



Most Swedes associate Posten with picking up packages and paying bills. The name conjures up images of matter-of-fact postal clerks, yellow postal vehicles, punctual letter carriers and, more recently, post office closures. Not much else is known about one of the world's most secure, effective, and currently most aggressive messaging and logistics companies.

The banking operations are being shuttered, service is being shifted from 1,300 post offices to 3,100 supermarkets, service stations and convenience stores, and Posten's cashier service is now Svensk Kassaservice. While these changes entail a monumental physical move, perhaps an even greater mind shift will take place.

Although it will own and operate a large number of Postal Centers, the perception of Posten will be forever changed.



The image of our company is changing on many levels simultaneously, driven by a new understanding of what we do: We are about building up, not tearing down. Our service content extends beyond delivering the mail. We are world leading in terms of combining the convenience of electronic services with the relevance of hardcopy mail. Each business day we generate sales of 70 million kronor in open competition. We win international respect and awards for efficiency, innovation, and information security.

The biggest impact on Posten's image has nevertheless been its own mental journey. A historically strict and tightly regulated business, Posten has adopted a new strategic stance and redefined the vision of its role in the community:

Tell us your messaging and logistics needs, and we'll deliver.



Contents

The board of directors and the CEO hereby present the 2001 Annual Report of parent company Posten AB, corporate identity number 556128-6559, and Posten Group. The scope of the group at December 31, 2001 is indicated in Note 16.

Every care has been taken in the translation of this Annual Report. In the event of any discrepancies between this translation and the Swedish original, however, the Swedish original shall prevail.

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Financial information

Available at www.posten.se

Q1	April–May 2002
Q2	July–August 2002
Q3	October–November 2002
Year end report	February–March 2003

Business headlines

Net income for the year was SEK 3,432 million (-1,082).

Operating earnings excluding Postgirot, capital gains realized on the sale of Postfastigheter, and provisions amounted to SEK -150 million (192).

Posten achieved four strategic goals in 2001:

- Posten successfully wound down its banking operations through the sale of Postgirot Bank AB to Nordbanken AB, as well as the orderly dissolution of its extensive collaboration with Nordbanken on March 31. Posten has thereby streamlined its business into two business segments: Messaging & Logistics and Cashier Service.
- Posten consolidated its position in the logistics market in Sweden and bordering countries. Posten acquired 100 percent of DSV Parcel Holding A/S (Denmark) and DPD Finland OY, as well as 50 percent of Norwegian Tollpost Globe AS. In Sweden, Posten acquired the parcel operations of Fraktarna AB. Posten also acquired Dutch system transport companies Starintex Road Cargo N.V. and Gendringen Expeditie B.V., which operate in the Netherlands, Belgium, and Germany.
Posten signed a 15-year franchising agreement to provide DPD parcel service in Sweden, Norway, Denmark, Finland, and Iceland. In addition, a letter of intent has been signed with French La Poste concerning a broader express parcel service collaboration, as well as DPD service in Poland and the Baltic region.

Posten has thereby achieved its goal of becoming a leading parcel distributor in the Nordic and Baltic markets.

- Posten has begun implementing its new service network. The network will greatly increase accessibility in time and space, i.e. more service outlets with extended business hours. The new network has also been tailored to meet the new needs and requirements of Posten's business. Posten has invested a total of SEK 900 million in the network, and expects to realize cost savings of SEK 200 million to SEK 250 million per year.
- Capital gains realized on the sale of Postgirot Bank AB and Postfastigheter AB enabled Posten to improve the capital structure. Liquidity is strong and the debt-equity ratio has emerged from negative territory to today's 19.1 percent. In 2001, the decision was taken to secure all pension commitments from subsidiary Posten Sverige AB. In December 2001, SEK 2,348 was transferred to Posten's Pension Fund. Finally, Posten has recorded so-called transition provisions, or commitments relating to individuals entitled to retire before the age of 65, as liabilities. Previously, these commitments were recorded as contingent liabilities. These commitments were assumed from the Swedish state in 1994 when Posten became privatized.



Government subsidies for routine cashier service

In 2001, Posten received SEK 200 million in government subsidies to provide cashier service in non-commercially viable areas that lacked alternatives to Posten. Associated costs were not covered and subsequently were borne by other business areas.

As funding has proven insufficient in previous years, Sweden's Parliament has earmarked SEK 400 million for 2002. The EU Commission is currently examining whether the funding conforms to EU subsidy guidelines. A ruling on the matter is expected later this spring

Outlook for 2002:

- Posten will further its strategic alliance with La Poste and integrate acquired companies to bolster the logistics side.
- With demand growing for new electronic services such as eSäkerhet (eSecurity), ePostboxen (eMailbox), and eSkicka (eSend), new services in this area will be developed and launched.
- New services will be developed that focus on hardcopy mail, e.g. track and trace for registered mail and various web-based tools for dropping-off and quality-assured handling.
- During the coming three years, Posten will implement cost-savings and efficiency measures in its business and administrative processes. The program will impact earnings by roughly SEK 1 billion before 2005. This will primarily be achieved through a more effective business support system.

Key financial data	Posten Group		Posten Group excl. Postgirot	
	2001 ¹	2000 ²	2001	2000 ²
Net sales, SEK m	24,072	24,508	21,668	21,813
Operating earnings, SEK m	2,030	-1,322	1,420	-1,956
Net income for the year, SEK m ³	3,432	-1,082	2,994	-1,525
Profit margin, %	9.4	neg	7.6	neg
Return on equity, % ⁴	163.7	neg	136.6	neg
Debt-equity ration, %	19.1	neg	19.1	neg
Investments in tangible and intangible fixed assets, SEK m	1,256	1,114	1,187	1,027
Total assets, SEK m	17,311	81,864	17,311	16,056
Equity, SEK m	3,299	-57	3,299	-57
Average number of employees	41,669	41,522	39,466	39,335

¹ Included Postgirot for 11 months.

² Restated due to the changed accounting principle.

³ Postgirot's profit participation is not included in 2001 net income for Posten Group excluding Postgirot.

⁴ Including capital gains.

We achieved a number of strategic goals

Posten operates under a unique set of circumstances: We are both publicly regulated as well as subject to free market competition.

In addition, we must meet certain financial and asset growth targets set by the Swedish state, our owner. Posten and its public service counterparts create value not only by providing services, but also through effective resource utilization. We take what we do very seriously.

I don't see a conflict between these goals – it's rather a matter of interplay. The public service we provide is the cornerstone of our business and we are present throughout Sweden. New business areas are being built upon this foundation.

At the same time, some roadblocks are materializing, such as costs versus service level owing to population changes. Industry cooperation is needed to satisfy the most important public service requirement: to provide nationwide service.

Strategic goals met

We achieved several strategic goals last year. We successfully shifted our business focus to messaging and logistics – comprising physical, electronic, and hybrid distribution – by shuttering the banking operation.

The orderly dissolution of the extensive partnership with Nordea in early 2001, and the sale of Postgirot Bank AB following regulatory approval was a show of our commitment to the new focus.

A new service network takes shape

These initiatives enabled Posten to begin implementing a new countrywide letter- and parcel-oriented service network. Competition in the parcel segment is highly articulated and margins are small. Hardcopy mail is succumbing to pressure from electronic substitutes and volumes are deteriorating. The network must be cost-effective, customer-oriented, and easy to use. We will satisfy these demands through product development, strategic alliances, and Posten outlets.

A partner network will serve private citizens, while Posten outlets will offer customer service to business customers.

In 2001, the Swedish Parliament mandated Posten to provide nationwide cashier service. This mandate will be met by acting as an agent for banks via the Svensk Kassaservice network.

Because the cashier service operation receives appropriated funds, it must be run separately from the areas of Posten's business that are subject to competition. The business will be consolidated into the Svensk Kassaservice AB subsidiary in

2002. Posten's ambition is to provide a cost-effective solution while serving the needs of the public.

These changes alter the image of Posten. The phasing out of the banking operation could be interpreted as the end of Posten as we know it. Posten receives the most media coverage of any Swedish company and its readership and viewership are unparalleled. Our broad media exposure can be traced to our owner, size, commonality with the external environment, and the current change work.

Leading logistics company in the Baltic region

I am pleased to report that we established the foundation for an enduring parcel and express mail business in 2001. Contributing factors include acquisitions of parcel and logistics operators in Sweden and neighboring countries, as well as the alliance with French La Poste and its German subsidiary DPD.

Holding our strong position in Sweden's parcel market – a "universal mandate" must – we must be able to offer a complete range of Swedish and international distribution solution in controlled and high quality flows.

Open borders and a single currency have made Europe a natural home market for Swedish companies. As such, companies want to do business with a provider whose reach extends beyond Sweden.

Our ambition is to be one of the leading logistics companies in the Baltic region, complemented by a strong distribution alliance to and from the rest of the world.

This structure is in place. The business will now be consolidated and grown.

Improved solvency secures the future

The capital gains that rolled in during the year from the sale of Postgirot and Posten's property holdings bolstered our balance sheet, marking the achievement of another important goal. We have now secured all of the pension commitments and improved the debt-equity ratio to 19.1 percent.

While this falls short of our targets, it provides room for further development and gives the business a solid footing.

Posten isn't in the black yet, and our attention must now be turned to improving profitability.

Discussion on rates needed

Escalating external costs cannot be dismissed. For example, pay increases of 10 percent are expected over the next three years. Posten must work proactively to boost revenues and



obtain true market prices. A discussion on future rate structures must be pursued. Domestic standard mail rates haven't increased in five years, and are by international standards very low. At the same time, fuel prices and wages etc. are on the rise.

A world-class administration

We must bring our internal cost structure down. The "hunt for square footage" project revealed 35 football fields worth of surplus floor space, which is being eliminated. In addition, we have begun the comprehensive E25 program, which will raise administrative efficiency by 25 percent. Modern standardized staff, business, and accounting systems, cohesive customer terminology and office planning etc. will be implemented. The program will lead to new methodologies requiring fewer personnel, reducing administrative costs by 1 billion kronor to 3 billion kronor over three years.

We know that our production efficiency is world class. After the implementation of the E25 program, we will be able to say the same thing about our administration.

Work environment efforts

In 2002, we will focus on an array of work environment issues. Some employees have been exposed to high levels of stress due to job-related uncertainty, new methodologies, increased demands on efficiency etc. Few companies can boast of comparable employee loyalty, which is a point of pride. We must handle cutbacks with the utmost responsibility.

It therefore pleases me to report that our Future Perfect organization, which offers employees a severance pay package equal to 18 month's salary and access to professional re-

education, has been an effective channel to new occupational opportunities.

Changed postal markets

In fall 2001, the EU Council of Ministers agreed upon a timetable for the deregulation of the postal services market. The Europe Parliament has shown support for this move. In effect, the segment of the postal market in which EU countries can continue to exercise a monopoly will be successively reduced. In the market segment reserved for universal service providers, weight will be reduced from 350 grams to 100 grams by 2003 and to 50 grams by 2006. The EU Commission will assess the impact of this action. The EU Council of Ministers and Europe Parliament will then rule on whether EU countries will retain their remaining monopoly, or if it will be abolished by 2009.

While leaving a bit to be desired, a timetable is a positive step. Postal service companies are aware of what lies down the road and can adapt accordingly.

Being open and responding positively to change is unavoidable if postal service companies are to grapple with the challenges wrought by new technology and shifts in preferences among consumers, companies and society in general. And there isn't any reason to think that competition in the postal sector won't have the same effect seen in other sectors: more rapid service development, pressure on prices, and improved service. In other words, the public stands to reap substantial benefits.

STOCKHOLM, MARCH 1, 2002

Lennart Grabe
President and CEO

STRATEGIC DIRECTION AND GOALS

The Nordic and Baltic regions comprise our primary market

Business idea

Posten connects people around the world by delivering correspondence and merchandise – physical or electronic – promptly, reliably and cost-effectively.

Posten creates added value by combining the relevance of hardcopy mail with the convenience of electronic services, and by integrating these services into our customers' businesses.

Posten's vision for the business

- Posten is the natural choice for customers wanting to distribute messages and merchandise to, from and within the Nordic and Baltic regions.
- Nobody is better than we are at combining the relevance of hardcopy mail with the convenience of electronic services.
- A post office in every home, every company and every cellular telephone.
- We free up our customers to focus on the more important things in life.
- We have above-average profitability relative to comparative markets.

Strategies

Posten works intensively and conscientiously to realize its vision of becoming a modern and competitive messaging and logistics company. Strategies aimed at reaching that goal are based on Posten being a customer-driven business, whereby profitability is guaranteed through the added value Posten's services create for its customers and their customers.

Internationalization. Many large companies are part of multinational concerns and networks, and the procurement of messaging and logistics services is done on an international level. To consolidate and grow Posten's position in the Swedish market, Posten must follow its customers into the international marketplace and carve out its share of valuable import and export flows.

Business and service development. Posten will forge strategic alliances with customers and partners to offer services and concepts tailored to the needs of the market. Services will comprise simple components that can be combined with advanced solutions.

The brand. The lion's share of what Posten does and stands for in Sweden can be summed up with one symbol – the Posten

logo. Posten will buttress the confidence it currently enjoys and unite it with the image of a modern messaging and logistics company. It is not possible for Posten to use its trademark symbol internationally, as this would infringe upon other postal organizations' trademark rights. Posten instead uses other brands in these markets. Efforts are currently underway to develop an international logo.

Goals and goal achievement

Posten has three main goals: Profitability, Satisfied Customers, and Dedicated Employees. The three goals are intricately intertwined and critical to meeting the service needs of customers profitably over the long-term.

Profitability. Posten's owner, the Swedish state, has set economic and financial targets for the business. These targets are designed to facilitate stable economic development in the business and to meet long-term requirements for return on capital and asset growth. The goal is to achieve return on equity commensurate with the market. The owner's requirement is phrased as a return on adjusted equity after tax, defined as risk-free interest plus interest surcharge. The return shall be judged according to the variations in Posten's individual operations. Posten Group's target for return on adjusted equity is 10 percent.

As with the articulated return requirement on equity, the debt-equity ratio is evaluated and analyzed according to the company's various independent operations. The requirement dated June 13, 1997 states that the required debt-equity ratio for Posten excluding Postgirot is 30 percent.

Return on equity, including capital gains, amounted to 163.7 percent and the debt-equity ratio at December 31 was 19.1 percent.

Satisfied customers. Since 1991, Posten has been measuring customer satisfaction using a major performance indicator, the Customer Satisfaction Index, or CSI. Respondents answer general questions regarding Posten's overall aptitude, as well more concrete quality-related questions that address areas such as reliability, service range, customer service, and complaint management. An important issue for primarily commercial customers is timely delivery of letter mail and parcels, an area that has seen marked improvement during the year. This boosted Posten's 2001 CSI score to 63 – some 3 percentage points above our projected target.

Dedicated employees. Since 1993, Posten has used the ViP



(“We at Posten”) employee satisfaction scorecard to follow up employee development targets. Employees are surveyed on an ongoing basis throughout the year, and once a year employees are given the opportunity to respond to questions regarding their overall job satisfaction. The results are expressed in a ViP index, for which group-wide targets are set in business and operational plans.

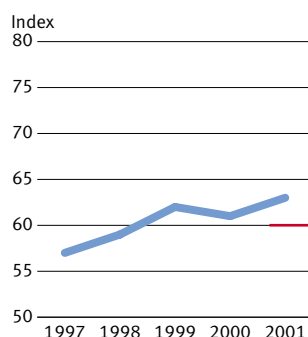
A new survey was introduced at the beginning of 2001 that incorporated a host of new questions. Although the modifications have prevented us from making comparisons with previous years, overall indications were positive. The consolidated ViP index for 2001, 59 was, in line with our forecast. All indicators increased or remained unchanged.

The ViP index target for 2002 is 60. Bolstered employee confidence in Posten’s streamlining activities and a continuance of the positive trend beginning in 2001 are crucial to achieving this goal.

Public service and profit requirements

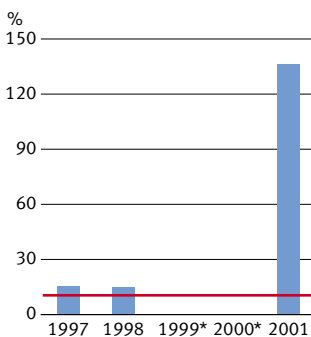
Posten’s role is to maintain successful fiscal stewardship, while living up to the high demands inherent in public service. Posten is needed for society to function properly and for companies, the public sector and households in Sweden to communicate easily and effectively. To facilitate this communicative effort, Posten’s presence must be countrywide. Unlike many of its competitors, Posten cannot choose only to operate in highly profitable major cities. It is Posten’s job to provide equal and adequate service across the length and breadth of Sweden. In December 2001, the Swedish Parliament adopted the “Law on routine cashier service,” which requires Posten to provide routine cashier service throughout Sweden. This service enables all citizens to make and receive payments at uniform prices.

Customer Satisfaction Index, CSI



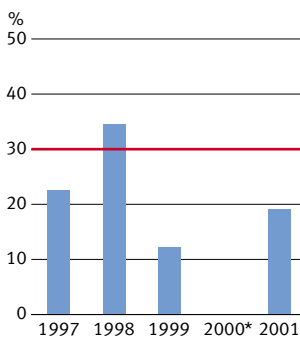
— Posten exceeded the target for 2001, CSI 60, by three percentage points.

Return on equity, excl. Postgirot



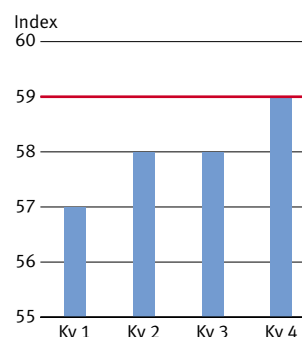
— The return requirement.
* Negative values

Debt-equity ratio, excluding Postgirot



— The return requirement.
* Negative values

ViP index 2001



— Target for 2001.

OPERATING ENVIRONMENT AND MARKET

Trends in the operating environment and market

Several strong trends are materializing in the messaging and logistics market. Internationalization is increasing, fast-paced IT development is coupled with a growing demand for integrated solutions, businesses are being streamlined, and environmental standards are becoming increasingly stringent.

Internationalization

Sweden's membership in the EU, a single currency in many EU member countries and Internet advances are expediting growth in cross-border commerce. These factors translate into an increase in international transports and heavier flows of information. The messaging and logistics market is being consolidated through acquisitions and alliances. Posten's competitors have global or pan-European distribution systems. To succeed and strengthen its competitive power, Posten must develop internationally and pursue strategic partnerships. The alternative is to become a niche-oriented provider. Many of the large companies in our client base are part of multinational concerns or networks, and the procurement of messaging and logistics services is done on an international level.

Companies competing in the European market for hardcopy mail are facing new times. All large European countries exercise a monopoly over their national postal service providers, which are operating and growing in other countries, such as Sweden. Because Posten competes with other countries' national postal operators and service providers, development in these coun-

tries and decisions being made at the EU level are of significance. Total liberalization of the market for hardcopy mail in the EU is expected by 2009 at the earliest. It is therefore likely that Posten will face competition from other postal operators in its home market for a long time to come, while its ability to compete with them outside Sweden will be highly restricted.

IT development and integrated solutions

Despite the fact that certain areas of the IT sector suffered setbacks in 2001, development didn't come to a grinding halt and focus was instead turned toward electronic communication. With the advent of electronic communication, much of the information once mailed physically is instead transmitted via e-mail or made available on the Internet. Access to the Internet enables users to easily order goods and request printed matter. The combination of physical and electronic flows makes it possible to tailor solutions for every company and, eventually, every individual. Logistics flows can be made more secure, effective and transparent through electronic solutions. Although "track and trace" is not a new phenomenon, the wide availability of this service to single-parcel mailers places increasingly high demands on the logistics operator and makes it a base requirement. Technological development also means that new forms of message distribution constitute a larger part of the market. Many postal service providers and IT companies offer so-called hybrid services, which combine physical and electronic flows to and from businesses





and consumers. One example is the mail catcher service, whereby incoming hardcopy mail is scanned and distributed to the recipient via e-mail. Another service is hybrid mail, whereby the sender drops off a file and a hardcopy version is reproduced at the outlet nearest to each respective recipient.

Focus on core operations

Today, many companies are choosing to focus their energies on core business areas. Transport, logistics, and messaging commonly fall outside the framework for core operations and are handled by specialists through contract agreements, spin-offs, insourcing or outsourcing. The procurement of support services opens the door to new solutions. For example, the operator that handles all points along the mail chain can also be tasked with scanning incoming mail and distributing it electronically.

Demand is increasing for third-party logistics, whereby companies engaged in B2B transactions outsource certain

tasks to a third party. These solutions range from mere transportation to inventory replenishment, packaging, assembly, bulk mail, invoicing, payment reminders etc.

The environmental perspective

Transport impacts our environment primarily through carbon dioxide emissions. Awareness of this impact is continually increasing and a structured effort to reduce environmentally harmful emissions is not only an important competitive tool, but also a matter of survival for many companies. In fall 2001, 2,000 companies in Sweden and 36,000 worldwide were either environmentally certified in accordance with ISO 14001 or EMAS registered, and the number is growing. All of these companies need to position themselves as environmentally sound, which places demands on subcontractors and partners.

ORGANIZATION

Networks, projects and partnerships

Posten has a profit-oriented organization that works in networks, project environments and partnerships focusing on service development, business opportunities and profitability.

Messaging and logistics, business units

Responsibility for the entire business, from service development to production control, marketing and sales, lies within the Messaging business segment and the six logistics units. These are minimally staffed, specialized units, which produce and sell services via Production, the Service Network, Sales, and Support. The business unit has a profit requirement for the business within its area, both in Sweden and internationally. There are not a fixed number of business units and they may be added or eliminated in line with market demand. The organizational structure of the business units may vary in the future. Business units may constitute wholly or part-owned companies, or strategic partnerships.

Cashier service

Cashier Service is the only business segment within Posten tasked with providing a network of cashier service outlets. Svensk Kassaservice (Swedish Cashier Service) is open to all banks wanting to branch out into new areas. Services also include international payments and daily business receipt deposits.

IT

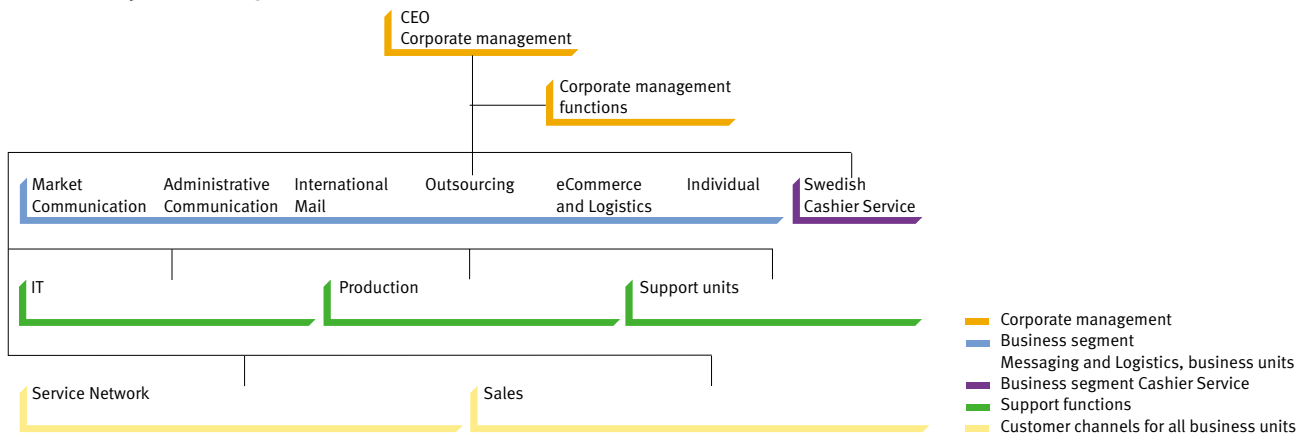
Posten's IT unit facilitates the migration of service development toward integrated solutions, and manages Posten's electronic services and internal systems. Present in Alingsås, Huskvarna, Örebro, and Stockholm, Posten's IT unit has 650 employees. Posten's messaging exchange, which is technically and functionally designed to meet Posten's electronic messaging needs, was developed during the year. Through the messaging exchange, Posten communicates electronically with 5,000 customers and exchanges 2.5 million messages per year, which comprises 300 Gigabytes. Localized in Alingsås, Posten's production organization provides service 24 hours a day, 7 days a week. Services utilizing the messaging exchange include Posten's eDI service, eBrev (eLetter), and eSkicka (eSend).

Production

Posten's Production unit is a highly automated processing industry that on a daily basis handles 22 million letters and 181,000 parcels, which are divided into the letter and parcel networks. Today, there are 13 letter terminals and 12 group-advertising centers. A total of 6,500 employees work within the letter-sorting operations. The Parcel network comprises 12 sorting terminals, 134 distribution and collection points, and 3 heavy goods terminals. Over a one-year period, some 46 million parcels pass through the network. Falcon Air, which transports mail between Stockholm, Umeå, Gothenburg, and Malmö, is also



Posten's operative organization





part of the Production unit. Falcon Air also provides a certain amount of charter passenger service for several leading Scandinavian travel agencies and tour operators. Although foreign subsidiaries manage Production within the respective companies, it is controlled, as with other production areas, through the business units.

Support

Posten's Support units buttress the other areas of the business. With 3,200 employees, Postt akeriet is Posten's largest support unit and Sweden's largest trucking company. Additional support

comprises the accounting function, Human Resources, legal affairs, the communication function etc.

Sales

Sales is organized into three areas: Key Account Managers, who are responsible for large strategic customers; Direct Sales, which cultivates customer relationships through personal visits; and Contact Centers, which generate sales activities and handle incoming sales calls. Sales are also generated via the Service Network and Cashier Service.

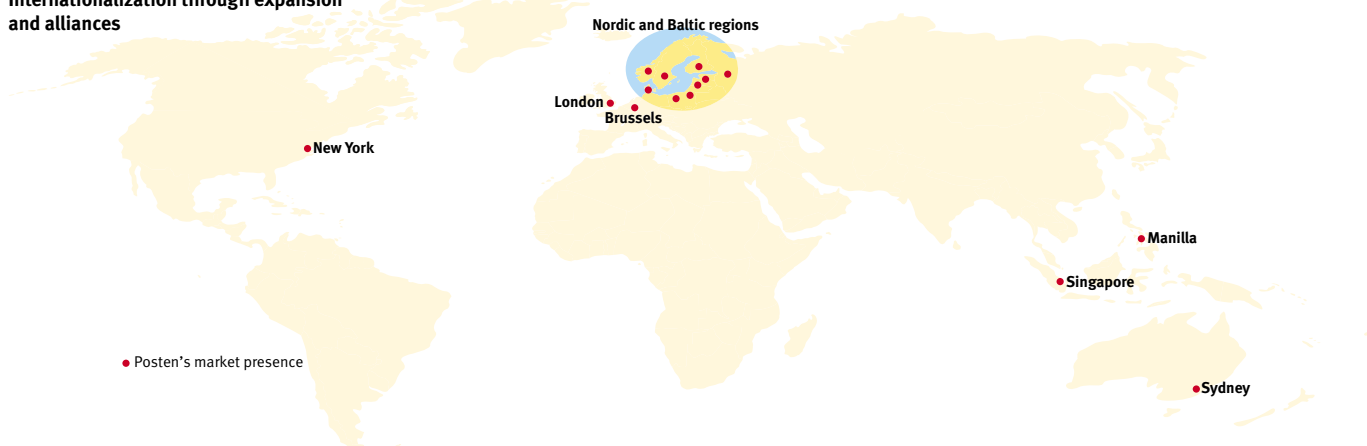
Foreign subsidiaries generate sales through the local sales organizations. By visiting www.posten.se, customers can access information and service 24 hours a day. In addition to ordering stamps and packing materials, the Web site features updated zip-code information. Customers also can track parcels along all points of the transport chain, check service outlet business hours, buy mailshots, and order logistics services.

The Service Network

The role of the Service Network is both to offer and sell Posten's services. Up until the end of 2002, Posten will be drastically increasing the number of service outlets for letters and parcels. The lion's share of these service outlets will be located in supermarkets, service stations, and convenience stores. The Service Network is also responsible for Posten's approximately 14,000 letter carriers and rural carriers.



Internationalization through expansion and alliances



MESSAGING AND LOGISTICS, BUSINESS UNITS

New products and services combine physical and electronic flows

Market Communication

Sales: SEK 5,143 m

The business unit Market Communication is responsible for the group's targeted and bulk direct mail advertising business, as well as for the distribution of newspapers and magazines. Posten has long been Sweden's leading direct mail distributor. In this area, Posten competes with other advertising outlets, such as daily newspapers, magazines, radio, movie theaters, TV, the Internet, and billboards. In 2000, the advertising market in Sweden was worth roughly 47 billion kronor. Market Communication is sensitive to economic fluctuations and demand for targeted (individually addressed) direct mail decreased in 2001.

In addition to distribution, Posten can offer customers integrated total solutions in areas ranging from the selection of target audiences to impact assessment. DR-direkt (DM direct), which enables companies to tailor direct mail solutions online, is one way Posten is making direct mail more easily accessible. In 2001, Posten also launched a new version of its Adressköp directory service, which enables companies to identify the right target audiences for their marketing efforts.

The business unit also oversees Posten's periodicals business, which is responsible for postal magazines and operations in Posten's subsidiary Tidningstjänst, one of the largest distributors of daily newspapers in Sweden.

Adressköp

In 2001, Posten further strengthened its position as a provider of effective direct mail services through, among other things, the May launching of the new Adressköp directory service. The service is a collaboration between Posten and PAR to enable companies to identify the right target audiences for their marketing efforts.

Adressköp helps Posten's customers reach consumers via traditional directories such as SPAR and Postiad, and companies via both PARAD and other more specialized directories.

Future efforts

The business unit's future efforts include utilizing Posten's direct mail expertise to build domestic as well as international services that meet the needs of customers at all points along the entire direct mail chain.

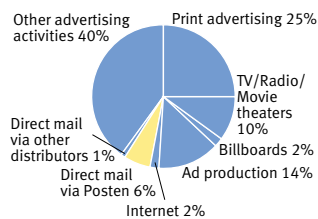
Administrative Communication

Sales: SEK 5,643 m

The business unit's largest source of revenue is generated from the administration of invoices, account statements, and other official forms for companies in the financial sector and public administration agencies. The most important trend in the administrative communication market is the proliferation of electronic messages, owing to new technological advancements and streamlining activities. The business unit could see dwindling volumes during the year.

Posten expects the advent of online banking and new

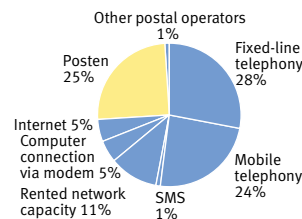
Posten's share of Sweden's advertising market



The advertising market had sales of SEK 47 billion in 2000. By offering direct mail services, Posten competes in the advertising market, primarily in Sweden.

Source: Institute of advertising and media statistics

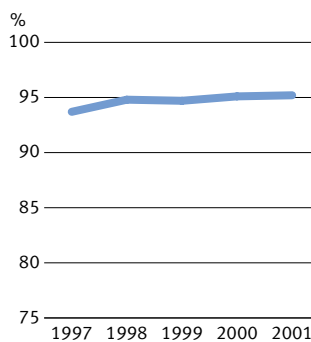
Corporate communication consumption in Sweden, excl. advertising and periodicals



In 2000, sales totaled approximately SEK 33 billion.

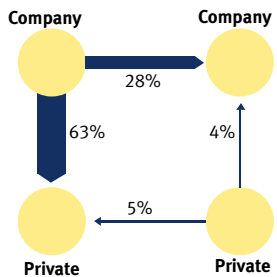
Source: Posten

On-time domestic mail delivery



"On-time mail delivery" is an external and independent indicator that measures the quality of standard mail delivery.

Posten's revenue stream, domestic mail



Posten generates the majority of its revenues from corporate customers.

Source: Posten



electronic solutions for communication between citizens and government agencies, e.g. online tax returns (e-filing), to have a considerable impact on its business volumes.

The daily flow of hardcopy business mail is expected to face tough competition from e-mail and other Internet-based information applications. The economic downturn and financial restraint have also contributed to waning volumes. In addition, large customers are cutting back on their account statement mailings by including several statements in a single envelope.

While Posten may dominate the market from a national perspective, competition is intense in some of the most profitable market segments, e.g. customer-sorted second-class mail.

ePostboxen and eSkicka

ePostboxen (eMailbox) is like an ordinary mailbox for ordinary mail. The difference is that mail is delivered electronically to the recipient's computer.

ePostboxen is free of charge for the recipient and does not require special software. With access to the Internet and a Web browser you can view the content of your mailbox from all over the world. Users can channel mail they want collected electronically to ePostboxen, such as bills, account statements, or childcare information. It is now possible to decide which messages you want delivered electronically, and which you would rather have delivered to your doorstep. Users can also send secure messages to other users, as well as to ordinary e-mail addresses.

eSkicka (eSend) is the name of the underlying messaging solution for mailers, which enables, for example, companies to send all forms of mail electronically to the recipient.

Competition also exists in the local markets, where 41 postal providers currently operate.

Future efforts

In 2001, eSkicka (eSend) was introduced along with ePostboxen (eMailbox). By offering customers new electronic solutions in combination with traditional physical solutions, Posten will need to focus on further developing these services.

International Mail



The business unit International Mail is responsible for imported as well as exported letter mail, which comprises invoiced mail. The unit's largest customers are primarily mailorder companies, Swedish export firms, financial services companies, and companies with relationship marketing functions. Posten provides an array of services in mail forwarding ranging from targeted-addressed direct mailings to hybrid mailings, e.g. eBrev Utrikes Print & Mail (eLetter International Print & Mail).

According to the findings of a recent study by global professional services organization PwC Consulting, Posten is the fastest distributor of standard international mail. PwC compared the delivery times of Posten, DHL, and TNT.

Posten's high quality service in international mail was confirmed when the International Post Corporation, a cooperative

MESSAGING AND LOGISTICS, BUSINESS UNITS

association of 22 national postal operators from North America and Europe, awarded International Mail's operation at Arlanda International Airport the certificate for Excellence in the Management and Processing of International Letter Mail.

International distribution of large volumes of letter mail is a highly competitive market. The large postal providers are active in the global marketplace and have even established a presence in Sweden. At the same time, many private transport companies have courier and express mail services, as well as various add-on services such as printing, folding, and systems solutions. Posten is also active in this market in Europe, North America, South-east Asia, and Australia through its part-owned foreign subsidiary DirectLink.

Future efforts

The business unit is focusing on further development in letter distribution and accompanying services. These efforts will help customers venture out into the international marketplace, and Posten to compete for volumes of incoming letters to Sweden.

eBrev Utrikes Print & Mail

eBrev Utrikes Print & Mail (eLetter International Print & Mail) is a service whereby Posten either prints mail items in Sweden and sends them to recipient countries in hardcopy form or has them printed out by strategic partners and distributed locally. Invoices, pay slips, income statements, and account statements are several areas of use for this service.



Outsourcing

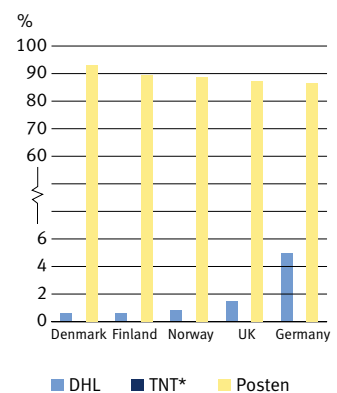
Sales: SEK 1,636 m

It is becoming increasingly important for many of Posten's customers to focus on core operations. Outsourcing support functions is part of this process. This trend has led to a growing demand for total solutions and sophisticated handling systems for both physical and electronic documents.

Posten's business unit Outsourcing offers combinations of physical and electronic services that streamline and either partially or entirely replace existing systems for messaging, document handling, and the shipment and acceptance of goods both nationally and internationally. These services are gravitating toward integrated solutions.

New services launched in 2002 included the scanning of

International letters delivered within 2 days



Posten is the fastest distributor of standard international mail, according to a recent independent study by global professional services organization PwC Consulting. The firm measured Posten's, DHL's, and TNT's delivery times to Denmark, Finland, Norway, Germany, and the UK.

Source: PwC Consulting

* TNT failed to make delivery within 2 days.



invoices and Print-on-Demand solutions for Posten's customers. The market for the services offered by Outsourcing is broad and highly competitive. IT companies, postal operators, and personnel outsourcing companies offer comparable services. The value and significance of Posten's strong brand increases in this competitive environment.

Outsourcing also offers hybrid services in Finland, Poland, and the Baltic region through the Swedgiro subsidiary.

Future efforts

Among focal areas to receive attention are developments in electronic services, whereby daily mail items could also be digitalized. In the "content management" area, document handling and filing solutions are among the services slated for offering, such as the "hosting" of system solutions for task management both for incoming and outgoing communication. Another focal area is "facility management," whereby the unit cooperates with strategic partners to offer mail management and logistics services.

eBrev

eBrev (eLetter) is a highly effective combination of electronic and physical communication built upon Posten's unique ability to reach every address in the country. eBrev is also an excellent example of how Posten combines physical and electronic flows, while at the same time nurturing and cultivating the core business. For example, this so-called hybrid service enables a customer with numerous outgoing invoices to send these to Posten in one of several electronic formats. Posten sorts the files electronically and prints them out in hardcopy form at the eBrev Center nearest to the recipient.

eCommerce & Logistics Sales: SEK 4,087 m

The business unit eCommerce & Logistics offers the market primarily in Sweden, the Nordic and Baltic regions a combination of services for electronic and physical flows for effective e-commerce and logistics. The market for integrated logistics solutions within e-commerce is growing rapidly and constitutes a focal development area for the unit.

The business unit offers services in the following main areas: courier, express, parcel operations, system transport, electronic services, and eBusiness.

In the courier and express area, the business unit provides local, national, and international express services through Posten's subsidiary Posten Express (PEX).

In the parcel area, the unit has collective responsibility for Posten's business parcel services both in Sweden and internationally.

In the fall, several key transactions and agreements were completed that take effect at the beginning of 2002 and which provide Posten's customers access to a range of new services in the logistics market. Posten has acquired 100 percent of DSV Parcel Holding A/S (Denmark) and DPD Finland OY, as well as 50 percent of Norwegian Tollpost Globe AS. In Sweden, Posten has acquired the parcel operations of Fraktarna AB. Posten also signed a 15-year franchising agreement to provide DPD parcel service in Sweden, Norway, Denmark, Finland, and Iceland. In addition, a letter of intent has been signed with French La Poste concerning a broader express parcel service collaboration, as well as DPD service in Poland and the Baltic region.

The system transport operation is primarily run through a

MESSAGING AND LOGISTICS, BUSINESS UNITS

subsidiary, Hultbergs Inrikes Transporter (HIT), and Poståkeriet Sverige. Posten has also acquired Dutch system transport companies Starintex Road Cargo N.V. and Gendringen Expeditie B.V., which operate in the Netherlands, Belgium, and Germany. This acquisition provides Posten with a strong system transport network throughout Northern Europe.

Our range of electronic services includes EDI solutions, electronic security services, and payment exchanges for online credit card payments.

eBusiness develops and operates advanced customer solutions that often comprise a range of services from various units. One example of this is the acquisition of Länsdepån in Gävleborg, which is responsible for the provision of medical supplies and whose primary customers are the county council and districts in Gävleborg County.

The logistics market in Sweden and Europe is largely liberalized and highly competitive. While fierce competition has pared prices and reduced margins, the demand for speed and security is steadily rising. In the common European market, customers are demanding providers whose reach extends to all corners of the continent. To meet the needs and demands of customers, the logistics market is migrating toward larger and more internationalized structures. The move toward consolidation in the form of alliances, partnerships and structure deals is therefore occurring rapidly. Another important trend is the packaging of goods into smaller units prior to transport, due largely to a decrease in

intermediate storage and an increase in the demand for just-in-time-delivery. The logistics market is changing from larger to smaller shipments, higher value of goods, faster and more secure deliveries, and more complex and integrated solutions built upon advanced IT use.

Future efforts

eCommerce & Logistics is expected to account for a significant portion of Posten's future growth. Because the parcel operation now has good geographic coverage, prioritized tasks within the

eSäkerhet

Posten has long spearheaded development of national IT security standards in Sweden.

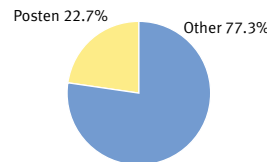
The success of this work was recognized in September 2001 when the EEMA, the European Forum for Electronic Business, presented Posten and strategic partner SmartTrust with a prestigious award for their outstanding achievements in secure e-commerce and the development of electronic IDs.

Additional evidence of Posten's strong position in the area of eSecurity came in November when the Swedish Agency for Administrative Development selected Posten as a provider of choice for electronic signature and identification services.

Posten's security services enable Swedish authorities to establish a powerful and highly secure civic service within the framework of the "24-hour government agency" objective.

The agreement comprises two certificates. The first certificate enables citizens and government agencies to safely and reliably verify their respective identities during online communication. The second certificate is used to establish a security infrastructure based on PKI encryption.

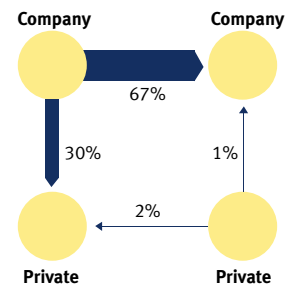
Nordic parcel market (0-35 kg)



The Nordic parcel market had sales of SEK 15.4 billion in 2001.

Source: Posten

Posten's revenue stream, domestic parcel



Posten generates the majority of its revenues from corporate customers.

Source: Posten



Individual  Sales: SEK 2,020 m

The business unit Individual develops and sells letter, parcel, and electronic services in Sweden and abroad. The target group for these services comprises private citizens and small business owners. The unit is responsible for all stamped mail items, postage-paid letter and parcel products, philatelic products, and Posten's postage stamp printing press.

Posten sells and distributes products and services to private citizens and small business owners through the Service Network and posten.se, which provides high accessibility and simplicity. In 2001, Posten closed the retail outlet formerly situated inside the Post Offices, and instead launched its new range of cards, envelopes, and postage-paid envelopes and cardboard boxes. The range has been tailored to convenience store environments and the needs of private citizens as well as smaller businesses and associations.

Distinct trends in the messaging market are steady growth and the proliferation of electronic communication at the expense of hardcopy mail, particularly among younger age groups.

Future efforts

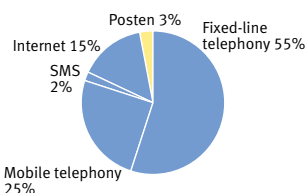
In 2002, the unit will further develop posten.se/privat and the postage stamp range, as well as expand the category of neighborhood mail products for the retail trade, and package electronic recipient services.

area are therefore to focus on the continued integration of the DPD system and to seize business opportunities.

The infrastructure in other areas of eCommerce & Logistics, primarily within express and palletted goods, needs to be further developed to strengthen competitiveness and to create a uniform service range for all countries.

Posten's efforts relative to electronic security are longstanding and its experience in the area is extensive. The market is poised for growth in the electronic security area, chiefly through the widely marketed eID card.

Private communication consumption in Sweden



In 2000, sales totaled approximately SEK 25 billion.

Source: Posten



Posten honors the memory of Astrid Lindgren with a commemorative edition of stamps, which were released in March 2002.

CASHIER SERVICE

Cashier service open to all

The Ministry of Industry, Employment, and Communications has mandated Posten to provide nationwide cashier service comprising a specific range of services. In December 2001, this mandate was clarified when the Swedish Parliament enacted the law on routine cashier service, which stipulates that there shall be a nationwide cashier service that provides all citizens the opportunity to make and receive payments at uniform prices. Cashier service is to be provided by the state owned company charged with the administration of absentee voting during general elections.

Through the business segment Cashier Service, which was launched April 1, 2001, Posten provides these routine financial services. In 2001, Posten received SEK 200 million in appropriations to provide cashier service in areas deemed non-commercially viable, and which lacked alternatives to Posten. The funds do not cover associated costs and were subsequently borne by other operations. The Swedish Parliament has earmarked SEK 400 million for routine cashier service in 2002. The EU Commission is currently examining whether the funding conforms to EU subsidy guidelines. The EU Commission is expected to hand down a ruling later this spring.

Open to all banks

Historically, Posten's bank partnership has been, in practice, almost exclusively with Postgirot for payment transactions, and with Nordea for bank transactions.

Today, Cashier Service is a network open to all banks. At the



close of 2001, Nordea, Postgirot Bank, and FöreningsSparbanken (along with its group of cooperating savings institutions), were utilizing the Cashier Service Network. The network hopes to expand this group of partners to include other banks.

Services

Today, Cashier Service acts as a broker on behalf of its member banks, and provides other services, too.

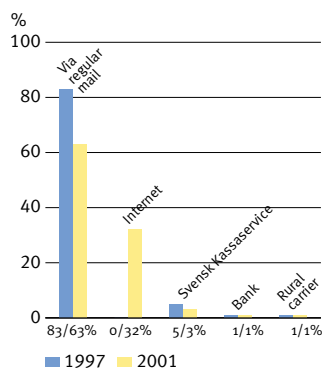
Brokered services

- Bank deposits and withdrawals
- Payment orders
- Postal checks
- Overseas payments

Proprietary services

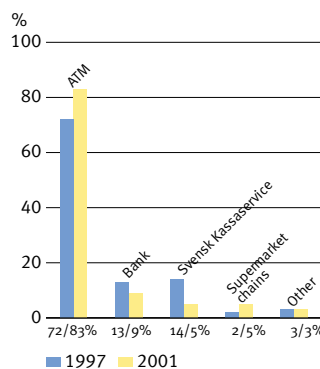
- Daily business receipt management
- Postal money orders

Method of paying bills



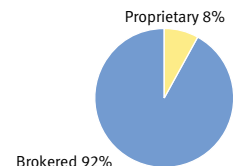
More and more people are switching from tellers to online solutions for bill payment.
Source: TEMO 2002

Cash withdrawals



Manual cash withdrawals are falling drastically in Sweden.
Source: TEMO 2002

Brokered versus proprietary services 2001



The majority of transactions carried out by Cashier Service during 2001 were on behalf of member banks.

High accessibility

Cashier Service focuses on providing easy-to-use products swiftly and reliably. A basic range of products and standard solutions complemented by fast, reliable, high-quality service.

The needs of Posten's network of cashier service outlets as regards store design, geographic placement, and business hours differ from those of the letter and parcel service network. In 2001, roughly 40 percent of the Cashier Service outlets, and approximately 10 percent of its volumes were attributable to strategic partners, primarily in the retail area. Cashier Service will successively step up efforts relative to partnered outlets and entrepreneurial agreements. Posten's 2,700 rural letter carriers will continue to provide cashier services.

Weaker volumes

Every day, Cashier Service serves approximately 175,000 customers. In the neighborhood of 300,000 to 400,000 Swedes withdraw cash and pay bills through Cashier Service. An estimated five in ten Swedes use Cashier Service at least once per year. Cashier Service accounts for roughly three-fourths of all manual transactions performed at banks and post offices.

However, the trend is becoming crystal clear. The proliferation of credit and debit card payments is offsetting the need for cash withdrawals. The way we withdraw cash is also changing. More Swedes are using automatic teller machines (ATMs) to withdraw cash, while the percentage of people withdrawing cash via tellers at banks and postal clerks at Post Offices is

falling precipitously. Although cash withdrawals in supermarkets is on the rise, this is a service utilized by few.

A growing number of people are doing their primary banking, e.g. paying their bills, online. The most common way of paying bills is still by mail, though this number is decreasing. A relatively minor percentage of Swedes pay their bills via postal clerk at Posten or via a teller at their bank.

Posten estimates that the number of transactions will likely decline in line with previous years, i.e. 15–20 percent per year.

Move in 2002

Posten has decided to move the cashier service operation to a separate wholly owned subsidiary – Svensk Kassaservice AB – in 2002. The need to establish a clearer distinction between subsidized operations and those subject to free market competition sparked the move.



POSTEN'S NEW DESIGN IN SWEDEN

The new service network

Strategic partnerships enable Posten to double its presence and extend its business hours, both on weekdays and weekends. ICA, Axfood, OKQ8, and Pressbyrån are Posten's central partners in the Service Network, and with them Posten will continue to develop the partnership cooperation. At the beginning of 2002, an agreement was also reached with Coop Sverige for postal service at a number of its locations.

Posten's efforts relative to the new service network are important to the company's continued development. Posten has invested a total of SEK 900 million in the network, and expects to realize cost savings of SEK 200 million to SEK 250 million per year.

Beginning around the middle of last year and continuing through 2002, Posten is undergoing its biggest change in the company's modern history. From 800 service outlets situated in its own Post Offices and 500 post-in-store locations, the new service network will comprise over 3,000 service outlets providing letter and parcel services by the end of 2002. In addition, Posten will continue to offer routine cashier service at an equal number of specially designated outlets. A number of locations will offer cashier service, as well as letter and parcel services, all under the same roof.

Demands on close proximity and high accessibility

The old Post Office Network was geared toward banking services, yet customers' ease-of-access needs were not always met. In the new Service Network, Posten is separating cashier service operations from letter and parcel operations. The role of the

Service Network is to both sell and distribute Posten's services. It is therefore important for service outlets to be in close proximity to customers – wherever they may be. Outlets must provide highly accessible, flexible service everywhere, every day.

By drastically increasing the number of service outlets, the vast majority of which will be situated in supermarkets, service stations, and convenience stores, Posten's products and services will be available where and when customers need them. The roughly 3,000 service outlets are broken down into the following three categories:

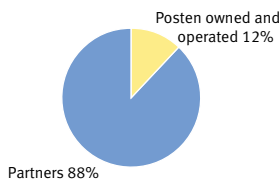
Postal Centers

Posten's entire range will be available at approximately 400 Postal Centers situated throughout the country. Posten will offer services ranging from routine postal transactions to more advanced messaging and logistics services primarily targeting businesses. Located in dense commercial areas easily accessible by car, these Posten-owned-and-operated service outlets will be open Monday through Friday, often between 7:00 a.m. and 7:00 p.m.

Letter and parcel partners

Approximately 1,800 service outlets will be opened in partnership with supermarkets and service stations across the country. Customers will be able to pick up and drop off letters and parcels, as well as registered and express mail. Domestic and international stamps, padded and postage-paid envelopes and cardboard boxes will also be available for purchase.

Service outlets in Posten's new service network



A larger percentage of partners will be offering Posten's services in the Service Network at the end of 2002, increasing accessibility for Posten's customers.





Collection boxes will also be stationed at many of these service outlets. Posten's services will be made available during business hours, often seven days a week between 9:00 a.m. and 9:00 p.m.

Letter mail partners

At roughly 1,000 service outlets situated in convenience stores, service stations and other highly trafficked areas such as airports and hospitals, Posten will provide everything customers need to mail a letter. Customers can buy domestic and international postage stamps, as well as postage-paid envelopes and postcards. Services will be made available during business hours.

Completion in 2002

Already in May 2001, a number of service outlets were opened in Örebro, which became a pilot community for many of the new solutions. The network is expanding on a region-by-region basis and in fall 2001 the changeover was executed in Köping, Nässjö, Gotland, Kalmar, Örebro, Karlskroga, Växjö, Västervik, Kumla, and Oskarshamn. The changeover will be completed by the close of 2002, which means that Posten will open some 20 new service outlets every day until the end of the year.

17,000 letter carriers and drivers

Every day, Posten's 17,000 letter carriers, rural carriers, and drivers serve customers across the country. The nationwide distribution and delivery network gives Posten a competitive advantage. 2,700 rural carriers serve 700,000 customers that, even after the organizational changes, will have access to

cashier service and home delivery. Every day, Posten's 11,000 letter carriers deliver mail to homes and businesses through mailboxes, mailslots, and lobbies. City and rural carriers are increasingly also picking up and delivering mail to businesses as per special arrangement. Poståkeriet's 3,000 employees make 70,000 daily business calls across the country.

New design

Posten is unveiling a new design in conjunction with the new service network. Matching the competition and developing quickly into a modern messaging and logistics company demands a clear and uniform design for postal vehicles, collection boxes and everything in between.

The Posten logo is unique. The postal horn and crown have been around for 360 years and can still be seen in Posten's new logo, where they have been returned to their original yellow color. Otherwise, the postal logo is unchanged. Motor vehicles, bicycles, uniforms and everything else that bears up the Posten brand will be adorned with the new design as the network grows. Signs emblazoned with Posten's blue and yellow logo will be clearly displayed at all service outlets, along with information signs in the entryway.

Posten will also be successively replacing all of the old collection boxes with new functional models incorporating a modern design, secure locking system, and larger mailslot. Even the placement of collection boxes will be taken into consideration. The boxes increasingly will be stationed in centrally located hubs of activity.

HUMAN RESOURCES

Change and renewal

Posten's current environment of change is impacting a large portion of its employees. It is a challenge to ensure a growth-oriented workplace climate, maintain levels of motivation and dedication, and secure a steady influx of new talent.

Employee citizenship and leadership

In Posten's view, all employees are given and assume responsibility for its mission. It follows, then, that employees should be equipped with the resources and authority that match that responsibility.

At Posten, leadership means supporting the ability of employees to assume responsibility. A cornerstone of Posten's personnel policy, employee development sessions are a key tool in achieving this goal. The sessions are held at least once a year, and documented in an employee contract where the employee and his or her supervisor set and follow up mutual goals.

The comprehensive educational programs run within the framework for Posten's Leadership Academy are extremely important to developing and strengthening leadership at Posten.

In 2001, 185 of Posten's most senior executives participated in the 16-day Executive Program. In addition, 850 middle-level executives participated in the Vision and Communication section of the program. Participants then pass on what they learned to their subordinates.

ViP

ViP is Posten's employee satisfaction scorecard, which is used by the company to follow up the "Dedicated Employee" target. ViP thereby acts as a tool for change and renewal. Survey results show managers where they need to make improvements in order to bolster motivation and involvement. Each quarter, approximately 1,800 managers receive reports upon which individual measures and activities are based.

An attractive employer – internally and externally

Posten's ability to attract and retain talent in various areas is critical to the future of the company. It is a long-range process requiring stamina. Efforts intensified during the year with a marketing campaign positioning Posten as an attractive employer, both internally and externally. Internally, Posten channeled considerable energies into enhancing its Career and Development Center. For example, career guidance now targets all employees at all levels. Renewed contact and dialog was established with students through job fairs and the "Future Train" program. Posten's liaison with colleges and its trainee program continued during the year with 30 new trainees joining the ranks last fall.

Key data	2001	2000	1999	1998	1997
Average number of employees	41,669	41,522	41,825	42,108	42,903
– thereof abroad	710	552	476	202	6
Number of employees	45,104	49,986	50,174	51,793	51,804
– percentage of full-time employees, %	73	72	71	71	72
– percentage of women/men, %	45/55	48/52	49/51	50/50	51/49
– average age	42	40	40	40	40
Employees receiving a monthly salary ¹					
– under 25 years of age, %	9.1	8.2	5.9	4.2	2.6
– over 54 years of age, %	19.6	17.9	15.9	15.3	14.5
– employee turnover, % ²	6.8	6.6	5.9	4.9	3.9
– absence due to illness, days/employee	33.3	30.9	26.9	23.9	21.4
– zero sick leave, %	33	–	–	–	–
Accepted to the trainee program	30	14	32	5	–
– thereof women	17	6	18	2	–

¹ Employees receiving an hourly wage are not included.

² Employees that have left of their own accord in relation to the average number of employees.



Talent supply

The changes occurring within Posten place demands on and provide opportunities for various types of organizational competency reinforcement. In an effort to ensure Posten's talent needs are met, the company launched the "Talent Supply" project in 2001. The project resulted in 30 proposals for activities that respond to Posten's needs in terms of competency development, the attraction power of Posten as an employer, staffing, and follow-up.

In 2001, Posten established the Project Management Center (PMC) to create a career and development path for project managers. A development program for project leaders has been established at the Leadership Academy.

Posten uses several methods in its aim to stimulate learning and knowledge sharing. The opportunity for distance learning presented itself during the implementation of the new Service Network. Comprehensive efforts in the area of e-learning have been made and a certification program for the new Service Network has been devised for everyone interacting with customers, i.e. 15,000 employees and partners.

Equal opportunity

Posten's equal opportunity activities are an integral part of its business planning and important to diversity recognition. Posten has long aimed to achieve a gender ratio among managers of 3:2. Today, the overall representation of women is 30 percent.

ASTEP – a joint development program for women leaders formed in cooperation with four other major corporations – was launched during the year.

Health issues

In 2001, illness-absenteeism grew both at Posten and in Sweden as a whole. Long-term absenteeism is seeing the sharpest rise, especially among older age groups. Breaking this trend is something Posten takes very seriously. Studies unanimously indicate that motivation, involvement and the ability to influence one's situation are major health factors. Therefore, the company's long-range efforts to foster a collegial work environment are, in many ways, a matter of health.

A number of measures are being taken in cooperation with, among others, union organizations to improve the work environment and illness-absenteeism situation at Posten.

During the year, Posten participated in the "Put Sweden Into Motion" project whose aim is to increase the number of



employees who exercise regularly. This was done by highlighting the importance of daily exercise in continuing health, and by pooling together and marketing the various exercise opportunities available to Posten employees.

Posten's Fresh Start program is another way the company is helping employees who have been ill for long periods get back on their feet. In 2001, 75 people received assistance in returning to the workforce. These efforts included education, training, and job application assistance.

Future Perfect

Posten Future Perfect assists downsized employees in their endeavors to find new jobs, start up businesses, or return to school. 700 employees were accepted into Future Perfect program during the year. Of the approximately 1,150 employees accepted into the program since its inception in 1999, roughly 730 have resolved their occupational situation. On average, participants in the Future Perfect program have found work after roughly 6.5 months.

Posten's vision for employee development

Employee competence is of central importance to a service company like Posten. Posten's vision is based on the individual's will to learn. Working at Posten provides opportunities for competency enhancement in one's current and future positions within Posten, and beyond. This is summed up in Posten's vision for employee development: "The sky's the limit at Posten."

Important starting points

- business development and talent supply go hand in hand;
- employees assume responsibility and are willing to continually develop their own and others' knowledge, experiences, and skills;
- Posten opens the door by providing resources, networks, and the opportunity for continual learning.

ENVIRONMENT

Environmental programs underpin the business

Companies with environmental certification, be they customers, suppliers, or competitors, all have a need to position themselves as environmentally oriented, which entails demands, but also business opportunities for Posten.

Posten's environmental policy

Posten's efforts on behalf of the environment have their basis in the closed-loop mindset and contribute to enduring, sustainable social development in consideration of future generations.

With laws, ordinances and regulations as its starting point, Posten shall contribute to the achievement of national environmental targets linked to the considerable impact on the environment wrought by its operations.

The impact of Posten's services on the environment can be traced primarily to premise utilization, purchasing, waste management, freight transport, and the actions of individual employees. Posten therefore strives to make efficient use of energy and other natural resources, and takes precautions against harmful emissions, waste and other pollutants.

Posten's efforts on behalf of the environment are guided by the following principles:

- efforts should be integrated into the business and underpin Posten's primary objectives: profitability, satisfied customers, and dedicated employees
- environmental consideration must be given when making decisions at all organizational levels
- efforts should target continual improvement and build upon

the participation of customers, suppliers, employees and other stakeholder groups

- environmental communication is characterized by openness and based on factual information

Environmental goals

Posten's group-wide environmental goal for 2002–2004 is

- to reduce carbon dioxide emissions from transport relative to the number of mail items by a total of 4 percent during 2002–2004

In addition to this goal, Posten is calculating key data and setting group-wide targets for

- electricity consumption
- environmentally approved suppliers listed in the supplier directory
- the percentage of employees included in the environmental management system

Environmental taxes and duties

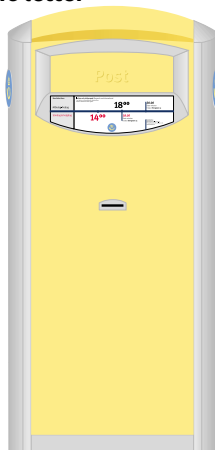
In 2001, Posten paid SEK 124 million (94) in Swedish environmental taxes and duties, of which SEK 86 million (64) comprised carbon dioxide tax and SEK 36 million (28) was attributable to energy taxes on electricity. Between 2000 and 2001, the carbon dioxide tax rate increased by 44 percent, and the energy tax rate by approximately 12 percent. The actual tax increase reflects reduced fossil fuel consumption and increased electricity consumption.

Environmental impact The path of the domestic letter

1. Dropping off and picking up collection mail

Collection boxes are purchased in accordance with environmental criteria. Motorized carriers empty collection boxes. The 2,500 recently acquired postal vehicles meet stringent norms for recyclability and low fuel consumption.

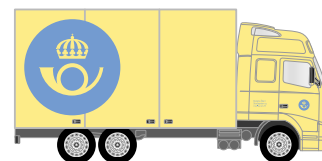
The 2002 model vehicles purchased by Posten already meet the environmental standards that go into effect in 2005.



2. Collection transport

Following its removal from a collection box, a letter is placed among other mailpieces collected from receptacles in the vicinity of the Postal Centers.

The mailpieces are then transported to a sorting terminal in a distribution chain where logistics efficiency and environmental consideration go hand in hand. Distribution is also procured according to Posten's environmental standards.



3. Mailpieces are sorted

The sorters purchased by Posten must meet certain environmental criteria for energy and power consumption. Modern heating and lighting technology in the sorting terminal, as well as routines and guidelines for personnel, are utilized in an effort to conserve energy. Manufacturing supplies and chemicals must also meet certain environmental criteria.

Since 1998, Posten has reduced its electricity consumption per square meter by nearly 4 percent within the letter process.

Operations requiring permits

Posten Postage Stamp's printing press is subject to compulsory licensing in accordance with Category B. The chrome plating, copper plating, and tempering of printing cylinders is carried out at the printing press. Environmental impact can arise through a discharge of the aforementioned metals into the water, and the handling of toxic waste. The operations are not deemed to pose any risk of serious environmental impact.

Environmental highlights in 2001

- On March 20, 2001 Posten launched the Mail Train. Now 80 percent of the second-class and standard mail posted on Fridays travels between the large sorting terminals by rail instead of tractor-trailer. The Mail Train reduces Posten's carbon dioxide emissions by 3,500 tons per year.
- The World Wildlife Fund entered into a partnership with Posten and 14 other Nordic concerns to develop a company model for achieving sustainable social development. The result of the venture will be presented in Copenhagen in April 2002.
- Posten's business and service development model was complemented with the compulsory sections "environmental analysis" and "environmental assurance plan."

Environmental management system

The majority of Posten's operations apply an environmental management system certified according to the ISO 14001 standard. Today, Posten's letter and parcel operations, air carrier

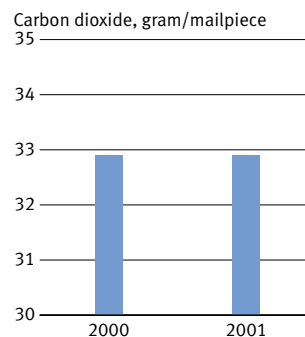
Falcon Air, Säve Cargo Logistik, and Posten Postage Stamp are all ISO 14001 certified.

Prioritized measures in 2002

The following urgent measures will be taken in 2002:

- Improved customer information concerning Posten's efforts on behalf of the environment via posten.se, where it will be possible to check the environmental burden of standard mail, bulk mail advertising, second-class mail, and parcels.
- Broader contact and collaboration with universities and colleges.
- Stakeholder outreach with, among others, Non Government Organizations (NGOs).

Carbon dioxide emissions per mailpiece



The outcome for 2001 was 32.9 grams of carbon dioxide per mailpiece, which is unchanged compared to the previous year.

4. Transports from the terminal

After sorting, the letter is transported by Mail Train, motorized carrier, or air carrier to a receiving sorting terminal. Posten's air carrier, Falcon Air, was the world's first airline carrier to become certified according to the ISO 14001 standard.

Posten is setting the standard that all trucks in its fleet be classed according to EURO 2 or better.

5. The letter is handed over to the letter carrier

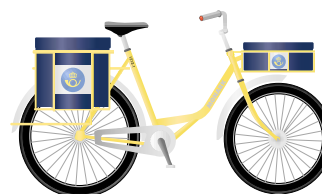
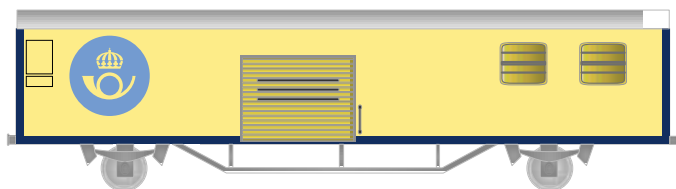
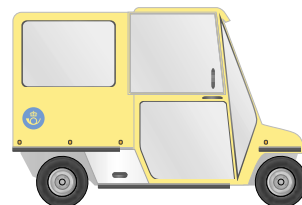
After the receiving terminal has sorted the letter, it is handed over to the letter carrier for delivery.

Letter carriers are taking various steps to help meet the environmental targets set within the areas of transport, premise utilization, purchasing, waste, and individual behavior.

6. The letter is delivered to the recipient

Letter carriers deliver mail by foot, bicycle, or motorized carrier. Posten has roughly 730 electric vehicles.

7,250 drivers, which operate Posten's delivery vehicles on a daily basis, have undergone a one-day training seminar in effective motor vehicle operation. Since 1998, relative fuel consumption in the delivery operations has dropped by close to 8 percent.



Risk Management and Cash Management

Risk Management

Posten manages its business risks through the centralized corporate-level Risk Management (RM) function. The purpose of the function is to ensure the consequences of the risks taken by Posten remain within acceptable levels. The RM function is a vehicle for exploring opportunities for earnings improvement, as well as for minimizing the earnings deterioration accompanying Posten's risk exposure.

Business area and divisional managers have operational responsibility for RM within their respective areas.

A changed business

The changes occurring at Posten and its efforts to streamline operations have, in turn, altered its risk architecture. The sales of Postgirot Bank and Postfastigheter and other divestments reduce certain financial- and property-related risks.

New and enhanced business risks have emerged due to greater IT dependence, both through new and advanced customer-orientated IT solutions as well as an increasingly IT-dependent production arm. Issues relative to the integrity, privacy, and accessibility of Posten's services and production are central and must be handled with the best possible security technology, organization, and routines. The protection of mail privacy is an equally important requirement both in Posten's electronic as well as its physical mail environment.

By acquiring transport companies in the Nordic region and on the European continent, Posten is positioning itself as an international transport company. With this development follows new business risks.

The outsourcing of IT resources and major parts of the Service Network places the same high demands on security as Posten's own production. Meeting these demands requires conducting risk analyses that form the basis for the procurement of external products and subsequent security audits.

Insurance

The group applies a uniform methodology for risk analyses in support of preventative security measures and insurance policies. The group's insurance needs are handled through development and procurement of group-wide insurance programs. The group's two so-called captive companies participate in a majority of the insurance programs. The companies write direct insurance and reinsurance policies for group units, which cover property, white-collar crime and liability risks including traffic liability. Captive companies reinsure the risks externally.

Events of import during 2001

Robberies of post offices escalated in 2001 following a downward trend during the 1990s. The increase has serious workplace environment implications for affected personnel. Posten takes the development very seriously and has responded by channeling resources into additional security solutions. Posten has well-functioning crisis-response routines in place to assist employees who have been traumatized in incidences of robbery.

In 2001, anthrax was spread by mail in the U.S. Panic quickly spread across the world in the wake of these crimes and the terrorist attacks on September 11. Posten too received alarms concerning suspicious contents in mail and designated a crisis group, which acted in accordance with existing contingency plans. In several cases, affected authorities decided to temporarily shut down the units in question. Many employees were unsettled and a large number of mailpieces were delayed. The group's finances were only marginally affected by the events.

Financial risks

The management of financial risks such as interest risk, currency risk, credit risk, and borrowing risk is controlled by the group's financial policy. The financial policy is implemented through instructions targeting the operative control of lending, liquidity, financing, and financial risks in the group's units. Management of the group's financial risks and capital provision are centralized within Posten's internal bank.

The purpose of the centralized financial management is to exercise control over the group's financial risks, as well as to take advantage of economies of scale in risk management, liquidity management, and financing.

Interest risk

Interest risk is the risk that value of assets and liabilities or non-balance sheet undertakings may fluctuate due to changes in the market rate. At December 31, 2001, the average fixed-interest terms for the group's borrowing and its investment portfolio were approximately 3.5 and 1 month(s), respectively.

Currency risk

Currency risk is the risk of exchange rate effects during future payment flows or so-called transaction exposure, as well as of the revaluation of net assets in foreign subsidiaries or so-called translation exposure. The group's transaction exposure arises mainly through customer and supplier flows relative to interna-



tional mailings in subsidiary Falcon Air's operations, and in conjunction with larger investment programs.

The goal is to eliminate transaction exposure by matching incoming and outgoing flows and hedging the remaining net flow. Currently, translation exposure is not hedged.

Credit risk

Credit risk is the risk that a borrower will be unable to partially or entirely fulfill its obligation. At Posten, credit risk arises primarily in conjunction with credit sales and liquidity management.

Borrowing and borrowing risk

The group's borrowing in the money and capital markets is done primarily through Medium Term Note (term of between 1 and 15 years) and commercial paper (term of between 7 and

360 days) programs, but also through bilateral agreements with credit institutions such as Europeiska Investeringsbanken (the European Investment bank). High payment readiness is maintained in the form of liquid assets and confirmed credit facilities to meet both short-term disturbances in the money and capital markets, as well as unforeseen needs in operating units.

Cash Management

The group is focusing energies on the management of operating capital by making processes more efficient, as well as through raising awareness about capital costs.

A special Cash Management function is optimizing the handling of liquid funds within the service and cashier networks.



Group overview

Posten's business segments comprise Messaging & Logistics and Cashier Service. Messaging & Logistics is divided into six business units: Market Communication, Administrative Communication, International Mail, Outsourcing, eCommerce & Logistics, and Individual. Messaging & Logistics also has joint units, such as Sales, the Service Network, Production, and IT. Joint units also include the Post Office Network, which is being phased out.

Messaging & Logistics had net sales of SEK 20,465 million and operating profit of SEK 174 million. Cashier Service had net sales of SEK 1,082 and operating profit of SEK -324 million. The business segments are more closely examined on pages 12–19.

Sales and net income

Net sales

Consolidated net sales fell somewhat to SEK 24,072 million (24,508). Excluding Postgirot, net sales amounted to SEK 21,668 million (21,813). Lighter volumes in targeted direct mail, post-paid mail (mailpieces stamped with a postage meter), letter mail, and second-class mail primarily contributed to the decline in sales. Targeted direct mail is sensitive to economic fluctuations, and Posten's larger customers have cutback on spending in this area.

The main competition to Posten's other services comprises electronic substitutes, as witnessed in the mailings sent primarily by major banks. Lighter volumes in non-commercial international mailings are also being seen, and the logistics segment has been suffering from dwindling light-parcel volumes. However, growth in the international business has been sufficient to slightly offset these weaker volumes.

Other operating income

The group's other income amounted to SEK 1,723 million (356). The increase can be attributed primarily to SEK 1,125 million in capital gains realized on the sale of Postfastigheter AB, as well as SEK 152 million in capital gains realized on the sale of other properties; SEK 1,277 million overall.

Operating expenses

Consolidated operating expenses amounted to SEK 23,765 million (26,186).

Operating expenses for the year were impacted positively by utilizations of pension commitments totaling SEK 300 million and provisions for phasing out the Post Office Network of SEK 116 million. A provision of SEK 123 million has been made for

downsized personnel in the Future Perfect program, Posten's organization for re-employment support. Overall, the year's provisions and utilizations positively impacted earnings by SEK 293 million.

Last year's operating expenses were impacted positively by utilizations relating to the Post Office Network totaling SEK 205 million. In addition, a provision was made for future losses in the Cashier Service business segment of SEK 2,353 million.

In consideration of the abovementioned items, operating expenses for both years amounted to SEK 24,058 million (24,038).

Net income

Net income for the year was SEK 3,432 million (-1,082) and operating earnings totaled SEK 2,030 million (-1,322). Operating earnings excluding Postgirot Bank AB (Postgirot), capital gains realized on the sale of Postfastigheter, and provisions, amounted to SEK -150 million (192).

Competition is intensifying in all of the markets where Posten operates. Growing competition from new electronic mail alternatives is particularly visible. Competition is also apparent from a decrease in the demand for clerk-assisted postal service. Posten has responded by establishing a new service network, which will generate SEK 200 million to SEK 250 million in cost savings per year. During the coming three years, Posten will implement cost-savings and efficiency measures in its business and administrative processes. The program will have a positive impact on earnings of roughly SEK 1 billion before 2005. This will primarily be achieved through a more effective business support system.

Financial position

Total assets

At December 31, 2001, total assets amounted to SEK 17,245 million (81,864). The substantial change in total assets can be primarily attributed to the divestment of the bank. Posten has strengthened its liquidity and debt-equity ratio during the year.

Debt-equity ratio

At December 31, 2001, the debt-equity ratio was 19.1 percent. Last year's debt-equity ratio was negative. The improvement is a result of the structural measures implemented during the year.

Pension provisions

In 2001, the decision was taken to secure all pension commitments through a transfer from subsidiary Posten Sverige AB to Posten's Pension Fund. SEK 2,348 million was therefore transferred to the pension fund in December 2001. Transfers will henceforth be made yearly.

Equity

At December 31, 2001, equity amounted to SEK 3,299 million (-57). See changed accounting principles, Note 1.

Return on equity was 163.7 percent. Last year's ROE was negative. Excluding Postgirot, return on equity amounted to 136.6 percent. Last year's ROE was negative.

Change in equity

Posten has recorded so-called transition provisions, or commitments relating to personnel entitled to retire before the age of 65, as liabilities. Previously recorded as contingent liabilities, the commitments were assumed from the state when Posten became privatized. The amounts have been recorded as a liability at 25 percent of the outstanding commitment plus special income tax. This liability item is based on the degree of utilization between 1998-2001. The comparative year has also been restated, consequently altering opening-balance equity (see Note 23). Net income for the year has not been impacted.

Cash flow

2000 closing balance liquid funds have been adjusted due to the sale of Postgirot. As short-term shareholdings, liabilities for repurchase agreements, and overnight loans in Postgirot's operations as well as the fixed lending by Postgirot of SEK 28,320 million have been excluded, Liquid funds at the beginning of the year amounted to SEK 26,019 million.

The net effect on liquid funds at the sale of Postgirot amounted to SEK 4.5 billion; the net effect of the sale of Postfastigheter was SEK 2.3 billion.

The completed transfer of all company pension commitments from subsidiary Posten Sverige AB to Posten's Pension Fund impacted the cash flow from financing operations by SEK -2.3 billion. Logistics acquisitions have had a net effect on liquid funds of SEK -1 billion.

Strategic acquisitions

Posten has consolidated its position in the logistics market in Sweden and bordering countries.

Posten AB acquired 100 percent of DSV Parcel Holding A/S (Denmark) and DPD Finland OY, as well as 50 percent of Norwegian Tollpost Globe AS. In Sweden, Posten has acquired the parcel operations of Fraktarna AB. The total purchase price for the acquisitions was SEK 975 million.

Posten also purchased Dutch system transport companies Starintex Road Cargo N.V. and Gendringen Expeditie B.V. – which operate in the Netherlands, Belgium, and Germany – for SEK 42 million.

Posten signed a 15-year franchising agreement to provide DPD parcel service in Denmark, Norway, Finland, Sweden, and Iceland. In addition, a letter of intent has been signed with French La Poste concerning a broader express parcel service collaboration, as well as DPD service in Poland and the Baltic region.

Divestments

Posten sold Postgirot Bank AB to Nordbanken for a purchase price of SEK 4,100 million plus built-up profits of SEK 438 million. Following approval by the EU Commission on November 8, the deal was finalized on December 3, 2001. Capital gains realized on the transaction amounted to SEK 1,711 million.

Posten sold Postfastigheter AB to Wihlborgs Fastigheter for a purchase price of SEK 2,725 million. This transaction was also finalized December 3, 2001. Capital gains realized on the transaction amounted to SEK 1,125 million. Capital gains of SEK 152 million were realized earlier in the year from the sale of other properties.

Other events

During the year, Posten acquired 45 percent of HOOC House of Commerce AB, a company jointly owned by Skanska and Leif Dahlén, who is the owner of Sollentunamässan.

Posten also reduced its holding in Svenska Torget AB to 15 percent (60).

Post-balance day events

At the beginning of 2002, Posten sold its shareholding in Pan Nordic Logistics AB (PNL).

Consolidated income statement

SEK m	Note	Posten Group		Posten excl. Postgirot	
		2001 ²	2000	2001	2000
Operating earnings					
Net sales	2	24,072	24,508	21,668	21,813
Other operating income	3	1,723	356	1,802	526
Total operating income		25,795	24,864	23,470	22,339
Operating expenses					
Staff costs	4	-13,654	-13,636	-12,787	-12,701
Other external expenses	5	-9,378	-9,334	-8,653	-8,483
Depreciation, amortization, and writedowns of tangible and intangible fixed assets	6	-1,010	-1,064	-887	-959
Income from shares in associated companies		-16	-4	-16	-4
Provisions	7	293	-2,148	293	-2,148
Total operating expenses		-23,765	-26,186	-22,050	-24,295
Net operating earnings		2,030	-1,322	1,420	-1,956
Financial items					
Income from securities and receivables held as fixed assets	9	1	4	1	3
Other interest income and similar income items	10	229	144	234	159
Interest expense and similar expense items	11	-286	-235	-290	-235
Income after financial items		1,974	-1,409	1,365	-2,029
Tax on net income for the year	12	-254	324	-83	501
Minority's share in net income for the year		1	3	1	3
Net income for the year before winding down Postgirot		1,721	-1,082	1,283	-1,525
Transfer of earnings in Postgirot to remaining business ¹		-	-	438	443
Capital gains on the sale of Postgirot ¹		1,711	-	1,711	-
Net income (loss) for the year		3,432	-1,082	3,432	-1,082

¹ Transfer of earnings in Postgirot to remaining business

	Posten excl. Postgirot	
	2001	2000
Income before tax	610 ²	620
Tax	-172 ²	-177
Net income for the year	438 ²	443

Tax on capital gains realized on the sale of Postgirot amounted to 0.

² Including Postgirot during 11 months.

Consolidated balance sheet

ASSETS, SEK m	Note	Posten Group		Posten excl. Postgirot	
		2001	2000	2001	2000
FIXED ASSETS					
Intangible fixed assets	13				
Goodwill		782	80	782	79
Other intangible fixed assets		215	192	215	5
Total intangible fixed assets		997	272	997	84
Tangible fixed assets	14,15				
Buildings and land		130	1,530	130	1,530
Machinery and equipment		2,942	3,207	2,942	3,064
Construction in progress and advance payment relative to tangible fixed assets		99	104	99	94
Total tangible fixed assets		3,171	4,841	3,171	4,688
Financial fixed assets					
Shares in affiliated companies	18	419	47	419	47
Proportion of equity in Postgirot		–	–	–	2,341
Bonds and other long-term securities	19	8	14,290	8	12
Deferred tax credit	20	1,269	1,264	1,269	1,293
Other long-term receivables		71	74	71	607
Total financial fixed assets		1,767	15,675	1,767	4,300
TOTAL FIXED ASSETS		5,935	20,788	5,935	9,072
CURRENT ASSETS					
Inventory					
Goods for resale, etc.		110	92	110	92
Current receivables					
Accounts receivable		2,069	1,912	2,069	1,879
Interest-bearing receivables		864	2,753	864	506
Other non-interest bearing receivables		252	583	252	428
Prepaid expenses and accrued income	21	1,004	1,397	1,004	722
Total current receivables		4,189	6,645	4,189	3,535
Short-term investments	22	474	50,639	474	130
Cash and bank balances		6,603	3,700	6,603	3,227
TOTAL CURRENT ASSETS		11,376	61,076	11,376	6,984
TOTAL ASSETS		17,311	81,864	17,311	16,056

EQUITY AND LIABILITIES, SEK m	Note	Posten Group		Posten excl. Postgirot	
		2001	2000	2001	2000
EQUITY					
Restricted equity	23				
Restricted equity		600	600	600	600
Restricted reserves		693	493	693	493
Total restricted equity		1,293	1,093	1,293	1,093
Non-restricted equity	23				
Non-restricted reserves		-1,426	-68	-1,426	-68
Net income for the year		3,432	-1,082	3,432	-1,082
Total non-restricted equity		2,006	-1,150	2,006	-1,150
TOTAL EQUITY		3,299	-57	3,299	-57
MINORITY INTEREST		4	5	4	4
PROVISIONS					
Provisions for pensions	25	243	2,576	243	2,339
Other provisions	26	5,249	5,635	5,249	5,630
TOTAL PROVISIONS		5,492	8,211	5,492	7,969
LONG-TERM LIABILITIES					
Interest-bearing liabilities	27				
Liabilities to credit institutions		636	1,079	636	1,079
Other liabilities		0	70	0	70
Non-interest bearing liabilities					
Other liabilities		72	64	72	58
TOTAL LONG-TERM LIABILITIES		708	1,213	708	1,207
CURRENT LIABILITIES					
Interest-bearing liabilities					
Deposits in Postgirot		0	49,397	0	0
Liabilities to credit institutions		1	15,631	1	1
Other liabilities	27	2,962	1,986	2,962	2,287
Non-interest bearing liabilities					
Advance payments from customers		598	719	598	719
Accounts payable		1,100	1,062	1,100	960
Tax liabilities		0	2	0	21
Other operating liabilities		1,189	1,227	1,189	893
Accrued expenses and deferred income	29	1,958	2,468	1,958	2,052
TOTAL CURRENT LIABILITIES		7,808	72,492	7,808	6,933
TOTAL EQUITY AND LIABILITIES		17,311	81,864	17,311	16,056
MEMORANDUM ITEMS, SEK m					
Pledged assets for own liabilities	28	54	6,853	54	33
Other pledged assets					
Real estate mortgages		-	37	-	37
Contingent liabilities					
Pension commitments not recorded as liabilities	25	305	3,876	305	3,805
Guaranty commitment for pension commitments	25	2,892	3,356	2,892	3,356
Other contingent liabilities	30	296	811	296	241
Total contingent liabilities		3,493	8,043	3,493	7,402

Consolidated statement of cash flows

SEK m	Note	Posten Group		Posten excl. Postgirot	
		2001	2000	2001	2000
CONTINUING OPERATIONS					
Income after financial items*		3,685	-1,409	3,076	-2,029
Adjustment for non-cash flow items					
Depreciation according to plan		994	1,022	887	917
Writedowns of fixed assets, etc.		16	190	4	42
Capital gain/loss on the sale of fixed assets		-3,182	48	-3,182	44
Provisions for the cashier service/branch office network		-117	2,148	-117	2,148
Other items not affecting liquidity		620	27	-225	29
Income tax paid		-287	-297	-185	-283
Cash flow from the continuing operations before changes in working capital		1,729	1,729	258	868
Cash flow provided by changes in working capital					
Increase/decrease in operating receivables, incl. inventory		-1,329	258	100	434
Increase/decrease in postal giro deposits		0	1,768	0	0
Increase/decrease in current operating liabilities		1,306	-142	1,306	-309
Cash flow provided by continuing operations	31	1,706	3,613	1,664	993
INVESTING ACTIVITIES					
Investments in intangible fixed assets		-366	-71	-343	-19
Investments in tangible fixed assets		-890	-1,043	-844	-1,008
Investments in financial fixed assets		-1,010	-2,014	-4	-293
Acquisition/sale of affiliated companies	32	-23,141	3	316	3
Sale of financial fixed assets		3,625	0	4,079	0
Sale of other fixed assets, etc.		316	3,203	316	150
Cash flow provided by investing activities		-21,466	78	3,520	-1,167
FINANCING ACTIVITIES					
Increase/decrease in current financial liabilities		976	-2,618	675	-256
Loans raised		2,742	342	492	339
Loans amortized		-688	-6	-388	-6
Increase/decrease in pension provisions		-2,212	504	-2,212	490
Cash flow provided by financing activities		818	-1,778	-1,433	567
Cash flow for the year		-18,942	1,913	3,751	393
Liquid funds at the beginning of the period	33	26,019	24,106	3,326	2,933
Liquid funds at the end of the period	33	7,077	26,019	7,077	3,326

* Income after financial items includes capital gains realized on the sale of Postgirot.

Parent company income statement and overview

SEK m	Note	2001	2000
Operating earnings			
Net sales		208	215
Other operating income	3	15	57
Total operating earnings		223	272
Operating expenses			
Staff costs	4	-11	-12
External expenses	5	-110	-105
Total operating expenses		-121	-117
Operating income		102	155
Financial items			
Income/loss from shares in affiliated companies	8	869	568
Income/loss from shares in associated companies		3	-1
Income/loss from securities and receivables held as fixed assets	9	-171	47
Other interest income and similar income items	10	518	217
Interest expense and similar expense items	11	-429	-187
Income after financial items		892	799
Tax on net income for the year	12	-38	-50
Net income for the year		854	749

Operations

The business conducted by parent company Posten AB (publ) is limited in scope.

Sales and net income

The parent company's net sales for 2001 were SEK 208 million (215). Other operating income amounted to SEK 15 million (57). In previous years, other operating income included a prepayment of SEK 49 million relating to the bankruptcy of Försäkringsaktiebolaget Njord.

Net financial income improved to SEK 790 million (644). The difference is primarily attributable to dividends on shares in subsidiaries, which amounted to SEK 869 million (670).

Net income after financial items totaled SEK 892 million (799).

Financial position

The parent company's total assets at December 31 amounted to SEK 7,188 million (8,859). The change can be explained primarily

by lower internal receivables. Cash and bank balances including short-term investments amounted to SEK 1,846 million (96). After the sale of Postgirot Bank AB, the parent company's postal giro account balance is recorded as Cash and bank balances. In 2000, these were recorded as intercompany financial receivables.

Equity amounted to SEK 3,372 million (2,807) and the debt-equity ratio was 47.4 percent (32.1).

Investments for the year, which arose in conjunction with the acquisition of Fraktarna AB's parcel operations, total SEK 137 million. Fixed assets comprise SEK 130 million in goodwill and SEK 7 million in tangible fixed assets.

Posten reduced its holding in Svenska Torget AB till 15 percent (60) during the year.

Post-balance day events

At the beginning of 2002, Posten sold its shareholding in Pan Nordic Logistics AB (PNL).

Parent company balance sheet

ASSETS, SEK m	Note	2001	2000
FIXED ASSETS			
Intangible fixed assets			
Goodwill	13	130	–
Total intangible fixed assets		130	–
Tangible fixed assets			
Machinery and equipment	14,15	7	1
Total tangible fixed assets		7	1
Financial fixed assets			
Shares in affiliated companies	16	2,204	2,967
Long-term receivables from affiliated companies	17	0	540
Shares in associated companies	18	439	46
Bonds and other long-term securities held as fixed assets	19	0	3
Deferred tax credit	20	72	0
Other long-term receivables		20	18
Total financial fixed assets		2,735	3,574
TOTAL FIXED ASSETS		2,872	3,575
CURRENT ASSETS			
Current receivables			
Accounts payable		0	5
Receivables from affiliated companies		2,271	5,151
Prepaid tax		20	20
Other receivables		134	11
Prepaid expenses and accrued income	21	45	1
Total current receivables		2,470	5,188
Short-term investments		441	96
Cash and bank balances		1,405	0
TOTAL CURRENT ASSETS		4,316	5,284
TOTAL ASSETS		7,188	8,859

EQUITY AND LIABILITIES, SEK m	Note	2001	2000
EQUITY			
Restricted equity	23		
Capital stock		600	600
Restricted reserves		120	120
Total restricted equity		720	720
Non-restricted equity	23		
Retained earnings		1,798	1,338
Net income for the year		854	749
Total non-restricted equity		2,652	2,087
TOTAL EQUITY		3,372	2,807
UNTAXED RESERVES	24	49	49
PROVISIONS			
Pension provisions	25	10	8
TOTAL PROVISIONS		10	8
LONG-TERM LIABILITIES			
Interest-bearing liabilities			
Liabilities to credit institutions	27	0	500
Non-interest bearing liabilities			
Liabilities to affiliated companies		0	290
Other liabilities		10	8
TOTAL LONG-TERM LIABILITIES		10	798
CURRENT LIABILITIES			
Interest-bearing liabilities			
Liabilities to affiliated companies		766	3,114
Other liabilities	27	1,567	1,157
Non-interest bearing liabilities			
Accounts payable		4	1
Liabilities to affiliated companies		1,308	889
Accrued expenses and deferred income	29	98	34
Other liabilities		4	2
TOTAL CURRENT LIABILITIES		3,747	5,197
TOTAL EQUITY AND LIABILITIES		7,188	8,859
MEMORANDUM ITEMS, SEK m			
Pledged assets	28	10	8
Contingent liabilities			
Guaranties		627	581
Guaranties thereof for the benefit of subsidiaries 136		146	91
Pension commitments not recorded as liabilities		-	3
Guaranties for subsidiary pension commitments	25	9,910	9,939
Total contingent liabilities		10,683	10,614

Parent company statement of cash flows

SEK m	Note	2001	2000
CONTINUING OPERATIONS			
Income after financial items		892	799
Adjustment for items not included in cash flow:			
Anticipated dividend		-46	-661
Writedowns of fixed assets, etc.		-29	102
Capital gain/loss on the sale of fixed assets		-3	0
Income tax paid		1	100
Cash flow provided by continuing operations before changes in working capital		815	340
Cash flow provided by changes in working capital			
Increase/decrease in operating receivables		71	-105
Increase/decrease in current operating liabilities		44	-371
Cash flow provided by continuing operations	31	930	-136
INVESTING ACTIVITIES			
Investments in intangible fixed assets		-130	-
Investments in tangible fixed assets		-6	-
Investments in participations in associated companies		-402	-37
Investments in other capital stock and participations		-	-3
Acquisition/sale of affiliated companies		794	-28
Sale of other fixed assets, etc.		12	90
Increase/decrease in current financial receivables		2,127	1,055
Increase/decrease in long-term receivables		539	413
Cash flow provided by investing activities		2,934	1,490
FINANCING ACTIVITIES			
Loans raised		302	60
Loans amortized		-1,089	-28
Increase/decrease in pension provisions		1	8
Increase/decrease in current financial liabilities		-1,297	-1,395
Cash flow provided by financing activities		-2,083	-1,355
Cash flow for the year		1,781	-1
Liquid funds at the beginning of the period		65	66
Liquid funds at the end of the period		1,846	65

Notes to the financial statements including accounting and valuation principles

This is a translation. In the event of discrepancies, the Swedish original supersedes the English translation.

NOTE 1 Accounting and valuation principles

Accounting of Posten's operations distributed into Posten Group and Posten excluding Postgirot

In 2001, Posten divested Postgirot Bank AB, Postfastigheter AB, and the majority of its holding in Svenska Torget AB. Postgirot has functioned as a business unit within Posten Group, while Postfastigheter AB and its subsidiaries predominantly provided premises for Posten's operations and, therefore, are not treated as an autonomous business unit. Svenska Torget AB has been part of the eCommerce and Logistics business unit. After the sale, properties will be distributed as needed via lease agreements.

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

- Under Posten Group in the consolidated income statement, income from divested subsidiaries is included up until the time of the sale. Capital gains relative to Postgirot Bank AB are, however, recorded separately. The capital gain/loss is tax-free.
- Under Posten Group excluding Postgirot, Postgirot Bank AB has been treated as an external business in the accounts up until "Net income for the year before the sale of Postgirot." As such, internal transactions to Postgirot Bank AB Group have not been eliminated. As with the reporting of capital gains, Postgirot's income and income tax have been reported separately.

Posten has chosen the above accounting method to facilitate understanding of results and trends in the remaining operations, Posten's core business. As such, Posten, as in the year-ago period, reports operations under liquidation in accordance with the Swedish Financial Accounting Standards Council's recommendation RR19 (Operations under liquidation).

Changed accounting principles

In preparation for compliance with IAS (International Accounting Standards) regulations, Posten has scrutinized items that hitherto have not been recorded in compliance with these regulations. Among contingent liabilities, pension commitments were previously recorded in accordance with the so-called transition provisions. In accordance with the IAS regulations, these would have been recorded as a provision for future commitments. A provision has now been made for these commitments. As the commitments have been assumed from the state and in reality existed already when Posten was privatized, the provision has impacted equity in the amount corresponding to the period prior to 2000. Comparative 2000 figures on the income statement have been restated relative to the change in debt during 2000. The provision equals 25% of the nominal commitment, which represents estimated future results. The calculation of future results is based on an investigation of previous years' utilization.

According to RR5, the above is a change to accounting principles that requires a recalculation of comparative figures, which has been done for 2000.

The application of RR9 has only mildly impacted the income statement. Non-capitalized deficit deductions in the group refer primarily to foreign subsidiaries, Swedish subsidiaries without group contribution rights, or subsidiaries sold in 2001.

Consolidated financial statements

The consolidated financial statements were prepared in accordance with the Swedish Financial Accounting Standards Council's consolidated financial statements recommendation, RR 1:96. The consolidated financial statements include the parent company and those companies in which Posten, at the closing day, directly or indirectly owned more than 50 percent of the voting rights, or over which the company exercised a controlling influence by other means.

The consolidated income statement includes the revenues and expenses of acquired companies for the period following the acquisition. Subsidiaries sold during the period are included in the income statement for the period preceding the sale. The companies encompassed by the group are indicated in Note 16 to the income statements and balance sheets.

Acquisition method

The consolidated financial statements have been prepared in accordance with the acquisition method. According to the acquisition method, acquisitions are treated as a transaction through which the group indirectly acquires the assets and assumes the liabilities of the subsidiary. The subsidiary's assets and liabilities at the date of acquisition are valued at the acquisition value from the standpoint of the group. The consolidated acquisition value is calculated via an acquisition analysis performed in conjunction with the acquisition of shares. The analysis determines the acquisition value of the shares, as well as the market value of the acquired assets and assumed liabilities. The difference between the acquisition value of the shares in the subsidiary and the market value of the acquired assets and assumed liabilities constitute consolidated goodwill.

Reporting shares in affiliated companies

The group applies the equity method to affiliated companies, or companies in which Posten holds no less than 20 percent and no more than 50 percent of the voting rights. In accordance with the equity method, the consolidated book value of shares in affiliated companies corresponds to the group's proportion of equity in affiliated companies, as well as any residual value of consolidated surplus and deficit values. The group's share of net income/loss in affiliated companies, after financial income and expenses have been adjusted for depreciation of acquired goodwill, is reported as "Income/loss from shares in affiliated companies." The group's share of the tax reported by affiliated companies is included in the group's tax expenses. Companies reported in accordance with the equity method are indicated in Note 18.

Translation of the accounts of foreign subsidiaries

Currency is translated in accordance with recommendation RR 8 (Accounting the impact of changed exchange rates).

Posten's foreign subsidiaries comprise autonomous foreign business entities whose income statements and balance sheets are translated in accordance with the current method.

According to the current method, all assets, provisions, and liabilities are translated at the closing day and all items on the income statement are translated according to the yearly average. Exchange differences are recorded directly against equity. At the sale of independently operated foreign businesses, accumulated translation differences

NOTES

attributable to the business, less deductions for eventual hedging, are recorded on the consolidated income statement.

Taxes etc.

The company and group apply recommendation RR 9 (Income taxes). Total tax comprises current tax and deferred tax. Taxes are recorded on the income statement except when the underlying transaction is recorded directly against equity. In doing so, the accompanying tax effect is recorded in equity.

Current tax is the tax calculated on the year's taxable income. This also includes adjustments of current tax attributable to earlier periods.

Deferred tax is calculated in accordance with the balance sheet method with a starting point in the temporary differences between reported and fiscal values of assets and liabilities. The amount is calculated based on how temporary differences are expected to be equalized and applying the tax rates and tax regulations that have been decided upon or announced at the closing day. Temporary differences are neither treated as consolidated goodwill, nor as differences attributable to shares in subsidiaries and associated companies not foreseen as being taxed within the foreseeable future. Untaxed reserves including the deferred tax liability are reported in legal entities. In the consolidated financial statements, however, untaxed reserves are divided into deferred tax liability and restricted equity.

Deferred tax claims in deductible temporary differences and deficit deductions are reported solely to the extent that it is probable that these will provide lower tax disbursements in the future.

Posten reports group contributions and shareholder contributions in accordance with the statement issued by the Swedish Financial Accounting Standards Council's Urgent Task Force on group and shareholder contributions. Shareholder contributions are capitalized in shares and participations held by the provider and reported directly against the non-restricted equity of the recipient. Group contributions are reported according to their financial impact, i.e. ordinarily in an effort to minimize group tax. Because group contributions, therefore, do not constitute payment for services rendered, they are reported against retained earnings less deductions for tax effects.

Depreciation of fixed assets

Depreciation according to plan has been based on the acquisition value and estimated useful life of the fixed assets. The depreciation periods are as follows:

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

Leasing

Significant lease agreements are reported on the consolidated financial statements in accordance with recommendation RR 6:99 (Reporting lease agreements).

As the group's financial lease agreements have been deemed insignificant, all lease agreements have been reported as operational lease agreements.

Bonds and other securities

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

Financial fixed assets are reported at the acquisition value/accrued acquisition value. As the company intends to hold the securities until maturity, unrealized gains or losses are not reported on the income statement.

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

Inventory

Inventory is valued at the lower of cost, determined on the first-in, first-out (FIFO) method, and the present value in accordance with recommendation RR 2 (Reporting inventory).

Receivables and liabilities in foreign currency

Receivables and liabilities in foreign currency are translated to the closing-day rate in accordance with recommendation RR 8. Realized and unrealized exchange rate differences on operational receivables and liabilities are reported in operating earnings, whereas exchange rate differences on financial receivables and liabilities are reported among financial items.

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

Pension provisions

The Swedish Financial Supervisory Authority's Directive FFFS 2000:19 was applied to the actuarial computation of the capital value of Posten's pension commitments. Posten has reported pension commitments regarding the so-called transition provisions as liabilities under other provisions. These were previously reported as contingent liabilities. Additional information is available in the above section pertaining to new accounting principles.

Statements of cash flows

Consolidated and parent company cash flow is reported on the respective statements of cash flows in accordance with recommendation RR 7.

NOTES

NOTE 2 Net sales and operating earnings by business segment

SEK m	Net sales 2001	Operating earnings 2001
Messaging and logistics		
Market Communication	5,143	
Administrative Communication	5,643	
International Mail	1,368	
Outsourcing	1,636	
eCommerce and Logistics	4,087	
Individual	2,020	
Joint including the Post Office Network under liquidation	2,335	
Internal elimination	-1,767	
Total Messaging and logistics	20,465	174
Cashier Service		
	1,082	-324
Provisions		293
Capital gains on the sale of Postfastigheter		1,277
Postgirot, liquidated business unit	3,217	610
Internal elimination	-692	
Total	24,072	2,030

The outcome is reported in accordance with Posten's new organization, which entails considerable changes compared with previous years. It has not been possible to calculate true comparative figures for 2000.

As Cashier Service began operating April 1, 2001, figures have been provided for three quarters only.

NOTE 3 Other operating income

SEK m	Posten Group		Parent Company	
	2001	2000	2001	2000
Rental income	165	152	-	-
Remuneration for commissioned services	165	27	-	-
Capital gains on fixed assets	1,279	3	-	-
Computer operation	7	14	-	-
Other	107	160	15	57
Total	1,723	356	15	57

NOTES

NOTE 4 Staff costs

Average number of employees, Country	Posten Group			
	2001		2000	
	Women	Men	Women	Men
Sweden	18,751	22,208	19,108	21,862
Denmark	1	1	0	1
Estonia	28	21	18	16
Finland	–	2	–	–
Latvia	21	19	19	15
Lithuania	45	69	45	66
Poland	134	150	122	149
Russia	56	163	29	72
Average number of employees	19,036	22,633	19,341	22,181
Total average number of employees		41,669		41,522

The parent company has two (2) employees in Sweden, both men.

Staff costs, SEK m	Posten Group		Parent Company	
	2001	2000	2001	2000
Wages, salaries, and other remuneration	8,909	9,042	6	5
Social security costs (<i>thereof pension costs</i>)	4,144 (1,160)	4,157* (1,155)*	5 (3)	7 (5)
Other staff costs	601	437	0	0
Total	13,654	13,636	11	12

* Last year's figures have been restated in consideration of the change in accounting principles, see Note 1.

In addition, staff costs of SEK 30 million (139) were reported as utilizations, and SEK 300 million in utilizations transpired as a result of changed actuarial bases. See also Note 7 Provisions.

At the closing day, unutilized allocated SPP funds amounted to SEK 30 million.

SEK 43 million (27) of the group's pension expenses was attributable to present and former CEOs and executive vice presidents, of which SEK 6 million (10) is attributable to the parent company.

Wages, salaries, and other remuneration, SEK m	Posten Group		Parent Company	
	2001	2000	2001	2000
Boards of directors, CEOs (<i>thereof bonus</i>)	34 (2)	34 (2)	5 (1)	5 (1)
Other employees	8,875	9,008	1	1
Total	8,909	9,042	6	6

thereof in Sweden

Boards of directors, CEOs (<i>thereof bonus</i>)	28 (2)	29 (2)	5 (1)	5 (1)
Other employees	8,819	8,973	1	1
Total	8,847	9,002	6	6

NOTES

NOTE 4 Staff costs, contd.

Posten Group	2001		2000	
	Board CEO	Other employees	Board CEO	Other employees
<i>Thereof abroad</i>				
Poland	1	30	1	18
Lithuania	1	7	1	6
Russia	1	11	1	6
Estonia	2	4	2	2
Latvia	1	4	0	3
Denmark	0	0	0	0
Total	6	56	5	35

Bonuses were only paid to CEOs in Sweden.

Terms of employment for senior executives

Remuneration totaling SEK 0.2 million (0.2) was paid to the chairman of Posten AB. The board of the parent company received a total of SEK 1.0 million (1.1) in remuneration.

The CEO received SEK 3.7 million (3.6) in salary, including a bonus of SEK 0.2 million for 2002. SEK 2.2 million (1.9) was paid in premiums to an endowment insurance policy on behalf of the CEO. The value of this policy, SEK 5.9 million (3.8), corresponds to the pension commitment indicated in this section. In addition, a pension commitment in the amount of SEK 0.4 million (0.3) will be made available to the CEO upon retirement. The retirement age for the CEO is 60.

Excluding the CEO, the corporate management comprises 15 individuals (9). In accordance with a special retirement plan, the retirement

age for 9 of these individuals is 60. As regards the remaining members, pensions are based on the prevailing retirement plan or equivalent terms. In accordance with the corporate management bonus plan, the CEO and executive vice president may receive no more than 30 percent of their base salaries. Other members of the corporate management team may receive up to 15 or 20 percent of their base salaries.

For members of corporate management, there is a 12-month notice period if the employer terminates the contract, and a 6-month notice period if the employee terminates the contract. If the employer initiates the termination, the employee is entitled to severance pay equaling no more than 12 month's salary and automobile benefits. Income earned from new employment or other business activities shall be deducted from the severance pay package.

NOTE 5 External expenses**Purchases**

20 percent (51) of the parent company's purchases were attributable to subsidiaries.

Fees and reimbursement of expenses to independent auditors, SEK m	Posten Group		Parent Company	
	2001	2000	2001	2000
KPMG				
Auditing	6.6	5.0	1.6	0.5
Other assignments	5.0	5.1	1.8	0.4
Total KPMG	11.6	10.1	3.4	0.9
Swedish National Audit Office				
Auditing	0.3	0.2	0.3	0.2
Total Swedish National Audit Office	0.3	0.2	0.3	0.2
Auditing, other	0.2	0.2	-	-

NOTES

NOTE 6 Depreciation and writedowns of tangible and intangible fixed assets

Posten Group, SEK m	2001	2000
Trademarks and similar rights	-1	-3
Goodwill	-12	-7
Capitalized expenditures for development	-40	-23
Machinery and equipment	-893	-934
Buildings and land	-48	-55
Total depreciation	-994	-1,022
Writedowns/reversals of writedowns	-16	-42
Total	-1,010	-1,064

NOTE 7 Provisions

Posten Group, SEK m	2001	2000
Pension provisions		
Utilizations resulting from changed actuarial bases	300	-
Other provisions		
Utilizations/provisions for closures in the Posten-operated Post Office Network:		
staff costs	163	139
other expenses	-47	66
Provisions for other staff costs	-123	-
Provisions for future losses relating to cashier service	-	-2,353
Total	293	-2,148

NOTE 8 Income from shares in affiliated companies

Parent Company, SEK m	2001	2000
Dividends	869	670
Capital gain/loss	-	-
Writedowns	-	-102
Total	869	568

NOTE 9 Income from other securities and receivables held as fixed assets

SEK m	Posten Group		Parent Company	
	2001	2000	2001	2000
Capital gain/loss	0	0	0	0
Interest	1	4	0	47
<i>(thereof from affiliated companies)</i>	(-)	(-)	(0)	(44)
Writedowns	-	-	-171	-
Total	1	4	-171	47

NOTES

NOTE 10 Other interest income and similar income items

SEK m	Posten Group		Parent Company	
	2001	2000	2001	2000
Interest income	143	110	507	189
<i>(thereof from affiliated companies)</i>	(-)	(-)	(483)	(181)
Dividends	-	30	-	30
Capital gain/loss	1	6	1	6
Exchange rate differences	85	2	10	-4
Writedowns	-	-4	-	-4
Total	229	144	518	217

NOTE 11 Interest expense and similar cost-side items

SEK m	Posten Group		Parent Company	
	2001	2000	2001	2000
Interest expense	-214	-195	-396	-187
<i>(thereof from affiliated companies)</i>	(-)	(-)	(325)	(-130)
Other financial expenses	-72	-40*	-33	-
Total	-286	-235	-429	-187

* Last year's figures have been restated in consideration of the change in accounting principles, see Note 1.

Interest expense and similar cost-side items attributable to the pre-closure financial liabilities of Postiro Bank AB are reported as net sales for the business.

NOTE 12 Tax on net income for the year

Current tax expense, SEK m	Posten Group		Parent Company	
	2001	2000	2001	2000
Current tax	-231	-40	-112	-50
Adjustment of tax expense attributable to previous years	1	-28	2	0
Total	-230	-68	-110	-50

Deferred tax expense, SEK m	Posten Group		Parent Company	
	2001	2000	2001	2000
Deferred tax on untaxed reserves	3	-16*	-	-
Deferred tax on the difference between the book and fiscal value of machinery and equipment	80	-211	-	-
Deferred tax on provisions for closures within the Posten-operated Post Office Network	-73	-57	-	-
Deferred tax on provisions for future losses relating to cashier service operations	-73	659	-	-
Deferred tax on development expenditures reported as assets	-58	-	-	-
Deferred tax relating to the fiscal loss for the year	72	-	72	-
Deferred tax on provisions for future conditional pension benefits	6	14	-	-
Deferred tax, other	19	3	-	-
Total	-24	392	72	0
Total reported tax expense	-254	324	-38	-50

* Last year's figures have been restated in consideration of the change in accounting principles, see Note 1.

SEK -172 million (-177) of the year's tax expense is attributable to closures, of which tax attributable to capital gains amounts to SEK - (-).

NOTES

NOTE 12 Tax on net income for the year, contd.

Posten Group, Reconciliation of effective tax rate	2001		2000	
	%	SEK m	%	SEK m
Income before tax		3,685		-1,409*
Tax in accordance with parent company tax rate	28.0	-1,032	28.0	395
Depreciation of consolidated goodwill	0.2	-8	-0.8	-11
Other non-deductible costs	0.8	-29	-3.8	-54
Tax-exempt capital gains on the sale of Postgirot and Postfastigheter	-22.3	821	0.0	
Tax-exempt income	-0.8	29	3.7	50
Increase in deficit deductions without corresponding capitalization of deferred taxes	1.3	-48	-2.4	-33
Utilization non-capitalized deficit deductions	-0.6	21	0.6	9
Tax attributable to previous years	0.0	1	-2.0	-28
Other	0.3	-9	-0.3	-4
Total	6.9	-254	23.0	324*

* Last year's figures have been restated in consideration of the change in accounting principles, see Note 1.

Deficit deductions are primarily attributable to foreign operations, as well as to Swedish companies unable to avail themselves of group contributions. These deductions total SEK 171 million (120).

Parent Company, Reconciliation of effective tax rate	2001		2000	
	%	SEK m	%	SEK m
Income before tax		892		799
Tax in accordance with parent company tax rate	28.0	-250	28.0	-224
Other non-deductible costs	0.2	-2	0.3	-2
Tax-exempt income	0.0	0	-0.1	1
Increase in deficit deductions without corresponding capitalization of deferred taxes	0.0	0	0.2	-2
Utilization non-capitalized deficit deductions	-1.2	11	-2.2	17
Tax attributable to previous years	-0.1	2	0.0	0
Tax-free dividend	-27.3	243	-23.5	188
Writedowns of shares in affiliated companies	3.7	-33	3.6	-29
Other	1.0	-9	0.0	0
Total	4.3	-38	6.3	-51

Tax items reported directly against equity, SEK m	Posten Group		Parent Company	
	2001	2000	2001	2000
Deferred tax attributable to changed accounting principles	-	305*	-	-
Current tax in received/provided group contributions	-	-	112	51
Total	-	305	112	51

* Last year's figures have been restated in consideration of the change in accounting principles, see Note 1.

NOTES

NOTE 13 Intangible fixed assets

Posten Group, SEK m	Trademarks and similar rights	Goodwill	Capitalized development expenditures	Total
Acquisition value at the beginning of the year	16	131	234	381
Acquisitions during the year	4	142	220	366
Added in conjunction with the acquisition of affiliated companies	–	645	–	645
Subtracted in conjunction with the sale of affiliated companies	–	–80	–218	–298
Accumulated acquisition value at year-end	20	838	236	1,094
Depreciation at the beginning of the year	–15	–15	–37	–67
Depreciations for the year	–1	–12	–40	–53
Divestments/divestitures	–	7	58	65
Accumulated depreciation at year-end	–16	–20	–19	–55
Writedowns at the beginning of the year	–	–36	–6	–42
Writedowns for the year	–	–12	–	–12
Divestments/divestitures	–	12	–	12
Accumulated writedowns at year-end	–	–36	–6	–42
Planned residual value, closing balance	4	782	211	997
Parent Company, SEK m	Trademarks and similar rights	Goodwill	Capitalized development expenditures	Total
Acquisitions during the year	–	130	–	130
Accumulated acquisition value at year-end	–	130	–	130
Planned residual value, closing balance	–	130	–	130

NOTE 14 Tangible fixed assets

Posten Group, SEK m	Buildings and land	Machinery and equipment	Construction in progress and advance payments	Total
Acquisition value at the beginning of the year	1,884	7,679	104	9,667
Acquisitions during the year	7	760	123	890
Added in conjunction with the acquisition of affiliated companies	52	14	–	66
Divestments/divestitures	–	–458	–	–458
Subtracted in conjunction with the sale of affiliated companies	–1,827	–544	–24	–2,395
Reclassifications	36	64	–104	–4
Translation differences	1	10	–	11
Accumulated acquisition value at year-end	153	7,525	99	7,777
Depreciation at the beginning of the year	–363	–4,472	–	–4,835
Added in conjunction with the acquisition of affiliated companies	–	–2	–	–2
Divestments/divestitures	–	377	–	377
Subtracted in conjunction with the sale of affiliated companies	389	407	–	796
Depreciations for the year	–48	–893	–	–941
Translation differences	–1	–	–	–1
Accumulated depreciation at year-end	–23	–4,583	–	–4,606

NOTES

NOTE 14 Tangible fixed assets, contd.

Posten Group, SEK m	Buildings and land	Machinery and equipment	Construction in progress and advance payments	Total
Appreciations at the beginning of the year	23	–	–	23
Depreciations on appreciated amounts for the year	–1	–	–	–1
Subtracted in conjunction with the sale of affiliated companies	–22	–	–	–22
Accumulated appreciations (net) at year-end	0	–	–	0
Writedowns at the beginning of the year	–14	0	–	–14
Writedowns for the year	–	0	–4	–4
Subtracted in conjunction with the sale of affiliated companies	14	–	4	18
Accumulated writedowns at year-end	0	0	0	0
Planned residual value, closing balance	130	2,942	99	3,171
Value assessed for tax purposes	101			
<i>thereof land</i>	0			

Parent Company, SEK m	Buildings and land	Machinery and equipment	Construction in progress and advance payments	Total
Acquisition value at the beginning of the year	–	1	–	1
Acquisitions during the year	–	6	–	6
Accumulated acquisition value at year-end	–	7	–	7
Planned residual value, closing balance	–	7	–	7

NOTE 15 Leased machinery and equipment, premises

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

Operational lease agreements

At year-end, the group had at its disposal machinery and equipment with an estimated acquisition value of SEK 698 million (772). The group's leasing charges for the period totaled SEK 1,441 million (1,529). At the closing day, the group had outstanding leasing charges, computed at the then-prevailing exchange and interest rates, of SEK 8,230 million. The leasing charges fall due between 2002-2011 as follows:

SEK m	Machinery and equipment	Premises
Leasing charges per year		
Within one year	158	1,124
Between one and five years	423	2,359
Later than five years	4	4,162

Falcon Air holds the majority of the machinery and equipment (Boeing aircraft) put at the group's disposal through lease agreements. Falcon Air's leasing contract is denominated in U.S. dollars.

NOTES

NOTE 16 Shares in affiliated companies

Parent Company, SEK m	2001	2000
Acquisition value at the beginning of the year	3,756	3,729
Investments	1,351	47
Capital reductions	0	-20
Divestitures	-2,085	0
Accumulated acquisition value at year-end	3,022	3,756
Writedowns at the beginning of the year	-789	-687
Writedowns during the year	-29	-102
Accumulated writedowns at year-end	-818	-789
Book value at year-end	2,204	2,967

Parent company and group holdings in affiliated companies.

Parent company Posten AB's direct holdings in affiliated companies	Corporate identity number	Domicile	Share of equity, %	Number of shares	Book value, SEK m
Posten Sverige AB	556451-4148	Stockholm, Sweden	100	25,000	1,141
Postbolagen AB	556234-1353	Stockholm, Sweden	100	25,000	4
Posten Leasing AB	556341-0009	Stockholm, Sweden	100	5,000	10
Posten Logistik AB	556094-0263	Stockholm, Sweden	100	228,330	113
Posten Holdings International AB	556528-1804	Stockholm, Sweden	100	1,000	1
Posten Försäkrings AB	516401-8649	Stockholm, Sweden	100	50,000	50
Posten Reinsurance S.A	54905	Luxemburg, Brussels	99	4,950	13
Posten Brev AB	556451-4114	Stockholm, Sweden	100	2,600	16
Tidningstjänst AB	556039-7480	Stockholm, Sweden	100	7,500	19
Falcon Air AB	556204-3702	Stockholm, Sweden	100	280,000	67
Svensk Adressändring AB	556476-3562	Stockholm, Sweden	85	1,000	1
Posten Express PEX AB	556041-7098	Stockholm, Sweden	100	17,867	4
Posten Kredit AB	556194-3548	Stockholm, Sweden	100	200,000	28
Posten Utrikes AB	556451-4122	Stockholm, Sweden	100	2,000	12
Baltic Logistic System International AB	556203-9221	Stockholm, Sweden	100	10,000	18
Posten PIC AB	556340-9985	Stockholm, Sweden	100	10,000	15
Poståkeriet Sverige AB	556453-7404	Stockholm, Sweden	100	100,500	141
Swedgiro AB	556425-2913	Stockholm, Sweden	100	2,500,000	38
Adresspoint AB	556587-5597	Stockholm, Sweden	60	2,000	5
DPD Finland OY	-	Helsinki, Finland	100	250	157
DSV Parcel Holding A/S	-	Brøndby, Denmark	100	1	339
DPD AS	-	Oslo, Norway	100	10,000	1
Länsdepån AB	556514-5306	Gävle, Sweden	100	90	9
Postgirot Holding BV	-	Amsterdam, the Netherlands	100	200	0
Other Swedish companies			100		2
Total					2,204

NOTES

NOTE 16 Shares in affiliated companies, contd.

Parent company Posten AB's indirect holdings in affiliated companies	Corporate identity number	Domicile	Share of equity, %	Number of shares
Posten Logistik On Line Center AB	556485-4403	Stockholm, Sweden	100	5,000
Säve Cargo Logistik AB	556535-0310	Stockholm, Sweden	100	5,000
Hultberg Inrikes Transporter AB	556042-3203	Stockholm, Sweden	100	52,000
Posten Lättgods AB	556451-4106	Stockholm, Sweden	100	1,500
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
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	1,400
ZAO Armadillo Business Posilka	–	Moscow, Russia	80	119,480
HIT Danmark ApS	–	Copenhagen, Denmark	60	780
Starintex Road Cargo N.V.	–	Gendringen, Netherlands	100	21,000
Gendringen Expeditie B.V.	–	Gendringen, Netherlands	100	80

In addition, Posten has indirect holdings in Swedish and foreign affiliated companies that have been included in the consolidated financial statements, but which have been omitted from the above itemization due to the insignificant size of the holding.

NOTE 17 Long-term receivables from affiliated companies

Parent Company, SEK m	2001	2000
Acquisition value at the beginning of the year	540	958
Future receivables	0	0
Settled receivables	-540	-418
Book value at year-end	0	540

NOTES

NOTE 18 Shares in associated companies

SEK m	Posten Group		Parent Company	
	2001	2000	2001	2000
Acquisition value at the beginning of the year	104	73	86	54
Investments	402	36	402	37
Divestitures	-14	-5	-38	-5
Accumulated acquisition value at year-end	492	104	450	86
Shares in net income at the beginning of the year	-57	-53	-	-
Translation difference	-	1	-	-
Shares in net income for the year	-16	-5	-	-
Accumulated shares in net income at year-end	-73	-57	-	-
Writedowns at the beginning of the year	-	-	-40	-40
Divestments/divestitures	-	-	29	-
Accumulated writedowns at year-end	-	-	-11	-40
Book value at year-end	419	47	439	46

Parent company and group holdings in associated companies:

Parent company Posten AB's direct holdings in associated companies, SEK m	Corporate identity number	Domicile	Number of shares	%	Book value in the group	Book value in the parent company
Nordic Mail AB	556105-4411	Stockholm, Sweden	1,375	50	3	1
Pan Nordic Logistics AB	556546-4939	Stockholm, Sweden	7,334	33.33	22	21
Direct Link (formerly Belgian Mailhouse) HRB	518946	Zaventem, Belgium	500	50	1	20
HOOC House of Commerce AB	556597-7450	Stockholm, Sweden	900	45	3	12
Unidas AB	556601-9971	Stockholm, Sweden	5,000	50	1	0
Tollpost-Globe Holding AS*	984 054 564	Oslo, Norway	5,878	50	385	385
Total					415	439

* Includes SEK 354 million in goodwill.

Parent company Posten AB's indirect holdings in associated companies, SEK m	Domicile	Number of shares	%	Book value in the group	Book value in the owning company
ZAO Armadillo	Moscow, Russia	8	26.7	4	6
Other, Swedish associated companies		0	0		
Total				4	6
Total direct and indirect holdings in associated companies				419	

NOTES

NOTE 19 Bonds and other long-term securities held as fixed assets

SEK m	Posten Group		Parent Company	
	2001	2000	2001	2000
Acquisition value at the beginning of the year	14,296	17,581	3	85
Future assets	1,010	453	–	3
Retired assets	–15,298	–3,738	–3	–85
Accumulated acquisition value at year-end	8	14,296	0	3
Writedowns at the beginning of the year	–6	–6	–	0
Divestments/divestitures	6	–	–	0
Accumulated writedowns at year-end	0	–6	–	0
Book value at year-end	8	14,290	0	3
Market value	8	14,570	0	–

NOTE 20 Deferred tax

Posten Group, SEK m	Balance year-end 2000*	Reported over the income statement	Other	Balance year-end 2001
Untaxed reserves	–68	3	29	–36
The difference between book and fiscal value of machinery and equipment	–211	80	0	–131
Capitalized development expenditures	0	–58	0	–58
Provision for the closure of the Post Office Network	523	–73	0	450
Future losses relating to cashier service operations	659	–73	0	586
Fiscal losses carried forward	0	72	0	72
Provision for conditional pension benefits	305*	6	0	311
Other provisions, etc.	56	19	0	75
Total deferred tax credit	1,264	–24	29	1,269

* Last year's figures have been restated in consideration of the change in accounting principles, see Note 1.

As receivables and liabilities primarily concern items within the same tax jurisdiction, the net amount has been reported as deferred tax credit.

Parent Company, SEK m	Balance year-end 2000	Reported over the income statement	Other	Balance year-end 2001
Fiscal losses carried forward	0	72	0	72
Total deferred tax credit	0	72	0	72

NOTES

NOTE 21 Prepaid expenses and accrued income

SEK m	Posten Group		Parent Company	
	2001	2000	2001	2000
Accrued interest income	30	570	30	1
Accrued commission income	2	62	–	–
Accrued postal fees	163	151	–	–
Prepaid rent	234	105	–	–
Other items	575	509	15	0
Total	1,004	1,397	45	1

NOTE 22 Current investments

The group's current investments total SEK 474 million (50,639) and primarily comprise commercial paper attributable to Posten's liquidity management. Last year, the amount was primarily attributable to investment of Postgirot's funds, which no longer belong to Posten Group.

NOTE 23 Equity

Posten Group, SEK m	Capital stock	Restricted reserves	Non-restricted reserves	Net income for the year	Total
Opening balance	600	188	985	–1,047	726
Impact of the change of accounting principle regarding pension commitments in accordance with the so-called transition provisions*		305	–1,053	–35	–783
Adjusted opening balance	600	493	–68	–1,082	–57
Distribution of income			–1,082	1,082	0
Shifts between restricted and non-restricted reserves	–	200	–200	–	0
Translation difference	–	–	–76	–	–76
Net income for the year	–	–	–	3,432	3,432
Closing balance	600	693	–1,426	3,432	3,299

* Last year's figures have been restated in consideration of the change in accounting principles, see Note 1.

Parent Company, SEK m	Capital stock	Statutory reserve	Retained earnings	Net income for the year	Total
Opening balance	600	120	1,338	749	2,807
Distribution of income			749	–749	0
Group contribution provided, after tax			–289		–289
Net income for the year	–	–	–	854	854
Closing balance	600	120	1,798	854	3,372

Capital stock comprises 600,000 shares with a par value of SEK 1,000.

NOTE 24 Itemization of untaxed reserves

Parent Company, SEK m	Opening balance	Provision/Utilization	Closing balance
Tax allocation reserve	49	0	49

The deferred tax liability in the parent company's untaxed reserves amounts to SEK 14 million (14).

NOTES

NOTE 25 Pension provisions

Swedish Financial Supervisory Authority regulation FFFS 2000:19 has been applied to the calculation of pension commitments.

SEK m	Posten Group			Parent Company	
	2001	2000	Excl. PG Bank 2000	2001	2000
At the end of each year, respectively, the capital value of all pension commitments amounted to	9,677	10,480	9,441	10	8
thereof secured through funds in Posten's Pension Fund	9,434	7,904	7,102		
Secured through the account "Pension Provisions" FPG/SPV pensions	243	2,576	2,339	10	8

Posten's Pension Fund

In the first set of parentheses are last year's figures in accordance with the 2000 Annual Report. Figures in the second set of parentheses are excluding Postgirot.

In 1997, a group-wide pension fund was established to secure all pension commitments earned in the group through 1996. Changed in 2001, the regulations now stipulate that the purpose of the fund is to secure pension commitments for employees of Posten Group. Coincident with the change, the fund was renamed Posten's Pension Fund. At the beginning of the year, provisions allocated to the pension fund related to Posten Sverige AB and Postgirot Bank AB. In March 2001, owing to the pending sale of Postgirot Bank AB, Postgirot Bank's provision was reversed and Postgirot Bank returned to reporting its entire pension liability as a liability with credit insurance.

In November 2001, a debtor change was carried out, whereby the pension liability was shifted from Postfastigheter AB to Posten Sverige AB. The debtor change concerned all pension commitments assumed by Postfastigheter AB on behalf of its employees up until November 30, 2001. Postfastigheter AB paid Posten Sverige an amount equivalent to the capital value of the pension commitments that had been assumed November 30, 2001.

In line with the change in regulations, Posten Sverige AB made a new provision of SEK 2,348 million to the fund in December 2001. During the year, the group made payouts relating to pensions secured by Posten's Pension Fund totaling SEK 352 million (476) (440). A refund was received during the year from Posten's Pension Fund of SEK 366 million (1,079) (1,043). Last year's refund included SEK 588 million relating to the redemption of pension commitments previously secured by Posten's Pension Fund. After deductions for the refund, assets in Posten's Pension Fund had a market value of SEK 10,595 million (9,379) (8,452). The assets exceed the outstanding commitments secured by Posten's Pension Fund by SEK 1,161 million (1,475) (1,350).

Pension liabilities reported as contingent liabilities

The portion of the pension liability relating to commitments conditional upon an employee remaining in the same position at Posten (the so-called transition provisions) has been reported as a liability in the amount

corresponding to the estimated degree of utilization. (See Note 26 and Note 23). Previously, these were reported as contingent liabilities.

The so-called "final responsibility," which has been assumed from the state, is recorded as a contingent liability until benefit payments commence. At the closing day, the final responsibility totals SEK 286 million (289). In 2001, individual early-retirement (before the age of 65) agreements have been reached. The amounts are reported as a liability in conjunction with each individual retirement. The value of the future costs for persons retiring in 2002 and beyond amounts to SEK 19 million (15), of which SEK 0 million (3) is attributable to the parent company.

The company is reporting contingent liabilities for pension commitments not recorded as liabilities of SEK 305 million (3,876), of which SEK 0 million (3) is attributable to the parent company.

In 2000, pension commitments previously secured by Posten's Pension Fund were redeemed. Posten retains indexation and direct integration responsibility for this component whose capital value at December 31, 2001 was SEK 565 million (533). At December 31, 2001, Posten's full indexation responsibility for the so-called transition provisions amounted to SEK 3,575 million, of which SEK 1,111 million (-) is recorded as Other Provisions (see Note 26).

Parent company guaranties

The parent company has provided guaranties for the fulfillment of pension commitments provided by subsidiary Posten Sverige AB for former Postverket employees who at March 1, 1994 were receiving pensions totaling SEK 2,892 million (3,356) (3,053). Corresponding commitments are secured by Posten's Pension Fund and are therefore not recorded in the group as liabilities. Thus, the group also reports this guaranty commitment.

The parent company has also provided a guaranty for the "final responsibility" assumed by Posten Sverige AB of SEK 286 million (289) at the 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, as contingent liabilities in the subsidiaries of SEK 6,732 million (6,294). The parent company's total guaranty commitment therefore amounts to SEK 9,910 million (9,939).

NOTES

NOTE 26 Other provisions

Posten Group, SEK m	2001	2000
Provisions for occupational injury commitments	152	168
Provisions for future conditional pension benefits	1,111	1,088*
Provisions for closures within the Posten-operated Post Office network	1,607	1,867
Provisions for future losses relating to cashier service operation	2,093	2,353
Other provisions	286	159
Total	5,249	5,635

* Last year's figures have been restated in consideration of the change in accounting principles, see Note 1 as well as Note 20.

Provisions for estimated future conditional pension benefits

Previously reported as contingent liabilities, pension commitments relating to the so-called transition provisions have now been reported by Posten AB as liabilities. In accordance with recommendation RR 5, this requires a change in the accounting principle. In conjunction with the privatization of the company, Posten AB and its subsidiaries assumed these pension commitments from the state. An investigation was conducted during the year to determine the provision amount. The degree of utilization in previous years has been factored into the basis for the provision. Between 1998 and 2001, the degree of utilization averaged 21 percent.

The amounts have been recorded as liabilities at 25 percent of the total outstanding commitment, plus special payroll tax. As with the provision for the occupational injury commitment, the amounts have been entered directly against equity. Comparative numbers and results from previous years have been restated, burdening 2000 equity with the 2000 opening balance percentage of debt (25 percent) and the percentage of the change in debt during 2000. This has resulted in restated results for 2000. The impact on opening balance equity and deferred tax is indicated in Note 23 Equity and Note 12 Tax on net income for the year. Additional information is available under Note 1.

Provisions relating to future losses in cashier service operation

The Swedish government has mandated Posten to provide routine cashier service. In the event this operation is unable to bear its costs, a provision shall be made for the estimated losses. In sparsely populated areas, where there are no alternatives to Posten, losses amount to approximately SEK 400 million per year. Posten expects to recover these losses through state subsidies.

At the beginning of 2002, the Swedish Parliament earmarked SEK 400 million for cashier service in 2002 (previously SEK 200 million per year). No decisions have been made regarding 2003 and beyond. The EU Commission is currently examining whether the funding conforms to EU subsidy guidelines. In calculating total future losses, subsidies of SEK 200 million have been assumed.

Provisions for closures within the Posten-operated Post Office network

In 1999, Posten made a provision of SEK 2,100 million for costs attributable to closures within the Post Office Network. SEK 1,607 million of this reserve remains in the 2001 financial statements. The sum is designated primarily for costs associated with staff downsizing and premises that cannot be utilized.

NOTE 27 Interest-bearing liabilities

SEK 412 million (445) of the group's interest-bearing liabilities mature later than five years from the closing day.

SEK m	Posten Group		Parent Company	
	2001	2000	2001	2000
Long-term interest-bearing liabilities				
MTN program	–	500	–	500
Other long-term liabilities	636	649	–	–
Total	636	1,149	–	500
Current interest-bearing liabilities				
MTN program	1,078	–	1,078	–
Commercial paper program	489	1,157	489	1,157
Other current liabilities	1,395	829	–	–
Total	2,962	1,986	1,567	1,157

The commercial paper and MTN programs have frameworks of SEK 2,000 million and SEK 3,000 million, respectively. In addition, the company has credit agreements totaling SEK 1,000 million (SEK 0 million unutilized).

NOTES

NOTE 28 Pledged assets for own liabilities

SEK m	Posten Group		Parent Company	
	2001	2000	2001	2000
Liabilities to credit institutions				
Bonds	–	6,814	–	–
Other long-term liabilities				
Capital insurance policies	54	39	10	8
Total	54	6,853	10	8

NOTE 29 Accrued expenses and deferred income

SEK m	Posten Group		Parent Company	
	2001	2000	2001	2000
Reserve for sold but unutilized stamps	105	91	–	–
Accrued payroll costs	320	435	1	0
Vacation pay liability	574	604	0	0
Social security costs	393	495	0	0
Severance pay reserves	8	17	–	–
Accrued interest expense	41	246	41	11
Deferred commission income	0	30	–	–
Other items	517	550	56	23
Total	1,958	2,468	98	34

NOTE 30 Other contingent liabilities

Posten Group, SEK m	2001	2000
Responsibility for liabilities in part-owned general and limited partnerships	–	95
Guaranties	296	693
Redemption of shares	–	14
Other guaranty commitments	–	9
Total	296	811

NOTE 31 Interest paid/received

Included in the cash flow provided by continuing operations is interest that has been paid and received (see below). (The figures comprise interest payments excluding Postgirot Bank.)

SEK m	Posten Group		Parent Company	
	2001	2000	2001	2000
Interest received	169	150	286	237
Interest paid	–224	–199	–367	–190

NOTES

NOTE 32 Acquisition/divestment of affiliated companies

Posten Group, SEK m	2001	2000
Fixed assets	12,244	-70
Receivables	3,624	-9
Liquid funds	27,856	-4
Financial liabilities	-38,936	70
Other liabilities and provisions	-3,061	12
Capital gain on divested affiliated companies	2,989	-
Purchase price paid/received	4,716	-1
Liquid funds in acquired affiliated companies	15	4
Liquid funds in divested affiliated companies	-27,872	-
Net effect on cash flow	-23,141	3

NOTE 33 Liquid funds

In addition to cash and bank balances, securities under the heading short-term investments are included in liquid funds. Investments that mature in less than 90 days are also included in Cash and bank balances.

Posten Group, SEK m	2001	2000
Cash and bank balances	6,603	3,700
Short-term investments	474	50,639
Liquid funds according to the balance sheet	7,077	54,339
Less: Short-term shareholdings	-	-31
Liabilities for repurchase agreements and overnight loans in Postgirot's operations	-	-16,608
Fixed lending by Postgirot	-	-11,681
Liquid funds according to the statement of cash flows	7,077	26,019

Proposed distribution of earnings

The group's non-restricted equity amounts to SEK 2,006 million. It has been proposed that SEK 0 million be transferred to restricted reserves.

The following earnings held by the parent company are at the disposal of the Annual General Meeting:

	SEK
Retained earnings	1,798,754,423
Net income for the year	853,978,000
	<u>2,652,732,423</u>

The Board of Directors and CEO propose that the entire amount be retained.

Stockholm, March 26, 2002

Göte Bernhardsson
Chairman

Annette Brodin Rampe

Jonas Iversen

Jan Kvarnström

Sören Lekberg

Ulla Litzén

Curt Malmberg

Ulf Spång

Åke Kihlberg

Alf Mellström

Kjell Strömbäck

Lennart Grabe
President and CEO

Our auditors' report was submitted March 26, 2002.

Stefan Holmström
Authorized Public Accountant
KPMG

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

Auditors' report

**To the Annual General Meeting of Shareholders of Posten AB (publ)
Corporate identity number 556128-6559**

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the president and CEO of Posten AB (publ) for the year 2001. These accounts and the administration of the company are the responsibility of the board of directors and the managing director. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and, thereby, give a true and fair view of the company's and the group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden.

We recommend to the general meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit (loss) of the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Stockholm, March 26, 2002

Stefan Holmström
Authorized Public Accountant
KPMG

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

The Board of Directors



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



Annette Brodin Rampe. Born 1962
President of Senea AB. Board member since April 2000. Board member of Peab AB, Ruter Dam, Vattenfall AB, and Senea AB.



Lennart Grabe. Born 1946
President and CEO of Posten AB (publ). Board member since April 1999. Board member of Comintel AB and i3 micro technology AB.



Jonas Iversen. Born 1965
Deputy assistant under-secretary at the Ministry of Industry, Employment, and Communications. Board member since April 2001. Board member of Lernia AB and Samhall AB.



Åke Kihlberg. Born 1944
Employee representative appointed by the Swedish Union of Service and Communication Employees, SEKO. Board member since May 1995. Posten employee since 1964.



Jan Kvarnström. Born 1948
Board member since April 2001. Chairman of Castellum AB and vice-Chairman Of Swedcarrier. Board member of Nobel Biocare AB, Biora AB, Geveke BV, and Teraklin AB.

Activities of the Board of Directors during 2001

The Board of Directors of Posten AB (publ) comprises nine members appointed by the Annual General Meeting, as well as three members and three deputy members appointed by the employees. Board member Karin Strömberg stepped down in August 2001. The deputy members are Carina Holm of the Swedish Federation of Civil Servants within Posten, Björn Nyström of the Federation of Salaried Employees in Industry and Services within Posten, and Ann-Marie Ross of the Swedish Union of Service and Communication Employees, SEKO.

The Annual General Meeting of shareholders of Posten AB (publ) was held April 26, 2001.

In 2001, the board held nine meetings at which minutes were kept. The board authorized the sale of Postfastigheter AB and Postgirot Bank AB, as well as a reduced shareholding in

Svenska Torget AB. In addition, the board moved to acquire companies active in parcel and system transport fields, and to pursue a partnership with La Poste. The board has maintained an ongoing dialog with the owner regarding cashier service subsidies. A decision was taken to improve the efficiency of the administration by 25 percent by the end of 2004. The board has appointed an internal subcommittee on remuneration to set principles for the salaries, benefits, pensions, bonus models, and shareholdings of senior executives. The committee comprises Chairman Göte Bernhardsson, Annette Brodin Rampe, Sören Lekberg, and Ulf Spång. In accordance with the Rules of Procedure, the board has addressed the annual report, strategic matters, semi-annual report, business plan and business objectives, employment terms and conditions, benefits for senior executives, and other matters.



Sören Lekberg. Born 1946
Member of Parliament (Social Democratic Party).
Board member since April 2000. Board member of
Södertörn University.



Ulla Litzén. Born 1956
Managing Director of the Wallenberg Funds. Board
member since April 2001. Board member of AB SKF
and Atlas Copco AB.



Curt Malmberg. Born 1951
Under-secretary of state at the Ministry of Finance.
Board member since April 2001.



Alf Mellström. Born 1956
Employee representative appointed by the Swedish
Union of Service and Communication Employees,
SEKO. Board member since April 2001. Posten
employee since 1978.



Ulf Spång. Born 1948
Executive Vice President of Försäkringsbolaget
Skandia (publ). Board member since June 1998.
Board member of Industriförvaltnings AB Kinnevik,
John Mattssons Fastighets AB, and Hogia AB.



Kjell Strömbäck. Born 1950
Employee representative appointed by the Swedish
Federation of Civil Servants within Posten. Board
member since June 1999. Posten employee since 1968.

Executive Management



Lennart Grabe. Born 1946
President and Chief Executive Officer of Posten AB (publ) since 1999. Member of Posten AB's board since April 1999. Executive Committee member.



Bo Alerfeldt. Born 1946
Executive Vice President and Head of Production and corporate management function Process Quality, Environment, Security, and Purchasing.



Peter Dahlén. Born 1956
Senior Vice President and Head of Administrative Communication.



Mats Engstrand. Born 1964
CIO, Chief Information Officer.



Susanne Flyckt. Born 1966
Senior Vice President and Head of Outsourcing.



Lisbeth Gustafsson. Born 1947
Senior Vice President and Head of Sales.



Inger Holmström. Born 1948
Senior Vice President and Head of corporate management function Communication.



Patrik Högborg. Born 1968
Senior Vice President and Head of Cashier Service.



Maivor Isaksson. Born 1948
Senior Vice President and Head of the Service Network.



Agne Pettersson. Born 1953
Executive Vice President and CFO. Executive
Committee member.



Ingemar Persson. Born 1951
Senior Vice President and Head of business unit
Market Communication. On March 19, 2002, Ingemar
Persson becomes Executive Vice President and an
Executive Committee member.



Anne-Christine Silferstolpe Nordin. Born 1950
Senior Vice President and Head of corporate
management function Human Resources.



Björn Sjöström. Born 1958
Senior Vice President and Head of eCommerce
& Logistics.



Pär Thunström. Born 1957
Senior Vice President and Head of Individual.



Lars Vesterlund. Born 1946
Senior Vice President and Head of International Mail.



Börge Österholm. Born 1942
Executive Vice President since 1994. Executive
Committee member.

Five-year summary

Posten Group excl. Postgirot

	2001	2000	1999	1998	1997
INCOME, SEK m					
Operating income	23,470	22,339	21,937	22,024	21,181
Operating expenses	-21,163	-23,336	-25,044	-20,296	-19,261
Depreciations/writedowns	-887	-959	-960	-928	-1,010
Operating earnings	1,420	-1,956	-4,067	800	910
Net income for the year ¹	2,994	-1,525	-2,803	649	588
BALANCE SHEET, SEK m					
Fixed assets	5,935	9,072	8,278	7,731	9,068
Current assets excl. liquid funds	4,299	3,627	3,362	3,434	2,844
Liquid funds	7,077	3,357	2,933	2,683	5,913
Total assets	17,311	16,056	14,573	13,848	17,824
Equity	3,299	-57	1,777	4,772	4,017
Minority interest	4	4	2	-	-
Provisions	5,492	7,969	4,299	1,702	6,689
Long-term liabilities	708	1,207	770	969	469
Current liabilities	7,808	6,933	7,725	6,405	6,649
Total equity and liabilities	17,311	16,056	14,573	13,848	17,824
KEY DATA, %					
Profit margin ²	7.6	neg	neg	4.7	6.0
Return on equity ³	136.6	neg	neg	15.2	15.4
Debt-equity ratio	19.1	neg	12.2	34.5	22.5
EMPLOYEES					
Average number of employees	39,466	39,335	39,381	39,475	39,936

¹ Postgirot's share of net income is not included in net income for the year.

² The definition of profit margin has changed. Computed as operating earnings plus financial income.

³ Average equity for each year, respectively, has been computed as the mean of opening and closing balance equity.

Definitions

Profit margin

Operating earnings plus financial income as a percentage of net sales.

Return on equity

Net income as a percentage of average equity.

Net income is income after financial items less standard tax.

Average equity is the average between opening and closing balance equity.

Debt-equity ratio

Equity including minority interests as a percentage of total assets.

Average number of employees

Computed by dividing the total number of paid hours by the number of hours normally worked by a full-time employee.

Customer Satisfaction Index (CSI)

CSI is a performance indicator that evaluates Posten's success in achieving its "satisfied customer" target. Targeting business

and private customers, 2,000 measurements are taken and audited on an ongoing basis throughout the year. Fourth-quarter results are counted as full-year results and compared to the articulated targets. Every unit with customer responsibility sets target, which are followed up using the CSI. The method indicates areas where improvement can enhance customer satisfaction. The results also provide Posten with an itemized customer scorecard, as well as a comprehensive quality assessment.

ViP Index

The ViP index is a performance indicator that evaluates Posten's success in achieving its "dedicated employee" target. Measurements are taken on an ongoing basis throughout the year through employee surveys. At least once a year, employees are given an opportunity to respond to questions regarding their relationships to their immediate supervisors and advancement opportunities, as well as to discuss their overall working situation.

Glossary

BREVe (LETTERe)

Converts physical mail to electronic computer files.

Crossdocking

On behalf of customers, Posten takes delivery of goods from various suppliers in Sweden and abroad, divides the goods according to the intended customer, packages and sends the goods, and manages the administrative routines involved, such as invoice management.

Customer Contact Center

Contact Center is one of Posten's sales channels and has approximately 400 employees. Contact Center is tasked with both selling and providing service to our customers and to provide support to strategic partners and the service network. It is also responsible for Posten's main switchboard.

Direct Link

Swedish Posten and Danish Posten each own 50% of Direct Link. The company is active in international mail distribution on three continents: the US, Europe, and Asia.

eBrev (eLetter)

Posten prints, inserts, applies postage, and delivers bulk mailings received electronically from customers.

eGovernment

Aims to achieve a 24-hour link between citizens and government agencies via the Internet, among other things.

eCommerce

Electronic commerce, such as orders and deliveries made over the Internet.

ePostboxen (eMailbox)

ePostboxen is like an ordinary mailbox for ordinary mail, except that mail is delivered directly to your computer. You can channel mail you want collected electronically to ePostboxen, such as bills, account statements, or daycare information. It is now possible to decide which messages you want delivered electronically, and which you would rather have delivered to your doorstep.

eSkicka (eSend)

eSkicka is the name of the underlying message-forwarding solution for mailers. It is also the name of the entire project that has developed the new infrastructure and the four new services: eSkicka for mailers (companies and government agencies), ePostboxen for recipients (initially solely for private citizens), ePostkurir (secure e-mail), and eBlanketter (electronic form flows). eSkicka enables companies to send pay slips, invoices, catalogs and other messages to Posten, which delivers the mailpieces to recipients according to the profile they have selected in ePostboxen. Customers achieve more effective mail

management, while improving the service they provide to their customers.

ISO 14001

ISO 14001 is the standard for assessing quality in environmental management.

ISO 9001

ISO 9001 is the international standard for assessing quality systems.

Key Account Managers, KAM

Key Account Managers are responsible for one or more of Posten's largest customers.

Leadership Academy

The Leadership Academy is a forum for continual leadership training. The academy's target group comprises current and future executives, as well as younger employees possessing the potential to grow within the organization.

Employee Contract

An important part of Posten's vision concerns dedication on the part of managers and subordinates. The collegial environment is concretized through an employee contract, which is a tool for developing and following up managers' and subordinates' mutual agreements.

Medium Term Note (MTN)

An MTN is a bond loan.

Neighborhood Service

Posten manages business mail along all points, from delivering the daily mail, to on-site distribution, to franking and picking up outgoing mail.

Outsourcing

The business unit that offers outsourcing of messaging and logistics services, which replace and enhance the value in customers' internal processes.

Posten Future Perfect

Tasked with providing support to and bolstering the employability of employees that can no longer remain at Posten.

Posten Fresh Start

A program tasked with developing preventative health initiatives, which lead to better health, a positive work environment, and lower illness-absenteeism.

Tomtebodan, Stockholm

A parcel and letter mail terminal, as well as the site of Posten's corporate management and several business units. This will also be the site of Posten's new headquarters.

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“Posten connects people around the world by delivering correspondence and merchandise – physical or electronic – promptly, reliably and cost-effectively.

Posten creates added value by combining the relevance of hardcopy mail with the convenience of electronic services, and by integrating these services into our customers’ businesses.”

POSTEN'S BUSINESS IDEA

