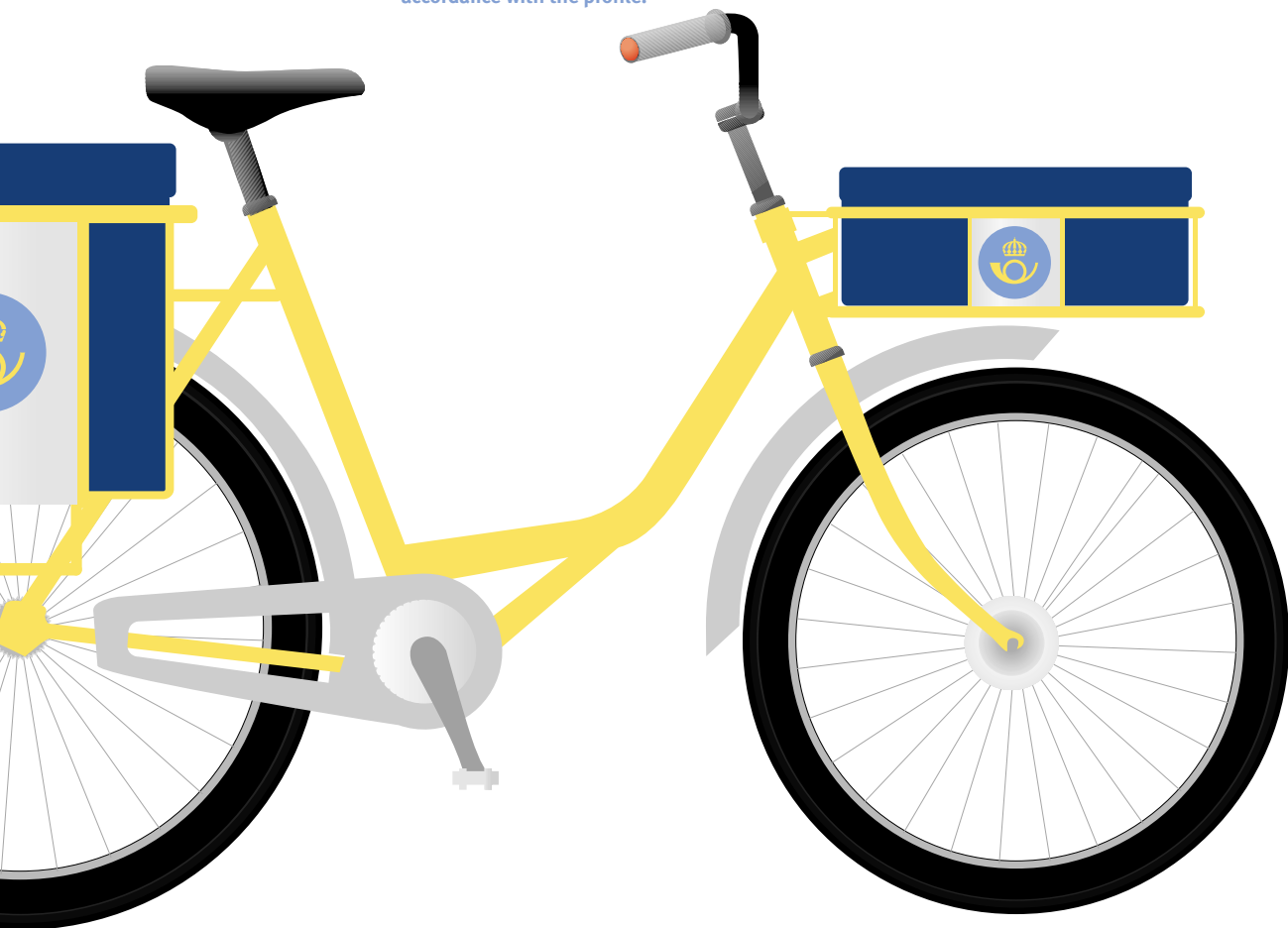
Something that has struck me since joining Posten is the extraordinary competence and diversity of products and services that Posten delivers and of which the general public is unaware. As a result, we want to combine the building of the new service network with a massive information campaign about Posten as a modern distribution company. We combine electronic and physical flows better than anyone else!

Stockholm, March 2001

Lennart Grabe

President and Chief Executive Officer

Posten dresses up for future challenges. To meet future competition and to be able to rapidly change into a modern distribution and logistics company, a clear unified design is needed throughout the company. Everything representing the new Posten, from cars to mail boxes are designed in accordance with the profile.



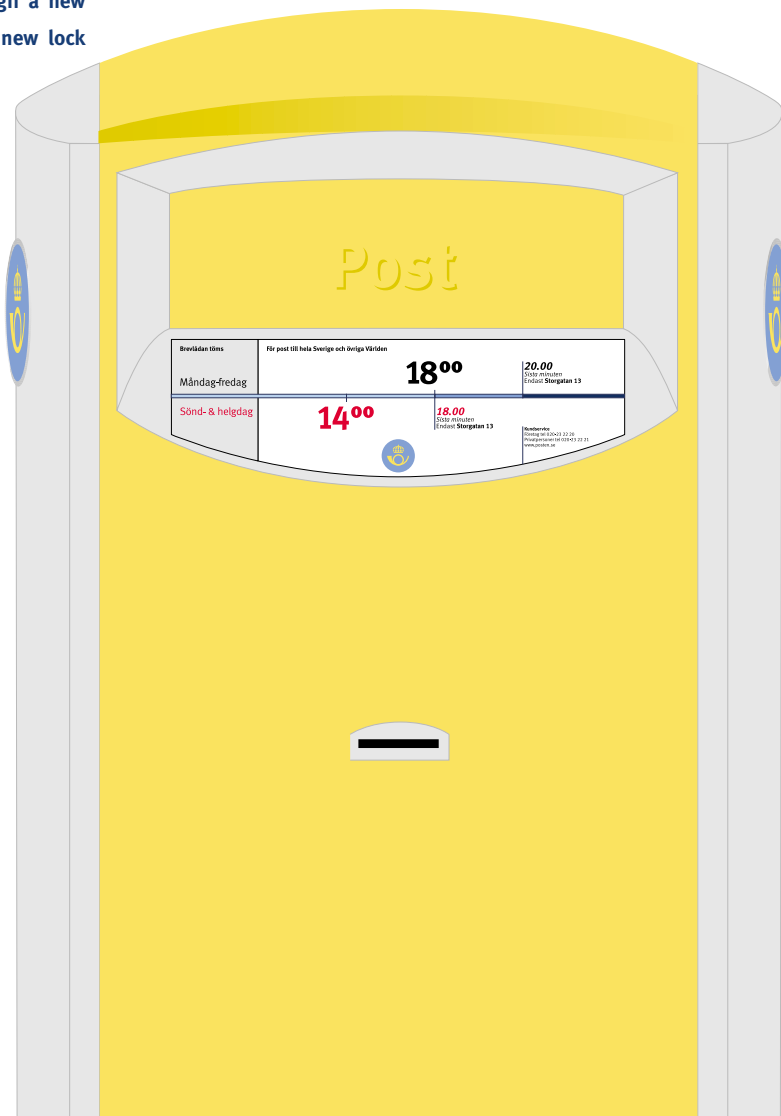
Mission

Posten's mission is to make it possible for people to reach anyone with messages and merchandise – physical or electronic – rapidly, securely and cost-effectively.

Posten shall create added value by combining physical and electronic flows through integrating Posten services in the customer's operations.

New, safer and more functional mailboxes with a modern appearance are located nearby well frequented places.

The yellow mailboxed are for letters within Sweden and for the rest of the world, while the blue boxes are for local mail. The new mailboxes have become safer through a new construction and a new lock system.



Vision

Posten is the logical choice for those who want's to distribute messages and goods to, from and within the Nordic and Baltic Regions.

No one is better than we at generating added value by combining electronic and physical flows.

There is a post office in every home, every company and every mobile telephone.

We free up valuable time for our customers.

Our profitability is higher than the industry average in comparable markets.

Organization



Key concepts for the new group structure include that of being an integrated group that works in networks, projects, and partnerships.

Organization

In early 2000, the Board of Directors resolved to implement a new organization at Posten. The former business unit structure with six business units: Posten Brev, Posten Logistik, Posten Utrikes, PostNet, Postgirot and Posten Försäljning, was discontinued as of December 31, 2000. The change process was based on the policy of transforming Posten from a production-oriented organization to a more market-oriented company. Key concepts for the new group structure include that of being an integrated group that works in networks, projects, and partnerships, with focus on service development, business opportunities, and profitability.

New Service Network

Posten's future growth areas are in the areas of message forwarding and logistics. In order to successfully respond to stiffer competition and customer demands for expanded availability, Posten's letter and parcel delivery services must be available in many places and with generous business hours on weekdays and weekends. Posten intends to open 3,000 new service outlets with expanded business hours starting in September 2001. This will be achieved through partnerships with well-known retail chains, convenience stores, and service station chains. Posten will have its own offices for letter, parcel, and cashier services in every Swedish municipality.

Deploying the New Service Network

Posten is negotiating with several retail chains, convenience stores, and service station chains concerning partnerships to provide letter and parcel service. Posten and ICA-Handlarna have signed a letter of intent. By summer 2001, we expect to finish planning in detail at which stores and locations where Posten will be found in each city and which service outlets will be operated by Posten employees.

Posten's more than 3,000 new service outlets will be built up in stages, area by area, starting in September 2001. The process will take approximately one year.

Cashier Service

Through the Ministry of Industry, Employment, and Communications, Posten has been mandated by the Swedish Government to provide basic cashier service, which shall include the following services:

- Bill payment by credit card, check, or cash, via postal or bank giro
- Cashing of checks, money orders, etc. (postal and bank giro payment orders, postal money orders, cashier's checks, and personal/business checks)
- Currency exchange payees
- Bank account deposits and withdrawals (using bank ATM/check cards)
- Deposits of daily receipts for businesses

Posten has been mandated to create a competition-neutral cashier network in which all banks will be given the opportunity to offer basic cashier services to their customers. Agreements on the use of Posten's cashier network have been reached with Postgirot, Nordbanken, and FöreningsSparbanken. The cashier service network consists of 1,350 service outlets and 2,700 rural mail carriers.

Internet Service

Customers can get information and service from Posten around the clock via Posten's Web site. The site features online ordering of stamps and packaging materials, a search facility for ZIP/postal codes and postal giro account numbers, and lists of business hours for Posten service outlets. In addition, customers can track parcels in the transport chain, buy direct advertising mailshots, and order logistics services directly over the Internet. In 2001, Posten launched two enhanced Internet service and sales channels directed at businesses and consumers respectively.

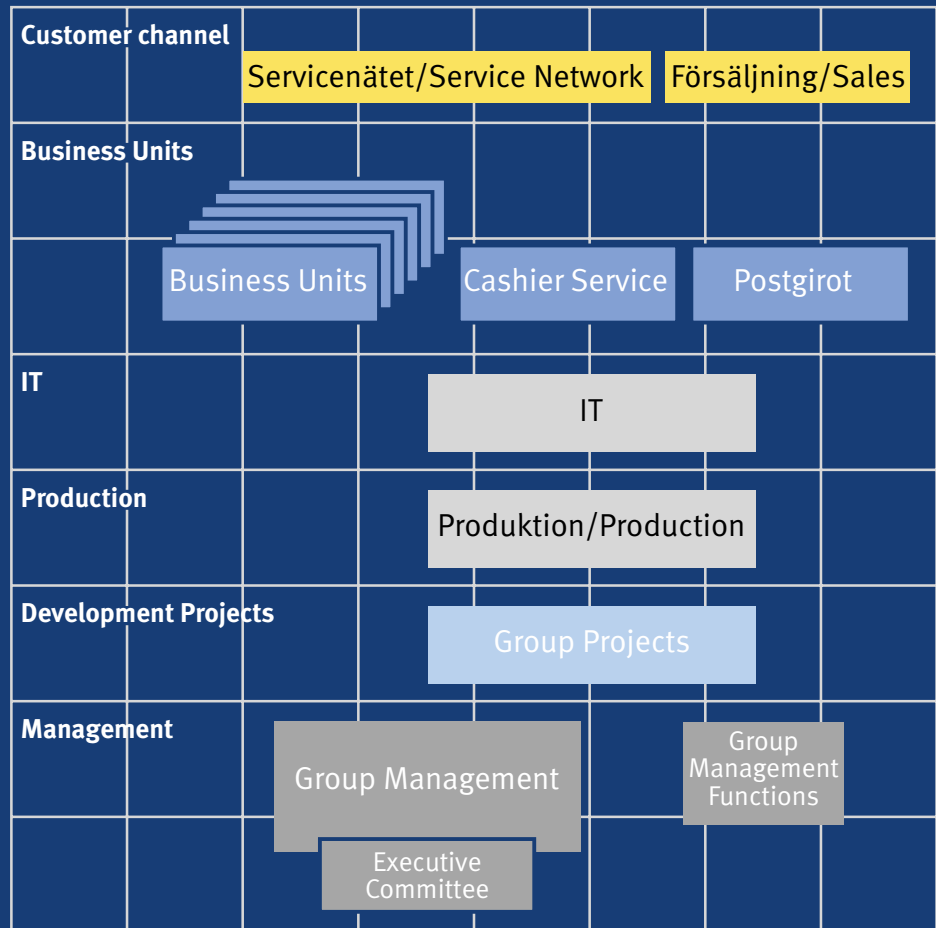
Försäljning consists of:

- Key Account Managers, KAM, who have overall responsibility for identifying business opportunities and securing market presence with Posten's largest and most strategic customers.
- Direct Sales
- Contact Centers
- Partners/Resellers
- Internet

Business Units are units in charge of Posten services and service development based on the market segments where Posten is active. The business units are not fixed in number. New business units may be established or discontinued in line with changing market demands. The organizational structure of the business units may vary in future. They may be wholly or partially owned companies or partnership operations. At present, there are six business units:

- Market Communications
- Administrative Communications
- International Mail
- Outsourcing
- E-business & Logistics
- Consumer

The business units will utilize the group's common resources, e.g., production and IT, to support their efforts and will accordingly not build up separate support organizations. Posten's operating earnings will be reported in the business units, cashier service, and Postgirot.



Strategic Direction and Market



Strategic Direction

Business Environment

Society is being reshaped by a number of strong trends and these trends are having a significant impact on Posten's operations. At present, the most critical forces influencing Posten's development are:

Globalization. Customers are becoming international, meaning that purchasing decisions relevant to Posten services are in many cases being made outside Sweden. National borders are becoming less important and internationalization is leading the world's companies, including postal services, to expand their scope, which is intensifying competition.

Consumer Power. The individual is accruing power in pace with progress in IT and increased globalization. The new consumer is well-educated, IT-savvy, well-informed and demanding. When competition is global and the individual can choose from a wide range of suppliers, factors such as service, personal treatment, flexibility and availability in time and space will determine when and where the modern consumer makes his purchases.

Heightened Competition The international message forwarding and logistics market is undergoing dramatic changes. An onslaught of international players, including both logistics and postal companies, are now competing in the deregulated Swedish postal market. Competition is also coming from unexpected directions as companies cross former "industry lines."

IT. E-mail has become a part of our everyday lives and is replacing both letters and the telephone. IT and the Internet are giving customers new opportunities to communicate with and select the suppliers of their choice. Legally binding agreements can already be signed using digital signatures. It is just as easy for the consumer to buy

from a dotcom as from the corner store. And every day, more features and can be controlled from mobile devices such as cellular phones.

Strategy

Posten has made a number of strategically important decisions in response to the demands of its business environment. In spring 1999, Posten reached its strategic decision on the future direction of the business. Posten shall focus operations on message forwarding and logistics and withdraw from the financial business.

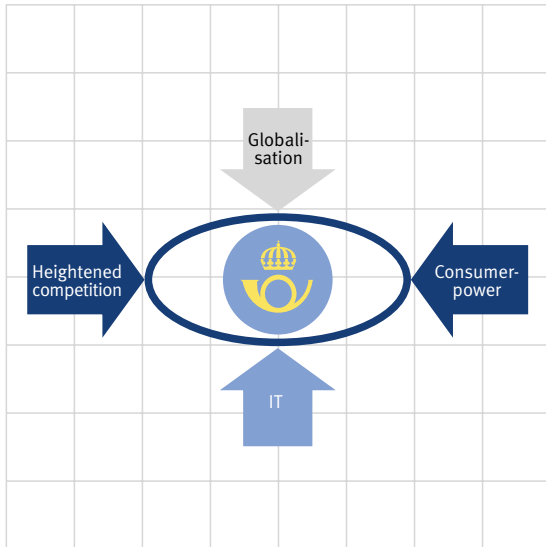
To enhance competitiveness in the message forwarding and logistics business, Posten must proactively develop services and actively lead and participate in the development and structural transformation of the logistics industry. Posten is endeavoring to secure an infrastructure in the Nordic and Baltic regions that entails full coverage, geographically as well as in terms of the types of goods distributed by Posten's customers. Posten's international operations and alliances are a prioritized task for 2001.

To meet customer demands for better service and availability, Posten introduced a new service network and new Internet-based services for corporate and consumer customers. In parallel, Posten decided to pursue a more integrated brand strategy. Posten currently has 140 different brands for some 600 services. The traditional postal symbol also exists in several different versions. In order to establish a more distinct market presence and gain better opportunities to respond to increasing competition, particularly from international postal and transport companies, Posten will in the future assemble all operations under a single, uniformed brand in Sweden.

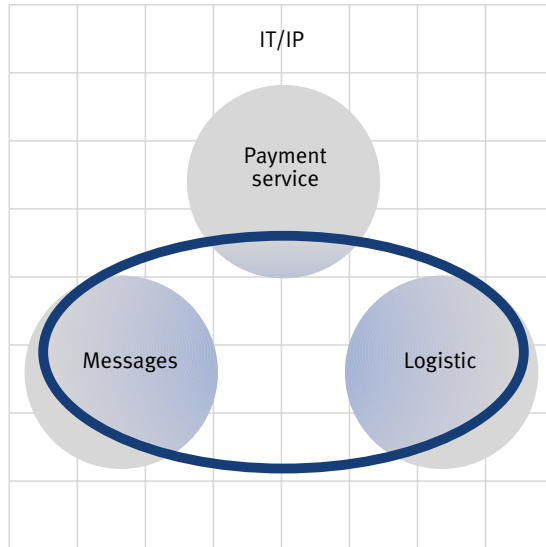
Markets, Customers, and Competitors

Posten is concentrating its operations on the message forwarding and logistics markets with a strong component of Internet-

Trends with significant impact on Posten



Business Environment



based technology. Posten's markets span the entire range from the flows of physical letters and parcels to services that unite physical and electronic flows, to purely electronic services.

Posten's customers are either consumers or companies. The latter are primarily financial services companies, service companies, public sector agencies, mail order companies, and Swedish organizations. Posten's customer base also includes foreign companies with business relations to Sweden or another country in which Posten conducts business. One pervasive trend is that recipients, whether companies or individuals, want more control over incoming flows than they have had in the past. Posten is developing services to meet that need. In order to provide these types of customer-focused and flexible solutions, Posten's customer relationships are necessarily becoming more in the nature of collaboration and partnership. This is particularly true because Posten is the supplier to the customer's customer; that relationship is strengthened or weakened on the basis of how well Posten does its job.

Posten intends to continue developing robust products for the consumer market. Aimed at giving customers greater freedom of choice, Posten will also be introducing several electronic services for consumers based on a contractual relationship with the recipient, e.g., eSkicka and ePostkontoret ("eSend" and "ePostOffice").

For corporate customers, Posten is continuing to develop a range of services aimed at facilitating and improving the customer's market position in an era when they are facing fierce competition from players in the "old economy" and the Internet world alike. For Posten, this entails sharp focus on core business and creating new services, in alliance with partners, to strengthen our market position and enhance profitability. Internationalization is creating a greater need to communicate across borders. Demands for worldwide service also apply to Posten, which means that Posten must actively seek out international partners.

The message forwarding and logistics market is undergoing dramatic changes. Several foreign and multinational compa-

nies are now active on the Swedish market. CityMail is now owned by the British postal service Royal Mail and ASG is now part of the Danzas Group owned by the German postal service, which is also the principal owner of DHL. The Dutch postal service is operating in the Swedish market through TNT. And FedEx, UPS, et al., are all doing business in Sweden. Posten has thus far been a successful competitor by virtue of the high quality of Posten services and our extensive distribution network.

Posten's quality assurance and improvement programs are managed according to a two-prong perspective: an external customer perspective and internal process methodology. The goal is for objective quality, as determined by follow-up with technical measuring systems, to be consistent with customer perceptions of Posten's quality. Using the standards provided by the ISO system and the tools of the Swedish Quality Award, Posten is developing and running a constant quality program. Quality is measured daily using several different measuring systems.



Message Forwarding

The market is characterized by deregulation and vigorous technical progress, particularly in the field of information technology, which is creating entirely new conditions for the distribution of messages in physical or electronic forms.

Posten divides the message forwarding market into the following segments:

Market Communications

Encompassing bulk advertising, catalogues, etc., market communications is a growth segment expected to grow by approximately 3 percent annually. However, market communications are highly cyclical, the market fluctuates strongly between the years. Current market trends include a strong increase in the usage of hybrid mail (a combination of electronic and physical services) and the Internet.

Expanding usage of technology is creating new opportunities for Posten. Posten can continue to meet customer needs by supplementing traditional products with services based on new media. BonusMail is one example. Advertisers are invited to send addressed advertising directly via e-mail to members of BonusMail. Members have actively indicated that they wish to receive advertising and they earn bonuses for doing so. Posten also offers its partners the opportunity to publish material and advertise goods and services on the Internet.

Posten is the largest actor in Sweden in the business of individually addressed and bulk physical direct advertising. In the area of market communications, Posten is competing not only with traditional competitors offering similar services, but also with alternative media channels such as periodicals, radio, television, outdoor advertising, movie theater advertising, and the Internet. There are also new players in the market including Pressbyrån, IKEA and SEB (ATM advertising).

Administrative

Communications

This segment comprises invoices, quotations, account statements and other messages linked to the administrative accounting process. Electronic and physical business communications take place business-to-business, business-to-household, household-to-business, and household-to-household. The portion of business communications made up of fully electronic and semi-electronic services is growing rapidly. The primary demand is for digital signature and information security services. The total volume of text-based administrative communications is growing in Sweden.

Posten's volume of purely physical messages is declining, while messages in the form of hybrid services are proliferating, meaning that total volume has not changed as previously forecast. Posten is working actively to develop services in this segment.

Local postal operators' physical volumes are increasing slightly.

Outsourcing

Outsourcing has only recently been regarded as a separate market. The need arose as many companies began choosing to outsource parts of their operations to subcontractors. For many companies, document management, externally but first and foremost internally, has become a process that consumes heavy financial and human resources. There is a tendency towards market growth and demand for services that are becoming progressively more qualitative.

This has led to the opening of an entirely new market for Posten, which can offer superior service by virtue of its expertise in mail and document handling. Posten is also developing services that can in various forms be integrated with the customer's business processes. Services in this segment include Närservice ("Neighborhood Service"), wherein Posten takes care of the

company's entire mail cycle – from delivery of the day's mail to the company, via onsite distribution, franking, and collection of outgoing mail.

Posten can meet the needs of customers that want their documents converted to or from electronic format through eBrev, a service where the customer sends a letter from his computer to Posten, which prints it, puts it in an envelope, stamps it, and delivers it, and BREVe, which converts physical mail to electronic documents.

Posten has many competitors in the outsourcing market, including Samhall, Tieto Enator, CityMail, and temporary employment agencies.

International Mail

International import and export in the message forwarding market are undergoing significant changes, with electronic handling becoming much more important. Customers are more frequently and carefully selecting where they want to produce direct advertising material. Material is sent electronically across national borders and printed in a country other than the country of origin.

Important geographical markets for incoming and outgoing international mail include the Nordic region, the United Kingdom, Germany, and the United States.

Quality and security are vital to our customers. Posten cooperates closely with foreign postal services and other partners abroad in order to assure quality at every point, from sender to recipient.

Competition is fierce in this market, with price pressure as a result. Posten's market share of export letters from Sweden is an estimated 70 percent.

Logistics

The logistics market is transitioning from larger goods to low weight and high value goods, faster and more precise deliveries, and more complex, integrated solutions. These total solutions require the supplier to

have transport capacity for all weight classes, from courier and lightweight parcels to palletized goods, as well as extensive geographical coverage. In order to meet customer needs and requirements, the logistics industry is moving towards larger, more internationalized structures. The hallmark of modern service development in the logistics industry is that it is based on advanced IT solutions. IT is being used to rationalize management, enhance quality, and especially to achieve efficient communication with customers, partners, and suppliers. Events in the e-business segment, particularly B2B, are having a profound impact on the logistics market.

Domestic Freight

The domestic freight market is growing by approximately 7 percent per year. Development is moving towards more qualitative solutions. The burgeoning area of e-business is also creating demands for more customized shipping.

Posten is one of the largest logistics companies in Sweden and the market leader in the distribution of parcels and goods weighing up to 35 kilograms. Posten is continually enhancing its Företagspaket (business parcel) and Hempaket (household parcel) services.

Posten's competitors in this segment are logistics companies, e.g., ASG/Danzas, and courier firms.

Third Party Logistics/ Crossdocking

Third party logistics is when companies that have business with one another outsource certain tasks to a third party. Companies are streamlining their operations by outsourcing tasks such as purchasing, freight forwarding, packaging, assembly, bulk mail to customers, billing, payment reminders, etc., to subcontractors.

Posten has developed third party logistics solutions based on crossdocking,

which means that Posten accepts goods on behalf of the customer from various suppliers in Sweden and abroad, breaks down the larger shipment by customer, and packs and ships individual orders, and also handles related administrative procedures, such as billing.

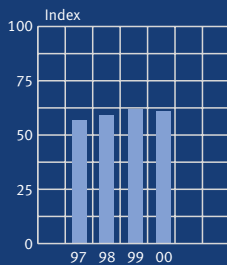
International Parcel Delivery

The largest customer group for international parcel delivery is made up of mail order companies. Most of these mail order companies do business in the countries that are closest to Sweden. The critical factors when they select suppliers are competitive prices and user-friendly services. Posten's largest customers include the major Swedish manufacturing and export companies. Posten has chosen to follow its customers into foreign markets, primarily within the Nordic and Baltic regions. Consequently, Posten has freight forwarding companies in Poland, Denmark, Estonia, Finland, Latvia, Lithuania and the St. Petersburg and Moscow areas in Russia, that are either operated by Posten or in partnership with local companies.

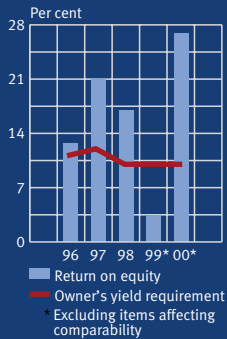
Posten has an approximate market share of 47 percent for business-to-business parcels. Our primary competitors are ASG/Danzas, DSV and Schenker/BTL.

Objectives

Customer Satisfaction Index



Return on Equity, total Group



Posten has worked according to three main objectives since 1988: Customer Satisfaction, Profitability and Employee Satisfaction. The three objectives are interdependent and are the prerequisites for meeting customer needs for service over the long term while achieving profitability.

Customer Satisfaction

Posten – a company you can trust

Posten measures customer satisfaction continually and the results are used in ongoing improvement efforts aimed at achieving the greatest possible customer benefit in our line of services.

Whether Posten reaches its stated quality objectives is determined by the customer, which is reflected in Posten's quality policy:

Quality Policy

- Quality means keeping our commitments.
- Our customers decide how well we have succeeded.
- Posten shall be a trustworthy company.
- The services and products we provide shall meet customer needs.
- We shall deliver the right quality.
- We achieve the right quality when we strive to do things right from the outset – in every aspect.
- Posten shall prevent errors.
- Posten shall openly and in the spirit of service respond to our customers and meet their expectations.
- Every Posten employee is responsible for the quality of his or her own work.

Measuring and Enhancing Customer Satisfaction at Posten

Posten has been producing an annual Customer Satisfaction Index (CSI) survey since 1991. Measurements are taken regularly

throughout the year and reported quarterly. Every unit with customer responsibilities is assigned objectives and followed up using the CSI.

The CSI is determined by means of a customer survey, where customers respond to overall questions about how Posten manages its operations and more concrete questions broken down into "quality areas", such as reliability, range of services, how customers are treated, and complaint management. The Posten CSI is broken down to the question level for underlying units (e.g., business units, post offices, distribution offices) based on the unit's area of responsibility. Since customer perceptions of Posten are based on how the business is managed as a whole, we continually develop methods for measuring the quality areas in our internal processes that are important to our customers. This enables us to gather information and correct possible breakdowns before they affect the customer.

Posten's CSI for 2000 was 61 (62), compared with the stated target of 63. The decline compared with previous year is due to Posten having failed to clearly concretize the design of the future service network.

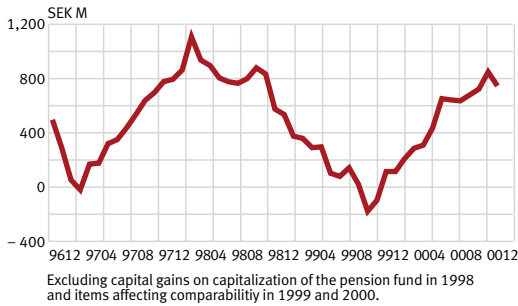
There are a number of certified ISO 9001 quality systems in place in various Posten units. Follow-up audits were carried out in 2000 and the certificates were renewed.

Profitability

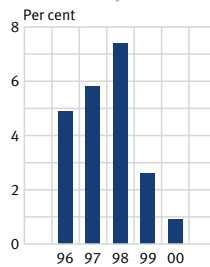
Profitability Requirement

Posten's owner, the Swedish state, has established financial targets for Posten's operations. The financial targets are meant to contribute to the stable financial development of the business and meet long-term requirements for return on capital and asset growth. The objective is to achieve return on equity in parity with the market. The owner's requirement is formulated as return on adjusted equity after tax, defined as risk-free interest plus interest surcharge. The Group target for return on adjusted

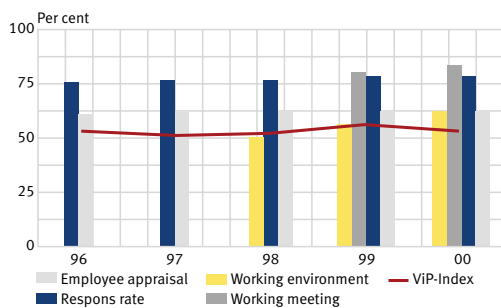
12-month moving earnings after financial items for the Group



Equity/assets ratio, total Group



Results of Posten's Employee Satisfaction survey, ViP



equity is 10 percent. In the group structure as it existed in 2000, including Postgirot, the owner's established equity ratio target was 10 percent.

Return on equity, excluding extraordinary items, was 26.9 percent and the equity ratio as of December 31 was 0.9 percent.

Posten's profitability has declined in recent years. The company has not succeeded in compensating for cost increases through efficiency measures. Growing competition, not least importantly from new, electronic alternatives, and declining demand for over-the-counter postal service have reduced margins. Competition is going to intensify in all markets in which Posten does business. Opportunities to raise prices will remain limited in the future. Focus on developing the message forward-

ing and logistics markets is necessary to create favorable future conditions for the Group.

A program was initiated in 2000 aimed at implementing value-based management (VBM) in the Group, commencing in 2002.

Key Ratios

The primary key financial ratios employed by Posten at the Group level are return on equity and return on capital employed.

Employee Satisfaction

Posten uses a method called "ViP" (Vi i Posten/"We at Posten") to measure the Employee Satisfaction target. In the ViP survey, employees respond to questions about their sense of involvement, their opportunities for professional develop-

ment, their immediate supervisors, their confidence in the change processes underway within Posten and provide an overall assessment of their overall job satisfaction. This is expressed in a ViP index, for which a target is set for Posten as a whole.

Every quarter, some 2,000 managers receive a follow-up report on job satisfaction among their employees. Certain overall ViP results are regularly reported via Posten's intranet, which is accessible to all employees. The overall ViP index in 2000 for the Posten Group was 53 (56), which is two points short of the stated target.

The decline is primarily attributable to the ongoing restructuring of the Group and the uncertainty felt by many employees in the post office network during 2000.

Five Year Summary Posten Group Total

Net earnings or loss (SEK M)	2000	1999	1998	1997	1996
Operating revenue	24,864	24,217	24,359	23,424	22,725
Operating expenses	- 22,965	- 22,855	- 22,279	- 21,006	- 21,000
Depreciation/write-downs	- 1,064	- 1,045	- 1,020	- 1,206	- 960
Items affecting comparability	- 2,148	- 4,301	—	—	- 120 ¹⁾
Net financial income and expense	- 47	- 81	15	- 157	- 195
Net income or loss after financial items	- 1,360	- 4,065	1,075	1,055	570
Net income or loss after tax	- 1,047	- 2,990	752	726	363
Balance sheet (SEK M)					
Fixed assets	20,483	23,308	23,087	20,002	22,441
Current assets	6,737	6,899	6,732	6,005	5,400
Cash, bank deposits and short-term investments	54,339	38,393	34,392	43,127	39,504
Total assets	81,559	68,600	64,211	69,134	67,345
Equity	726	1,777	4,772	4,017	3,294
Minority interest	5	2	—	—	—
Provisions	7,123	4,528	1,935	7,594	9,867
Long-term liabilities	1,213	774	946	449	496
Deposits in postal giro operations	49,397	44,114	42,248	43,264	40,668
Other current liabilities	23,095	17,405	14,310	13,810	13,020
Total equity and liabilities	81,559	68,600	64,211	69,134	67,345
Key ratios, %					
Profit margin	neg	neg	4.4	4.5	2.5
Profit margin, excluding items affecting comparability	3.2	1.0	—	—	—
Return on equity	neg	neg	16.9	21.0	12.6
Return on equity, excluding items affecting comparability	26.9	3.4	—	—	—
Return on capital employed	neg	neg	14.7	11.1	7.9
Return on capital employed, excluding items affecting comparability	46.4	10.6	—	—	—
Equity ratio	0.9	2.6	7.4	5.8	4.9
Total productivity, change	+ 1.0	+ 1.4	+ 0.5	+ 2.4	- 1.2
Customer Satisfaction Index (CSI) ²⁾	61	62	59	57	—
Customer Satisfaction Index (CSI)	—	—	—	—	70
Employee Satisfaction Index (ViP-index)	53	56	52	51	53
Personnel					
Average number of employees	41,522	41,825	42,108	42,903	45,137
Number of employees as of December 31	49,986	50,174	51,793	51,804	53,178
Capital expenditures, SEK M	1,008	1,122	971	1,186	1,707
Externally invested funds, average, SEK B	29.5	28.6	32.1	30.8	27.0
Production (millions of items)					
Items of mail ³⁾	5,717	5,607	5,566	5,483	5,414
Payments ⁴⁾	430	400	401	401	429
Post offices (no.)	851	922	1,019	1,075	1,117
Other service outlets (no.) ⁵⁾	890	853	781	720	640

Four Year Summary Posten Group excluding Postgirot

Net earnings (SEK M)	2000	1999	1998	1997
Operating earnings	22,339	21,967	22,024	21,181
Operating expenses	- 21,175	- 20,978	- 20,296	- 19,261
Depreciation, amortization, write-downs	- 959	- 966	- 928	- 1,010
Items affecting comparability	- 2,148	- 4,098	-	-
Share in earnings/dividends from affiliates	- 4	- 25	- 14	- 2
Net financial income and expense	- 33	- 64	15	- 156
Net earnings or loss after financial items	- 1,980	- 4,164	802	753
Net earnings or loss after tax	- 1,490	- 3,050	555	511
Balance sheet				
Fixed assets	8,767	8,278	7,731	9,068
Current assets	3,627	3,362	3,434	2,844
Cash and cash equivalents, including short-term investments	3,357	2,933	2,683	5,913
Total assets	15,751	14,573	13,848	17,824
Equity	726	1,777	4,772	4,017
Minority interest	4	2	-	-
Provisions	6,881	4,299	1,702	6,689
Long-term liabilities	1,207	770	969	469
Current liabilities	6,933	7,725	6,405	6,649
Total equity and liabilities	15,751	14,573	13,848	17,824
Key ratios, %				
Profit margin	neg.	neg.	3.6	3.6
Profit margin, excluding items affecting comparability	0,8	neg.	-	-
Return on equity	neg.	neg.	12.3	14.2
Return on equity, excluding items affecting comparability	5,7	neg.	-	-
Return on capital employed	neg.	neg.	27.3	22.5
Return on capital employed, excluding items affecting comparability	25,0	neg.	-	-
Equity ratio	4,6	12,2	34.5	22.5
Personnel				
Average number of employees	39,335	39,381	39,475	39,936

1) Previously reported extraordinary charges are found under extraordinary items.

2) The Customer Satisfaction Index was changed in conjunction with Posten's new organizational structure beginning in 1997.

Comparisons with earlier years are not possible.

3) Various measuring methods were used during the five-year period. All values were adjusted in accordance with the method used in 1998.

4) Figures for 1998 and 1997 are not comparable with other years due to a change in definitions in 1997.

5) Post offices run in partnership with retailers, banks, et al.



Group results for 2000 are reported under the business unit structure.

Posten Brev developed, administered, and produced standard services for the messages/communication market. Posten Brev was active in six markets: business communications, market communications, periodical distribution, distribution of private messages, as a partner in the outsourcing market, and the distribution of goods weighing up to two kilograms. Posten's letter network was the only large organization awarded Swedish Quality Award in 2000. The jury's assessment was:

” *The letter network, which is a limited logistics unit of Posten Sverige AB, comprises receiving, sorting and transport of letters in within a nationwide terminal system. With strong focus on the customer and time as guiding principles, management has created a holistic view that clarifies the organization's role as a link in Posten's total chain of communications. Dedicated, visible leadership at all levels successfully combines strategic and operational activities. Lofty ambitions and a systematic approach create the necessary prerequisites for a program of constant improvement in which all employees can be involved. Through a conscious environmental effort, the letter network is contributing to a sustainable society. Posten Produktion – Brevnätet is a good role model for the enhancement of quality in Sweden.*

Posten Brev was the largest business unit in the Group and generated more than half of external net sales.

Posten Logistik provided complete logistics solutions within Scandinavia and the Baltic Region and to other countries in cooperation with the Posten International business unit. Posten Logistics is a leading logistics supplier in Sweden. Business parcel delivery was the dominating service within Posten Logistik, which also made extensive investments in developing e-business services.

Posten Utrikes was responsible for international mail, parcel, and express deliveries. Posten entered into an alliance during the year with Post Danmark on faster letter distribution between Skåne and parts of Denmark. The agreement affects approximately three million consumers and 165,000 businesses in Sweden and Denmark, who have gained faster letter distribution with no increase in price. International parcel distribution operations were transferred as of May 1, 2000 to Pan Nordic Logistics AB, a joint venture company owned by Posten and the Danish and Norwegian postal services.

PostNet had overarching responsibility for developing Posten's line of services, primarily in the areas of e-business, electronic infrastructure, and electronic business communications. PostNet was active in three main segments: Electronic Marketplaces for businesses and consumers (Torget and PostNet Online for business customers), Electronic Business Communications (EDI, message conversion, order systems, etc.), and Electronic Security (identification, signatures and encryption over public networks).

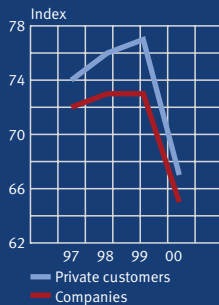
Posten Försäljning was responsible for Posten's branch office network and consumer sales and service. Customer visits to post offices continued to decline in 2000 and are down to 400,000 visits per day.

Postgirot is the leader in the Swedish payments market. Almost all Swedish companies, organizations, and private individuals have a business relationship with Postgirot via postal giro accounts or banks that cooperate with Postgirot. During 2000, Postgirot was involved in some 5,000 billion kronor changing hands, divided among 435 million business transactions. Postgirot publishes a separate printed annual report.

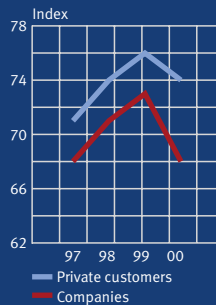
Key ratios	Posten Brev		Posten Logistik		Posten Utrikes		PostNet		Posten Försäljning		Postgirot	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
SEK M												
Net sales	15,105	14,772	3,935	3,568	2,083	2,379	66	81	3,175	3,715	3,933	3,732
– thereof external	13,792	13,419	3,456	3,037	2,056	2,341	53	67	1,008	1,076	3,933	3,732
Operating earnings	1,069	1,123	8	– 91	167	90	– 80	– 4	– 391	– 1,007	634	302
Profit margin, %		7,8	neg	neg		3,3	neg	neg	neg	neg		7,0
ViP, Employee satisfaction	52	54	54	53	57	60	66	64	53	60	61	57
Average number of employees	25,048	24,345	4,852	4,775	569	616	133	121	6,095	7,537	2,187	2,444

The Cashier Service Index (KSI), which reflects the score that customers give to local cashier service, declined sharply in the second half of 2000. The reason for the decline is that Posten has not been able to inform customers about which cashier transactions will be possible at Posten in future. Customers are also uncertain about the changes that are going to be implemented in the post office network.

Counter Service Index



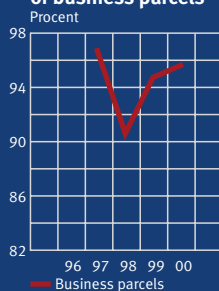
Letter Service Index



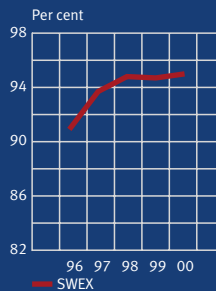
The uncertainty of our customers concerning how they shall do their postal errands in future is also reflected to a certain extent in the Letter Service Index (Brevservice index BSI). However, the downturn is not as severe as for KSI (Cashier Service/Kassaservice index), and customers still give Posten high marks for reliable mail delivery.

The technical quality of parcel forwarding is measured using the "Business Parcels On-time" index. Quality has improved dramatically in recent years.

On-time delivery of business parcels

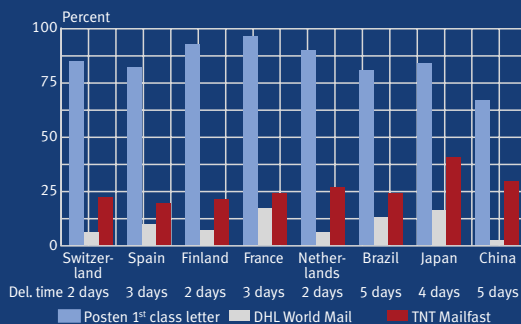


SWEX



SWEX (Swedish External Monitoring) is an external and independent measurement of the quality of delivery of standard letters, i.e., the extent to which letters are delivered on time. The measurement is performed by PriceWaterhouseCoopers

International letter delivery



Posten is the fastest at delivering standard letters to destinations abroad, as shown by the measurements performed by the international audit and consultancy firm PriceWaterhouseCoopers of delivery times achieved by Posten, DHL and TNT. The company measured how long it takes for the three companies to deliver letters to Switzerland, Spain, Finland, France, Netherlands, Brazil, Japan and China.

Employees



The past year was characterized by changes and new challenges for Posten employees. The new Group structure is based on our goal of utilizing our collective competence to generate improved customer benefit. The restructuring has entailed a demand for and the opportunity to acquire various forms of skills enhancement.

Collegiality and Leadership at Posten

A vital element of Posten's vision concerns commitment and dedication among managers and employees. Our new policy of collegiality is based on a fundamental view that all employees can, may, and take responsibility for fulfilling Posten's mandate. Leadership at Posten entails supporting the employee's capacity and opportunities to assume that responsibility. Collegiality is concretized in a co-worker contract that is a tool for developing and following up mutual agreements between the employee and the manager.

Competence at Posten

Strong investments in skills enhancement and learning are a prerequisite for development within Posten.

The Arena

The Arena is Posten's new Web site for training and project work. The aim is to rationalize and facilitate learning and cooperation among individuals, groups, and business units at Posten, and to support cooperation with customers and partners.

Career

and Development Center

Posten's Career and Development Center was established in 2000 and was designed for employees who want to take active responsibility for their careers and professional development. In addition to Life and Career Planning, the Center now includes Posten Academy, Posten School, trainee programs, and liaisons with colleges and universities.

Management Academy

Posten's new Management Academy is a forum for continual management training. The target group includes senior managers in the Group and young employees with managerial potential.

Gender Equality

The gender equality program at Posten is carried out as an integrated component of business planning and is an important part of the effort to embrace diversity in the company. Posten has had a goal for many years that at least 40 percent of managers shall be women. Gender distribution is even within the Group as a whole, although distribution is still lopsided in certain subordinate units. Thirty percent of senior managers at Posten are women and the equality goal has been met for the highest levels of executive management. Posten was recognized during the year for its equality program and was given the Award of Honor by the Ruter Dam Foundation for the year 2000.

Collegiality and leadership at Posten



All employees, including managers, are responsible for:

- Taking personal responsibility
- Having authority and resources
- Acting in the best interests of the customer and the company
- Enhancing their skills

Managers have special responsibility for ensuring they:

- Are visionary and courageous
- See the big picture and cooperate
- Act in a businesslike and professional manner
- Create dialogue and commitment



Health at Posten

Absences due to illness are on the rise at Posten, as in society in general. The average absence increased by four days compared with the preceding year. The increase has been among longer absences and among older employees. A number of measures were initiated during the year aimed at reversing the negative trend.

Posten Omstart

The Posten "Omstart" program ("New Start") was established in 2000, aimed at working preventively and seeking out good models for practices and policies that contribute to good health, a favorable work environment, and few absences due to illness. The Omstart program shall also be put into action upon conclusion of standard rehabilitation activities aimed at assisting and supporting employees who have been on extended sick leave. The primary goal is to identify suitable work for the employee within or outside Posten, but other opportunities are investigated as well. Employees may be part of the Omstart program for up to twelve months.

Other measures implemented to promote health and well-being include using the new work environment survey, which serves as a springboard to systematic discussions with employees about the work environment.

Mobility at Posten

Posten's ability to attract and retain key individuals and other employees in the various occupational areas, as well as young talent, is of ultimate importance to the Group. Accordingly, a Group project was started that is aimed at devising proposals for measures to secure human resources provision over the short and long terms.

In order to secure quality in the recruiting process at Posten, a certification model for recruiters was developed during the year. Selection instruments and psychological tests were subjected to a professional quality audit during the year as well, which established which tests the Group recommends for recruiting purposes and selection, as well as in connection with various skills enhancement programs.

The Job Marketplace:

Arbetsstorget

Posten has created a web-based tool called Arbetsstorget ("The Job Marketplace") for more efficient internal and external advertising of available positions. Arbetsstorget also serves as an administrative support system for recruiters. Web technology is used to process applications and related documents and confirmation letters to applicants, and to compile application documents for managers. Arbetsstorget provides Posten with a constantly updated jobs databank covering all available positions within the Group.

Posten Futurum

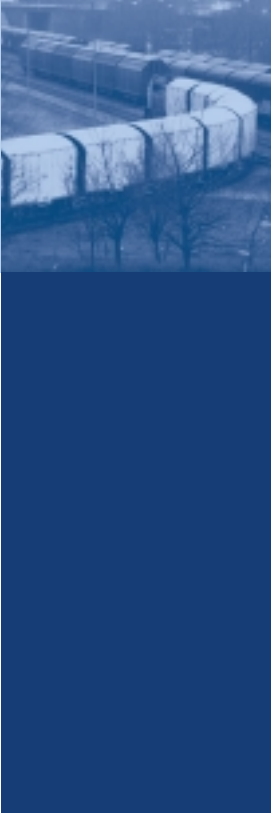
Posten Futurum remained active during the year. The mandate of the program is to provide support services for employees who can no longer remain with the company and to strengthen their employability outside Posten. In all, some 450 people have been accepted into the program (65 percent women), of whom 200 had left Futurum by year-end 2000 after having found various solutions, such as extended courses of study, new jobs, starting a business, etc. Those who found jobs were active in the Futurum Center for an average of four months.

Key figures	2000	1999	1998	1997	1996
Average number of employees	41,522	41,825	42,108	42,903	45,137
– thereof abroad	552	476	202	6	0
Number of employees	49,986	50,174	51,793	51,804	53,804
– percentage full-time	72	71	71	72	72
– percentage women/men	48/52	49/51	50/50	51/49	52/48
– average age	40	40	40	40	40
Monthly employees					
– under 25 years of age (%)	8.2	5.9	4.2	2.6	2.8
– over 54 years of age (%)	17.9	15.9	15.3	14.5	12.2
– absence due to illness (days/employee)	30.9	26.9	23.9	21.4	21
*absence 1–90 days	13.5	12.2			
*absence over 90–	17.4	14.7			
– employee turnover	6.6	5.9	4.9	3.9	3
Acceptance in trainee program (thereof women)	14 (6)	32 (18)	5 (2)	–	16 (8)
Enrolled in posten School. No. courses	1,262/997**	1,420/ 432	1,818/ 597	2,604/1,452	

Posten School started in 1997.

**New admissions procedure in 2000.





As of early 2001, Posten's second-class letters are now transported between the large sorting centers by rail instead of truck. Posten and Green Cargo AB are partners in the Mail Train project, which is having a positive environmental impact.

Project Mail Train started in 1998 as a cooperative project between Posten and Swedish Rail. There are now 70 specially ordered train cars that have been painted in Posten's colors and are meant to reduce the environmental impact of mail delivery. From the outset, the majority of second-class letters will be transported via the Mail Train. Beginning in June 2001, first-class letters mailed on Fridays will also be transported via the Mail Train. Focus on the environment is a key aspect in decision processes at Posten. The choice between rail and truck is easy if the former means that mail can be delivered with the same quality in terms of time and security and less environmental impact. That is the simple idea behind the Mail Train project.

Estimated Environmental Impact of Project Mail Train After June 2001

The project will eliminate a total of 3,400,000 km driven by trucks and consumption of 1,360,000 liters of diesel fuel, which will be replaced by 1,340,000 km of rail transportation. Carbon dioxide emissions will be reduced by a total of 3,534 metric tons per year, estimated based on consumption of 40 liters of diesel/100 km.

Significant Environmental Action in 2000

- Specific environmental data per parcel and customer with online connections via Web sites.
- Environmental audits of subcontractors commenced.
- All mail delivery drivers and employees of Poståkeriet are being given training in environmentally aware driving. Some 3,000 employees completed training in 2000.
- Eight hundred Renault Kangoo vehicles were purchased after a procurement

process that imposed environmental requirements for e.g., fuel consumption.

- New cars were acquired with Euro 3 engines, which meet forthcoming emissions requirements.
- Environmental training was completed for 27,000 employees.
- An Environmental Inventory was carried out in 85 percent of all buildings owned by Posten. PCB remediation began in the nine buildings where PCBs were found.
- Conversion of cooling equipment to environmentally sensitive (non-ozone-degrading) refrigeration media was 80 percent completed.
- The basic tare weight of aircraft was reduced, aimed at reducing carbon dioxide emissions, etc.
- Recycling at 800 workplaces was extended from five to seven waste categories.
- All operations within Posten Frimärken were environmentally certified. (ISO 14001)
- The Environmental Certificate was expanded to include Logistics terminals and operations in Umeå and Luleå.

Environmental Impact of Operations

Posten's operations impact the environment mainly via transportation and the resource consumption and emissions associated with freight forwarding and mail delivery, including that of Posten's own vehicles and purchased freight services. Posten vehicles (including aircraft and trains) travel a total of approximately 265 million km per year. The significant environmental aspects are primarily the consumption of fossil fuels and resulting emissions of carbon dioxide. Consequently, Posten is prioritizing the greenhouse effect in accordance with the guidelines issued by the Swedish Government Committee on Environmental Objectives for the 15 National Environmental Objectives. In addition, Posten purchases significant quantities of office equipment, production equipment, etc., and the Group owns or leases premises with a total area of approximately 1.4 million square meters, which taken togeth-

er impact the environment in several ways, including via the purchase of e.g., some 175,000 MWh of electricity.

Structured Environmental Programs on the Executive Agenda

Environmental efforts at Posten underwent significant changes in 2000. Posten's reorganization paved the way to environmental programs that are more likely to develop in accordance with executive management's ambitions, in that responsibility for coordination of environmental programs has been gathered in one place. The environmental organization was expanded and the environmental network reinforced in the new organization. The objective is to achieve a strong environmental network that supports line managers at all levels, including in their efforts to implement environmental management systems in operations that currently do not have one.

Environmental Objectives and Data

A measurement project is being carried out to enhance the quality of Group-wide environmental data beginning in 2001. Posten will be refining reporting procedures in order to further increase the reliability of Group-wide key environmental figures.

- Key Environmental Figures:
 - Total transport-related emissions of carbon dioxide, metric tons. Outcome 2000 188,000. The objective for 2001 is reduced relative carbon dioxide emissions from transports.
 - Total electrical energy consumption, MWh (premises: heating, lighting, operations). Outcome 2000 175,000. The objective for 2001 is reduced electricity consumption in buildings, measured in kWh/m².
 - Environmental management system, percentage of employees in environmentally certified units. Outcome 2000 70. The objective is for 100 percent of employees to be covered by a certified environmental management system by the end of 2003.

Environmental Costs

Posten's environmental costs are primarily linked to taxes and duties for over the road freight and terminal operations. Studies performed by Posten could find no environmental damage in soil, and therewith no associated costs.

Environmental tax costs consist mainly of:

- Carbon dioxide emissions, Posten-owned vehicles, approximately SEK 60 M per year
- Energy tax on purchased electricity, approximately SEK 30 M per year

Environmental Management System

The following units/companies within the group have been environmentally certified according to ISO 14 001: Posten Logistik AB, Säve Cargo AB, Falcon Air AB, Posten's letter handling operations, and Posten Frimärken. This means that the majority of the Group's employees are covered by certified environmental management systems.

Environmental Policy

Posten's environmental efforts shall be founded on the closed-loop philosophy and contribute to lasting, sustainable social development, based on respect for future generations.

Based on laws and regulations, Posten shall contribute to the achievement of national environmental objectives that are relevant to operations that have significant environmental impact.

The environmental impact of Posten's services arises primarily through freight transportation, use of premises, purchasing, waste management, and individual behavior. Posten strives to make efficient use of energy and other natural resources and to prevent emissions, waste, and other environmental impact.

Posten's environmental efforts are guided by the following principles:

Environmental efforts shall be integrated in operations and support Posten's main

objectives: Customer Satisfaction, Profitability, and Employee Satisfaction.

Consideration for the environment must be a key aspect of decisions at all levels of the organization.

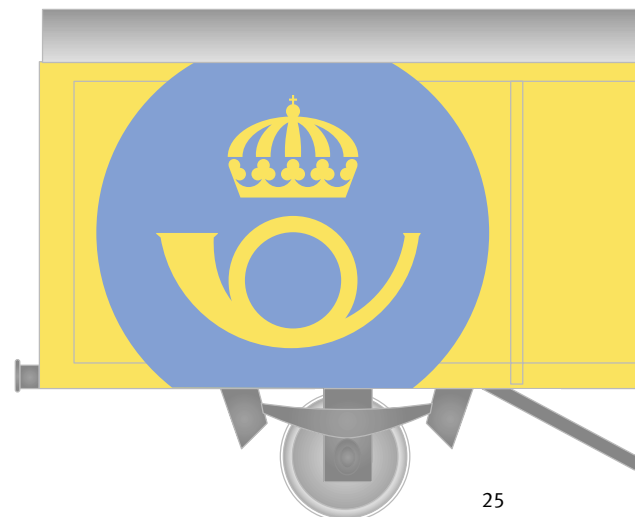
Environmental efforts shall be oriented towards constant improvement and be based on the involvement of customers, suppliers, employees, and other stakeholders.

Corporate communications related to the environment shall be characterized by openness and honesty and shall be based on fact.

Operations Requiring Permits or Notification

The Group is required to notify government environmental agencies concerning plants for extraction of heat and cooling from soil or air. The environmental impact has been assessed as negligible.

Posten Frimärken's printing operations in Kista require environmental permits according to the Swedish Environmental Code. The permit application process began in September 1999 with an early meeting. The County Administrative Board issued an immediate assessment that Posten Frimärken's operations do not entail risk of significant environmental impact. A formal application was filed in July 2000. The County Administrative Board finished processing the application in early November 2000 and public notice was issued to give concerned parties the opportunity to comment before the decision on whether to grant a permit is made.



Financial Risk Management

The Group is exposed to financial risks through its operations, including market risk, credit risk, and borrowing risk. Posten's financial risks are managed according to a policy adopted by the Board of Directors of the Posten Group. The policy establishes methods for risk assessment and risk mandates.

Management of the Group's financial risks and capital provision are centralized to the Group's internal bank. Non-financial loss risks are managed centrally by the Group's Risk Management function and by the Group's captive insurance companies. The objective of centralized management is to take advantage of economies of scale for risk management, capital provision, and cash management.

A report on financial risk management at Postgirot Bank is provided in the bank's separate annual report.

Borrowing Risk

The Group's borrowing is mainly in the money and capital markets through MTN and commercial paper programs, but also through bilateral agreements with lending institutions such as the European Investment Bank. High payment capacity is maintained in the form of liquid assets and confirmed credit lines in order to manage short-term fluctuations in the money and capital market, as well as unforeseen requirements.

Interest Risk

Interest risk arises upon borrowing and investment of surplus liquidity when a change in the interest rate has an impact on the Group earnings. As of December 31, 2000, the average fixed interest term for loans raised by the Group was approximately 1.5 months. The corresponding average in 2000 was approximately 2 months.

Currency Risk

Transaction exposure for the Group, i.e., net flows per currency, arises mainly in the Group's international postal operations at Falcon Air, and in conjunction with larger investment programs. Transaction exposure is eliminated by matching incoming and outgoing flows and hedging the remaining net flow.

The impact of the Group's translation exposure, i.e., exchange rate effects on Group equity upon consolidation of foreign companies, is negligible. Translation exposure is not hedged.

Credit Risk

Credit risk is the risk that a counter party, issuer, or customer will be unable to repay its debt to the Group. Credit risk arises in the Group's liquidity management and credit sales. Risk is limited by determining and following up credit limits for individual issuers or borrowers.

Risk Management and Insurance

The Risk Management function is responsible for analyzing loss risks, initiating preventive measures, and arranging financing of non-financial loss risks. The Group's loss risks are managed through development and procurement of Group-wide insurance programs. The Group's captive insurance companies are involved in most of the insurance programs by providing direct insurance to the Group's units for property, financial crimes, and liability risks, including traffic liability. The captive companies reinsure the risks outside the Group.

Other Events

- Posten and CityMail formed a joint company, AddressPoint AB. The company will be offering address-updating services to companies with large address registers that require updating. Posten owns a 60 percent interest in AddressPoint AB, with the remaining 40 percent owned by CityMail.
- As of May 1, Posten transferred its international parcel delivery business to Pan Nordic Logistics AB (PNL), a company owned jointly by the Swedish, Norwegian and Danish postal companies. As planned, Post Danmark and Posten Norge transferred their international parcel business to PNL during summer 2000.
- Posten acquired the majority of shares in the Danish transport company G-distribution ApS.
- An architectural competition for the design of Posten's future headquarters was decided during the year. BSK Arkitekter AB designed the winning proposal. The head office will be built in Solna and is slated for completion and move-in in autumn 2002. The purpose of moving Posten's headquarters is to lower leasing costs and create a purpose-built, cost-effective work environment. As one aspect of this endeavor, group executive management and group management functions will be moving in 2001 to the Tomtebodavägen terminal in Solna.
- Posten AB (publ) and Emerging Technologies ET AB signed an agreement by which Posten's shopping portal Torget acquired the e-commerce company Oppido, which has developed a sophisticated bonus and loyalty program. Following the acquisition, Posten holds a 60 percent interest in Torget AB, with the remaining 40 percent owned by Emerging Technologies and the other former shareholders in Oppido.
- In early 2001, Posten and the Finnish transport company Roadnet Finland OY formed a joint venture company.
- Posten and ICA-Handlarna AB have signed a letter of intent on cooperation related to Posten's letter and parcel services. The letter of intent, which shall lead to a general agreement, concerns the establishment of a number of service outlets in ICA stores in various locations in Sweden.

Legal Proceedings

Following an audit of Posten Sverige AB, the Swedish Tax Authority has decided to reassess the company's taxation for 1999 and, in that connection, imposed additional tax and a tax surcharge on the company. The company has appealed certain aspects of the reassessment decision and has been granted a moratorium on the payment of the tax and the tax surcharge accruing on the aspects being appealed until the county administrative court rules on the case. The company believes that it is likely that the company will not be obliged to pay the tax, which amounts to SEK 39 M including the tax surcharge, and the amount has therefore not been expensed.

The Group

Net Sales and Earnings

Net Sales

Consolidated net sales (excluding Postgirot) were SEK 21,813 M (21,475), which is an increase of 1.6 percent. Excluding the effects of the transfer of international parcel distribution business to the associated company PNL AB as of May 1, 2000, net sales increased by slightly less than 3 percent. The increase is primarily attributable to the mail distribution business.

Total net sales for the Group were SEK 24,508 M (23,894).

Other Revenues

Other revenues for the entire Group amounted to SEK 356 M (323). Other revenues include capital gains and certain remuneration for commissioned work.

Operating Expenses

Consolidated operating expenses (excluding Postgirot) were SEK 24,286 M (26,067). Excluding extraordinary items of SEK 2,148 M (4,098), the increase was 0.8 percent. Personnel costs declined by 1.8 percent compared with the preceding year, to SEK 12,692 M (12,918). The decline is primarily attributable to lower costs for workforce reductions. Personnel costs were reduced by the allocated refund of surplus funds from SPP. The Group was allocated SEK 59 M of company-related funds from SPP. Of the total allocation, SEK 12 M was disbursed during the year. External expenses increased by 5.2 percent to SEK 8,483 M (8,060). Higher costs for Group-wide development programs and higher fuel costs contributed to the increase in expenses.

Total operating expenses for the Group were SEK 26,177 M (28,201), including extraordinary items of SEK 2,148 M (4,301).

Items Affecting

Comparability

Items affecting comparability (excluding Postgirot) of SEK 2,148 M (4,098) include a provision of SEK 2,353 M for estimated future deficits for basic cashier service for the years 2001–2005 and utilization of the preceding year's provision for the closures of Posten-operated branch offices in the amount of SEK 205 M. The utilization is a total effect, primarily in time, of the adaptations of the branch office network expected due to the mandate on basic cashier service.

The basic cashier service that Posten has been mandated to provide will not bear its costs, and no agreement has been made with the Swedish state concerning subsidization of costs. Accordingly, a provision of SEK 2,353 M has been made to cover future deficits. The amount of the provision will be reconsidered after an agreement has been finalized with the State and a decision made by the Riksdag on the matter of reimbursement to Posten.

Estimates of future deficits for basic cashier service and closure of the branch office network operated by Posten are based on the assumption that Posten-operated post offices providing basic cashier service will be reduced from the present number of approximately 800 to 300 by 2005. Posten's branch office network today employs some 5,300 people. This network will be reduced by the new service network for letter and parcel services and the cashier service network. We estimate that in 2005, the parts of the two networks operated by Posten will have a combined workforce requirement of approximately 1,600 full-time employees.

In addition to the provision for the closure of Posten's branch office network, items affecting comparability in the preceding year included a provision for the new basis for computation of pensions, in the amount of SEK 1,998 M.

Earnings

The Group is reporting negative net earnings (excluding Postgirot) of SEK –1,947 M (–4,100). Earnings excluding items affecting comparability of SEK –2,148 M (–4 098) were SEK 201 M (–2), which is an improvement of SEK 203 M. Posten has received an advance distribution from the bankruptcy of Försäkringsaktiebolaget Njord. A new settlement agreement on delivery of international mail (REIMS) was applied retroactively as of April 1999. Combined, those revenues improved earnings by SEK 90 M. The earnings improvement compared with the preceding year is also attributable to a reduction in workforce reduction costs of SEK 335 M.

The earnings improvement for Posten Logistics is attributable to higher volumes, higher revenue rates, and lower production costs in the Swedish parcel distribution business. Posten Utrikes' earnings improvement is primarily attributable to the new REIMS agreement, which brought a more favorable rate structure. Posten Brev and PostNet could not compensate for cost increases to the desired extent. Production costs for the Posten Group for the period were essentially unchanged from the preceding year, despite sharp increases in fuel prices. Posten Försäljning has trimmed its losses by cutting costs. Earnings for Common Units were impacted during the year by costs of SEK 425 M (35) for group-wide developmental investments, primarily Group projects. In preceding years, those costs were charged to the business units, mainly Posten Försäljning and Posten Brev.

Posten's improved earnings are mainly attributable to higher net interest income and lower development expenses.

For the Group as a whole, earnings after financial items (excluding items affecting comparability) increased by SEK 552 M to SEK 788 M (236). Net financial income and expense was SEK -47 M (-81). The improvement is attributable to higher dividend income.

Financial Position

Total Assets

As of December 31, the Group (excluding Postgirot) had total assets of SEK 15,751 M (14,573), which is an increase of 8 percent compared with the preceding year.

Total assets for the entire Group increased by SEK 12,959 M and amounted as of December 31 to SEK 81,559 M (68,600). The increase in total assets is primarily due to a volume increase in repurchase transactions within Postgirot.

Equity

Visible equity for the Group (excluding Postgirot) declined by SEK 1,051 M compared with the preceding year, and amounted as of December 31, 2000 to SEK 726 M (1,777).

Adjusted for items affecting comparability of SEK -2,148 M (-4 098), return on equity for the Group (excluding Postgirot) was 5.7 (negative) percent.

Return on visible equity for the entire Group was 26.9 (3.4) percent.

Equity Ratio

The equity ratio for the Group (excluding Postgirot) declined compared with the preceding year to 4.6 percent (12.2) as of December 31.

The equity ratio for the entire Group was 0.9 percent (2.6) as of December 31.

According to a market appraisal as of December 31, 2000, equity in real estate owned by the Group amounted to approximately SEK 1,300 M.

Cash Flow

Operating Activities

Cash provided by operating activities for the Group (excluding Postgirot) before changes in working capital amounted to SEK 868 M (-710). Cash flow for the preceding year was affected by items affecting comparability of SEK 1,998 M, attributable to a new basis for computation of pensions. Excluding those items, cash provided by operating activities declined by SEK 420 M between the years. The decline is primarily due to an increase in income tax paid. The bulk of tax paid in 2000 was made up of payroll taxes for the preceding year, attributable to the aforementioned basis of computation for pensions. After changes in working capital, cash provided by operating activities was SEK 993 M (-136).

Cash provided by operating activities for the entire Posten Group was SEK 3,613 M (1,273).

Investing Activities

Cash used for investing activities for the Group (excluding Postgirot) amounted to SEK -1,167 M (-1,438). Capital expenditures increased by SEK 9 M to SEK 1,008 M and refer mainly to the Posten Brev business unit. Investments in bonds and other securities held as fixed assets (including financial receivables) declined to SEK -293 M (-667).

Cash provided by investing activities for the entire Posten Group amounted to SEK 78 M (-1,142). The change is due to a reduction of Postgirot's fixed assets portfolio. Due to the sale agreement then in effect, Postgirot has postponed the reinvestment of bonds that matured during the year.

Financing Activities

Cash provided by financing activities for the Group (excluding Postgirot) amounted to SEK 567 M (1,820). Current interest-bearing liabilities declined during the period, primarily due to the payment of a debt to Posten's Pension Fund for the 1999 provision to the fund. This provision, like the preceding year's increase in Provisions for pensions, was made necessary by the new basis for computation of pensions issued by the Swedish Financial Supervisory Authority.

Cash used for financing activities for the entire Posten Group amounted to SEK -1,778 M (1,578).

The Parent Company

The Parent Company, Posten AB (publ), conducts separate business only to a very limited extent.

Net sales and Earnings

The Parent Company had net sales in 2000 of SEK 215 M (220) and other revenues of SEK 57 M (0). Other revenues include an advance distribution of SEK 48.6 M from the bankruptcy of Försäkringsaktiebolaget Njord.

Net financial income and expense improved to SEK 644 M (107), primarily through dividends from shares in subsidiaries in the amount of SEK 670 M. The Parent Company also received a distribution of 4,038,435 shares in Compactor Fastigheter AB's subsidiary, Fastighetspartner NF AB (publ). The shares received represent 7.63 of the company's capital stock and votes. Net financial income and expense was also improved through the sale by the Parent Company of its holdings in Compactor Fastigheter AB (33 percent).

Net earnings after financial items were SEK 799 M (261).

Financial Position

The Parent Company's total assets as of December 31 declined by SEK 359 M to SEK 8,859 M (9,108). Liquid funds (including short-term investments) amounted to SEK 96 M (66).

Equity was SEK 2,807 M (2,189) and the equity ratio was 32.1(24.4) percent.

As in the preceding year, the Parent Company had no capital expenditures.

Consolidated Income Statements Group

SEK M	Note	Posten excl Postgirot		Postgirot		Posten Total	
		2000	1999	2000	1999	2000	1999
Operating revenues							
Net sales	1	21,813	21,475	2,695	2,419	24,508	23,894
Other revenues	2	526	492	-170	-169	356	323
Total operating revenues		22,339	21,967	2,525	2,250	24,864	24,217
Operating expenses							
Personnel costs	3	-12,692	-12,918	-935	-928	-13,627	-13,846
External expenses	4	-8,483	-8,060	-851	-924	-9,334	-8,984
Depreciation, amortization and write-downs of intangible and tangible fixed assets	5	-959	-966	-105	-79	-1,064	-1,045
Earnings or loss from equity shares in affiliates		-4	-25	0	0	-4	-25
Items affecting comparability	6	-2,148	-4,098	0	-203	-2,148	-4,301
Total operating expenses		-24,286	-26,067	-1,891	-2,134	-26,177	-28,201
Net operating earnings	1	-1,947	-4,100	634	116	-1,313	-3,984
Financial items							
Income or loss from securities and receivables held as fixed assets	8	3	-5	1	-7	4	-12
Other interest income and similar income items	9	159	67	-15	-16	144	51
Interest expense and similar loss items	10	-195	-126	0	6	-195	-120
Earnings after financial items		-1,980	-4,164	620	99	-1,360	-4,065
Tax on the year's earnings	12	487	1,114	-177	-39	310	1,075
Minority share in the year's earnings		3	-	-	-	3	-
Net earnings for the year		-1,490	-3,050	443	60	-1,047	-2,990
Bridge Postgirot's net earnings							
Postgirot's net earnings as per income statement above				634	116		
Effects of internal elimination and alignment with Posten's accounting principles				-14	-17		
Effects of intragroup sale of shares in Swedgiro AB to the parent company Posten AB				48	-33		
Operating earnings as per Postgirot's annual report				668	66		
Tax on net earnings for the year				-177	-39		
Net earnings for the year per Postgirot's AR				491	27		

Of Posten's net sales excluding Postgirot, SEK 1,138 M (1,261) refers to sales to Postgirot. Other revenues include SEK 195 M (225) from Postgirot. A total of SEK 98 M (108) in operating expenses is included that refers to purchases from Postgirot, of which SEK 3 M (3) refer to personnel costs. Net financial income and expense includes SEK 78 M (85) in interest income from Postgirot. The group contribution received from Postgirot amounts to SEK 500 M (298). The group contribution was reported directly against equity after taking tax consequences into consideration.

The column for Postgirot includes both Postgirot's own revenues and expenses and elimination of revenues and expenses between Postgirot and Posten excluding Postgirot. Postgirot's total operating earnings, expressed in accordance with Posten's accounting principles, were SEK 3,961 M (3,854) and operating expenses amount to SEK 3,327 M (3,754, including items affecting comparability of 204).

Consolidated Balance Sheets Group

SEK M	Note	Posten excl Postgirot		Postgirot		Posten Total	
		2000	1999	2000	1999	2000	1999
ASSETS							
Fixed assets							
Intangible assets	13	84	52	188	155	272	207
Tangible assets							
Buildings and land	14	1,530	1,541	0	0	1,530	1,541
Machinery and equipment	15, 16	3,064	2,954	143	194	3,207	3,148
Construction in progress and advances for tangible assets	17	94	186	10	12	104	198
Total tangible assets		4,688	4,681	153	206	4,841	4,887
Financial assets							
Equity shares in affiliates	20	47	20	0	0	47	20
Equity share of earnings in Postgirot		2,341	2,258	- 2,341	- 2,258	0	0
Bonds and other securities held as fixed assets	21	12	95	14,278	17,480	14,290	17,575
Deferred tax credit	22	988	599	- 29	- 19	959	580
Other long-term receivables		607	573	- 533	- 534	74	39
Total financial assets		3,995	3,545	11,375	14,669	15,370	18,214
Total fixed assets		8,767	8,278	11,716	15,030	20,483	23,308
Current assets							
Inventory							
Goods for resale, etc.		92	97	0	0	92	97
Current receivables							
Accounts receivable		1,879	1,971	33	43	1,912	2,014
Interest-bearing receivables		506	318	2,247	2,349	2,753	2,667
Other non-interest-bearing receivables		428	315	155	274	583	589
Prepaid expenses and accrued income	23	722	661	675	871	1,397	1,532
Total current receivables		3,535	3,265	3,110	3,537	6,645	6,802
Short-term investments	24	130	86	50,509	35,524	50,639	35,610
Cash and cash equivalents		3,227	2,847	473	- 64	3,700	2,783
Total current assets		6,984	6,295	54,092	38,997	61,076	45,292
Total assets		15,751	14,573	65,808	54,027	81,559	68,600

Bridge Postgirot Balance Sheet

The balance sheet for Posten excluding Postgirot includes the following intra-group receivables and liabilities towards Postgirot, which were deducted from the balance sheet reported above for Postgirot, in conjunction with internal elimination:

SEK M	Posten excl Postgirot's transactions with Postgirot		Postgirot's transactions with Posten excl Postgirot	
	2000	1999	2000	1999
Long-term receivables	540	540		
Current interest-bearing receivables	500	316	301	165
Other current receivables	204	179	13	18
Cash and cash equivalents (Group account)	1,346	1,156		
Long-term interest-bearing liabilities			540	540
Current interest-bearing liabilities	301	165	1,846	1,472
Other current liabilities	13	18	204	179

SEK M	Note	Posten excl Postgirot		Postgirot		Posten Total	
		2000	1999	2000	1999	2000	1999
EQUITY AND LIABILITIES							
Equity							
Restricted equity							
	25						
Capital stock		600	600	0	0	600	600
Restricted reserves		188	174	0	0	188	174
Total restricted equity		788	774	0	0	788	774
Non-restricted equity							
	25						
Non-restricted reserves		985	3,993	0	0	985	3,993
Net earnings for the year		- 1,490	- 3,050	443	60	- 1,047	- 2,990
The year's share in Postgirot's net earnings		443	60	- 443	- 60	0	0
Total non-restricted equity		- 62	1,003	0	0	- 62	1,003
Total equity		726	1,777	0	0	726	1,777
Minority interest		4	2	1	0	5	2
Provisions							
Provisions for pensions	27	2,339	1,849	237	223	2,576	2,072
Other provisions	28	4,542	2,450	5	6	4,547	2,456
Total provisions		6,881	4,299	242	229	7,123	4,528
Long-term liabilities							
Interest-bearing liabilities							
Liabilities to credit institutions	29	1,079	734	0	0	1,079	734
Other liabilities	29	70	—	0	0	70	—
Non-interest-bearing liabilities							
Other liabilities		58	36	6	4	64	40
Total long-term liabilities		1,207	770	6	4	1,213	774
Current liabilities							
Interest-bearing liabilities							
Deposits in Postgirot		0	0	49,397	44,114	49,397	44,114
Liabilities to credit institutions		1	365	15,630	9,027	15,631	9,392
Other liabilities	29	2,287	2,179	- 301	0	1,986	2,179
Non-interest-bearing liabilities							
Advances from customers		719	676	0	0	719	676
Accounts payable		960	963	102	69	1,062	1,032
Tax liabilities		21	262	- 19	- 31	2	231
Other operating liabilities		893	1,159	334	119	1,227	1,278
Accrued expenses and deferred income	31	2,052	2,121	416	496	2,468	2,617
Total current liabilities		6,933	7,725	65,559	53,794	72,492	61,519
Total equity and liabilities		15,751	14,573	65,808	54,027	81,559	68,600
Memorandum items							
Collateral pledged for own debts	30	33	21	6,820	9,317	6,853	9,338
Other pledged assets							
Liens on assets		37	37	0	0	37	37
Contingent liabilities							
Pension commitments not recorded as liabilities	27	3,805	3,640	71	80	3,876	3,720
Parent company guarantees for pension commitments	27	3,356	4,187	0	0	3,356	4,187
Other contingent liabilities	32	241	334	570	536	811	870
Total contingent liabilities		7,402	8,161	641	616	8,043	8,777

Cash Flow Statements Group

SEK M	Note	Posten excl Postgirot		Postgirot		Posten Total	
		2000	1999	2000	1999	2000	1999
Operating activities							
Net earnings or loss after financial items		- 1,980	- 4,164	620	99	- 1,360	- 4,065
Adjustment for items not included in cash flow:							
Scheduled depreciation and amortization		917	959	105	86	1,022	1,045
Write-downs of fixed assets, etc		42	4	148	113	190	117
Capital gain/loss on sales of fixed assets		44	60	4	- 12	48	48
Provisions for cashier service/branch office network		2,148	2,100	0	0	2,148	2,100
Other items not affecting liquidity		- 20	44	- 2	19	- 22	63
Income tax paid		- 283	287	- 14	28	- 297	315
Cash provided by operating activities before changes in working capital		868	- 710	861	333	1,729	- 377
Cash flow from changes in working capital							
Increase/decrease of operating receivables, incl. inventory		434	686	- 176	- 540	258	146
Increase/decrease in postal giro deposits		0	0	1,768	1,530	1,768	1,530
Increase/decrease of current operating liabilities		- 309	- 112	167	86	- 142	- 26
Net cash provided by operating activities	33	993	- 136	2,620	1,409	3,613	1,273
Investing activities							
Investments in intangible assets		- 19	0	- 52	- 105	- 71	- 105
Capital expenditure		- 1,008	- 999	- 35	- 123	- 1,043	- 1,122
Investments in bonds and other securities held as fixed assets (including financial receivables)		- 293	- 667	- 1,721	374	- 2,014	- 293
Purchase/sale of group companies	34	3	6	0	0	3	6
Sale of other fixed assets, etc		150	222	3,053	150	3,203	372
Cash provided by (- used for) investing activities		- 1,167	- 1,438	1,245	296	78	- 1,142
Financing activities							
Increase/decrease of current financial liabilities		- 256	1,112	- 2,362	- 346	- 2,618	766
Loans raised		339	273	3	3	342	276
Loans amortised		- 6	- 471	0	24	- 6	- 447
Increase/decrease of provisions for pensions		490	906	14	77	504	983
Cash provided by (- used for) financing activities		567	1,820	- 2,345	- 242	- 1,778	1,578
Cash flow for the year		393	246	1,520	1,463	1,913	1,709
Liquid funds at the beginning of the year	35	2,933	2,687	21,173	19,710	24,106	22,397
Liquid funds at the end of the year	35	3,326	2,933	22,693	21,173	26,019	24,106

Income Statements Parent Company

SEK M	Note	2000	1999
Operating revenues			
Net sales		215	220
Other revenues	2	57	—
Total operating revenues		272	220
Operating expenses			
Personnel costs	3	– 12	– 14
External expenses	4	– 105	– 52
Net operating earnings		155	154
Financial items			
Net earnings from equity shares in group companies	7	568	179
Net earnings from equity shares in affiliates		– 1	– 28
Net income/loss from securities and receivables held as fixed assets	8	47	44
Other interest income and similar income items	9	217	42
Interest expense and similar loss items	10	– 187	– 130
Net earnings after financial items		799	261
Appropriations	11	—	18
Earnings before tax		799	279
Tax on the year's earnings	12	– 50	– 57
Net earnings for the year		749	222

Balance Sheets Parent Company

SEK M	Note	2000	1999
ASSETS			
<i>Fixed assets</i>			
<i>Tangible assets</i>			
Machinery and equipment	15, 16	1	1
Total tangible assets		1	1
<i>Financial assets</i>			
Equity shares in group companies	18	2,967	3,042
Long-term receivables from group companies	19	540	958
Equity shares in affiliates	20	46	14
Bonds and other securities held as fixed assets	21	3	85
Other long-term receivables		18	12
Total financial assets		3,574	4,111
Total fixed assets		3,575	4,112
<i>Current assets</i>			
<i>Current receivables</i>			
Accounts receivable		5	4
Receivables from group companies		5,151	4,795
Tax credit		20	119
Other receivables		11	9
Prepaid expenses and accrued income	23	1	3
Total current receivables		5,188	4,930
Short-term investments		96	65
Cash and cash equivalents		0	1
Total current assets		5,284	4,996
Total assets		8,859	9,108

SEK M	Note	2000	1999
EQUITY AND LIABILITIES			
<i>Equity</i>			
Restricted equity			
	25		
Capital stock		600	600
Statutory reserve		120	120
Total restricted equity		720	720
Non-restricted equity			
	25		
Retained earnings		1,338	1,247
Net earnings for the year		749	222
Total non-restricted equity		2,087	1,469
Total equity		2,807	2,189
Untaxed reserves			
	26	49	49
Provisions			
Provisions for pensions	27	8	—
Total provisions		8	—
Long-term liabilities			
<i>Interest-bearing liabilities</i>			
Liabilities to credit institutions	29	500	500
Non-interest-bearing liabilities			
Liabilities to group companies		290	260
Other liabilities		8	6
Total long-term liabilities		798	766
Current liabilities			
<i>Interest-bearing liabilities</i>			
Liabilities to group companies		3,114	3,573
Other liabilities	29	1,157	512
Non-interest-bearing liabilities			
Accounts payable		1	1
Liabilities to group companies		889	2,000
Accrued expenses and deferred income	31	34	18
Other liabilities		2	—
Total current liabilities		5,197	6,104
Total equity and liabilities		8,859	9,108
Memorandum items			
<i>Pledged assets</i>			
	30	8	6
Contingent liabilities			
Guaranties		581	245
Guaranties on behalf of subsidiaries		91	49
Pension commitments not recorded as liabilities		3	—
Guaranty commitments for the pension commitments of subsidiaries	27	9,939	10,508
Total contingent liabilities		10,614	10,802

Cash Flow Statements Parent Company

SEK M	Note	2000	1999
Operating activities			
Net earnings after financial items		800	261
Adjustment for items not included in cash flow:			
Anticipated dividend		- 661	- 696
Write-downs of fixed assets, etc..		102	551
Capital gain/loss on sale of		0	27
Income tax paid		99	- 73
Cash provided by operating activities before changes in working capital		340	70
Cash provided by (- used for) changes in working capital			
Increase/decrease of operating receivables		- 105	- 71
Increase/decrease of short-term operating liabilities		- 371	- 15
Net cash provided by (-used for) operating activities	33	- 136	- 16
Investing activities			
Investments in equity shares in group companies		- 28	- 359
Investments in equity shares in affiliates		- 37	- 19
Investments in other shares and equity shares		- 3	-
Sale of equity shares in group companies		0	6
Sale of other fixed assets, etc.		90	102
Increase/decrease of short-term financial receivables		1,055	84
Increase/decrease of long-term receivables		413	- 4
Net cash provided by (- used for) investing activities		1,490	- 190
Financing activities			
Loans raised		60	107
Amortization of loans		- 28	- 453
Increase of provisions for pensions		8	-
Increase/decrease of current financial liabilities		- 1,395	383
Net cash provided by (- used for) financing activities		- 1,355	37
Net cash provided (- used) for the year		- 1	- 169
Liquid funds at the beginning of the year		66	235
Liquid funds at the end of the year		65	66

Accounting and Valuation Principles

Changed Definition of Liquid Funds

Liquid funds as reported in the Group cash flow statement were adjusted to be more consistent with the definition of liquid funds applied in Postgirot's banking operations. The adjustment entailed the inclusion only of net receivables referring to repurchase agreements and overnight loans. In addition, Postgirot's fixed lending is no longer included in the Group's liquid funds. The amounts by which the balance sheet items Cash and cash equivalents and Short-term investments were adjusted are shown in Note 35.

Accounting of Posten's Operations Distributed Among Postgirot and Posten Excluding Postgirot

In the interim reports issued since an agreement was met with Svenska Girot AB on the sale of Postgirot, Postgirot's operations were reported as a business entity in the process of liquidation, in accordance with recommendation RR19 issued by the Swedish Financial Accounting Standards Council. The Swedish Competition Authority decided after the end of the fiscal year to prohibit the deal. Posten therefore chose to withdraw from the agreement with med Svenska Girot AB.

Posten still intends to sell Postgirot and a new sale process has begun. Consequently, and in light of Postgirot's significant effect on the consolidated balance sheet and key ratios, Posten's operations are still being reported divided according to Postgirot and Posten excluding Postgirot, since this provides a truer and fairer picture of the Group's financial performance and position.

The following principles were applied in the preparation of the income statements and balance sheets:

- Posten excluding Postgirot is based on consolidation of the Posten Group wherein Postgirot was included according to the equity method. The book value of shares in Postgirot is equal to Posten's share of Postgirot's equity. This value is reported on the balance sheet under the heading Shares and equity share in earnings in Postgirot. In the income statement for Posten excluding Postgirot, the Group's share of Postgirot's earnings has been eliminated. Consolidated net earnings (or loss) is reported under Equity, divided among The year's share of Postgirot's net earnings (or loss) and The year's earnings (or loss) from other Group companies.
- Postgirot's income statement and balance sheet include the effects of elimination of internal revenues and expenses, as well as receivables and liabilities between Postgirot and other companies in the Posten Group. Consequently, the income statement and balance sheet are not consistent with the income statement and balance sheet reported by Postgirot. However, the internal eliminations did not have any effect on earnings. Postgirot reports its net interest income or expense in operations, while other Posten companies report interest transactions with Postgirot in net financial income and expense. Accordingly, as a result of internal elimination, financial items appear in Postgirot's income statement that do not normally arise in the bank's income statement.

Consolidated Financial Statements

The consolidated financial statements were prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR1 on consolidated financial statements. The consolidated accounts include the Parent Company and companies in which Posten AB, as of closing day, owned directly or indirectly more than 50 percent of voting rights or over which the company exercised a controlling influence by other means.

The consolidated income statement includes the revenues and expenses of companies acquired during the year for the period following the acquisition. In those cases where holdings are substantial, subsidiaries that were sold during the year are included in the consolidated income statement up to the date of sale. With respect to all other divestitures, the companies are excluded as of the beginning of the financial year. The companies included in the Group are listed in Note 18 to the income and balance sheets.

Acquisition Method

The consolidated financial statements are prepared according to the acquisition method. This means that acquisitions are considered transactions through which the Group indirectly acquires the assets and assumes the liabilities of the subsidiary. The subsidiary's assets and liabilities as of the date of acquisition are valued at acquisition value from the Group's perspective. Consolidated acquisition value is computed by means of an acquisition analysis performed in conjunction with the acquisition

of shares. The analysis determines the acquisition value of the shares and the market value of acquired assets and assumed liabilities. The difference between the acquisition value of shares in the subsidiary and the market value of acquired assets and assumed liabilities constitutes consolidated goodwill.

Accounting of Interests in Affiliates

The Group applies the equity method to report its interests in affiliates, which are companies in which the group holds no less than 20 percent and no more than 50 percent of voting rights. The equity method means that the consolidated book value of shares in affiliates is equal to the Group's proportion of equity in the affiliates as well as any residual value of consolidated goodwill or deficit. The Group's share in the net earnings or loss of affiliates, after financial income and expense and adjusted for amortization of acquired goodwill, is reported as Equity shares in earnings in affiliates. The Group's share of taxes reported by affiliates is included in the Group's tax expense. Companies reported according to the equity method are listed in Note 20.

Translation of the Accounts of Foreign Subsidiaries

The income statements and balance sheets of foreign subsidiaries are translated to Swedish kronor in accordance with recommendation RR8 of the Swedish Financial Accounting Standards Council. Posten's foreign subsidiaries are independent foreign business entities whose income statements and balance sheets are translated according to the current method.

According to the current method, all assets, provisions, and liabilities are translated at the closing day rate and all income statement items are translated at the average rate for the year. Exchange differences are entered directly into equity. When independently operated foreign businesses are sold, accumulated translation differences attributable to the business are realized as income or loss, less currency hedging transactions, on the consolidated income statement.

Untaxed Reserves, Appropriations, Group Contribution, and Taxes

Untaxed reserves are divided on the consolidated balance sheet between deferred tax liability, which is reported as a provision, and the equity component of untaxed reserves, which is included in restricted reserves.

Consequently, no appropriations are reported on the consolidated income statement. In addition to the reported tax expenses of individual Group companies, the tax expense for the year includes the change in deferred tax liability attributable to provisions and reversals of untaxed reserves.

For the fiscal year ended December 31, 2000, most companies in the Posten Group applied the residual value method to determine the lowest value of machinery and equipment allowed for tax purposes. As a result, book value exceeds fiscal value, and there is no untaxed reserve reported in the respective company's balance sheet. However, deferred tax liability at the Group level was computed based on the difference between book and fiscal value. See also Notes 12 and 22.

Deferred tax credits represent the value of future tax-deductible expenditures. The tax value of such expenditures is capitalized to the extent that it is likely that there will be future taxable earnings against which the deductible expenditures can be utilized.

Posten reports Group contributions and shareholder contributions in accordance with the statement issued by the Swedish Financial Accounting Standards Council Urgent Task Force on the treatment of group contributions and shareholder contributions. Shareholder contributions are capitalized in shares and equity shares in earnings held by the provider and are reported directly against the non-restricted of the recipient. Group contributions are reported according to their fiscal consequences, i.e., normally to minimize the Group's tax liability. Since Group contributions therefore do not constitute payment for services rendered, they are reported directly against retained earnings after deductions for tax consequences.

Depreciation and Amortization of Fixed Assets

Scheduled depreciation and amortization are based on the acquisition value and estimated economic lifetime of each asset. The following periods are applied:

Mail handling equipment	5–10 years
Vehicles and other transport equipment	4–7 years
Computer equipment	4–7 years
Office equipment	5 years
Communications buildings	33 years
Residential and industrial buildings	20–67 years
Structural consolidated goodwill	10–20 years
Other intangible assets	5 years

Leasing

Significant lease agreements are reported in the consolidated financial statements in accordance with the Swedish Financial Accounting Standards Council recommendation RR 6:99, Reporting lease agreements.

The Group's financial lease agreements have been deemed insignificant and all lease agreements are therefore reported as operational lease agreements.

Bonds and Other Securities

The Group's holdings of bonds and other securities in Posten AB and Postgirot Bank AB are classified according to applicable rules for banks and other credit institutions.

Interest-bearing securities acquired with the intention of being held until maturity are classified as fixed financial assets. Other negotiable instruments and derivatives are classified as current financial assets, which are reported on the balance sheet as short-term investments.

Fixed financial assets are reported at acquisition value/accrued acquisition value. Since the company intends to hold the securities until they mature, no unrealized gains or losses are reported on the income statement.

Negotiable instruments and derivatives classified as current financial assets are valued according to the lower of cost or market principle.

Inventories

Inventory is valued at the lower of cost or market value according to the FIFO principle (first-in, first-out), in accordance with the Swedish Financial Accounting Standards Council recommendation RR 2, Reporting inventory.

**Receivables and Liabilities
in Foreign Currency**

Receivables and liabilities in foreign currency are translated at the closing day rate in accordance with Swedish Financial Accounting Standards Council recommendation RR8. Realized and unrealized exchange rate differences on operational receivables and liabilities are reported in net operating earnings, while exchange rate differences on financial receivables and liabilities are reported in financial items.

Accounts receivable and accounts payable hedged through forward contracts are valued at the forward currency rate.

Provisions for Pensions

The Swedish Financial Supervisory Authority Directive FFFS 2000:19 was applied to the actuarial computation of the capital value of Posten's pension commitments.

Notes to the Financial Statements

Unless otherwise stated, these notes refer to Group

Note 1

Net sales and operating earnings by business unit

SEK M	Net sales		Operating earnings	
	2000	1999	2000	1999
Posten Brev	15,105	14,772	1,069	1,123
Posten Logistik	3,935	3,568	8	- 91
Posten Utrikes	2,083	2,379	167	90
Postnet	66	81	- 80	- 4
Posten Försäljning	3,175	3,715	- 391	- 1,007
Common units, including the Parent Company	710	338	- 558	- 96**
Extraordinary items	-	-	- 2,148	- 4,098
Internal elimination*	- 3,261	- 3,378	- 14	- 17
Total Posten Group excluding Postgirot	21,813	21,475	- 1,947	- 4,100
Postgirot	3,933	3,732	620	302**
Extraordinary items	-	-	0	- 203
Internal elimination*	- 1,238	- 1,313	14	17
Total	24,508	23,894	- 1,313	- 3,984

* In contrast to the Posten Group, Postgirot Bank AB (publ) reports financial income and expense as net sales, which are thus included in net operating earnings.

** Values for preceding years were adjusted to reflect the transfer of Swedgiro in 2000 from the business unit Postgiro to Common Units.

Changes for which no adjustments were made to the values for preceding years.

As of 1 May 2000, Posten Utrikes' international parcel business was transferred to Pan Nordic Logistics AB. Net sales for the period of May 1– December 31 1999 for international parcel distribution by Posten Utrikes were SEK 404 M.

The preceding year's earnings for business units were encumbered by group-wide developmental investments and workforce reduction Commencing in 2000, these expenses are now reported under Common Units.

Note 2

Other revenues

SEK M	Group		Parent Company	
	2000	1999	2000	1999
Rental income	152	147	-	-
Remuneration for commissioned work	27	69	-	-
Capital gain upon sale of real estate/machinery and equipment	3	15	-	-
Capital gain upon sale of shares and participations	0	6	-	-
Computer operations	14	8	-	-
Other	160	78	57	-
Total	356	323	57	-

Other revenues for the Parent Company includes an advance distribution of SEK 49 M from the bankruptcy of Försäkringsaktiebolaget Njord.

Average number of employees

Country	Group			
	2000		1999	
	Women	Men	Women	Men
Sweden	19,108	21,862	19,694	21,655
Estonia	18	16	17	17
Latvia	19	15	16	11
Lithuania	45	66	54	61
Poland	122	149	100	133
Russia	29	72	17	50
Denmark	0	1	0	0
Average number of employees	19,341	22,181	19,898	21,927
Total average number of employees		41,522		41,825

The Parent Company has two (2) employees in Sweden, both men.

Personnel costs

SEK M	Group		Parent Company	
	2000	1999	2000	1999
Wages, salaries and other remuneration	9,042	9,121	5	6
Employer's contributions to social security and other benefits	4,148	4,298	7	6
(Thereof pension expense)	(1,146)	(1,176)	(5)	(4)
Other personnel costs	437	427	0	2
Total	13,627	13,846	12	14

In addition, personnel costs of SEK 139 M (3,966) were reported as items affecting comparability. See also note 6. The Group has been allocated SEK 59 M in company-related funds from SPP, including SEK 7 M to the Parent Company. The refund was applied to reduce the year's pension expense. Of the total funds allocated from SPP, SEK 12 M was disbursed during the year, including SEK 1 M to the Parent Company.

The remaining funds are reported as a receivable, which the company expects to utilise in the next two years.

Of the Group's pension expense, SEK 27 M (26) refers to the present and former presidents/CEO and executive vice presidents, of which SEK 10 M (3) refers to the Parent Company. The Group's outstanding commitments for these individuals amount to SEK 75 M (51), of which SEK 16 M (7) refers to the Parent Company.

Wages, salaries and other remuneration

SEK M	Group		Parent Company	
	2000	1999	2000	1999
Total				
Board of directors and president	34	32	5	5
(Thereof bonus)	(2)	(1)	(1)	(0)
Other employees	9,008	9,089	1	1
Total	9,042	9,121	6	6
Thereof in Sweden				
Board of directors and president	29	28	5	5
(Thereof bonus)	(2)	(1)	(1)	(0)
Other employees	8,973	9,057	1	1
Total	9,002	9,085	6	6

note 3 cont

SEK M	Group			
	2000		1999	
Thereof in other countries				
Land	Board President	Other employees	Board President	Other employees
Poland	1	18	2	19
Lithuania	1	6	0	6
Russia	1	6	1	2
Estonia	2	2	1	2
Latvia	0	3	0	3
Denmark	0	0	0	0
Total	5	35	4	32

The only bonus paid was to the president and CEO in Sweden, in the amount of SEK 2 M (1).

Employment terms of senior executives

Remuneration was paid to the Board of Directors of Posten AB in the amount of SEK 0.2 M (0.2). Total remuneration was paid to the Board of Directors of the Parent Company of SEK 1.1 M (1.0).

Salary was paid to the president in the amount of SEK 3.6 M (2.7), including a bonus for 1999 of SEK 0.3 M. A bonus to the president for 2000 was recorded at SEK 0.3 M (0). In addition, SEK 1.9 M (1.7) in premiums for an endowment assurance policy for the president, of which the value of SEK 3.8 M (1.7), corresponds to this component of the pension commitment. In addition, there is a pension commitment to the president in the amount of SEK 0.3 M (0.1). The president's age of retirement is 60.

Group executive management, not including the president, consists of 9 people (16). The age of retirement for these indi-

viduals is 60. Pension premiums of SEK 6.0 M (15.9) were paid in 2000 for Group executive management (not including the president). This amount includes SEK 1.2 M (1.7) for premiums on occupational service pension insurance and SEK 4.8 M (14.1) for premiums on endowment assurance policies, of which the value of SEK 14.3 M (17.6) corresponds to the value of this component of pension commitments. In addition, there are pension commitments to these individuals in the amount of SEK 12.3 M (19.6). A period of notice of 12 months with respect to termination of employment by the employer and six months with respect to resignation applies. If employment is terminated at the volition of the employer, the employee shall be entitled to severance pay equal to a maximum of 12 months' salary and car benefit. Any income earned by the employee from new employment or other business activity shall be deducted from severance pay.

Note 4

External expenses

Purchases

51 (44) percent of the Parent Company's purchases were from subsidiaries.

Fees and reimbursement of expenses to independent auditors

SEK M	Group		Parent Company	
	2000	1999	2000	1999
KPMG				
Auditing	5.0	4.1	0.5	1.0
Other assignments	5.1	5.8	0.4	0.4
Total KPMG	10.1	9.9	0.9	1.4
Swedish National Audit Office				
Auditing	0.2	0.5	0.2	0.4
Total National Audit Office	0.2	0.5	0.2	0.4
Auditing, other	0.2	0.3	—	—

SEK M	Group	
	2000	1999
Trademarks and similar rights	- 3	- 3
Goodwill	- 7	- 5
Capitalized expenditures for development	- 23	- 3
Machinery and equipment	- 934	- 982
Buildings and land	- 55	- 52
Total depreciation and amortization	- 1,022	- 1,045
Write-downs/reversals of write-downs	- 42	-
Total	- 1,064	- 1,045

Note 5

Depreciation, amortization and write-downs of tangible and intangible assets

SEK M	Group	
	2000	1999
Utilization/provision for closures in Posten-operated branch office network:		
– Personnel costs	139	- 1,765
– Other costs	66	- 335
Provision for future deficits related to cashier service	- 2,353	-
Increase of provisions for pensions attributable to new basis of computation of pensions	-	- 1,771
Special payroll tax related to the above	-	- 430
Total	- 2,148	- 4,301

Note 6

Items affecting comparability

SEK M	Parent Company	
	2000	1999
Dividends	670	696
Income or loss from divestitures	-	6
Write-downs	- 102	- 523
Total	568	179

Note 7

Net earnings from equity shares in group companies

SEK M	Group		Parent Company	
	2000	1999	2000	1999
Net income or loss from sales	0	- 13	0	- 33
Exchange rate differences	-	- 2	-	- 2
Interest	4	9	47	79
(thereof from group companies)	(-)	(-)	(44)	(69)
Write-downs	-	- 6	-	-
Total	4	- 12	47	44

Note 8

Income or loss from other securities and receivables held as fixed assets

Net income or loss from Postgirot Bank AB's financial assets is reported in net sales for the business.

SEK M	Group		Parent Company	
	2000	1999	2000	1999
Interest income	110	119	189	110
(thereof from group companies)	(-)	(-)	(181)	(98)
Dividends	30	1	30	1
Income or loss from divestitures	6	- 13	6	- 13
Exchange rate differences	2	- 1	- 4	- 1
Write-downs	- 4	- 55	- 4	- 55
Total	144	51	217	42

Note 9

Other interest income and similar income items

Interest income and similar income items attributable to Postgirot Bank AB's current assets of a financial nature are reported in net sales for the business.

Note 10

Interest expense and similar loss items

SEK M	Group		Parent Company	
	2000	1999	2000	1999
Interest expense	195	- 120	187	- 130
(thereof from group companies)	(-)	(-)	(- 130)	(- 57)

Interest expense and similar loss items attributable to Postgirot Bank AB's financial liabilities are reported in net sales for the business.

Note 11

Appropriations

The Parent Company is reporting the appropriations specified below. They are eliminated in their entirety in the consolidated income statement.

SEK M	Parent Company	
	2000	1999
Utilization/transfer to tax allocation reserve	-	18

Note 12

Tax on the year's earnings

SEK M	Group		Parent Company	
	2000	1999	2000	1999
Income tax	- 68	- 9	- 50	- 57
Deferred tax on untaxed reserves	- 16	486	-	-
Deferred tax on the difference between book and fiscal value of machinery and equipment	- 211	-	-	-
Deferred tax on provisions for closure of Posten-operated branch offices	- 57	588	-	-
Deferred tax on provisions for future deficits related to cashier service	659	-	-	-
Other deferred tax	3	10	-	-
Total	310	1,075	- 50	- 57

Unrecorded deferred tax expense/income attributable to the Parent Company's appropriations amounts to SEK 0 M (5).

Note 13

Intangible assets

SEK M	Group	
	2000	1999
Trademarks and similar rights		
Acquisition value at beginning of year	15	14
Acquisitions during the year	1	1
Accumulated acquisition value at end of year	16	15
Amortization at beginning of year	- 12	- 9
Amortization for the year	- 3	- 3
Accumulated amortization at end of year	- 15	- 12
Planned residual value, closing balance	1	3
Goodwill		
Acquisition value at beginning of year	67	123
Acquisitions during the year	15	7
Sales/discards	- 20	- 56
Reclassification	-	- 3
Translation difference	1	- 4
Added in conjunction with acquisition of group companies	68	-
Accumulated acquisition value at end of year	131	67

note 13 cont.

SEK M	Group	
	2000	1999
Amortization at beginning of year	- 15	- 54
Amortization for the year	- 7	- 5
Sales/discards	7	42
Reclassification	0	2
Accumulated amortization at end of year	- 15	- 15
Write-downs at beginning of year	- 13	- 17
Write-downs for the year	- 36	-
Sales/discards	13	-
Reclassification	-	4
Accumulated write-downs at end of year	- 36	- 13
Planned residual value, closing balance	80	39
Capitalised expenditures for development		
Acquisition value at beginning of year	179	96
Acquisitions during the year	55	97
Sales/discards	0	- 14
Accumulated acquisition value at end of year	234	179
Amortization at beginning of year	- 14	- 23
Amortization for the year	- 23	- 3
Sales/discards	0	11
Reclassification	0	1
Accumulated amortization at end of year	- 37	- 14
Write-downs at beginning of year	-	-
Write-downs for the year	- 6	-
Accumulated write-downs at end of year	- 6	-
Planned residual value, closing balance	191	165
Total intangible assets	272	207

SEK M	Group	
	2000	1999
Acquisition value at beginning of year	1,841	1,810
Acquisitions during the year	1	0
Sales/discards	- 6	- 36
Reclassification	48	67
Accumulated acquisition value at end of year	1,884	1,841
Depreciation at beginning of year	- 310	- 263
Sales/discards	1	5
Depreciation for the year	- 54	- 52
Accumulated depreciation at end of year	- 363	- 310
Appreciation at beginning of year	24	25
Depreciation for the year on appreciated amounts	- 1	- 1
Accumulated appreciation (net) at end of year	23	24
Write-downs at beginning of year	- 14	- 14
Accumulated write-downs at end of year	- 14	- 14
Planned residual value, closing balance	1,530	1,541
Assessed value	1,680	1,093
– thereof land	484	199

Note **14**

Buildings
and land

Note 15

Machinery and equipment

SEK M	Group		Parent Company	
	2000	1999	2000	1999
Acquisition value at beginning of year	7,186	6,859	1	1
Acquisitions during the year	938	891	0	0
Added in conjunction with acquisition of group companies	6	—	—	—
Sales/discards	– 593	– 588	0	0
Translation difference	6	– 2	—	—
Reclassification	136	26	—	—
Accumulated acquisition value at end of year	7,679	7,186	1	1
Depreciation at beginning of year	– 4,038	– 3,533	0	0
Added in conjunction with acquisition of group companies	– 1	—	—	—
Sales/discards	502	477	0	0
Depreciation for the year	– 934	– 982	0	0
Translation difference	– 1	—	—	—
Accumulated depreciation at end of year	– 4,472	– 4,038	0	0
Write-downs at beginning of year	0	0	—	—
Reversed write-downs	—	—	—	—
Accumulated write-downs at end of year	0	0	—	—
Planned residual value, closing balance	3,207	3,148	1	1

Note 16

Leased machinery and equipment, rent for premises

The financial leasing agreements in the Group have been deemed insignificant and all agreements are therefore reported as operational leasing agreements.

Operational leasing agreements

As of year-end, the Group possessed leased machinery and equipment with estimated acquisition value of SEK 772 M (771).

Leasing charges paid during the year by the Group totalled SEK 199 M (144).

As of closing day, outstanding leasing charges for the Group, at then prevailing interest and exchange rates totalled SEK 938 M (405).

Leasing charges will fall due for payment in the years 2001-2010 as follows:

Leasing charges per year (SEK M)

Year	Group
2001	184
2002	178
2003	135
2004	134
2005	133
2006-2010	174

The majority of the assets at the Group's disposal through leasing agreements are found at Falcon Air AB and consist of Boeing aircraft. Falcon Air AB's leasing contracts are in USD.

Lease agreements for premises

The Group's rental costs for premises amount to SEK 1,330 M. The majority of the Group's lease agreements are cancellable in the short term.

Note 17

Construction in progress and advances for tangible assets

SEK M	Group	
	2000	1999
Acquisition value at beginning of year	198	88
Acquisitions during the year	104	231
Sales/discards	0	– 27
Reclassification	– 198	– 94
Planned residual value, closing balance	104	198

SEK M	Parent Company	
	2000	1999
Acquisition value at beginning of year	3,729	3,371
Investments	47	359
Capital reductions	- 20	-
Divestitures	0	- 1
Accumulated acquisition value at end of year	3,756	3,729
Write-downs at beginning of year	- 687	- 164
Write-downs for the year	- 102	- 523
Accumulated write-downs at end of year	- 789	- 687
Book value at end of year	2,967	3,042

Specification of the Parent Companies and the Groups holdings of shares and equity shares in group companies:

Shares owned directly by the Parent Company Posten AB

	Corporate registration number	Domicile	Share of equity, %	Number of shares	Book value, SEK M
Posten Sverige AB	556451-4148	Stockholm	100	25,000	586
Postgirot Bank AB (publ)	516401-9704	Stockholm	100	300,000	1,741
Postfastigheter AB	556049-2059	Stockholm	100	100,000	251
Postbolagen AB	556234-1353	Stockholm	100	25,000	4
Posten Leasing AB	556341-0009	Stockholm	100	5,000	1
Posten Logistik AB	556094-0263	Stockholm	100	228,330	48
Posten Holdings International AB	556528-1804	Stockholm	100	1,000	1
Posten Försäkrings AB	516401-8649	Stockholm	100	50,000	50
Posten Reinsurance S.A		Luxemburg	99	4,950	13
Posten Brev AB	556451-4114	Stockholm	100	2,600	16
Tidningstjänst AB	556039-7480	Stockholm	100	7,500	19
Falcon Air AB	556204-3702	Stockholm	100	280,000	67
Svensk Adressändring AB	556476-3562	Stockholm	85	1,000	1
Posten Express PEX AB	556041-7098	Stockholm	100	17,867	4
Posten Kredit AB	556194-3548	Stockholm	100	200,000	28
Posten Utrikes AB	556451-4122	Stockholm	100	2,000	12
Baltic Logistic System International AB	556203-9221	Stockholm	100	10,000	11
Posten PIC AB	556340-9985	Stockholm	100	10,000	15
Poståkeriet Sverige AB	556453-7404	Stockholm	100	100,500	59
Swedgiro AB	556425-2913	Stockholm	100	2,500,000	38
Svenska Torget AB	556588-7006	Stockholm	60	1,000,000	1
Other Swedish companies			100		1
Total					2,967

note 18 cont.

Shares indirectly owned by the Parent Company Posten AB

	Corporate registration-number	Domicile	Share of equity, %	Number of shares
Posten Logistik On Line Center AB	556485-4403	Stockholm	100	5,000
Säve Cargo Logistik AB	556535-0310	Stockholm	100	5,000
Hultberg Inrikes Transporter AB	556042-3203	Stockholm	100	52,000
Posten Lättgods AB	556451-4106	Stockholm	100	1,500
Oppido AB	556580-7087	Stockholm	100	1,218,750
eMM Marketplace AB	556588-4284	Stockholm	66	6,600
Eesti Maksekeskuse AS		Tallinn, Estonia	100	2,002
Nacionalais Maksajumu Centrs A/S		Riga, Latvia	100	9,300
Nacionalinis Atsiskaitymu Centras UAB		Vilnius, Lithuania	100	66,000
Komercyjne Centrum Platnicze Sp. z o.o.		Warsaw, Poland	100	80,000
Netpay OY		Helsinki, Finland	100	5,000
ZAO Sweden Post Trucks		St Petersburg, Russia	100	1,000
Masterlink Express Sp. z o.o.		Warsaw, Poland	95,6	142,454
SIA Baltic Logistic System-Latvija		Riga, Latvia	60	984
UAB Baltic Logistic System Vilnius		Vilnius, Lithuania	100	700
AS Baltic Logistic System Eesti		Tallinn, Estonia	100	1
ZAO Armadillo Business Posilka		Moscow, Russia	80	480
HIT Danmark ApS		Copenhagen, Denmark	60	780

Oppido AB owns to 100 percent by Svenska Torget AB that owns to 60 percent by Posten AB. In addition, there are some 20 indirect holdings in Swedish and foreign group companies that are included in Posten's consolidated financial statements for which holdings are too insignificant to be included in the specification above.

Note 19

Long-term receivables from Group Companies

SEK M	Parent Company	
	2000	1999
Acquisition value at beginning of year	958	964
New receivables	0	1
Paid receivables	- 418	- 7
Book value at end of year	540	958

Note 20

Equity shares in earnings in affiliates

SEK M	Group		Parent Company	
	2000	1999	2000	1999
Acquisition value at beginning of year	73	49	54	35
Investments	36	24	37	19
Divestitures	- 5	-	- 5	-
Accumulated acquisition value at end of year	104	73	86	54
Shares in net earnings at beginning of year	- 53	- 27	-	-
Translation difference	1	- 1	-	-
Shares in net earnings for the year	- 5	- 25	-	-
Accumulated shares in earnings at end of year	- 57	- 53	-	-
Write-downs at beginning of year	-	-	- 40	- 12
Write-downs for the year	-	-	-	- 28
Accumulated write-downs at end of year	-	-	- 40	- 40
Book value at end of year	47	20	46	14

note 20 cont

Specification of the Parent Company and the Group holdings of shares and equity shares in affiliates:

Shares directly owned by the Parent Company Posten AB

SEK M	Number	%	Book value in the Group	Book value in the Parent Company
Nordic Mail AB, 556105-4411, Stockholm	1,375	50	3	1
SDPS A/S, 79203114, Köpenhamn, Danmark	2,500	50	7	3
Pan Nordic Logistics AB, 556546-4939, Stockholm	7,334	33.33	22	21
eMM Marketplace AB, 556588-4284, Stockholm	2,000	20	0	1
Belgian Mailhouse NV, HRB 518946, Zaventem, Belgien	500	50	9	20
Total			41	46

Shares indirectly owned by the Parent Company Posten AB

SEK M	Number	%	Book value in the Group	Book value in the owning company
ZAO Armadillo, Moskva, Russia	8	26.7	4	6
Other, Swedish associated companies			2	2
Total			6	8
Total directly and indirectly owned shares and equity shares in earnings in affiliates			47	

SEK M	Group		Parent Company	
	2000	1999	2000	1999
Acquisition value at beginning of year	17,581	18,063	85	329
New assets	453	3,250	3	0
Retired assets	- 3,738	- 3,732	- 85	- 244
Accumulated acquisition value at end of year	14,296	17,581	3	85
Write-downs at beginning of year	- 6	- 110	0	- 110
Write-downs for the year	-	- 6	-	-
Reversed write-downs	-	110	0	110
Accumulated write-downs at end of year	- 6	- 6	0	0
Book value at end of year	14,290	17,575	3	85
Market value	14,570	17,674	-	85

Note **21**

Bonds and other securities held as fixed assets

SEK M	Group	
	2000	1999
Deferred tax liability in untaxed reserves	- 68	- 52
Deferred tax credit attributable to provisions for closures of Posten-operated branch offices	523	588
Deferred tax credit attributable to provisions for future losses related to cashier service	659	-
Deferred tax liability attributable to the difference between book and fiscal value of machinery and equipment	- 211	-
Deferred tax credit attributable to other reserves, etc	56	44
Total	959	580

Note **22**

Defferred tax

Note 23

Prepaid expenses and accrued income

SEK M	Group		Parent Company	
	2000	1999	2000	1999
Accrued interest income	570	770	1	3
Accrued commission income	62	73	—	—
Accrued postage charges	151	132	—	—
Prepaid rent	105	206	—	—
Other items	509	351	0	0
Total	1,397	1,532	1	3

Note 24

Short-term investments

The majority of the Group's short-term investments are made up of repurchase agreements and overnight loans in Postgirot operations. The market value of investments as of closing day was SEK 50,644 M.

Note 25

Equity

Group, SEK M	Capital stock	Restricted reserves	Non-restricted reserves	Income/loss for the year	Total
Opening balance	600	174	3,993	- 2,990	1,777
Distribution of income			- 2,990	2,990	0
Transfers between restricted and non-restricted reserves	—	10	- 10	—	0
Translation difference	—	4	- 8	—	- 4
Net earnings for the year	—	—	—	- 1,047	- 1,047
Closing balance	600	188	985	- 1,047	726

Accumulated exchange rate differences in equity at the end of the year were SEK 2 M. The exchange rate difference for the year in foreign subsidiaries amounts to SEK -4 M, and the accumulated exchange rate difference as of the end of the year to SEK -2 M.

Parent Company, SEK M	Capital stock	Statutory reserve	Retained earnings	Earnings for the year	Total
Opening balance	600	120	1,247	222	2,189
Distribution of income			222	- 222	0
Group contribution provided, after tax			- 131		- 131
Net income or loss for the year	—	—	—	749	749
Closing balance	600	120	1,338	749	2,807

Capital stock is made up of 600,000 shares with a par value of SEK 1,000.

Note 26

Specification of untaxed reserves

Parent Company, SEK M	Opening balance	Provision/Utilisation	Closing balance
Tax allocation reserve	49	0	49

Deferred tax liability in the Parent Company's untaxed reserves amounts to SEK 14 M (14).

Note 27

Provisions for pensions

The Swedish Financial Supervisory Authority regulation FFFS 2000:19 was applied to the computation of pension commitments.

SEK M	Group		Parent Company	
	2000	1999	2000	1999
As of year end 2000, the capital value of all pension commitments amounted to	10 480	10 820	8	0
Thereof secured by means of funds in the Posten Pension Fund 1996	7 904	8 748		
Secured by means of account "Provided for pensions" FPG/SPV pensions	2 576	2 072	8	0

Posten Pension Fund 1996

A group-wide pension fund was established in 1997 to secure all pension commitments earned in the Group through 1996. Accumulated provisions to the pension funds refer to Posten Sverige AB and Postgirot Bank AB (publ). During the year, the

Group has disbursed pension monies secured by the Posten Pension Fund 1996 in the amount of SEK 476 M (571). A refund was received during the year from the Posten Pension Fund 1996 in the amount of SEK 1,079 M (588). Of the total refund, SEK 588 M refers to redemption of pension

note 27 cont

commitments formerly secured by the Posten Pension Fund 1996. After deduction of the refund, assets in the Posten Pension Fund 1996 amount to SEK 9,379 M (9,577), valued at market value. The market-valued assets exceed the outstanding commitment secured by the Posten Pension Fund 1996 by SEK 1,475 M (829).

Pension liabilities reported

as contingent liabilities/memorandum items

That portion of pension liability which refers to commitments conditional upon the employee remaining in the same position at Posten (the "transition provisions"), for which the amounts can accordingly not be determined, is reported using actuarially estimated amounts corresponding to the maximum outcome as contingent liabilities. The "final responsibility" assumed from the state is also reported as a contingent liability until such time payment of the benefit commences. These commitments amount in total to SEK 3,861 M (3,716).

In addition, certain individual early retirement (before age 65) agreements were reached during 2000. The amounts are recorded as a liability in Postgirot Bank AB (publ) when the individual agreement is reached. For other companies, amounts are recorded as liabilities when the individual retires. For the latter, the present value of additional costs for individuals retiring in 2001 or later amounts to SEK 15 M (4), including SEK 3 M (-) for the parent company.

Thus, the company is reporting contingent liabilities for pension commitments not recorded as liabilities totaling SEK

3,876 M (3,720), of which the Parent Company reporting SEK 3 M (-)

Pension commitments were redeemed during the year which were previously secured by the Posten Pension Fund 1996. Posten still has full responsibility for securing value and the gross coordination responsibility for this component, where the capital value as of December 31, 2000 amounted to SEK 533 M (-).

Guaranties provided by the Parent Company

The Parent Company has provided guaranties for the fulfilment of pension commitments by the subsidiaries Posten Sverige AB and Postgirot Bank AB (publ) to former employees of Postverket who were receiving pensions as of March 1, 1994 in the amount of SEK 3,356 M (4,187). Corresponding pension commitments are secured by the Posten Pension Fund 1996 and are thus not recorded as liabilities in the Group. This guaranty commitment is therefore also reported in the Group.

The Parent Company has also provided a guaranty for the "final responsibility" assumed by Posten Sverige AB in the amount of SEK 289 M (291) as of closing day. In addition, the Parent Company has provided guaranties for subsidiaries with certain pension commitments which have been recorded as liabilities and to a certain extent recorded as contingent liabilities in subsidiaries in the amount of SEK 6,294 M (6,030). The Parent Company's total guaranty commitments thus amount to SEK 9,939 M (10,508).

SEK M	Group	
	2000	1999
Provisions for occupational injury commitments	168	185
Provision for closure of Posten-operated branch offices	1,867	2,100
Provision for future losses related to cashier service	2,353	—
Other provisions	159	171
Total	4,547	2,456

Note 28

Other provisions

Of the Group's interest-bearing liabilities, SEK 544 M (-) will mature later than five years from closing day.

SEK M	Group		Parent Company	
	2000	1999	2000	1999
Long-term interest-bearing liabilities				
– MTN program	500	500	500	500
– Other long-term liabilities	649	234	—	—
Total	1,149	734	500	500
Current interest-bearing liabilities				
– Commercial paper program	1,157	499	1,157	499
– Other current liabilities	829	1,680	—	13
Total	1,986	2,179	1,157	512

Note 29

Interest-bearing liabilities

The commercial paper and MTN programmes have framework amounts of SEK 2,000 M and SEK 3,000 M, respectively.

In addition, the company has loan agreements of SEK 1,000 M (SEK 0 M unutilized).

Note 30

Collateral pledged
for own debts

SEK M	Group		Parent Company	
	2000	1999	2000	1999
Liabilities to credit institutions				
– Bonds	6,814	9,313	–	–
Other long-term liabilities				
– Endowments	39	25	8	6
Total	6,853	9,338	8	6

Note 31

Accrued expenses
and deferred
income

SEK M	Group		Parent Company	
	2000	1999	2000	1999
Reserve for sold but not utilized stamps	91	127	–	–
Accrued payroll costs	435	498	0	0
Vacation pay liability	604	587	0	0
Employer's contributions	495	484	0	0
Reserves for severance pay	17	104	–	–
Accrued interest expense	246	265	11	15
Deferred commission income	30	45	–	–
Other items	550	507	23	3
Total	2,468	2,617	34	18

Note 32

Other contingent
liabilities

SEK M	Group	
	2000	1999
Liability for debts in partially owned general and limited partnerships	95	97
Guaranties	693	697
Brokered Nordbanken loans	–	67
Redemption of shares	14	–
Other guaranty commitments	9	9
Total	811	870

The Parent Company has signed a “continuing guaranty” for leasing agreements for the subsidiary Falcon Air AB's Boeing aircraft. In addition, the Parent Company signed a capital coverage guarantee for the associated company SDPS A/S.

Note 33

Interest paid and
interest received

SEK M	Group		Parent Company	
	2000	1999	2000	1999
Interest received	150	131	237	191
Interest paid	– 199	– 116	– 190	– 131

Note 34

Purchase/sale of
group companies

SEK M	Group	
	2000	1999
Fixed assets	– 70	–
Receivables	– 9	–
Liquid funds	– 4	–
Financial liabilities	70	–
Other liabilities and provisions	12	–
Capital gain on sale of group companies	–	6
Paid/received purchase monies	– 1	6
Liquid funds in acquired group companies	4	–
Net effect on cash flow	3	6

The purchase monies received in 1999, SEK 6 M, refer to the sale of a minority interest in Svensk Adressändring AB.

In addition to cash and cash equivalents, liquid funds include negotiable instruments and derivatives in Postgirot Bank AB and in the Parent Company's investments, which are reported on the balance sheet under the heading "Short-term invest-

ments". Repurchase agreements and overnight loans in the banking operations are included only when there is a net credit. Postgirot's fixed lending is excluded.

SEK M	Group	
	2000	1999
Cash and cash equivalents	3,700	2,783
Short-term investments	50,639	35,610
Liquid funds as per balance sheet	54,339	38,393
Less:		
Short-term shareholdings	- 31	-
Liabilities for repurchase agreements and overnight loans in Postgirot operations	- 16,608	- 4,428
Fixed lending by Postgirot	- 11,681	- 9,859
Liquid funds as per cash flow statement	26,019	24,106

The Parent Company

The majority of the Parent Company's bank deposits are placed with Postgirot and consequently reported as an intragroup financial receivable and not as "Cash and cash equivalents". As of December 31 2000, the balance of the Parent Company's account with Postgirot was SEK 1,346 M (1,156).

Posten has commitments in addition to those reported on the balance sheet and as contingent liabilities in Postgirot Bank AB's investing activities, and "derivative instruments" such as interest and currency forward contracts are used in Posten AB's

internal bank function forward exchange contracts are used to adjust the market risks. Guaranties, letters of credit and forward exchange contracts are included in Postgirot Bank AB's business operations.

Commitments SEK M	Group		Parent Company	
	2000	1999	2000	1999
<i>Other commitments</i>				
Interest and exchange-related forward contracts	10,000	10,325	613	684
Other commitments				
- granted but not disbursed loans	10,404	8,964	-	-
- unutilized portion of granted bank overdraft facilities	4,018	3,534	-	-
Total commitments	24,422	22,823	613	684

Book, actual and face values of derivative instruments

SEK M	Group			Parent Company		
	Book value	Actual value	Face value	Book value	Actual value	Face value
Exchange-related						
<i>Derivative instruments with positive or zero value</i>						
Entirely or partially included on the balance sheet						
- Forward contracts and other derivative instruments with positive value	190	190	4,468	21	21	348
<i>Derivative instruments with negative value</i>						
Entirely or partially included on the balance sheet						
- Forward contracts and other derivative instruments with negative value	188	188	3,970	24	24	245
Interest-related						
<i>Derivative instruments with positive or zero value</i>						
Entirely or partially included on the balance sheet						
- Forward contracts and other derivative instruments with positive value	8	8	1,031	-	-	-
<i>Derivative instruments with negative value</i>						
Off-balance-sheet						
- Forward contracts and other derivative instruments with negative value	1	1	531	-	-	-

Recommended Distribution of Earnings

Non-restricted equity in the Group amounts to SEK –62 M.

The following earnings in the Parent Company are at the disposal of the Annual General Meeting:

	SEK
Retained income from 1999	1,338,595,543
Net earnings for the year	748,957,179
<hr/>	
	2,087,552,722

The Board of Directors and the Chief Executive Officer recommend that entire amount be retained.

Stockholm, March 14, 2001

Göte Bernhardsson
Chairman

Annette Brodin Rampe

Dag Detter

Åke Kihlberg

Sören Lekberg

Björn Nyström

Lars-Bertil Ohlson

Peter Sandberg

Ulf Spång

Karin Strömberg

Kjell Strömbäck

Ingela Tuvegran

Lennart Grabe
President and Chief Executive Officer

We submitted our audit report on March 14, 2001

Stefan Holmström
Authorized Public Accountant
KPMG

Curt Öberg
Authorized Public Accountant
Auditor appointed by the Swedish National Audit Office

Audit Report

To the Annual General Meeting of Shareholders in Posten AB (publ)

Corporate registration number 556128-6559

We have audited the annual report, consolidated financial statements, accounting records, and the management of Posten AB (publ) by the board of directors and the president and chief executive officer for the fiscal year ended December 31, 2000. The board of directors and the president are responsible for the accounts and management of the company. Our responsibility is to state an opinion on the annual report, consolidated accounts, and management of the company based on our audit.

The audit was conducted in accordance with generally accepted auditing principles in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual report and consolidated accounts do not contain material error. An audit includes the examination of a selection of records supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles and their application by the board of directors and the president, as well as evaluating the overall presentation of information in the financial statements. We examined significant decisions, actions taken, and conditions within the company in order to determine whether any liability towards the company exists on the part of any director or the president and to determine whether they have in some other way acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act, or the company's Articles of Association. We believe that our audit provides a reasonable basis for the opinion stated below.

The annual report and consolidated accounts were prepared in accordance with the Swedish Annual Accounts Act and thus provide a true and fair picture of the company's and the group's results and financial position in accordance with generally accepted accounting standards in Sweden.

We recommend that the Annual General Meeting adopt the income statements and balance sheets of the parent company and the group and distribute earnings in the parent company as recommended in the management report, and discharge the directors and president from liability for the fiscal year.

Stockholm, March 14, 2001

Stefan Holmström
Authorized Public Accountant
KPMG

Curt Öberg
Authorized Public Accountant
Auditor appointed by
the Swedish National Audit Office

The Board of Directors



Activities of the Board of Directors of Posten during 2000

The Board of Directors of Posten AB (publ) consists of ten directors elected by the Annual General Meeting and three directors and three alternate directors elected by the employees. The president of the company sits on the board of directors.

The Annual General Meeting of shareholders in Posten AB (publ) was held 14 April 2000.

The Board of Directors had 12 meetings at which minutes were kept during 2000. In accordance with the Board's Rules of Procedure, these meetings addressed the annual report, strategic issues, the semi-annual report, the business plan including operational objectives, and other matters.



Göte Bernhardsson

Born in 1942. Chairman of Posten AB since November 1998. County Governor of Västra Götaland County. Former Director-General of the Swedish National Labor Market Board.



Dag Detter

Born in 1959. Assistant Undersecretary, Ministry of Industry, Employment and Communications. Director of Posten AB since April 1999. Director of Celsius AB, Förvaltningsaktiebolaget Stattum and Telia AB (publ).



Lennart Grabe

Born in 1946. Bachelor of Laws. President and Chief Executive Officer of Posten AB (publ). Director of Posten AB since April 1999. Chairman of the Board of Postgirot Bank AB (publ) and Pan Nordic Logistics AB. Director of Comintell AB, i3 micro technology AB, Posten Sverige AB, and the Confederation of Swedish Enterprise.



Annette Brodin Rampe

Born in 1962. Master of Engineering. President of Senea AB. Director of Posten AB since April 2000. Director of Peab AB and the Ruter Dam Foundation.



Åke Kihlberg

Born in 1944. Employee representative appointed by the Swedish Union of Service and Communication Employees, SEKO Director of Posten AB since May 1995. Posten employee since 1964.



Lars-Bertil Ohlson

Born in 1948. Senior Vice President, General Manager European Logistics, Electrolux Home Products S.A. Director of Posten AB since April 1999. Chairman of the Board, Electrolux Logistics AB.



Kjell Strömbäck

Born in 1950. Employee representative appointed by the Swedish Federation of Civil Servants within Posten. Director of Posten AB since June 1999. Posten employee since 1968.



Sören Lekberg

Born in 1946. Bachelor of Arts. Member of Parliament (Social Democratic Party). Director of Posten AB since April 2000. Director of Södertörn University.



Ulf Spång

Born in 1948. Executive Vice President and Chief Financial Officer of Försäkringsaktiebolaget Skandia (publ). Director of Posten AB since June 1998. Director of Industriförvaltnings AB Kinnevik, John Mattsons Fastighets AB and Hogia AB.



Björn Nyström

Born in 1953. Employee representative appointed by the Federation of Salaried Employees in Industry and Services within Posten. Director of Posten AB since March 1994. Posten employee since 1984.



Ingela Tuvegran

Born in 1951. Hospital Director, Södra Älvsborgs Sjukhus, Västra Götaland Region. Director of Posten AB since December 1994. Chairman of the Board of Skövde University.



Peter Sandberg

Born in 1959. President of Bure Equity AB as of April 2001. Director of Posten AB since April 1999.



Karin Strömberg

Born in 1956. Vice President Network Management Scandinavian Airlines, SAS. Director of Posten AB since April 1999.

Executive Management

Executive Committee



Lennart Grabe

Born in 1946, Bachelor of Laws. President and Chief Executive Officer of Posten AB (publ) since 1999. Chairman of the Board of Postgirot Bank AB (publ) and Pan Nordic Logistics AB. Director of Comintell AB, i3 micro technology AB, Posten Sverige AB, and the Confederation of Swedish Enterprise.



Börge Österholm

Born in 1942. Executive Vice President of Posten AB since 1994. Senior Vice President and responsible for group management functions Market & Business Development and Product & Service Coordination. Posten employee since 1963.



Agne Pettersson

Born in 1953. Economist. Executive Vice President and Chief Financial Officer of Posten AB since 1999. Responsible for the group management functions Accounting, Finance, Law and Customers & Quality.

Corporate Management Group



Mats Engstrand

Born in 1964. Master of Engineering. Senior Vice President and Chief Information Officer since December 1999.



Maivor Isaksson

Born in 1948. Senior Vice President and Head of Servicenätet since July 2000. Posten employee since 1993.



Bo Alerfeldt

Born in 1946. Economist. Executive Vice President and Head of Production and responsible for the group management functions Quality, Environment, Purchasing and Security since July 2000. Posten employee since 1997. Director of Bong AB, International Data Post, the Swedish Transport Research Institute (TFK), IT-Headge AB, and member of the Advisory Board of the Swedish Association of Engineering Industries.



Inger Holmström

Born in 1948. Senior Vice President of Information and Head of Communication since October 2000.



Anne-Christine Silfverstolpe Nordin

Born in 1950. Graduate in Social Studies. Senior Vice President and Head of Human Resources since 1997.



Lisbeth Gustafsson

Born in 1947. Graduate in Social Studies. Senior Vice President and Head of Sales since July 2000. Posten employee since 1998. Director of SPV (Statens Pensions- och Löneverk), the Swedish Federation of Trade, The Swedish Government IT Commission, Bibliotekstjänst AB, the Swedish National Board of Student Aid (CSN), The Confederation of Swedish Enterprise and Prevas AB. Alternate director of the Confederation of Swedish Enterprise (formerly the Confederation of Swedish Employers, SAF).

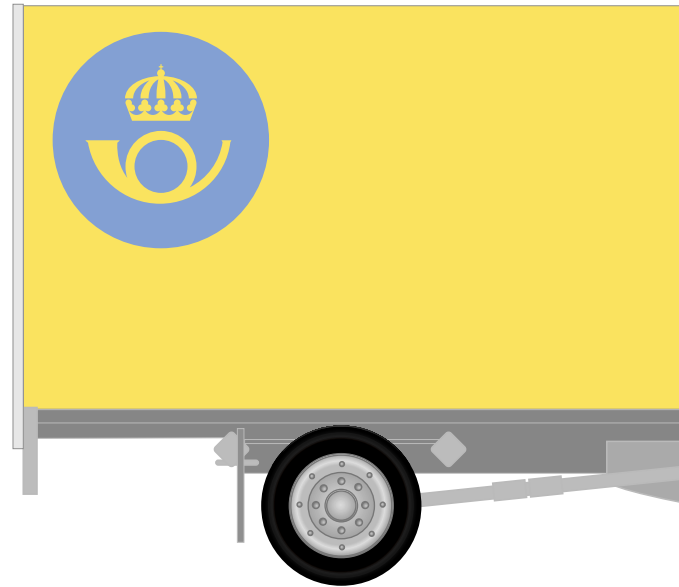


Ingemar Persson

Born in 1951. Senior Vice President and Head of the Market Communications business unit since July 2000. Posten employee since 1970. Director of the Swedish Jobs & Society Foundation and SWEDMA.

New Design

Posten is one of the most important companies in Sweden: an integral part of the very fabric of society. Now that we are facing competition at every turn, it is important that we are clearly visible and have a strong, common identity. The new design program is being implemented in pace with the rollout of Posten's new service network.





Definitions

Financial key ratios

Return on equity after tax is computed as earnings after financial items (net interest income and expense) less standard tax as a percentage of average equity during the year.

Return on capital employed is computed as net operating earnings (before financial income and expense) as a percentage of average capital employed.

Profit margin is computed as earnings after financial items as a percentage of operating revenues.

Equity ratio (share of equity) is computed as equity including minority interest as a percentage of total assets.

Capital employed is computed as total assets less liquid assets and other interest-bearing assets less non-interest-bearing liabilities.

Total productivity describes the relationship between revenues and total expenses computed on the bases of fixed prices.

Quality

The Customer Satisfaction Index (CSI) measures how well Posten is reaching its Customer Satisfaction objective. The measurement refers to both business and consumer customers. Measurements are carried out quarterly and encompass essentially all business operations in the Group down to the local level.

The results are presented in the form of the score given by customers to the Group's services and the effect of various aspects of Group services on total customer satisfaction, and as a weighted index for the Group as a whole.

Employees

The average number of employees is computed by dividing the total number of hours worked by the number of hours normally worked by a full-time employee.

The VIP Index measures how well Posten is reaching its Employee Satisfaction objective. Measurements are taken on a regular basis throughout the year through a survey of all employees, which studies employee attitudes towards their managers, tasks and work environment.

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