

## Background

Both companies are facing the three-fold challenge of globalization, electronic substitution and increasing competition. Consequently, efficient, large scale and industrially sound operations are required to be able to offer competitive services to enterprise customers, which constitute the back-bone of both businesses. In order to be able to face global competitors, scale is required which renders enough strength to be able to develop the cross-border communication and logistics solutions that enterprise customers demand.

The objective of the merged company is to, based on an industrially sound foundation, create a player with the right prerequisites to continue developing a first class mail and parcel delivery business which creates a competitive alternative for enterprise customers regarding deliveries to, from and within the Nordics. Together the companies create a more competitive player which can fulfill requirements from customers, owners and employees on an increasingly competitive Nordic market and on a deregulated European postal market as well as enable a long-term protection of each respective service obligation.

The merger creates a joint company with a significant common perspective, however, there are some differences between the companies regarding concessions, ownership, deregulation and organization:

- Denmark has requirements of deliveries 6 days a week whilst Sweden only has got 5 days a week,
- Post Danmark has been privatized since 2005, as CVC Capital Partners acquired 22% in the company whilst Posten is wholly owned by the Swedish state,
- Posten's total revenue is exposed to competition, whilst only 2/3 of Post Danmark's revenue is exposed to competition, and
- Posten's organization structure is based on independent subsidiaries, whilst Post Danmark's organization consists of several division within the same company

The companies' income statement, balance sheets and key ratios are summarized below:

<b>Posten AB</b>				<b>Post Danmark A/S</b>				<b>Unaudited Pro Forma</b>	
<i>SEK millions</i>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<i>SEK millions</i>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<i>SEK millions</i>	<b>2007</b>
Revenues	30,132	28,036	25,581	Revenues	15,309	14,209	14,425	Revenues	45,441
Staff costs	-13,169	-12,917	-12,244	Staff costs	-8,753	-8,152	-8,363	Staff costs	-21,922
Other expenses	-13,910	-12,658	-10,786	Other expenses	-4,724	-4,052	-3,943	Other expenses	-18,634
EBITDA	3,053	2,461	2,551	EBITDA	1,832	2,004	2,119	EBITDA	4,885
Depreciation	-1,058	-1,019	-1,270	Depreciation	-758	-713	-705	Depreciation	-1,816
EBIT	1,995	1,442	1,281	EBIT	1,075	1,291	1,415	EBIT	3,070
Net financial income	189	136	21	Net financial income	67	148	-115	Net financial income	256
Profit before tax	2,184	1,578	1,302	Profit before tax	1,142	1,439	1,300	Profit before tax	3,326
Tax	-620	-565	176	Tax	-238	-358	-371	Tax	-858
Net profit	1,564	1,013	1,478	Net profit	903	1,082	929	Net profit	2,467
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<i>SEK millions</i>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<i>SEK millions</i>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<i>SEK millions</i>	<b>2007</b>
Non current assets	9,193	8,914	6,876	Non current assets	6,752	6,577	6,179	Non current assets	15,945
Current assets	9,779	8,675	8,676	Current assets	3,139	2,744	2,662	Current assets	12,918
Total assets	18,972	17,589	15,552	Total assets	9,891	9,321	8,841	Total assets	28,863
Equity	7,057	5,831	5,068	Equity	3,512	3,312	3,110	Equity	10,569
Non current liabilities	3,866	5,083	4,781	Non current liabilities	2,267	2,437	2,139	Non current liabilities	6,133
Current liabilities	8,049	6,675	5,703	Current liabilities	4,112	3,572	3,592	Current liabilities	12,161
Total equity and liabilities	18,972	17,589	15,552	Total equity and liabilities	9,891	9,321	8,841	Total equity and liabilities	28,863
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<i>Key ratios</i>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<i>Key ratios</i>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<i>Key ratios</i>	<b>2007</b>
EBIT margin (%)	7%	5%	5%	EBIT margin (%)	7%	9%	10%	EBIT margin (%)	7%
Return on equity (%)	24%	19%	34%	Return on equity (%)	26%	34%	30%	Return on equity (%)	25%
Solvency (%)	37%	33%	33%	Solvency (%)	36%	36%	35%	Solvency (%)	37%

Note: Figures recalculated to SEK based on the official rates for each year

Note: These figures are only a simple addition done for illustrative purposes. No adjustments have been made for one-time dividend.