

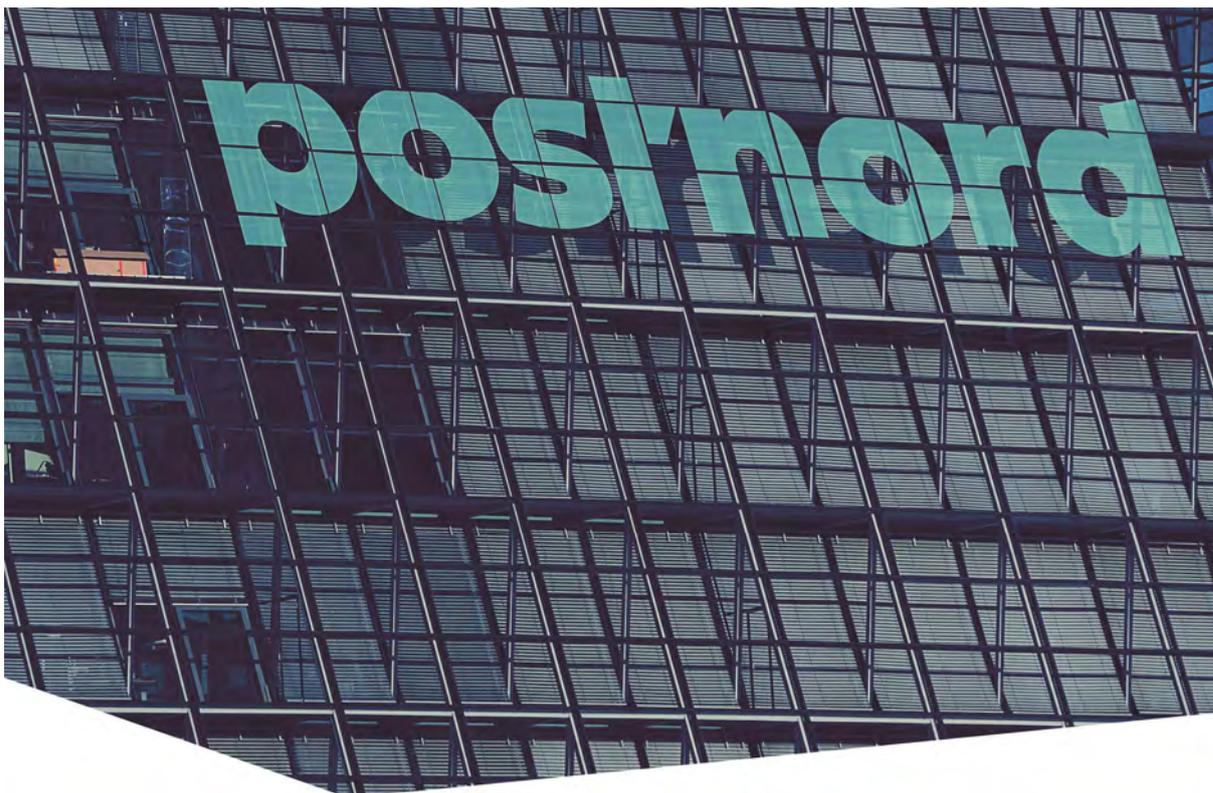


Annual Report

with Sustainability Report

2011

postnord



The Board of Directors and the CEO hereby submit the Annual Report and consolidated financial statements for PostNord AB, renamed from Posten Norden AB on May 17, 2011, for financial year 2011. The company's corporate identity number is 556771-2640.

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PostNord – with you all the way

We distribute 27 million letters, nearly 400,000 parcels and 11,000 pallets of goods to 25 million Nordic residents and two million companies – every business day. All year long, around the clock, we work to assist our customers with world-class communication and logistics solutions – reliable, accessible and effective solutions that sharpen our customers' competitive edge.

PostNord has made a long journey, one that has taken many years. Back then, we were two separate national postal companies. Today, we are a leader within our business operations in the Nordic region, and we operate on liberalized markets. We are now taking the next step – we are developing our business and our offer to meet the demand for communication services and to grow in the Nordic logistics market. The journey continues.

PostNord in brief

- PostNord AB, formerly Posten Norden AB, was formed through the merger of Post Danmark A/S and Posten AB in 2009.
- We offer communication and logistics solutions to, from and within the Nordic region.
- In 2011 PostNord had net sales of approximately SEK 39 billion and over 40,000 employees.
- The parent company, PostNord AB, which owns Post Danmark A/S and Posten AB, is a Swedish public company owned 40% by the Danish state and 60% by the Swedish state. Votes are allocated 50/50 between the owners.
- Operating activities are run in business area Breve Danmark, business area Meddelande Sverige, business area Logistics and Strålfors.

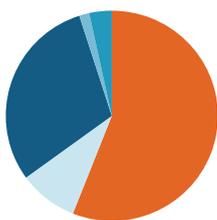
PostNord is:

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

Market presence

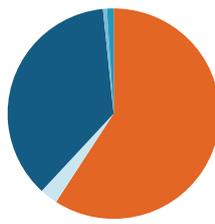
PostNord offers mail and advertising services in Sweden and Denmark and logistics services for flows to, from and within the Nordic region. Through Strålfors, the group offers information logistics services throughout the Nordic region and in a number of other European countries.

Net sales 2011



■ Sweden, 56%
■ Norway, 9%
■ Denmark, 30%
■ Finland, 2%
■ Other countries, 3%

Average number of employees 2011

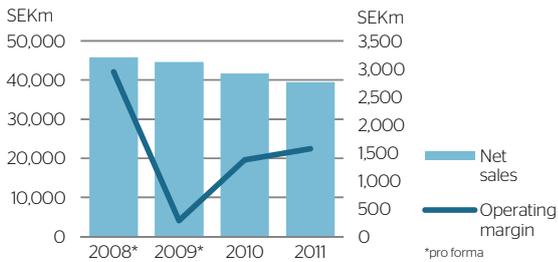


■ Sweden, 59%
■ Norway, 3%
■ Denmark, 36%
■ Finland, 1%
■ Other countries, 1%

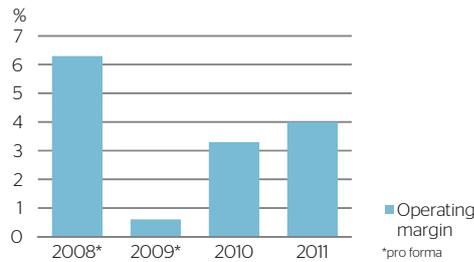
PostNord's performance in 2011

- Net sales totaled SEK 39,466m (41,669).
- Operating profit (EBIT) totaled SEK 1,571m (1,375).
- Net profit totaled SEK 1,225m (1,031).
- Operating margin (EBIT) was 4.0 (3.3) %.
- The Board proposes a dividend of SEK 368m (1,000).

Net sales and operating profit



Operating margin



Business operations

Business area Breve Danmark (mail)



Breve Danmark delivers distribution solutions in the Danish communication market. Read more about business area Breve Danmark on pages 30-32.

Business area Meddelande Sverige (mail)



Meddelande Sverige delivers distribution solutions in the Swedish communication market. Read more about business area Meddelande Sverige on pages 33-35.

Business area Logistics



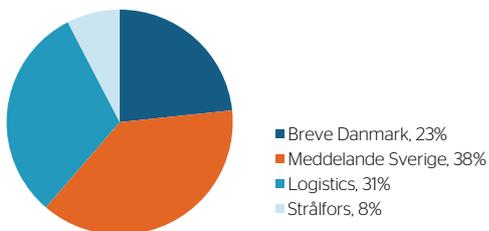
Through business area Logistics, PostNord is a leading operator on the Nordic logistics market, offering a Nordic-wide distribution network. Read more about business area Logistics on pages 36-38.

Strålfors

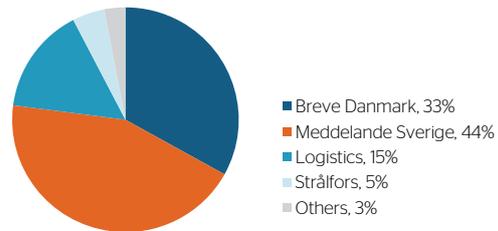


Strålfors develops, produces and delivers systems, services and products for efficient business communication. Read more about Strålfors on pages 39-40.

External net sales



Average number of employees



Message from the President and CEO

PostNord reported satisfactory results for 2011 given the challenging market situation. During the year, the group adopted a new strategic direction that involves the repositioning of the group for the future.

Challenging market conditions

After the start of 2011, which was economically strong in Sweden though weaker in Denmark, it gradually became evident that the debt crises in the euro zone and the problems in the US were so extensive that global growth would be impaired.

For PostNord, the 2011 trend was also marked by structural changes with decreasing mail volumes. Mail volumes fell a full 12 percent in Denmark during the year, mainly as a result of competition from digital communication alternatives. In Sweden, mail volumes fell over 3 percent.

A paradigm shift is ongoing that we must respond to, just as all other postal companies throughout the world must do. Due to the growing number of available forms of communication and the prevalence of digitization, we expect mail volumes to continue their sharp decline in coming years.

“ The new corporate strategy involves the repositioning of PostNord to meet communication market demands and to grow in the Nordic logistics market.

Our societies will always have significant needs for physical distribution, though the level of long-term, sustainable demand remains to be seen. We predict that 2012 mail volumes will fall approximately 5 percent in Sweden and that mail volumes in Denmark will follow the 2011 trend - that is, fall approximately 12 percent.

The volume trend represents a significant change of conditions for our business. The changes that will be needed to adapt the operations to market trends will impact many people. But they will also open up new structures as well as business and growth opportunities.

Improved results

PostNord reported satisfactory results for 2011 given the market trend. Net sales were down 5 percent. The market trend was met with continued and successful cost adjustments and ongoing streamlining activities. We reduced our operating expenses by a total of 2.2 billion kronor during the year.

The average number of employees was reduced by 2,300 during the year.



During the fall, PostNord adopted a cost reduction program that will reduce the group's central administrative expenses by one billion kronor, over and above cost cuts that will be made in the business operations. The cost reduction program is aimed at streamlining administrative processes and reducing the cost of administrative resources within group functions, business operations, IT and purchasing.

We reduced the group's carbon dioxide emissions by 7 percent during the year. This represents another big step forward in our ambitious goal to reduce CO₂ emissions by 40 percent between 2009 and 2020.

Although the operating margin increased somewhat during the year, underlying profitability is under intense pressure and there is a great need to adapt PostNord's operations in coming years. Economic development for 2012 is also highly uncertain.

New direction for PostNord

PostNord adopted a new corporate strategy for group development for the period up to 2015. The new corporate strategy involves the repositioning of PostNord to meet communication market demands and to grow in the Nordic logistics market.

We will make major changes to and significant investments in mail business production facilities to improve flexibility, efficiency and profitability, thereby improving our ability to deliver service and quality in accordance with the requirements under which we operate. It is also essential for us to maintain a dialogue with the community and legislators regarding ways in which these requirements should be designed in the future in order to promote efficient, profitable future mail businesses that provide good service.

In the logistics market, we will expand the business profitably – organically and through potential acquisition – to further broaden our offer and take the position as the Nordic market leader.

Growth and profitability

The objectives of the strategy are, firstly, to facilitate PostNord's continued compliance with the rationale of the merger between the Swedish Posten AB and the Danish Post Danmark A/S. The second objective is to generate increased value within the group through growth, improved profitability and the more efficient utilization of capital. Thirdly, the group will lay the groundwork for an IPO and prepare for possible owner decisions in this regard. This involves factors such as improving the profitability of the mail businesses and establishing a clear growth agenda for the logistics business, as well as good future distribution capacity and a well-adapted capital structure. Finally, PostNord will create a more closely connected, coordinated and efficient group which, through improved operational management and governance, is able to take full advantage of its size and market position.

We are proud of being the mail operator for all of Denmark and all of Sweden. We have deep roots in these societies, and it is essential that we maintain our ability to deliver high quality universal postal services to customers and mail recipients.

2012 – a year of change

The strategy involves major changes to and restructuring of our operations, the majority of which will be implemented in

2012 and 2013. These efforts will entail large-scale investments as well as significant non-recurring restructuring costs that will burden the group's 2012 and 2013 results. The changes also give rise to capital requirements for investments and growth measures that will be partially met by altering the capital structure through increased indebtedness.

A fundamentally strong business

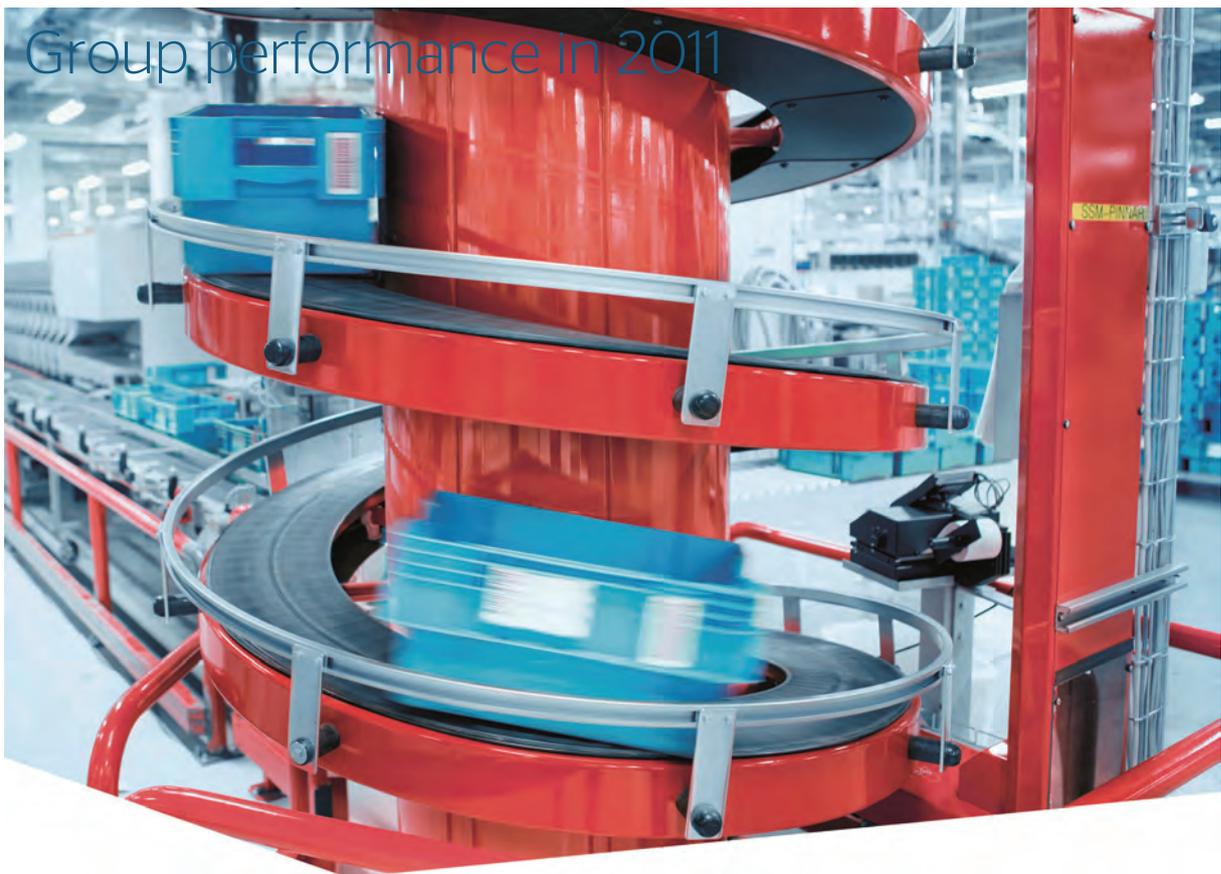
The changes we are implementing are being made from a relatively strong position. The mail business is essentially attractive in terms of cash flows. Although we are faced with tough competition, we are experienced in cost management and have been able to successfully meet market trends. We hold a favorable position in the Nordic logistics market and have an attractive offer that presents excellent opportunities for further growth in a growing market. PostNord also has a strong financial position, and this enables us to implement crucial changes to our operations.

Delivery quality is a key competitive factor in our industry. PostNord holds an extremely strong position in this regard, both domestically and internationally. The same applies to the accessibility of our services.

As a result of the changes we implement within the group based on our new strategic direction, we will become a stronger company with a more balanced business portfolio – a company that has successfully adapted and developed its operations before the rest of the industry has managed to work out the necessary changes. PostNord will emerge as a more flexible and innovative company, one that continues to deliver world-class service and quality.

Solna, February 2012

Lars Idermark
President and CEO

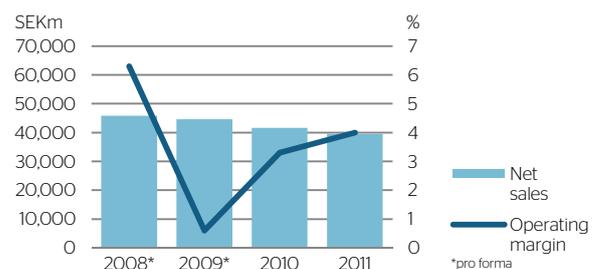


Progress and highlights

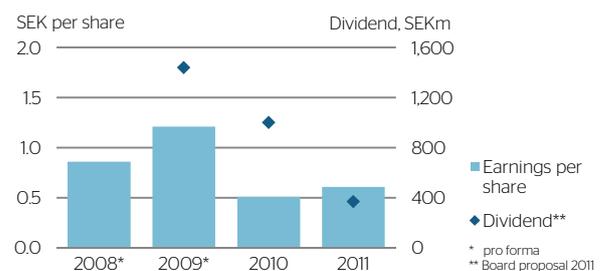
Progress in 2011

- Adoption of a new corporate strategy, appointment of a new group management and an executive team and establishment of new governance methods for the group.
- Launch of cost reduction program totaling SEK 1 bn in reduced administrative costs by the end of 2012.
- Successful management of dramatic drop in mail volumes - group operating margin was 4.0%.
- Continued integration of the group - implementation of group-wide stamp and IT operations.
- Strengthened partner outlet network in Sweden through new agreements with supermarket chains and finalization of other changes in production structure.
- Extensive changes made to the offer in Denmark in accordance with new postal legislation.
- Began establishment of new terminal structure in Sweden.

Net sales and operating margin

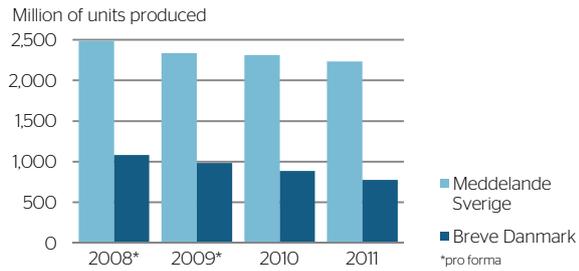


Earnings per share and dividends

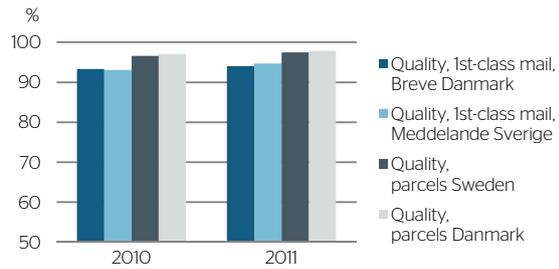


- Improved delivery quality for letters and parcels.
- Completed acquisitions for business area Logistics in Sweden and Norway.
- Continued strengthening of logistics offer in Nordic region - establishment of pan-Nordic parcel and pallet services and addition of another 122 distribution points.
- Streamlining of Strålfors business - sale of Identification Solutions division.
- Carbon dioxide emissions reduced by 7% during the year.
- Distribution of SEK 1 bn dividend to shareholders.

Mail volumes



Delivery quality



2011 highlights

- 1 JAN** New postal legislation enacted in Denmark. Under the new law, the market will be liberalized and the universal service obligation secured.
- 19 JAN** The group announces its signing of a framework agreement with ICA, Coop and Axfood for expanded partner outlet collaboration in Sweden.
- 3 FEB** The group announces the signing of new agreements with Volvo Cars and Volvo Parts for the delivery of spare parts to garages and retailers.
- 1 MAR** Lars Idermark succeeds Lars G Nordström as President and CEO.
- 24 MAR** The group announces the signing of a new four-year framework agreement with 70 municipalities, six county councils and several municipal companies in Sweden for the provision of services including parcel, pallet and express delivery.
- 1 APR** Post Danmark A/S introduces a new, more differentiated pricing system for various franking formats in accordance with the new Postal Services Act. In connection with this, Post Danmark also introduces changes to improve accessibility for corporate customers, including the option of mailing non-priority items by dropping them directly in the mailbox. Post Danmark also launches Mobilporto, postage via text message on this date.

- 15 APR** Posten Norden AB holds its annual general meeting. The AGM resolves, among other things, to distribute a dividend of SEK 1 bn and to reelect all board members. The AGM also adopts economic targets for the group and resolves to change the company's business name to PostNord AB, a change that was made effective as of May 17, 2011.
- 18 MAY** Post Nord announces the signing of an agreement with Eek Holding AS for the cash acquisition of Eek Transport AS. Eek Transport is among the ten largest suppliers of transport and logistics services in Norway. The acquisition was concluded on July 1, 2011.
- 23 MAY** The group announces the coordination of stamp operations. Stamp production and distribution will be done in Stockholm and customer service will be run from Copenhagen. Stamp motif selection and stamp design remain within the purview of each country.
- 30 JUN** Post Nord announces its signing of an agreement with Nordstjernen Industriutveckling AB for the acquisition of Nils Hansson Logistics AB. The acquisition, finalized on September 1, 2011, complements PostNord with leading expertise in vehicle-based shipping.

1
JUL

PostNord launches the market's first pan-Nordic parcel and pallet services.

1
AUG

The Strålfors Identification Solutions division is no longer included in Strålfors's accounts as of this date due to the divestment of the division.

24
AUG

Posten AB and Google expand their joint direct marketing project when Posten AB becomes the first authorized retailer of Google AdWords in the Nordic region.

30
AUG

PostNord announces that a special cost reduction program will reduce the group's administrative costs by approximately SEK 1 bn by the end of 2012. The group also announces its acquisition of the remaining shares in the logistics company Transportgruppen A/S, one of Denmark's largest national pallet and cargo distributors.

30
SEP

Post Danmark A/S announces price increases in areas including B2C parcels and overseas letters and parcels, effective as of January 1, 2012.

14
OCT

The Swedish Post and Telecom Agency (PTS) announces its decision on new licensing requirements for Posten AB. The new requirements took effect as of October 15, 2011. Posten has appealed the PTS decision on licensing requirements to the Administrative Court in Stockholm.

27
OCT

Posten AB's signs a framework agreement with the Swedish state for letter and parcel delivery, valued at SEK 800m. The agreement supersedes a previous framework agreement.

1
NOV

Mats Lönnqvist assumes the post of Executive Vice President and CFO at PostNord.

9
DEC

PostNord announces the group's signing of an agreement for a SEK 2,000m five-year revolving credit facility. The group also announces that PostNord is ranked among the top three companies by IPC (International Post Corporation) in its ranking of qualitative climate efforts in the industry.

Subsequent events

4
JAN

The group sells wholly-owned subsidiaries HIT Starintex BV in the Netherlands and HIT Belgium SA to Hellmann Worldwide Logistics GmbH & Co KG, as part of its strategy to focus on logistics flows to, from and within the Nordic region.

16
JAN

Strålfors signs agreement with Agency for Digitisation in Denmark for the management of physical letters and electronic mail from the state, regional areas and municipalities. The agreement is for a four-year period and has an estimated value of DKK 500m.

7
FEB

Board member Richard Reinius resigns from PostNord's Board of Directors.

Changes in group management

Lars Idermark succeeded Lars G Nordström as President and CEO on March 1, 2011.

Changes were made to the group's management structure during the third quarter and the beginning of the fourth quarter, aimed at improving maneuverability and earnings focus. Two group functions were phased out. The position of Executive Vice President and Deputy CEO was established. An executive team of four was set up within group management. Among other things, the executive board has specific responsibility for the group's strategic issues and development. A unit for Production Development, including Group Support & Shared Services, was formed, headed by

Johanna Allert. Allert is a member of group management as of August 30, 2011.

Mats Lönnqvist was hired as Executive Vice President and CFO of PostNord. As of November 1, 2011, Mr. Lönnqvist is a member of group management and the executive team.

As a result of these changes, Executive Vice President Göran Sällqvist and CFO Bo Friberg left group management on August 30, 2011 and General Counsel Viveca Bergstedt did so on October 31, 2011.

Group management is presented in the Corporate Governance Report.

Financial development

Financial overview

SEKm, unless otherwise specified	Jan-Dec 2011	Jan-Dec 2010	Change	
Income statement				
Net sales	39,466	41,669	-2,203	-5%
Other income	274	289	-15	-5%
Income	39,740	41,958	-2,218	-5%
Operating expenses	-36,501	-38,672	2,171	-6%
Participations in the earnings of associated companies	-2	6	-8	>100%
Operating profit (EBITDA)	3,237	3,292	-55	-2%
Depreciation and impairments	-1,666	-1,917	251	-13%
Operating profit (EBIT)	1,571	1,375	196	14%
Net financial items	100	-27	127	>100%
Profit before tax	1,671	1,348	323	24%
Tax	-446	-317	-129	41%
Net profit	1,225	1,031	194	19%
Financial position				
Cash and cash equivalents, end of period	2,107	3,640	-1,533	-42%
Equity, end of period	11,930	11,753	177	2%
Net debt	578	-728	1,306	>100%
Key ratios				
Operations margin (EBITDA), %	8.1	7.8		
Operating margin (EBITDA), excl. restructuring costs, %	8.4	8.6		
Operating margin (EBIT), %	4.0	3.3		
Operating margin (EBIT), excl. restructuring costs, %	4.2	4.2		
Earnings per share, SEK	0.61	0.51	0.10	
Net debt/EBITDA, times	0.18	-0.22	0.40	
Equity-Assets ratio, end of period, %	47	46	1	
ROE, rolling 12-month, %	10	8		
Average number of employees	41,714	44,060	-2,346	-5%

Net sales and profit

Net sales for full-year 2011 fell 5% to SEK 39,466m (41,669). The decrease was primarily attributable to competition from digital alternatives and the weak Danish economy. Income totaled SEK 39,740m (41,958).

Expenses, including depreciation and impairments, fell 6% to SEK 38,167m (40,589). The change was primarily due to the adjustment of costs to reduced volumes and was basically attributable to lower personnel expenses following a 5% reduction in the average number of employees and to structural changes. Structural changes related to restructuring costs of SEK 88m (407).

Operating profit improved to SEK 1,571m (1,375) and the operating margin to 4.0 (3.3)%. The effect of the acquisitions and divestments of operations totaled SEK 94m, SEK 81m of which was capital gain.

Net financial items totaled SEK 100m (-27). The change was attributable to higher returns on investments. Tax totaled SEK 446m (317).

Net profit totaled SEK 1,225m (1,031). Earnings per share were SEK 0.61 (0.51).

Net sales

SEKm	2011	2010	Change	Of which		
				Structural ¹⁾	Currency	Price & volume
Breve Danmark	9,347	10,882	-14%		-5%	-9%
Meddelande Sverige	15,220	15,554	-2%		0%	-2%
Logistics	12,450	12,423	0%	2%	-2%	0%
Strålfors	3,048	3,391	-10%	-6%	-2%	-1%
Other and eliminations	-599	-581				
PostNord Group	39,466	41,669	-5%	0%	-2%	-3%

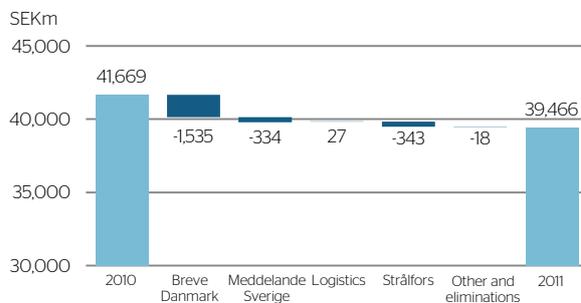
¹⁾ Structural refers to restructuring and the acquisition and divestment of operations.

Operating profit

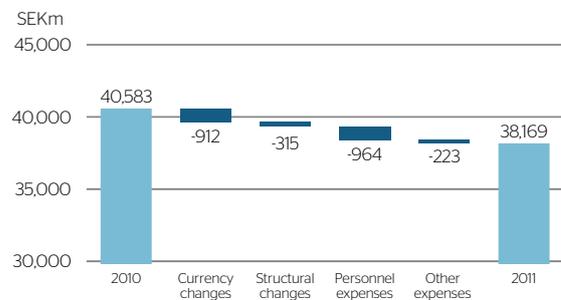
	2011	2010	Change	Change excl. structural and currency ¹⁾	
Breve Danmark	355	641	-286	-45%	-241
Meddelande Sverige	890	879	11	1%	-196
Logistics	269	139	130	94%	42
Strålfors	-76	-170	94	55%	-2
Other and eliminations	133	-114	247		216
PostNord Group	1,571	1,375	196	14%	-181

¹⁾ Structural refers to restructuring and the acquisition and divestment of operations.

Net sales development



Expense development¹⁾



¹⁾ Including participations in the earnings of associated companies.

Business operations

Breve Danmark

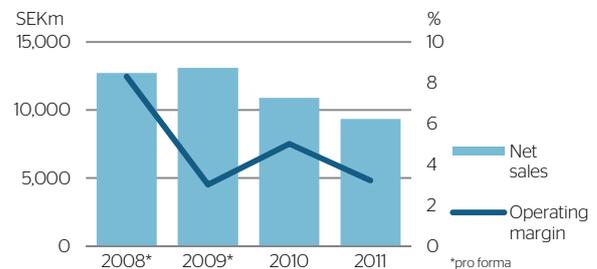
Net sales for business area Breve Danmark fell 14% to SEK 9,347m (10,882). The business area was impacted by the weak Danish economy and the extensive ongoing digitization on the Danish market. Mail volumes fell a total of 12% during the year. The price increases implemented during the year by Breve Danmark had a positive impact on revenue of just over 3%. Volumes for UDM, magazines and newspapers also fell, chiefly due to increased competition for these services. Breve Danmark's work includes efforts aimed at strengthening sales to small and medium-sized corporate customers and developing profitable new business within facility services. Income, including internal transactions, totals SEK 11,032m (12,698).

Expenses fell 12% to SEK 10,670m (12,057). The decrease was primarily attributable to adjustments made to reduced volumes through ongoing streamlining activities within

production and administration. The average number of employees fell 9% during the year.

Operating profit fell to SEK 355m (641) and the operating margin to 3.2 (5.0) %.

Net sales and operating margin



Meddelande Sverige

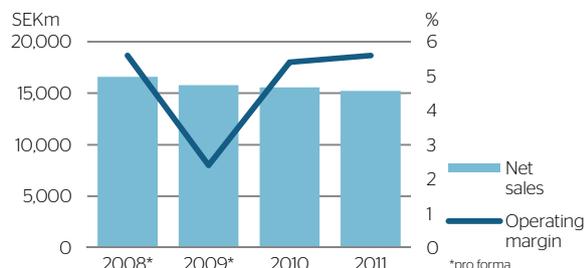
Net sales for business area Meddelande Sverige fell 2% to SEK 15,220m (15,554). Mail volumes were negatively impacted by competition from digital alternatives and fell over 3% during the year. The advertising market in Sweden was relatively strong during 2011. UDM volumes were on par with last year. The business area continued its efforts to promote physical mail as a communication channel and is also developing new digital interfaces towards customers and further developing its partner outlet network. Income, including internal transactions, totaled SEK 15,951m (16,265).

Expenses were down 2% to SEK 15,061m (15,386). The reduction in expenses was primarily attributable to reversed restructuring provisions of SEK 114m net. Last year's restructuring expenses totaled SEK 94m. Personnel expenses were down 2% due to adjustments to reduced volumes and ongoing streamlining activities. The average number of

employees fell 4% during the year. Transport expenses increased due to higher fuel prices.

Operating profit rose to SEK 890m (879) and the operating margin to 5.6 (5.4) %.

Net sales and operating margin



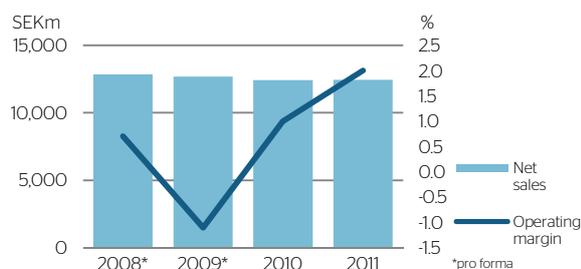
Logistics

Net sales for business area Logistics rose somewhat, to SEK 12,450m (12,423). Sales within the Norwegian logistics operations increased, and sales for the Swedish operations were on par with last year. The Danish logistics market continues to be characterized by tough competition, price pressure and the weak economic trend in Denmark; this resulted in reduced business volumes for the Danish logistics operations. Income, including internal transactions, totaled SEK 13,767m (13,722).

Expenses were down 1%, to SEK 13,498m (13,583). Reversed restructuring costs reduced operating expenses by SEK 15m. Last year was burdened with restructuring costs of SEK 70m.

Operating profit increased to SEK 269m (139) and the operating margin to 2.0 (1.0) %.

Net sales and operating margin



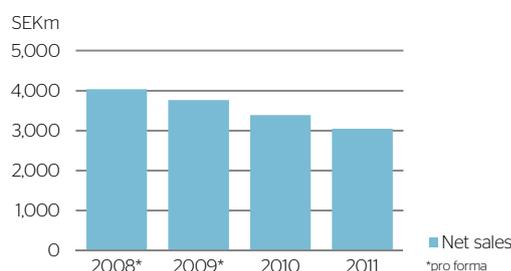
Strålfors

Net sales for Strålfors fell 10% to SEK 3,048m (3,391). The change is attributable to the divestment of the Strålfors Identification Solutions division. Excluding structural and currency changes, net sales fell 1% due to the effects of increased digitization. Income, including internal transactions, totals SEK 3,066m (3,419).

Expenses fell 12% to SEK 3,147 (3,595). The decrease was primarily attributable to the divestment of the Strålfors Identification Solutions division. Last year was also burdened with restructuring costs of SEK 77m. Excluding structural and currency changes, costs fell 2% due to ongoing streamlining activities.

Operating profit improved to SEK -76m (-170).

Net sales



Cash flows

In 2011, cash flows from operating activities totaled SEK 1,634m (1,824). The liquidity effect as regards pensions totaled SEK -1,170m (-1,036). Posten's Pension Fund administers pension commitments for Posten AB, Posten Meddelande AB and Posten Logistik AB. The company safeguards new pension commitments in the fund and receives compensation for pension payments. Transfer for safeguarding of SEK -366m (-854) occurred during the period and compensation of SEK 251m (871) was received. There is a continued risk that there will be low or no compensation from the Pension Fund in 2012 due to uncertainties in the financial markets. PostNord received a SEK 114m premium discount from Postern's insurance association.

Cash flows from investing activities totaled SEK -1,813m (-1,199). Investments in tangible fixed assets totaled SEK 1,670m (1,050). Investments were primarily made in production vehicles, transport and sorting equipment and facilities in connection with the establishment of the new terminals in Hallsberg and Rosersberg in Sweden. Investments were made in, among other things, adapting Swedish mail operations to reduced mail volumes. Investments in intangible fixed assets totaled SEK 276m (222) and were primarily attributable to the capitalization of development expenditures in integrated joint IT solutions.

The net liquidity effect of acquisitions of subsidiaries and associated companies totaled SEK -352m (0). The acquisitions were primarily of land and buildings for new terminals and acquisitions to strengthen market position within logistics services. The liquidity effect of divestment of subsidiaries totaled SEK 185m (0).

Cash flows from financing activities totaled SEK -1,353m (-1,782). Dividends of SEK 1,000m (1,440) and SEK 4m (3) were distributed to parent company owners and minority shareholders, respectively, in 2011.

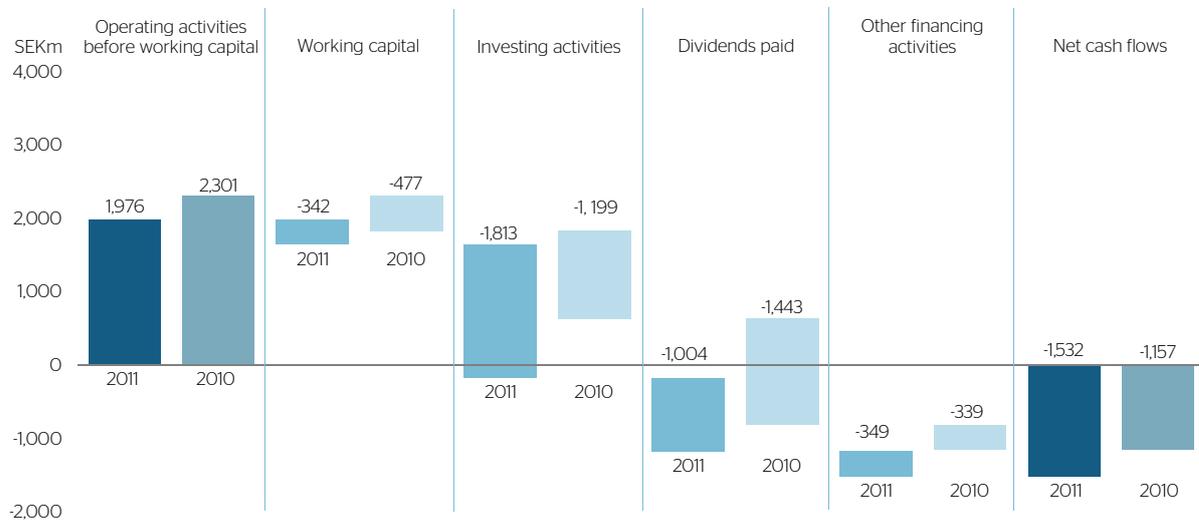
Cash and cash equivalents totaled SEK 2,107, down SEK 1,533m from December 31, 2010.

As of December 31, 2011, the group had an unutilized tax loss in remaining companies of approximately SEK 1,000m. This may improve cash flows in coming periods.

Stable cash flows

Despite declining volumes and a weak market trend, the group shows a generally strong underlying cash flow. Structural investments in the mail operations will also affect cash flows going forward. The logistics operations will grow organically and through potential acquisitions, leading to an increase in capital requirements. Underlying cash flows, however, are expected to remain stable.

Group cash flows



Financial position

Strong financial preparedness

Group cash and cash equivalents as of December 31, 2011 totaled SEK 2,107m. The parent company signed an agreement in December 2011 for a confirmed credit facility totaling SEK 2,000m, for the purpose of strengthening the group's financial preparedness.

The group's overall financial preparedness totals SEK 4,107m, corresponding to 10% of the group's 2011 net sales.

Interest-bearing liabilities

The remaining MTNs (Medium Term Notes) fell due during the year. In conjunction with the redemption of the MTNs, Post Danmark A/S's MTN program was terminated. Remaining interest-bearing liabilities are primarily comprised of Danish real estate financing of long duration.

Stable asset base and low net debt

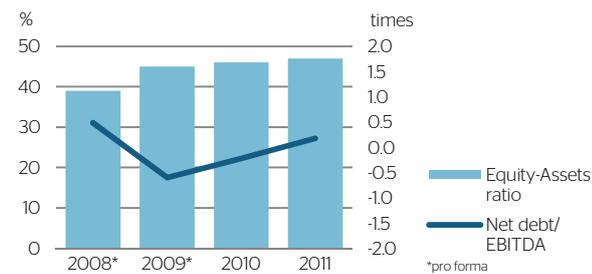
The group holds a strong financial position and has a strong asset base, with an equity-assets ratio of 47% as of December 31, 2011. The group target is an equity-assets ratio of 35%.

Consolidated net debt totaled SEK 578m. The net debt/EBITDA ratio was 0.18.

Net financial position

SEKm	Dec 31 2011	Dec 31 2010
Cash and cash equivalents	2,107	3,640
Interest-bearing debt	1,098	1,454
Pension provisions	1,587	1,458
Net debt	578	-728

Net debt/EBITDA and Equity-Assets ratio



Investments in fixed assets

Group investments in fixed assets in 2011 totaled SEK 1,957m (1,277). See also Note 4, Segment Reporting, page 77. The increase was primarily attributable to investments in tangible fixed assets of SEK 1,670m (1,050).

Investments in tangible fixed assets within Breve Danmark totaled SEK 519m (519) during the period. Investments were primarily made in vehicles, sorting equipment, transport control systems, postal vending machines and electric bicycles.

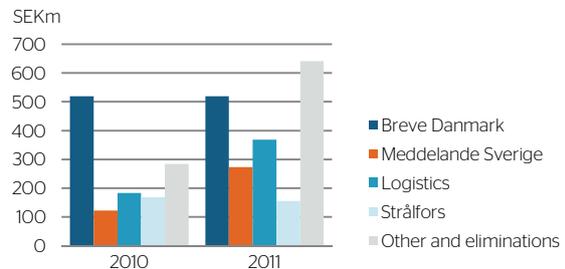
Investments in Meddelande Sverige totaled SEK 273m (122) and were primarily attributable to investments in the partner outlet network (premises and equipment), machinery and adaptation of premises.

Logistics invested SEK 368m (183) in fixed assets during the period, chiefly in vehicles, containers, a new Nordic mobile platform, handheld computer solutions and establishment expenses for the new terminal structure in Norrland.

Investments in Strålfors during the year totaled SEK 156m (169) and were primarily attributable to normal replacement investments, capitalized expenditures and acquisition of customer base.

The Other and Eliminations segment included investments totaling SEK 641m (284) in 2011. These investments were primarily attributable to facilities associated with the establishment of the new terminals in Hallsberg and Rosersberg, vehicles for production and capitalization of development expenditures for the integration of joint IT solutions.

Investments in fixed assets



Multi-year review

SEKm, if not otherwise specified	Pro forma		2010	2011
	2008	2009		
PostNord Group				
Net sales	45,810	44,633	41,669	39,466
Other income	586	249	289	274
Expenses	43,454	44,605	40,589	38,167
Operating profit (EBITDA)	4,777	2,298	3,292	3,237
Operating profit (EBIT)	2,946	284	1,375	1,571
Profit before tax	3,640	2,439 ¹⁾	1,348	1,671
Net profit	2,749	2,414 ¹⁾	1,031	1,225
Operating margin (EBITDA), %	10.3	5.1	7.8	8.1
Operating margin (EBITDA) excl. restructuring costs, %	10.6	7.6	8.6	8.4
Operating margin (EBIT), %	6.3	0.6	3.3	4.0
Operating margin (EBIT) excl. restructuring costs, %	6.7	3.2	4.2	4.2
Net debt			-728	578
ROE, rolling 12-month, %	27	20 ¹⁾	8	10
Equity-Assets ratio, close of period, %	39	45	46	47
Average number of employees	51,783	47,625	44,060	41,714
Breve Danmark				
Net sales	12,727	13,094	10,882	9,347
<i>Letters</i>		9,289	7,607	6,502
<i>Advertisements and Newspapers</i>		2,546	2,211	1,890
<i>Other</i>		1,259	1,064	955
Other income	1,648	1,592	1,816	1,685
Operating profit (EBIT)	1,197	444	641	355
Operating margin, %	8.3	3.0	5.0	3.2
Average number of employees	17,649	16,320	15,187	13,766
Volume, millions of units produced				
Priority mail		680	602	411
Non-priority and C-mail		305	283	366
Meddelande Sverige				
Net sales	16,574	15,794	15,554	15,220
<i>Letters</i>		8,817	8,571	8,142
<i>Advertisements and Newspapers</i>		4,639	4,670	4,699
<i>Other</i>		2,338	2,313	2,379
Other income	842	728	711	731
Operating profit (EBIT)	967	397	879	890
Operating margin, %	5.6	2.4	5.4	5.6
Average number of employees	21,937	20,197	19,010	18,311
Volume, millions of units produced				
Priority mail	1,237	1,088	1,045	980
Non-priority mail	1,245	1,245	1,266	1,251
Logistics				
Net sales	12,850	12,673	12,423	12,450
<i>Parcels</i>				6,382
<i>Solutions (heavy freight and integrated solutions)</i>				2,830
<i>Other logistics services (mixed cargo groupage, etc.)</i>				3,238
Other income	1,457	1,360	1,299	1,317
Operating profit (EBIT)	100	-158	139	269
Operating margin, %	0.7	neg	1.0	2.0
Average number of employees	7,416	7,010	6,275	6,381
Volume, million of units produced				
Parcels			101	98
Strålfors				
Net sales	4,032	3,762	3,391	3,048
<i>Information Logistics</i>		2,987	2,819	2,728
<i>Identification Solutions</i>		582	572	320
<i>Supplies</i>		193		
Other income	96	25	28	18
Operating profit (EBIT)	-3	-351	-170	-76
Operating margin, %	neg	neg	neg	neg
Average number of employees	2,365	2,324	2,206	1,921

¹⁾ Includes capital gain of SEK 2,002m on the sale of Post Danmark A/S' share in Belgian bpost (formerly De Post-La Poste) in July 2009.

Progress toward goals in 2011

PostNord's 2011 business operations were oriented towards a balance of various key ratios. The target picture is based on PostNord's missions and vision and includes goals relating to our most important stakeholders.

Results against targets

Target area and key ratios	Targets 2011 ¹⁾	Result 2011	Result 2010
Customers			
World-class communication and logistics solutions to satisfied customers.			
Customer value		70	70
Corporate image, TRIM index		34	28
Environment and quality			
High quality communication and logistics solutions. Reduce company's climate impact.			
CO ₂ emissions	Reduced 40% by 2020 over base year 2009	340,187 ²⁾ ton	364,161 ²⁾ ton
Delivery quality, 1 st -class letters, group	95.0%	94.5%	n/a ³⁾
Delivery quality, parcels, Sverige	97.5%	97.5%	96.6%
Delivery quality, parcels, Denmark	97.5%	97.9%	97.1%
Employees			
An attractive, stimulating workplace with committed, motivated, healthy employees and good managers.			
Employee index, MIX	Improve employee commitment	57	n/a ³⁾
Leadership index, LIX	Improve leadership index	59	n/a ³⁾
Sick leave	Reduce sick leave levels	5.0%	5.1%
Owners			
AGM resolution on targets for group development.			
Return on equity	10% ROE over a business cycle	10%	8%
Equity-Assets ratio	Equity-Assets ratio of at least 35%	47%	46%
Dividend/net profit	At least 40% of net profit distributed to owners	30% ⁴⁾	97%

¹⁾ Selected targets reported. Refers to 2011 unless other period is specified.

²⁾ Values include Nordic region and Strålfors' non-Nordic operations. A number of Danish logistics companies are included for the first time; 2010 values have therefore been adjusted to maintain comparability.

³⁾ Comparable values reduced based on altered methods of measurement.

⁴⁾ Dividend proposed by Board of Directors.

Other targets

When Posten AB and Post Danmark A/S merged, it was estimated that the new group would be capable of generating synergies of approximately SEK 1 billion in areas including purchasing, administration and IT. The realization of synergies proceeded according to plan in 2011.

PostNord's goal was also that the logistics business would grow faster than the market in the Nordic region. PostNord's assessment as of the Annual Report's publication date is that

Nordic logistics market sales have risen on par with 2011 GDP trends in the region. 2011 net sales for PostNord's logistics business remained unchanged.

PostNord adopted a new strategy for the period through 2015. Read more in the Strategy and Targets section.

Our business



We've come a long way – and our journey continues

Never before have things changed for the postal industry so quickly and on such a fundamental level as they have in the past ten to fifteen years. Increased digitization and liberalization have impacted postal companies throughout the world.

Few other companies in our industry have gone through changes as powerful as those experienced by Posten AB and Post Danmark A/S during this period – evolving from two national postal operators in monopolized markets into one international company that offers communication and logistics solutions on a heavily competitive market.

With a smaller workforce today than before the merger, but with quality levels that remain among the best in the world, PostNord is now a more efficient, more competitive and better managed company. The business has moved closer to the great majority of our customers and recipients and our services have become tremendously more accessible.

This is a continuing journey for our group. PostNord is impacted by a paradigm shift involving increasing levels of international trade and transport of goods, while mail volumes are falling due to the growing number of communication alternatives. This structural shift has radically changed the foundation of the group's business, and this will hold true in the future as well. It is a change that presents challenges for PostNord, but one that also presents new opportunities for the group.

Regions, rather than nations, are gaining importance within commerce and industry. This is particularly true in the Nordic region – an attractive market and commercial center – and PostNord holds a strong position as regional leader in its areas. With a focus on a growing and competitive logistics business, and with strengths such as reliability, business mindedness and by being the environmentally sound choice, PostNord will always be the first choice for sending things to, from and within the Nordic region.

Nordic industry leader with Europe's most accessible postal service

PostNord delivers world-class communication and logistics solutions to companies, organizations and individuals in the Nordic region. When something needs to be sent to, from or within the Nordic region, PostNord shall be the first choice.

PostNord is:

Leading business communication operator in the Nordic region.

PostNord offers a variety of services that allow companies to communicate more easily and efficiently with their customers through invoicing, sales letters, bank statements etcetera via physical letters, e-mail or hybrid solutions.

The group offers services encompassing the entire communication chain, from analysis and data management via printing, enveloping and stamping to physical distribution through networks in Sweden, Denmark and other parts of the world or through electronic distribution.

Mail operator for all of Denmark and all of Sweden

PostNord provides postal service throughout Denmark and Sweden, and serves as postal operator in these countries under the Post Danmark and Posten brand names.

PostNord is also one of Europe's most modern postal companies, with world-class delivery quality levels.

Through our extensive service network with a multitude of service points throughout the Nordic region, the group offers companies, public authorities and individuals in Denmark the Sweden the most accessible postal service in Europe.

One of the largest operators in the Nordic advertising market

Direct mail is one of the most effective ways for companies to identify new customers and retain and develop existing customers.

PostNord offers a variety of services that market products and services precisely and cost-effectively. PostNord boosts the effectiveness of its customers' campaigns through pre-campaign sample processing services and post-campaign follow-up surveys and analyses.

The group also has established partnerships with other media operators, which makes it easier for customers coordinate campaigns across several media.

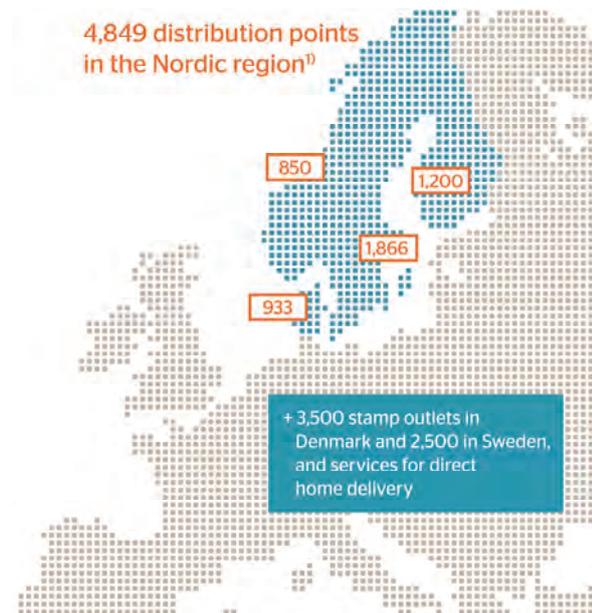
Leading operator in logistics services to, from and within the Nordic region

PostNord is one of the Nordic region's leading logistics companies. With PostNord, companies can reach 25 million individuals and two million companies every business day. The group delivers nearly 400,000 parcels and 11,000 pallets to satisfied Nordic corporate customers - each and every business day.

PostNord also offers a wide range of other logistics solutions within mixed cargo groupage, delivery, express, third-party logistics, in-night freight forwarding and consignment freight - meaning faster, more secure transports for our customers.

PostNord has the Nordic region's largest, most coordinated distribution network - no other operator has as many terminals and service points that provide such extensive market coverage in this part of the world. PostNord also has logistics infrastructure in Germany and a partnership with Europe's largest parcel network, DPD, to assist customers with logistics flows to and from the Nordic region.

PostNord's service network



¹⁾ Includes business centers and partner outlets in Sweden.

The strongest business partner for Nordic e-commerce

PostNord has a comprehensive Nordic service offer with a variety of services within marketing, distribution and notification to make life easier for e-retailers.

With the Nordic region's widest distribution network, PostNord brings e-commerce companies and customers closer together.

We create communication and logistics solutions

PostNord creates value through managing and distributing physical and digital mail items that reach recipients on time, securely and cost-effectively. We aim to perform this service with market-leading quality and in the most efficient, eco-friendly way possible.

Communication business

Mail business offer

Through the mail business (business areas Breve Danmark and Meddelande Sverige) PostNord supports companies, organizations and individuals a broad spectrum of services based on different forms of distribution.

Services, mail businesses

Mail	Business communication and other mail services (distribution of mail items weighing less than 2 kg)
Advertising	Distribution of unaddressed and addressed direct mail Combined media services Consulting services
Distribution of goods	Material maintenance, supplier management, inventories, customer deliveries
Home delivery services	Concept for home delivery of goods, food and beverages to consumers
Facility services	Outsourcing of management of external and internal mail items for e-commerce, city logistics, municipal distributions, medical logistics, etc.
Newspaper distribution	Distribution of newspapers and periodicals

An important source of revenue for the group's mail businesses is the sale of postage to businesses and individuals, which is done via a large number of partner outlets and PostNord's own sales points. Postage is also offered via digital channels, and mobile postage can be purchased in Denmark (postage codes sent digitally).

The mail businesses also operate the group's service network for the distribution of parcels in Sweden and Denmark. The parcel distribution network in Sweden and Denmark is operated under the management of the mail businesses through partner outlets or company-owned service points and through home delivery.

Strålfors offer

Strålfors helps large companies communicate with their customers in an effective, cost-saving way. Strålfors receives information from its customers, processes the information

and distributes it out to the end consumer. The customer solutions include several communication forms and several media, both physical and digital.

Logistics business

PostNord's logistics business offers logistics services for flows to, from and within the Nordic region. The group chiefly markets and sells services for parcel and pallet shipments and mixed cargo deliveries (combined parcel-pallet shipments). PostNord also offers express and delivery services, as well as services for third-party logistics, in-night freight forwarding and consignment freight.

Transports are carried out mainly under PostNord management, though the group also uses subcontractors, primarily in the Norwegian market.

The logistics business also operates the group's network for parcel distribution in Norway and Finland.

E-commerce

E-commerce is a key market segment for the entire group. The e-commerce service offer involves various parts of the group's operations and all business operations.

The mail business and Strålfors offer e-commerce services in marketing, distribution of mail and small parcels, payment solutions and notification solutions.

The logistics business provides e-commerce services in the distribution of parcels and other delivery formats, pick-and-pack services, stock-keeping, etcetera.

Customer structure

Companies and organizations generate the predominant portion of the mail business' income. Customers who purchase services from the mail business come primarily from industries with large information flow, such as financial service companies, general service companies, telecom companies, the public sector, e-commerce companies and publishing companies.

Customers who purchase PostNord's logistics services come from all industries that have large logistics flows, such as wholesalers, retail companies, industrial enterprises and e-retailers.



Sales channels

A key sales channel for communication services is Posten's network of partner and stamp outlets in Sweden and Post Danmark's Post Offices, partner outlets and stamp outlets. In-house sales teams are the most important sales channels in relation to customers among companies and organizations. The Internet is increasingly significant as a sales channel for various mail-related products. In Denmark, the group sells for example postage via mobile solutions. E-commerce sites are also important sales channels for the mail business.

The most important sales channel for the logistics business is its own sales force. Partner outlets and the group's own service points are also key channels for the sale of parcel services. On their websites, some e-commerce companies offer consumers the option of selecting distributor, making e-commerce sites significant sales channels for PostNord's services.

Structural market changes create new conditions

The communication market is undergoing a structural transformation towards more digitization, causing a dramatic drop in letter volumes. The logistics market is marked by growth and a low consolidation ratio. The market trend gives rise to new and altered business opportunities.

Market structure and trends

Communication market

Size

Annual sales for the overall market for communication services in Sweden and Denmark, where the group conducts the majority of this business, are estimated at approximately SEK 290 billion. Of this market, the areas most relevant to our business are physical and electronic distribution, advertising (UDM, ADM) and print services. Aggregate sales in these areas are estimated at approximately SEK 120 billion per year.

In terms of the mail businesses, PostNord holds the leading position in Sweden and Denmark. Through Strålfors, PostNord is also a leading operator in information logistics and print services in the Nordic region.

Market trends

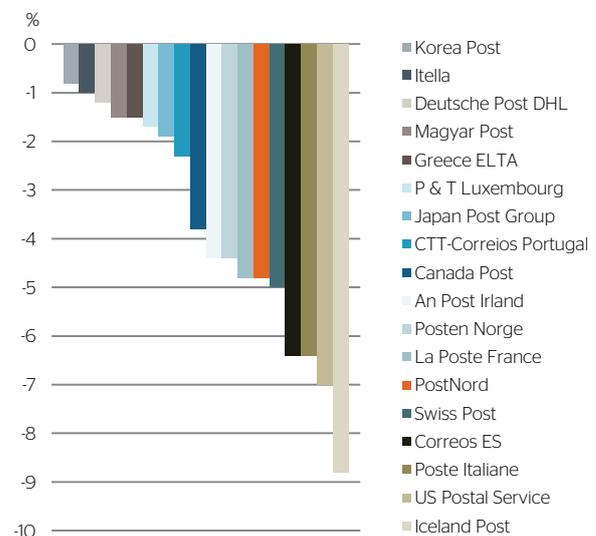
The communication market is characterized by tough competition. Digital alternatives serve as substitutes for physical mail, and represent the largest single competitive factor for the mail businesses. Most postal operators are subject to the same type of competition from digital alternatives, and this is reflected by falling letter volumes throughout the world. The International Post Corporation (IPC) trade association has estimated that overall letter volumes throughout the world will fall 43% between 2009 and 2020.

Letter volumes have fallen sharply in Denmark in recent years, a reflection of far-reaching, coordinated public sector and financial service company initiatives to establish digital infrastructure and new e-services for communication with citizens and customers. The Danish economy has also developed much more poorly than the Swedish economy in recent years, and this has had a negative impact on volumes.

Volumes also fell significantly in Sweden in recent years, though the Swedish market has yet to see the type of coordinated digitization strategies that are driving substitution in Denmark. To date, demand for mail as a strong communication channel has been more robust in Sweden than in Denmark.

Mail volumes are expected to fall sharply in both Sweden and Denmark in coming years, and eventually stabilize at a new, more sustainable level. PostNord's assessment for 2012 is that mail volumes in Sweden will fall approximately 5% and that mail volumes in Denmark will follow the 2011 trend (i.e., fall approximately 12%).

Letter volume trends, PostNord and other postal operators ¹⁾



¹⁾ Average annual volume growth for "transactional mail", 2007-2010.

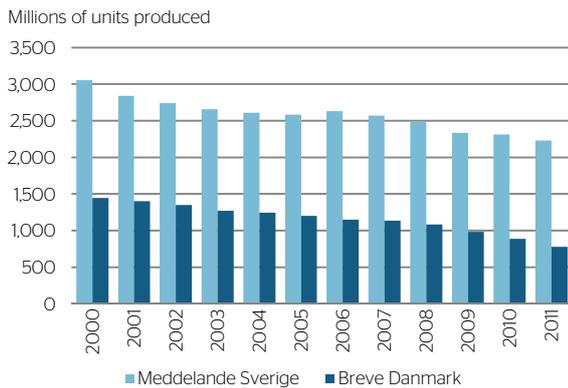
Source: IPC

The letter is, on the other hand, still important as information carrier and will do so well into the future. PostNord's annual survey of mail habits shows, for instance, that nearly 7 in 10 Swedes prefer to receive their bills directly in their home mailboxes as opposed to receiving them digitally. Nearly 5 in 10 Danes have the same preference.

The continuous need for physical distribution in society and the business world signifies continued, albeit altered and in many cases new, business opportunities.

Sweden and Denmark are two of the most advertising-dense countries in the world. The IRM Institute estimates that per capita advertising investments in Sweden and Denmark totaled EUR 189 and 187 (respectively) during the first half of 2011. This places Sweden and Denmark among the top in the world in terms of the amount of resources invested in advertising per resident. Ad market sales in Sweden increased 4% in 2011. In Denmark, the market grew 5% during the first half of 2011. (Source: IRM).

Letter volume trends, PostNord



Competition

The communication market is characterized by intensive competition between various forms of communication, and PostNord competes with several different digital operators. Competition from more traditional operators comes from state-owned Posten Norge through Bring Citymail for letters and a number of large and small direct marketing operators in Sweden and Denmark. Strålfors competes with, among other, Itella in Finland, KMD in Denmark and Logica in the UK.

Logistics market

Size

The Nordic region is heavily dependent on exports, with a large share of exports staying within the Nordic region or going to other European countries. Having a strong regional base with international scope is essential for both PostNord and its customers.

PostNord is primarily active in the logistics markets in Denmark, Sweden, Norway and Finland in the following submarkets:

- B2B parcel
- B2C parcel
- Pallet (groupage)
- Express
- InNight

- Third-party logistics
- Air & Ocean
- Courier
- Mixed cargo (part loads)

The group holds a leading position in parcel and pallet shipments for both B2B and B2C, and a strong position within InNight and courier services in the Nordic region.

The total Nordic logistics services market is estimated at approximately SEK 700 billion per year. The portion of the logistics market served by PostNord has estimated annual sales of approximately SEK 135 billion.

Market trends

The logistics market is driven by global growth and rising levels of international trade. The Nordic logistics market is highly correlated to GNP. PostNord's assessment as of the publication date of this report is that Nordic logistic market sales rose in line with GNP trends in the region in 2011. The group anticipates a continued growth for the Nordic logistics market to equal or exceed GDP.

Competition

The Nordic region as a whole is characterized by low population densities and great distances. This presents clear economies of scope and scale for the logistics business. Despite this, the Nordic logistics market is characterized by a low consolidation ratio, intensive competition and price pressure. Our main competitors are global logistics company DB Schenker, the German Post through DHL and the Dutch TNT. There are also a host of smaller operators that hold major or minor positions in various service areas. The other Nordic postal companies are strong in their respective markets in Norway and Finland.

PostNord expects that the logistics market will continue to be characterized by tough competition, chiefly from global and other international operators with ambitions in the Nordic region. This places demands on PostNord for cost efficiency and customer focus.

E-commerce market

Services for e-commerce are a market segment in both the communication and logistics markets. PostNord estimates that this part of the e-commerce market is currently growing at least 10% per year. Based on market research conducted by PostNord in cooperation with the Swedish Retail and Wholesale Trade Research Institute, Swedish Distance Sellers and the Danish Industry Association for E-Commerce, PostNord estimates that 2011 sales for Nordic e-commerce in physical goods were approximately SEK 100 billion. Services for this part of the e-commerce market, which is relevant to

the group's operations, are estimated to correspond to around one-quarter of this amount.

C2C trade - such as Internet auction sites - is also growing and is important for the group.

Mobile e-commerce for products is on the rise, although the increasing prevalence of Smartphones hasn't yet led to a widespread breakthrough in this area. According to a 2011 PostNord study, for instance, 5% of e-commerce consumers in Sweden purchased products using their mobile phones during the past three months.



Driving forces

Factors impacting trends in the communication market include the following:

- *Digitization*
Technological developments in IT infrastructure and mobile communication are driving an increased need for information, changing the structural consumption of information and media and increasing competition. The need for physical messaging is falling to new standard levels.
- *Customer behaviour*
Demand is controlled by the recipient to an increasing extent. Great demand for accessibility, simplicity and high delivery precision. Companies' need for individualized communication and method of receipt is on the rise.
- *Regulation*
The EU's Third Postal Directive is driving deregulation in Europe. National legislation and concession terms are being finalized.
- *Environmental requirements*
Demand from society and customers for reduced the environmental impact of transports to help achieve climate goals.

Factors impacting trends in the logistics market include the following:

- *Global growth and growth of international trade*
General economic growth and rising levels of international trade drive demand for logistics services.
- *Digitization*
Increasing amount of communication options have a positive impact on international trade and facilitate growth of e-commerce.
- *Customer behaviour*
Demand is controlled by the recipient to an increasing extent. Growing demand for flexibility and precision in terms of time and place of delivery, growing demand for information on logistics flows and security, more focus on cost-efficiency.
- *Internationalization*
Globalization is driving a rising need for complex cross-border logistics solutions. Imposes requirements for international scope and efficient information management systems within logistics.
- *Regionalization*
With international trade on the rise and borders opening up, regional capacity has greater significance for logistics businesses than capacity in individual countries.
- *Environmental requirements*
Demand from society and customers for reduced the environmental impact of transports to help achieve climate goals.

Regulation in the communication market

The Swedish and Danish postal markets have been liberalized but are still regulated, though to differing degrees. A new Postal Act came into effect in Sweden on September 1, 2010. Denmark enacted a new Postal Act on January 1, 2011. Postal legislation in both countries is based on the EU's Third Postal Directive, which is aimed at ensuring good postal service within member states. One of the effects of the Third Postal Directive is that previously regulated EU postal markets have been opened to competition.

The new Danish Postal Act involves liberalization of the market and the securing of universal postal service obligations by Post Danmark A/S. The law also establishes conditions that enable Post Danmark to continue its commercial operations as supplier of the universal mail service. Post Danmark was designated in the new Postal Act to fulfill the distribution obligation in Denmark.

The Swedish postal market was liberalized back in 1993. A new Swedish Postal Act was enacted in 2010 following the EU's Third Postal Directive. The new law includes far-reaching regulations and is not adapted to the market and volume changes that are taking place.

Posten AB was designated by the Post and Telecom Agency (PTS) to provide universal postal services in Sweden.

Letter pricing

Letter pricing in Sweden is regulated by postal statutes and the Postal Act. Pricing of the universal postal service must be transparent, non-discriminatory and cost-oriented. The postal operator that provides universal postal service may not raise the price on priority mail weighing up to 500 grams by more than the consumer price index. The price of stamped postage for single 20-gram letters was changed on January 1, 2009 from SEK 5.50 to SEK 6. Prior to that, the postage rate for 20 gram letters had not been changed since 2003.

In Denmark, Post Danmark sets mail prices under the new Postal Act. However, prices for domestic non-priority letters weighing up to 50 grams and sent as single mail items must be approved by the Transport Authority. Due to the new law, Post Danmark introduced a market-oriented and differentiated pricing system for various types of stamped letters as of April 1, 2011. The new pricing structure increases the price/cost correlation for different types of stamped letters.

Delivery quality

PostNord's quality levels are regulated in both Sweden and Denmark. Under Swedish postal statutes, at least 85% of mail items stamped for overnight delivery (first-class mail) must be delivered on the following business day. At least 97% of all mail must be delivered within three business days.

In Denmark, delivery conditions for both letters and parcels are subject to a 93% quality requirement.

Events outside Sweden and Denmark

The liberalization and opening to competition of the European postal markets continued in 2011, as several EU member states enacted the Third Postal Directive as national legislation. However, interpretation of the EU directive varies between national markets. USOs (universal service obligations) are essentially defined in a similar way, but provisions for carrying out these services vary.

In connection with implementation of the EU directive, several member states revised their postal legislation and the design of their universal postal service. Such revisions resulted in, among other things, regulatory relief for postal operators in Denmark, Finland and Great Britain. Changes include more flexible pricing and reduced scope of what is covered by the universal postal service. The changes aim to ensure the long-term financial sustainability of universal service obligations on each national market.

Major changes are underway in Great Britain. Oversight has been moved to the Ofcom authority. Under newly enacted postal legislation, large volumes of presorted mail are now outside the purview of the universal postal service. Ofcom also suggested that Royal Mail be allowed to set its own prices for all products except single non-priority letters. Large volumes of presorted mail was also removed from the purview of the universal postal service in Finland.

In Norway, Posten Norge retains its monopoly on addressed mail items weighing up to 50 grams. The Norwegian government has announced that it does not intend to follow the EU's Third Postal Directive, the result of which may be that the monopoly will continue to shield this market from competition.

Alongside the EU's Postal Directive, the revision and application of two other directives has great significance for European postal companies. First, revision is currently underway of legislation on public procurement in the areas of water, energy, transport and postal services (the Supply Directive). Second, the EU's VAT Directive is of great importance to many companies within the industry, since implementation of the directive may involve VAT repayment requirements.

New strategic direction for PostNord

During 2011, PostNord adopted a new strategy for the period through 2015. The strategy is focused on repositioning PostNord in relation to current market trends and securing a profitable mail business and continued growth within logistics.

Core values

PostNord's business is based on the following core values:

- *Reliable* – PostNord keeps its promises and delivers mail everywhere securely, on time and to the right place
- *Accessible* – PostNord has the market's best accessibility and listens to customer views
- *Business partner* – PostNord is a professional business partner to its customers, helping them meet their communication and logistics challenges
- *Environmentally sound* – PostNord is dedicated to reducing its climate impact

Group strategy

The structural market change that is taking place in the mail market, challenges the group's ability to run a profitable mail business. Meanwhile, the logistics market is growing and holds potential for a strong regional operator like PostNord to further increase its Nordic presence. A strengthened market position in logistics is also important in terms of meeting competition in the logistics industry.

PostNord's strategy is therefore focused on repositioning the group's operations in keeping with market changes.

Target picture

- PostNord will continue to fulfill the rationale of the Posten AB-Post Danmark A/S merger by taking a position as a leading operator on the Nordic logistics market and by meeting the group's USOs in Sweden and Denmark, in view of the ongoing structural changes in the market.
- PostNord will increase value for its owners by creating growth, improving profitability and utilizing the group's capital resources more efficiently.
- PostNord will lay the groundwork for an IPO. This choice of direction involves factors such as focus on the growth of the logistics business, profitability of the mail businesses, returns for our owners and optimization of our capital structure all key to PostNord's development, regardless of form of ownership.
- Changes being implemented within the group in areas such as organization, management and governance of operations are aimed at improving coordination and efficiency and creating a more cohesive and strategically run group.

Strategies and activities

1. Invest in adaptation of mail business to meet anticipated decline in mail volumes

PostNord will make vigorous efforts to reorganize its mail businesses. The aim is to secure profitable mail operations based on a lower, but more sustainable demand for physical mail.

PostNord intends to make substantial investments within the framework of the new production strategy that was initiated in 2010 and continued during 2011. The new production structure includes reinvestments in the entire mail business, chiefly in vehicles and equipment. It also includes the establishment of a new terminal structure for the Swedish mail business, with associated investments in equipment. A similar terminal structure streamlining has already been carried out within the Danish operations.

Change efforts also include a reduction of the cost base and adjustment of the workforce to lower volumes.

A key element of the change efforts is maintaining a dialogue with the community and legislators regarding ways in which future USOs and regulations should be designed in Sweden and Denmark to promote efficient, profitable future mail businesses that provide good service.

2. Expand within logistics to develop position as the Nordic region's leading logistics company

PostNord will expand its logistics business and establish itself as the market-leading logistics operator in the Nordic region.

The group will take action and make investments to meet business community demands for end-to-end solutions and cross-border capacity. This involves broadening the group's product offer and market coverage in the Nordic region. This growth will take place:

- Organically within existing structures through additional sales and partnerships
- Through potential add-on acquisitions

With a broader logistics offer and added strength in submarkets where PostNord currently holds a weaker position and a wider geographic coverage, the group will be better able to meet customer demand for services spanning the entire spectrum of logistics services and to create additional opportunities for organic growth.

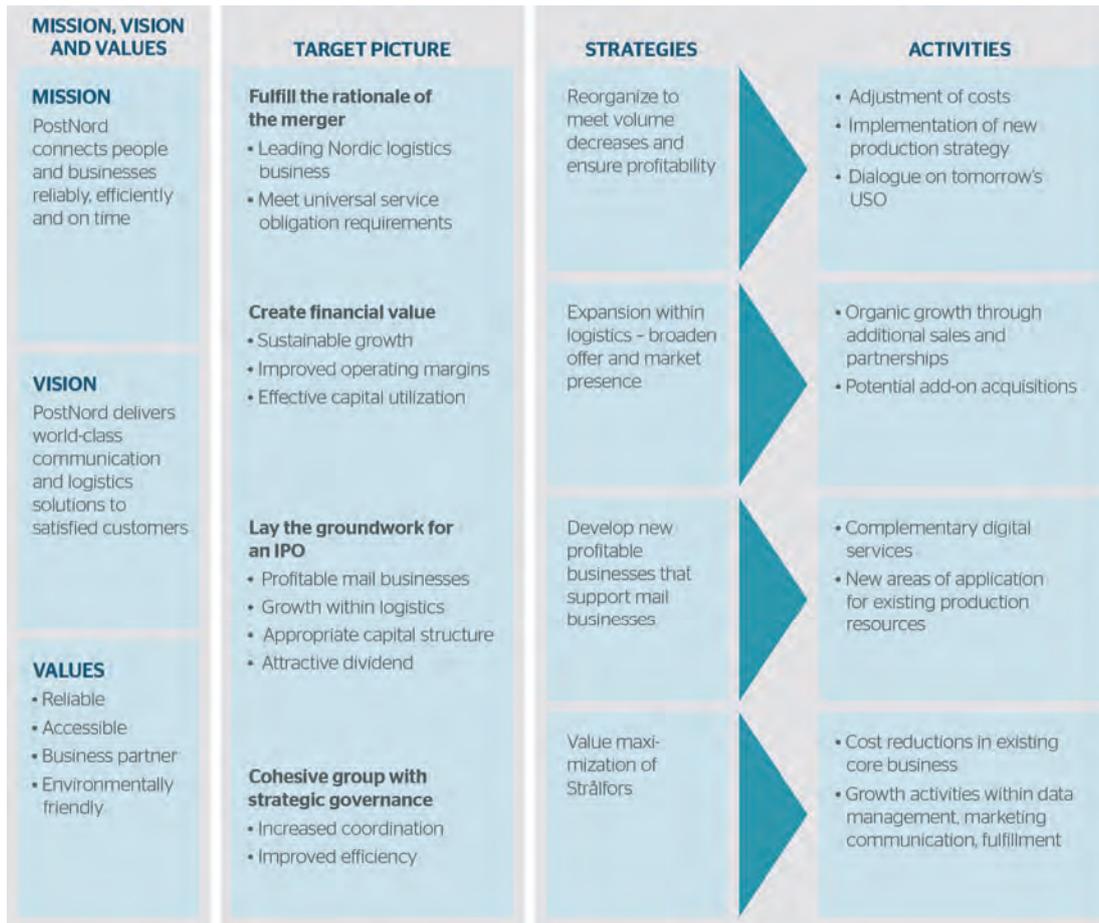
3. Establish and develop new businesses that support the mail operations, where synergies can be identified and where there is clear potential for profitability

Examples of such businesses are complementary digital services that offer the potential for synergies with existing services, or services involving new fields of application for existing production resources (e.g., within facility services).

4. Value maximization of Strålfors

Services within information logistics are a key part of the group's digital communication offer. Strålfors therefore plays an important role in the group. Strålfors has reported negative profitability for several years and has been gradually streamlined to include only information logistics operations. Strålfors will implement measures that include the improvement of profitability and growth by increasing the sale of services in the areas of data management, marketing communication and fulfillment.

Strategy through 2015



Investments

The group's investment requirements for fixed assets total SEK 7-8 billion through 2015. The largest investments are needed in:

- Reinvestments in the mail businesses, chiefly vehicles and equipment.
- Establishment of a new terminal structure for the Swedish mail business and associated investments in equipment (including establishment of new terminals in Hallsberg and Rosersberg).
- Investments in a new terminal structure for the logistics business in Sweden and investments to increase capacity in the logistics business in Norway.

Cost management

The group's cost-cutting initiatives have been gathered into one action program with two parts:

- Action programs within the business operations - reduction of costs chiefly within production as part of the group's production strategy and other adaptation measures
- Streamlining within administration - reduce administration costs by SEK 1 billion by the end of 2012.

The action program to capture synergies, announced in conjunction with the Posten AB-Post Danmark A/S merger, has been incorporated in the two subprograms referenced above.

Financial strategy

The strategy for the period through 2015 gives rise to significant financing requirements for restructuring measures, investments and acquisitions. These requirements will be financed through:

- Improved cash flows from operating activities through increased profitability
- Release of capital through improved capital efficiency and utilization of invested capital
- Optimized capital structure through increased indebtedness

Financial targets

- Equity-Assets ratio of at least 35%
- Return on equity exceeding 10% over one business cycle

Dividend policy

PostNord's intention is to distribute 40% of net profit to the owners, taking into account the implementation of group strategy and the group's financial position and targets.

PostNord's targets

Target area	Target
Capital structure and returns	Equity-Assets ratio of at least 35%. Return on equity exceeding 10% over one business cycle.
Customer value	Improve customer value index (Index >70).
Corporate image	Improve corporate image, TRIM index (Index >34).
CO ₂ emissions	Reduce emissions by 40%, 2009-2020.
Delivery quality, Sweden	Meet Swedish state's requirement that at least 85% of 1st-class letters are delivered on following business day and 97% within three days.
Delivery quality, Denmark	Meet Danish state's 93% quality requirement for all services falling under the delivery obligation.
Employee commitment	Improve employee index, MIX (Index >57).
Leadership	Improve leadership index, LIX (Index >59).
Sick leave	Reduce sick leave levels (<5.0%).

2012 outlook

PostNord anticipates a continued dramatic decline in letter volumes in Denmark and Sweden due to competition from digital alternatives. PostNord projects that letter volumes in Sweden may fall 5% and that volumes in Denmark will follow the 2011 trend, i.e., fall 12%. Economic development for the

coming year is highly uncertain. The group anticipates continued growth in the Nordic logistic market.

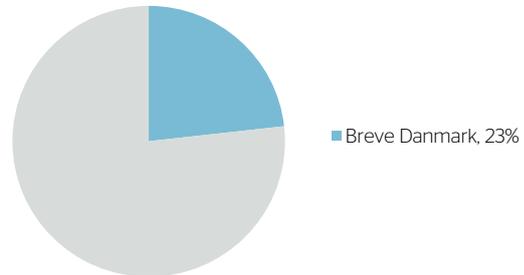
Due to implementation of the strategy, group operating profit will be charged with significant non-recurring restructuring costs in 2012.

Business operations

Business area Breve Danmark (mail)

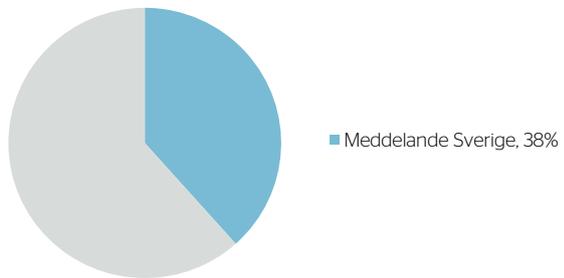
Breve Danmark delivers distribution solutions in the Danish communication market. The business area offers mail, direct mail and newspaper services, facility services and drop off and collection of private parcels.

Share of external net sales



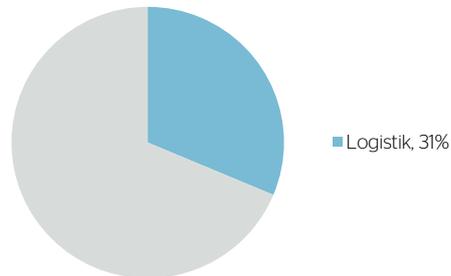
Business area Meddelande Sverige (mail)

Meddelande Sverige delivers distribution solutions in the Swedish communication market. The business area offers mail, direct mail and newspaper services, drop off and collection of private parcels and other distribution services.



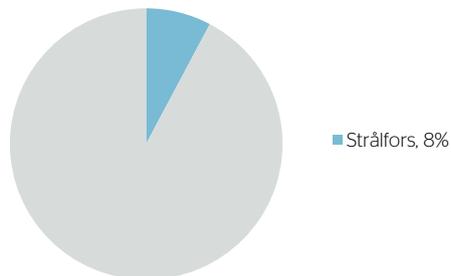
Business area Logistics

Through business area Logistics, PostNord is a leading operator on the Nordic logistics market, offering a Nordic-wide distribution network. The business area runs operations in parcel, pallet and mixed cargo groupage as well as delivery, express, third-party logistics, in-night freight forwarding and consignment freight.



Strålfors

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



Breve Danmark

Through Breve Danmark, PostNord is the leading supplier of distribution solutions in the Danish communication market.



Breve Danmark offers physical and digital mail, direct mail and newspaper services, facility services as well as services for drop-off and collection of parcels. Each business day, Breve Danmark delivers more than 7 million mail items to 2.6 million Danish households and to all businesses in Denmark. Breve Danmark also offers high-quality global reach through international collaborations. Breve Danmark operates primarily under the brand name Post Danmark.

Market trends

The Danish economy remained weak in 2011. The international debt crisis exacerbated the economic outlook during the year, which had an impact on demand for the business area's services.

Breve Danmark's market situation in 2011 was characterized primarily by a dramatic impact on mail volumes due to ongoing digitization in Denmark. The digitization of communication in Denmark is driven chiefly by the digital communication strategies of Danish companies and authorities. The selection of infrastructure and new e-services supporting this trend has increased in recent years. PostNord is part of this transition and its offer includes a digital mailbox service (eBoks). Mail volumes for the business area have fallen 45% over the past ten years and 21% over the past two years. Denmark is at the global forefront when it comes to the digitization of society. PostNord predicts the continued

dramatic decline in mail volumes going forward. PostNord predicts that Breve Danmark's 2012 mail volumes will fall to the same extent as they did in 2011 trend; that is, approximately 12%.

Breve Danmark is one of Denmark's largest advertising operators. During the first half of 2011, total Danish ad market sales rose 5% (Source: IRM). Competition within direct marketing and newspaper distribution increased in Denmark during the year.

The Danish market was liberalized following the enactment of new Danish postal legislation as of January 1, 2011. The new law contains provisions for free competition and the securing of universal postal obligations by Post Danmark A/S. The law also established conditions that allow Post Danmark to continue its commercial operations as supplier of the universal mail service by reliefs within selected high-cost areas.

Read more about the universal service obligation in Denmark in the Corporate Governance Report.

2011 net sales and profit

Net sales for business area Breve Danmark fell 14% to SEK 9,347m (10,882). The business area was affected by the weak Danish economy and the extensive ongoing digitization of the Danish market. Letter volumes fell a total of 12% during the year. Price increases implemented during the year by Breve Danmark had a positive impact on revenue of slightly less than 3%. Volumes for UDM, magazine mail and newspapers also fell during the quarter, due chiefly to increased competition for these services. Breve Danmark aims at strengthening sales to small and medium-sized corporate customers and developing profitable new business within facility services. Income was SEK 11,032m (12,698), including internal transactions.

Expenses fell 12% to SEK 10,670m (12,057). The decrease was primarily attributable to the adjustments made to reduced volumes through streamlining activities within production and administration. The average number of employees fell 9% during the year.

Operating profit fell to SEK 355m (641) and the operating margin to 3.2 (5.0)%.

Investments in tangible fixed assets within Breve Danmark totaled SEK 519m (519) during the period. Investments were primarily made in vehicles, sorting equipment, transport control systems, postal vending machines and electric bicycles.

Breve Danmark's delivery quality for 1st-class mail rose during the year to 94.0 (93.3)%.



Activities during 2011

Streamlining and adaptation of operations

In 2011, Breve Danmark devoted considerable energy to adapting its operations to dramatically reduced volumes. The business area made efforts to adjust its workforce, expenses and capacity to demand. To safeguard the position of the physical letter, Breve Danmark worked with customer activities aimed at increasing sales to small and medium-sized companies and to selected industries. Several efforts and campaigns were also implemented to raise awareness in the market of the value of physical mail.

The Postal Act enacted at the beginning of the year served to further improve the group's ability to adapt operations to new market conditions while maintaining high-quality service. Breve Danmark therefore adjusted the prices of services during the year, in order to more closely link prices and costs for services performed. The new law also stipulates that by 2011 all Danish households must place their mailboxes at the property boundary in order to make mail delivery more efficient.

Over the past several years, Breve Danmark has invested heavily in advanced production and distribution systems.

Today, Breve Danmark operates one of the world's most modern automated mail businesses.

Business development

Efforts to develop and implement new distribution services have continued. These efforts cover both complementary digital services that offer synergy potential with existing services and facility services where Breve Danmark can establish new areas of application for existing production resources.

2011 introductions to the Danish market include mobile postage and solutions that allow mail customers to purchase postage via text message. Post Danmark also launched Smartphone apps this year to improve accessibility to services. For Breve Danmark, digital services are especially important as support services for physical volumes.

Environmental initiatives

Of all PostNord business operations, Breve Danmark utilized the group's Climate Fund to the greatest extent in 2011. Environmental efforts were focused primarily on reducing energy consumption; key efforts include adapting the vehicle

fleet, the property portfolio and fuel and energy consumption within production. An increased share of electric vehicles was put into service within Danish production during 2011.

eBoks

The group is joint-owner of the Danish company eBoks, an efficient, secure e-service for companies looking to make large mail deliveries to individuals more efficient. The service is the most used of its kind in the Nordic region, and was also launched in Norway in 2011.

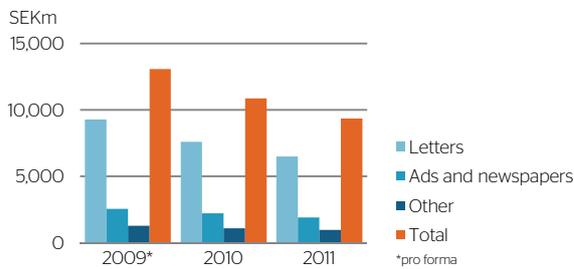
Over 163,000 companies and organizations and 3.5 million individuals in Denmark are connected to this service, which distributed just over 185 (160) million mail items in 2011. The group owns eBoks together with Nets, a leading player within payment solutions and information services in the Nordic region.

As of 2012, eBoks is included in Breve Danmark's results. Prior to 2012, the business was included in Strålfors's results.

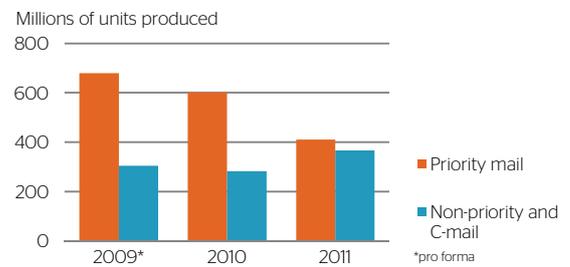
Strategic priorities

- Implement structural changes to adjust costs and capacity to lower mail volumes in order to ensure profitability and preserve high quality levels
- Reduce rate of decline in letter volumes through increased focus on small and medium-sized companies and key industries
- Develop new, profitable services within facility services and distribution
- Reduce administrative expenses
- Environmental improvements, mainly through adjustments to the vehicle fleet, property portfolio and fuel and energy consumption within production

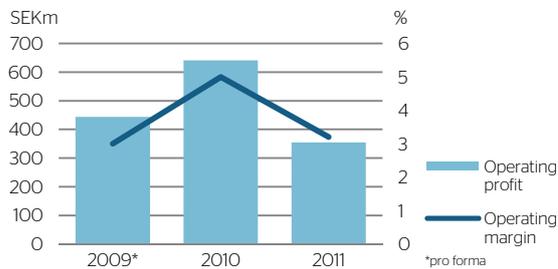
Net sales



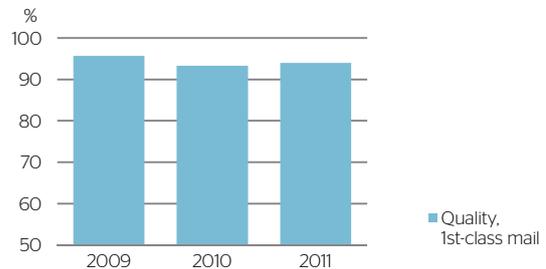
Volumes



Operating profit and operating margin



Delivery quality



Meddelande Sverige

Through Meddelande Sverige, PostNord is the leading supplier of distribution solutions in the Swedish communication market.



Meddelande Sverige's offer includes physical and digital mail, direct marketing and newspaper services, facility services as well as services for drop-off and collection of parcels. Through international partnerships, the business area also offers high-quality global reach. Meddelande Sverige operates primarily under the brand name Posten, and delivers around 20 million mail items to 4.5 million Swedish households and to all businesses in Sweden, every business day.

Market trends

The Swedish economy experienced strong growth in 2011. The economic outlook deteriorated somewhat during the latter part of the year due to the international debt crisis.

Demand for Meddelande Sverige's services was characterized mainly by the structural change currently underway in the communication solutions market. Relatively speaking, demand for the letter as a form of communication is currently more robust in Sweden than in Denmark. This is due partly to differences between the countries in terms of economic trends, customer structure, digital infrastructure and the scope of decisions on digitization taken by the business community and society. Even so, the business area's letter volumes have fallen 22% over the past ten years and 4% over the past two years, primarily as a result of substitution from digital alternatives. PostNord predicts a decline in letter volumes going forward. The group predicts

that Meddelande Sverige's 2012 letter volumes will fall approximately 5%.

Meddelande Sverige is one of Sweden's largest advertising operators. During the first half of 2011, total ad market sales rose 7% (Source: IRM).

Although the Swedish postal market was liberalized in 1993, Meddelande Sverige's operations remain tightly regulated, particularly in terms pricing and transparency vis-à-vis competitors. The prevailing regulatory situation currently serves as a constraint on Meddelande Sverige's commercial opportunities to meet market trends in Sweden.

Read more about the universal service obligation in Sweden in the Corporate Governance Report.

2011 net sales and profit

Net sales for business area Meddelande Sverige fell 2% to SEK 15,220m (15,554). Letter volumes were negatively impacted by competition from digital alternatives and declined by just over 3% during the year. The Swedish advertising market was relatively strong in 2011. UDM volumes were on par with last year. The business area continued its efforts to promote the letter as a communication channel. Meddelande Sverige is also developing new digital interfaces towards customers and further developing its partner outlet network. Income was SEK 15,951m (16,265), including internal transactions.

Expenses fell 2% to SEK 15,061m (15,386). The decrease was primarily attributable to reversed restructuring provisions of SEK 114m net. Last year's restructuring expenses totaled SEK 94m. Personnel expenses were down 2% due to adjustments to reduced volumes and ongoing streamlining activities. The average number of employees fell 4% during the year. Transport expenses increased due to higher fuel prices.

Operating profit rose to SEK 890m (879) and the operating margin to 5.6 (5.4)%.

Investments in Meddelande Sverige totaled SEK 273m (122) and were primarily attributable to investments in the partner

outlet network (premises and equipment), machinery and adaptation of premises.

Meddelande Sverige's delivery quality for 1st-class mail rose during the year to 94.7 (93.1)%.

During 2011, the Swedish Quality Index conducted a qualitative survey that included Meddelande Sverige's services (Posten). The study showed an increase in the percentage of satisfied customers in Sweden, for both business mail and private mail.



Activities in 2011

Streamlining and adaptation of operations

Due to variations in mail volumes, major changes are needed to adapt the business operations and adjust to demand for staffing, expenses and capacity. In 2011, Meddelande Sverige continued its efforts to create an optimal production structure for the future, in which a new terminal structure and an increased share of rail transports are key elements. The establishment of a new mail terminal in Hallsberg was begun during the year, where a high degree of automation will improve both capacity utilization and transport optimization.

Meddelande Sverige also implemented production changes in its mail carrier operations, including the consolidation of production units, increased use of mechanical processing, modified times of distribution and optimization of distribution routes. These changes caused temporary disruptions in mail delivery in a few places but, overall, the business area successfully implemented the changes with improved quality levels.

Business development

Digital interfaces are essential for supporting physical volumes. Meddelande Sverige's "Real Postcard" Smartphone application was one of the most downloaded applications of 2011 in Sweden. As one of Sweden's largest advertising operators, the group has developed new digital interface services for companies and individuals. One example is the development of new services in partnership with Google, which is in line with the goal of growing through new direct marketing applications where profitable.

Meddelande Sverige also pursued initiatives to establish new fields of application for existing production resources, chiefly within facility services.

Meddelande Sverige's partner outlet network is a key sales channel. Following the conclusion of new agreements with Sweden's largest supermarket chains in 2010, the business area reorganized its partner outlet network to produce a more effective market presence. Meddelande Sverige is working with the supermarket chains on joint marketing efforts and is taking steps to further improve the effectiveness of partner outlet support.

Environmental initiatives

As part of its efforts to reduce the climate impact of the business, Meddelande Sverige implemented several initiatives

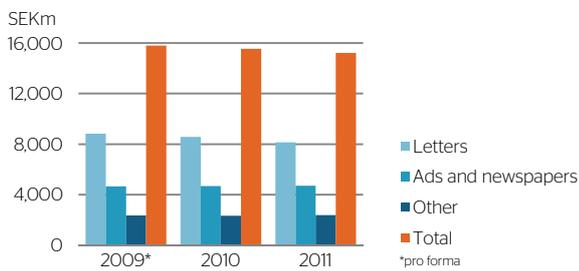
to reduce its dependence on fossil energy, switch to diesel-powered cars and improve environmental performance. Meddelande Sverige continued its optimization of distribution routes to reduce fuel consumption and conducted several energy audits at several mail carrier offices. In the mail delivery area, the business area tested new types of electric vehicles in order to further expand its already large electric vehicle fleet.

Strategic priorities

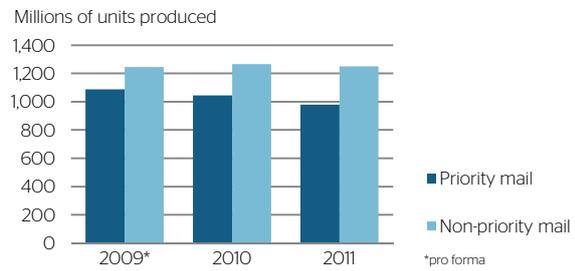
- Implement structural changes and process improvements to adjust costs and capacity to lower mail volumes and ensure profitability while preserving high quality levels

- Continue implementation of production strategy, including new terminal structure, for more efficient processes and reduced environmental impact
- Develop market presence through market expansion, increased use of the Internet as a channel for meeting customers and development of partner outlet network
- Develop profitable new operations within facility services and distribution
- Reduce administrative expenses
- Continued dialogue with the community and legislators on the design and regulation of tomorrow's universal service obligation.

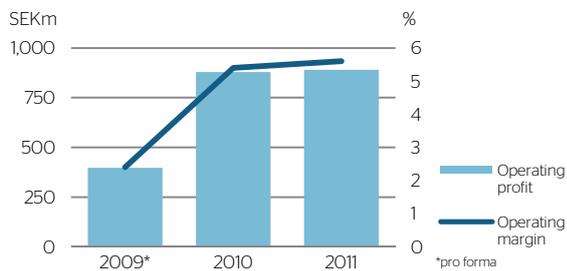
Net sales



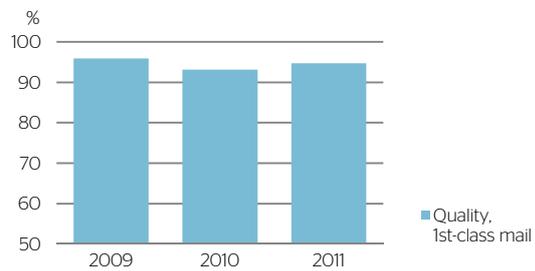
Volumes



Operating profit and operating margin



Delivery quality



Logistics

PostNord offers logistics services to companies and organizations through business area Logistics. With PostNord's logistics services, 25 million individuals and two million companies can be reached every day.



Every business day, PostNord delivers nearly 400,000 parcels and 11,000 pallets to satisfied business and private customers throughout the Nordic region. PostNord also ensures secure, rapid transports for its customers by offering a range of other logistics solutions within mixed cargo groupage, delivery, express, third-party logistics, in-night freight forwarding and consignment freight. Business area Logistics has the Nordic region's largest, most coordinated distribution network - no one else has as many terminals or service points in this part of the world. Logistics also has a partnership with Europe's largest parcel network, DPD, to help its customers with flows to and from the Nordic region.

Market trends during the year

The Nordic logistics market is highly correlated with economic trends. The Norwegian logistics market in particular, as well as the Swedish market, developed positively during the year, while the Danish logistics market was impacted by the weak Danish economy combined with continued strong competition and price pressure. The long-range growth trend for the Nordic logistics market is deemed to be positive and to equal or exceed GDP over the next few years.

The regional Nordic logistics market is characterized by intense competition, primarily from international operators.

Due to overcapacity, price pressure and clear economies of scale, increased consolidation in the industry is likely. Logistics has strengthened and developed its position in the Nordic region through organic growth and acquisitions.

The Nordic region is heavily dependent on exports, with a large share of exports staying within the Nordic region or going to other European countries. Nordic logistics customers demand a combination of logistics services from a partner that has a strong regional base and international scope.

The rapidly growing e-commerce industry is of great significance to several PostNord businesses, particularly Logistics and its parcel distribution operations. More and more e-commerce companies demand start-to-finish solutions, covering everything from customized freight and inventory management to distribution to end consumers and handling complaints.

2011 net sales and profit

Net sales for business area Logistics rose somewhat to SEK 12,450m (12,423). Sales within the Norwegian logistics operations increased, and sales for the Swedish operations were on par with last year. The Danish logistics market continues to be characterized by tough competition, price pressure and the weak economic trend in Denmark, which

resulted in reduced business volumes for the Danish logistics operations. Income was SEK 13,767m (13,722), including internal transactions.

Expenses were down 1%, to SEK 13,498m (13,583). Reversed restructuring costs reduced operating expenses by SEK 15m. Last year was burdened with restructuring costs of SEK 70m.

Operating profit increased to SEK 269m (139) and the operating margin to 2.0 (1.0)%.

Logistics invested SEK 368m (183) in fixed assets during the period, chiefly in vehicles, containers, a new Nordic mobile platform, handheld computer solutions and establishment expenses for the new terminal structure in Norrland.

Delivery quality was 97.5 (96.6)% for parcels in Sweden and 97.9 (97.1)% for parcels in Denmark.

During 2011, the Swedish Quality Index conducted a survey of parcel services, which showed that customers are increasingly satisfied with PostNord's logistics operations in Sweden (Posten), while customer satisfaction in the market as a whole has decreased in Sweden.

Activities during 2011

Business development

Logistics currently offers a wide range of logistics services, and the group holds a strong position within parcel, pallet, mixed cargo groupage and in-night solutions in the Nordic market. With a broader, more standardized logistics offer, added strength in submarkets where Logistics currently holds a weaker position and wider geographic coverage, the business area is better able to meet customer demand for services and end-to-end solutions and to create additional growth.

Logistics's continued development and standardization of Nordic products in 2011 included the launch of the market's first pan-Nordic parcel and pallet services. The launch was an important step in strengthening the logistics offer, and means that business customers can now send parcels and pallets within the entire Nordic region as easily as they can do domestically.

Acquisitions made by Logistics in 2011 complement the business with leading expertise in pallet, mixed cargo groupage and vehicle-based shipping, serving to further strengthen Logistics's position in the Nordic region.

New partnerships were commenced in 2010 throughout the Nordic region (with, e.g., supermarket chains) which further strengthen the distribution network. These partnerships worked well in 2011 and have been instrumental in consolidating PostNord's position and accessibility.

Streamlining of operations

Work proceeded in 2011 to streamline production to create capacity for growth in volume, to reduce unit costs and to improve competitiveness. An important feature of this work is the terminal change currently underway in Sweden. During the year, Logistics signed a rental agreement for a new combined parcel and pallet terminal in northern Stockholm. Additional investments are being made in Norway to further increase Tollpost's capacity in the Norwegian market.

Volume growth to, from and within the Nordic region

Large volumes increase opportunities for standardization and optimization on unit costs. During the year, Logistics strove to develop its attractiveness and position as the natural partner for logistics flows to, from and within the Nordic region.

Alongside a strong Nordic base, there is potential for additional development through, for example, strategic alliances. Through PostNord's current partnership with one of Europe's leading parcel networks, DPD, Nordic corporate customers can reach all of Europe with high quality deliveries at competitive prices.

Environmental initiatives

One of the prerequisites for being regarded as a leading logistics operator is the practical, determined pursuit of an environmental agenda. Nordic logistics purchasers have heightened their environmental requirements in recent years. As a major industry operator, Logistics actively participates in the development of alternative fuels and new vehicle technology. This year, the business area tested a new truck fuel in cooperation with Volvo Trucks. Logistics has also upgraded its vehicle fleet more rapidly than was originally planned. The investments made by the group in logistics terminals will further increase capacity allowing the business area to utilize capacity more efficiently, which will help reduce carbon dioxide emissions.

Strategic priorities

- Expand logistics in the Nordic region
- Organic growth within existing structure and with existing products, through additional sales and partnerships
- Potential add-on acquisitions to broaden service offer and strengthen geographic position
- Reduce administrative expenses

Business model, Logistics

Low unit costs

Standardization and focus on economies of scale create efficiency and allow us to offer the best price.

Large volumes

Large-scale production improves opportunities for standardization, cost-efficiency and competitiveness.



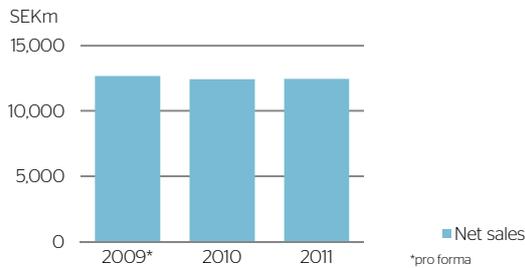
Strong Nordic infrastructure

Post Nord is building the Nordic region's strongest infrastructure, with cohesive, standardized products in all countries and high levels of local presence and accessibility.

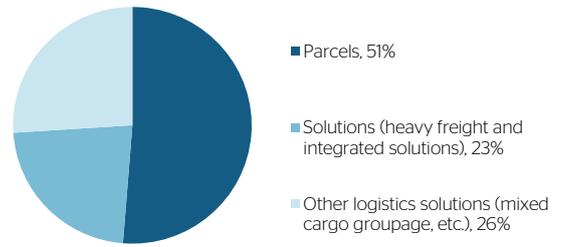
Attractiveness

With a focus on simplicity, reliability and quality, PostNord is an attractive business partner and offers customized and environmentally sustainable solutions within the framework of its standardized production and administration.

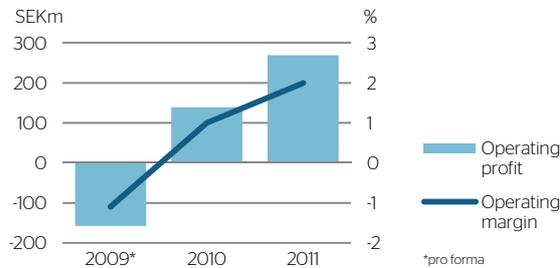
Net sales



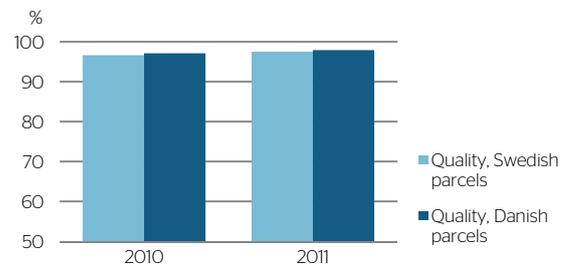
Net sales 2011



Operating profit and operating margin



Delivery quality



Strålfors

Through Strålfors, PostNord offers information logistics services to companies and helps them communicate effectively with their customers.



Strålfors receives information, processes it and sends it out to its customers' clientele through channels or by the method that achieves the best effect. These services include data management, printing and response management. The core business is business communication in the form of invoices, customer data, etc. Strålfors operates businesses in the Nordic countries and the UK, France and Poland. In 2011, Strålfors handled 928 million invoices, account and salary statements and other physical or digital mail items.

Market trends

Demand for information logistics services stabilized during the year, partly due to the relatively strong economic trends in Sweden, Norway and Finland. However, the weak Danish economy and general deterioration of Europe's economic outlook had a negative impact on the development of business volumes. During the year Strålfors's business developed in line with the market as a whole, and its position is stable in key markets.

The structural adaptation of the communication market produces competition from digital alternatives in all geographic markets and continued price pressure, chiefly in terms of physical services within business communication. Competition is particularly evident in Denmark, a result of digitization in which companies and organizations increasingly direct their communication with customers and citizens towards electronic infrastructure.

Despite increasing and more wide-ranging competition, services within information logistics have long-term growth potential. It is increasingly important for companies and organizations with large addressed customer mailings to be highly effective with their communication. Possibilities for clarifying, personalizing and following up customer communication are greater than ever before, which means that there are also opportunities to make an impact with communication.

2011 net sales and profit

Net sales for Strålfors fell 10% to SEK 3,048m (3,391). The change was attributable to the divestment of the Strålfors Identification Solutions division. Excluding structural and currency changes, net sales fell 1% due to the effects of increased digitization. Income was SEK 3,066m (3,419), including internal transactions.

Expenses fell 12% to SEK 3,147m (3,595). The decrease was primarily attributable to the divestment of the Strålfors Identification Solutions division. Last year was also burdened with restructuring costs of SEK 77m. Excluding structural and currency changes, costs fell 2% due to ongoing streamlining activities.

Operating profit improved to SEK -76m (-170).

Investments in Strålfors during the year totaled SEK 156m (169) and were primarily attributable to normal replacement investments, capitalized expenditures and acquisition of customer base.

Activities during 2011

In order to realign the operations for increased growth and improved profitability, Strålfors initiated several projects this year and expanded projects already underway.

Streamlining and adaptation of operations

Strålfors's business has gradually been refined to cover information logistics services. This year, a further step was taken in this effort through the divestment of the Strålfors Identification Solutions division.

Strålfors's implementation of efficiency measures includes the restructuring of operations by concentrating production in fewer units, mostly in France, Denmark and Norway. Cost-reducing measures chiefly covered business communication operations.



Business development

The business communication market is a mature one. Strålfors set up a new organization in late 2011 in order to concentrate sales within four areas:

- Business Communication
- Data Management (maintenance and development of databases)
- Marketing Communication
- Fulfillment (serving customers with information and logistics)

Growth efforts are concentrated in the latter three areas.

Environmental initiatives

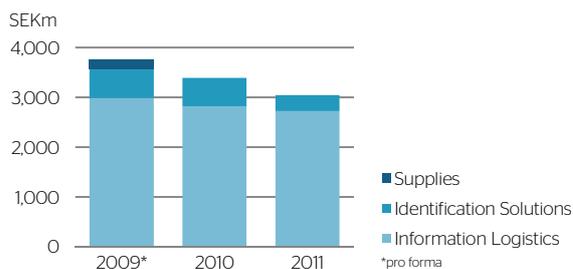
In 2011, Strålfors carried out energy-saving measures by moving to more modern, better-adapted facilities and by implementing cost reduction projects at existing premises. The use of solvents was reduced during the year and

continuous efforts are made to minimize the amount of paper waste from production. During the year, Strålfors also certified its Danish and French businesses in accordance with ISO 14001; the entire business operation is now certified. In addition to ISO 14001 certification, Strålfors also has five eco-labeled printing plants and three printing plants certified in accordance with FSC and PEFC.

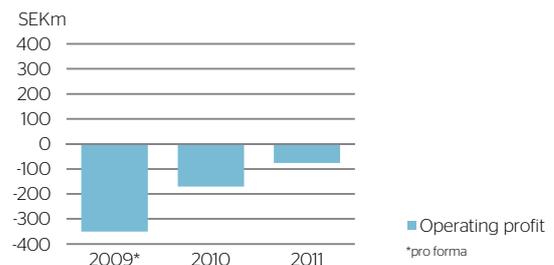
Strategic priorities

- Improve profitability by adjusting costs to lower business communication volumes
- Growth in areas Data Management, Marketing Communication and Fulfillment
- Reduce administrative costs

Net sales



Operating profit



Risks and risk management

PostNord's risk management is a continuous group-wide process and an integrated part of our operating control and follow-up.

The ability to manage risks is crucial for the governance and control of PostNord's business and taking controllable risks is a prerequisite for the attainment of the group's goals. PostNord works purposefully with risk management in the group's strategy process and operating activities.

Risk management

PostNord's risikostyring udgør en integreret del af PostNord's risk management constitutes an integrated part of the group's operating control. The group works continuously to identify, evaluate and manage risks in the group's business operations and units based on accepted methods and principles. The overall objective is to ensure that risks linked to the group's strategy and its implementation (strategic risks) and to the business (operational risks) are identified and managed in an effective, systematic and proper manner.

PostNord's Board of Directors and management team have overall responsibility for the group's risk management. The Audit Committee is tasked with supervising the efficacy of the company's internal governance and control as well as systems and processes for risk management with reference to the group's financial reporting.

Risks to the group are identified in the group's annual business planning process. In 2011, PostNord prioritized a more goal-oriented method to identify risks in its risk management efforts. Risk areas were reclassified and risk maps for strategic and operational risks were introduced to enable the effective identification of prioritized risk areas for the group. These risk areas were included in the new group strategy for the period through 2015 adopted by the Board of Directors.

Risk management work is conducted on a central level. The management teams of PostNord's business operations and local units are responsible for identifying and reporting operational risks, which are then consolidated at the central level with the group's strategic risks. A risk strategy is determined depending on the nature of the risk. The business is systematically monitored through regular reports in which business operation management teams update identified risks.

Risk areas

Like all companies, PostNord is affected by a number of risks that influence the group's future development. Since 2011, the most significant risks areas are divided into two categories comprised of several subcategories. This classification helps PostNord focus its risk management activities and obtain an overview in conjunction with internal reporting.

Strategic risks are linked to PostNord's development. The most significant risks to the group are associated with the group's adaptation of the business to changes in the economy, adaptation of the mail businesses to meet reduced mail volumes and a profitable expansion of the logistics business.

Operational risks are linked to operational activities. Operational risks include, for instance, regulatory risks, security and continuity risks, environmental risks and financial risks. Operational risks are often managed with guidelines and instructions that aim to provide a uniform, effective level of certainty throughout the entire group.

Strategic risks

PostNord's business volumes are closely linked to macroeconomic trends. 2011 was characterized by continued weak economic development in many countries, including Nordic countries. The economic trend has a significant effect on PostNord's earning capacity.

The communication market is characterized by major changes, due primarily to substitution from increased digitization and liberalization. In Denmark, coordinated public initiatives to increase the level of digitization are extremely widespread and this trend is expected to continue in coming years. A similar development is also predicted in Sweden. Substitution imposes additional demands on PostNord's ability to adapt production and administration to market demand.

PostNord has adopted a new strategy for the period through 2015, aimed at repositioning the group's business in relation to current market changes, creating growth and improving profitability for the group. The strategy includes investments to adapt the mail businesses to meet the anticipated drop in mail volumes, expansion within Logistics to enlarge the offer and increase market presence, and development of a position as the leading logistics company in the Nordic region. Meanwhile, extensive work is being done to reduce costs in the business operations and within administration.

The repositioning will involve significant investments and major non-recurring restructuring costs that will burden the group's earnings trend in 2012. These efforts will give rise to capital requirements for investments and growth measures that will be partially met through changes in the capital structure by increasing indebtedness.

The repositioning itself presents a strategic risk to the group, and commands the full attention of the Board of Directors and group management. Its implementation sets high standards for leadership and governance of the business. Changes have been made to the group's management and governance structure in order to improve controllability and performance focus.

Read more about PostNord's market conditions in Markets and Trends. Read more about PostNord's strategy in Strategy and Targets.

Key risk areas and risk management

Risk area	Risk description	Risk management
<i>Identified risks</i>	<i>Each risk area includes a number of concrete risks.</i>	<i>Risks are managed through one or more activities.</i>
Strategic risks	Weak economy and increased level of digitization. Adaptation of production and administration to market demands.	Implementation of adaptation of mail businesses, ensure profitable growth of logistics business, implementation of administrative restructuring.
Operational risks		
Regulatory risks	Changes to regulatory provisions (pricing, service levels, etc.).	Implementation of activities to highlight the importance of harmonizing the regulatory framework with market trends.
Security and continuity risks	Deterioration of quality resulting from disruptions to distribution and production networks.	Continuity plans and risk-based security standards that take into consideration customer demands and other global factors.
Environmental risks	Climate impact.	Adaptation of transports and establishment of new terminal structure. Investments through Climate Fund.
Financial risks	Refinancing risks, customer credit, changes in interest rates, exchange rate fluctuations.	Establishment of payment readiness including planning, systematic customer and partner credit evaluation, limitation of translation exposure.

Operational risks

Regulatory risks

Provision of the universal postal service obligation is regulated in Sweden and Denmark, though to differing degrees. PostNord subsidiaries Posten AB and Post Danmark A/S are obliged to provide universal postal service in Sweden and Denmark, respectively. National legislation is based on the EU directive regulating postal services within the EU and the Universal Postal Union treaty regulating international service. The terms of Posten and Post Danmark's concessions and the postal legislation in those countries include provisions for pricing, service levels, quality, distribution networks, complaint management and supervision. Changes on the European or national level to regulations concerning the universal postal service obligation can therefore have a significant impact on the group.

The communication market is undergoing a structural change and is characterized by intense competition. Market conditions deteriorated in 2011, partly due to a dramatic drop in mail volumes. It is essential that the regulatory framework remain abreast of this development. PostNord will work to maintain a good dialogue with society, its owners (the

Swedish and Danish states) and the supervisory authorities in each country in terms of how tomorrow's universal service obligation should be designed in both Sweden and Denmark to best promote the continued operation of efficient, profitable mail operations that offer good service.

Security and continuity risks

PostNord's goal is that security and continuity characterize the group's services and delivery. These attributes are essential to our efforts aimed at protecting employees, customer property and our own assets against damage and loss.

PostNord's production facilities and distribution network are protected by physical security measures and through continuity plans. PostNord has established a group-wide security standard and a group-wide continuity program, both of which strengthen resilience and robustness and adapt protection to various customer-driven and international security standards. International IT and information security standards apply throughout the entire group, and results are measured through an international comparison of information security.

Environmental risks

PostNord's operations require transports and an extensive infrastructure of terminals, production facilities and other buildings. PostNord works purposefully and in cooperation with various stakeholders to adjust its operations to reduce environmental impact. The group shall be able to offer communication and logistics services that have a limited environmental impact. These efforts also involve the management of certain market risks, since lowering energy consumption levels serves to reduce vulnerability to fees and rising energy prices.

Within the framework of the group's production strategy, PostNord is working to set up a new terminal structure in Sweden with fewer - though larger and better-situated - terminals. This project supports PostNord in its efforts to reduce the group's environmental impact.

The group's Climate Fund - which earmarks budget resources for environmental investments - is a key component of the group's environmental improvement work.

Read more about our work in the environmental area in PostNord's Sustainability Report.

Financial risks

The group's business includes financial risks that may affect its financial position. These risks, including the management of payment readiness and credit and market risks, are managed centrally based on the financial policy adopted by the Board of Directors.

In short, the group has limited exposure to financial risks.

Refinancing risks

Financial readiness, which is monitored on an ongoing basis, is comprised of binding loan commitments and liquidity reserves. Financial readiness at year-end 2011/12 totaled SEK 4.1 billion. With continuous planning of payment readiness and refinancing, the group's financial readiness is deemed to be stable.

Credit risks

PostNord is exposed to credit risk through customer credit, the investment of cash and cash equivalents and counterparty risk in financial instruments. PostNord limits risk arising from credit sales to customers through systematic credit evaluations and monitoring of all customers and by diversifying its credit exposure. Credit losses have historically been low.

PostNord hedges credit risk on the central level by only working with financial partners who have high credit standing and by broadly diversifying its activities. PostNord's credit risk is therefore deemed to be extremely limited.

Market risks

There are two types of market risks: currency risks and interest rate risks.

Due to PostNord's international presence and business operations, the group is exposed to exchange rate fluctuations. The group's currency exposure is primarily related to the net profit of foreign subsidiaries and changes in the value of subsidiaries' net assets (translation exposure). In accordance with the group's financial policy, risk exposure is not hedged against net profit. However, an annual review of all group companies is conducted to ensure optimal solvency levels and thereby limit the group's translation exposure. Currency exposure in receivables and short-term promissory notes is hedged with financial instruments (derivatives) at the time they arise.

PostNord's interest rate risk refers to interest-bearing assets and long-term liabilities. The group's interest rate risk is managed in relation to the market value of financial instruments and net interest income.

Posten's Pension Fund

Posten's Pension Fund manages assets for pension commitments for Posten AB, Posten Meddelande AB and Posten Logistik AB. The companies capitalize new pension commitments in the fund and receive compensation for pensions paid. Company assets are allocated into multiple asset classes with a good diversification factor. However, a low consolidation ratio in the Pension Fund may negatively impact the group's cash flows if reimbursement for pensions paid is not received.

Read more about the group's financial risks in Note 29.

Sensitivity analysis

Variables	Change	Impact on profit, SEKm
Change in personnel expenses	+/- 1 percentage point	193
Change in sick leave levels	+/- 1 % percentage point	127
Change in physical mail volumes	+/- 1 % percentage point	135
Change in logistics volumes	+/- 1 % percentage point	30
Change in market rate of interest	+/- 1 % percentage point	17
Translation exposure	+/- 1 % percentage point	80
Change in interest margin on pension liabilities	- 0.1 % percentage point	-16
Change in discount rate and expected return on plan assets	- 0.5 % percentage point	-188
Change in salaries and wages	+ 0.5 % percentage point	-62
Change in income base amount	- 0.5 % percentage point	-18
Change in inflation	+ 0.5 % percentage point	-159

The environmentally correct choice

PostNord is in the forefront of the industry in reducing impact on the climate. Being the environmentally correct choice for our customers is part of our vision.

As a major carrier in the Nordic region, PostNord's business has a significant environmental impact. To run its operations, PostNord utilizes virtually all modes of transportation. PostNord's goal is to fulfill its obligations and customer commitments in the most eco-efficient manner possible, thereby creating added value for both society and customers while being more economical with its own resources. The group's commitment to the environment is integrated into the business, and environmental efforts are managed like all other corporate operations.

Improved energy efficiency

A key element of PostNord's environmental work is the utilization of capacity. The group strives to coordinate transports and load vehicles to the maximum possible fill rate in its daily production activities.

Economies of scale and large volume capacity are important reasons behind the group's decision to transport a high percentage of mail items by rail. 65% of mail volumes between sorting terminals are transported by rail in Sweden. In Norway, the vast majority of the group's total pallet and parcel volumes are transported by rail.

Climate Fund

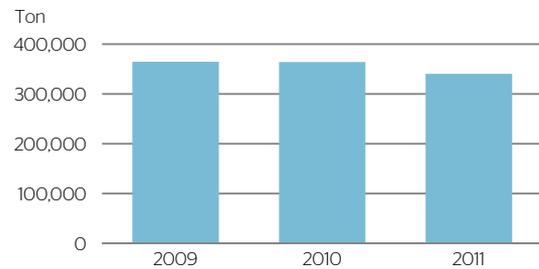
The group invests significant resources in reducing the environmental impact of the business. Part of these investments are made within the framework of the Climate Fund, which was established in 2009 and in which funds are earmarked for environmental investments. The Climate Fund has enabled the group to step up the pace of its environmental efforts, and several investments have been made in energy-efficient transports and premises. SEK 100m was earmarked in 2011 and investments included the expansion of the electric vehicle fleet and the implementation of several energy efficiency measures at premises and buildings.

The climate-efficient offer has been expanded through initiatives including eco-efficient service alternatives for "varubrev" and periodicals in Sweden. The group has also participated in several sustainable development collaborations, including a fuel test of BioDME along with Volvo Trucks and the Swedish Energy Agency.

Environmental goals and results

PostNord's goal is to reduce carbon dioxide emissions by 40% by 2020 based on 2009 levels. This goal is in line with the owners' environmental targets. In 2011, CO₂ emissions were reduced 23,974 tons. Overall, PostNord's CO₂ emissions have been reduced 7% from 2009 levels.

Carbon dioxide emissions ¹⁾



¹⁾ Refers to Nordic region and Strålfors non-Nordic operations.

Environmentally licensed operations

PostNord runs operations requiring registration under national legislation in Sweden, Denmark, France and Poland. These operations constitute a limited portion of the group's net sales. In Sweden Strålfors runs facilities in Ljungby that require registration under the Swedish Environmental Code. Corresponding registrations are made with the applicable authorities for Strålfors facilities in France and Poland. These environmentally licensed operations deal with graphic production and impact the external environment through emissions to air.

Other environmentally licensed operations subject to Environmental Code provisions are a number of cleaning bays used in PostNord's Swedish operations. No significant environmental incidents occurred during the year. A minor environmental issue concerning the close-down of Strålfors's operation in Gothenburg is currently underway.

No environmentally licensed operations required renewal in 2011.

Read more about PostNord's environmental efforts in the Sustainability Report.

Working for us

PostNord is one of the largest employers in the Nordic region. We strive to be an attractive, stimulating workplace for committed managers and employees.

The group's success is founded on having excellent managers and employees with the right skills. PostNords wants to recruit, develop and retain the best talent within various functions and professional categories. There are many career paths within PostNord and within business operations and countries. In order for PostNord to meet and exceed customer demands and expectation, the group's employees must be motivated to constantly innovate and improve.

How PostNord works

The group's HR work focuses on primarily three areas:

- *Employeeship*. The employee behavior - what each employee does and the responsibility each employee has for achieving their own goals and the goals of the business.
- *Leadership*. PostNord seeks out leaders who thrive by leading through others and generating commitment.
- *Health*. With many employees having physically demanding jobs, the group highly prioritizes work environment and health

Development, 2011 and beyond

In 2011, the group had an average of 41,714 employees at over 2,000 workplaces. The total number of employees at year-end 2011 was 48,568. Personnel turnover was 10.6 (10.7) % in 2011.

Employees in the Nordic countries give their views on the group and its operations in annual surveys, which are compiled in indices of employee commitment (MIX) and leadership quality (LIX). In 2011, the employee index was 57 and the leadership index was 59. 2011 results are not comparable to previous years due to changes made to the

surveys, but index results indicate potential for improvement. The fact that the group is making major changes and adjustments to its operations is expected to affect results. PostNord's goal is to improve both key ratios in the period through 2015. Essential elements in this effort include increasing awareness of the group's future development, increasing focus on customers in all parts of business and working harder to develop managers and leaders.

Workplace equality and diversity

PostNord is an equal opportunity employer and opposes inequitable pay differentials. The group's goal is a 40% proportion of female managers within the group by 2015. In 2011, the proportion of female managers was 29 (29)% (adjusted from previously published data). The female/male breakdown for the group was 35/65 (36/64)%.

PostNord has a group-wide zero tolerance policy with regard to discrimination. During 2011, 5.4 (4.8)% of employees in the Swedish operations reported that they had been subject to discrimination or harassment at work.

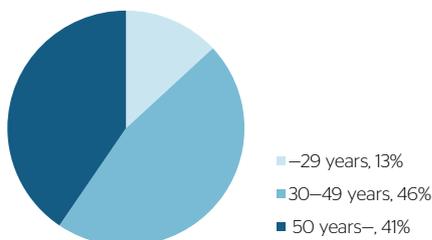
The group is supported in its anti-discrimination efforts by tools including codes of conduct. Discrimination issues are actively addressed by the group's HR function.

Health and safe work environment

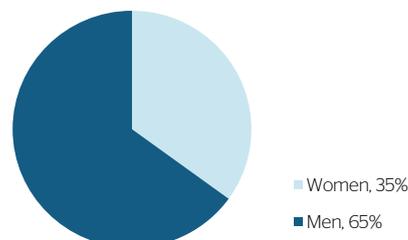
The group invests significant resources and energy in work environment and health issues. Sick leave in the group was 5.0 (5.1)% in 2011.

Read more about employee responsibility in the Sustainability Report.

Age distribution ¹⁾



Gender distribution ¹⁾



¹⁾ Refers to Nordic region.

Parent company and distribution of profits

The parent company, the name of which was changed to PostNord on May 17, 2011, ran a very limited operation and had only two employees as of December 31: the President and CEO and the group CFO. The current President and CEO assumed his position on March 1, 2011; the CFO did so on November 1, 2011. No net sales were reported during the year. Total expenses were SEK 29m (18) and financial items were SEK 1,007m (958). Profit before tax totaled 990m (940), and profit after tax totaled SEK 990m (956). No cash and cash equivalents were reported and no investments were made in tangible fixed assets.

Proposed distribution of profits

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

SEK	
Dividend, 2,000,000,001 shares at SEK 0.184 per share	368,000,000
Carried forward	1,225,106,406
Total	1,593,106,406

The share

Ownership and capital stock

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

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

Dividends paid and proposed

Dividends totaling SEK 1,000m were distributed in 2011, representing SEK 0.50 per share. The dividend represents 97% of 2010 net profit.

Earnings per share, before and after dilution, totaled SEK 0.61 (0.51) in 2011. The Board proposes a dividend of SEK 368m, which represents SEK 0.18 per share and 30% relative to net profit.

2011 financial calendar

- Annual General Meeting - April 20, 2011, 11:00 AM.
- January-March 2012 Interim Report - May 10, 2012
- January-June 2012 Interim Report - August 29, 2012
- January-September 2012 Interim Report - November 7, 2012

Information on PostNord's Annual General Meeting is provided in the Corporate Governance Report.

Corporate governance report



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Governance of PostNord

PostNord's overall goal is to create long-term value for its owners and other stakeholders and to ensure the fulfillment of its universal service obligations. One prerequisite for this is well-functioning corporate governance.

Characteristics of good corporate governance include a clear ownership structure and well-appointed Board of Directors as well as efficient processes and carefully prepared risk management. This Corporate Governance Report describes PostNord's corporate governance from this perspective, and has been prepared in accordance with the Companies Act, the Annual Reports Act and the Swedish Code of Corporate Governance.

Ownership structure

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

Ownership structure



Governance structure

The highest decision-making bodies within PostNord are:

- The Annual General Meeting
- The Board of Directors
- The President and Group CEO assisted by group and executive management

The owners jointly nominate the Chairman of the Board and other Board members, propose directors' fees and nominate the AGM chairman and external auditors. The AGM is PostNord's highest decision-making body.

The Board of Directors holds overall responsibility for organization and administration of the company, through continuous monitoring and control of the operations. The Chairman of the Board leads the Board's work. The Audit and Compensation Committees assist the Board in these efforts.

PostNord's President and CEO is responsible for and manages the day-to-day management of the group based on the Board's guidelines and instructions. The President and CEO is assisted by group management and by an executive

management team comprised of members of group management.

The company's auditor is selected by the AGM and examines the Annual Report and Consolidated Financial Statements, the Board's and CEO's administration and the annual reports of subsidiaries, and produces an auditor's report. PostNord's internal audit function evaluates the company's internal governance and control.

Corporate governance principles

As per agreement of PostNord's owners, PostNord's corporate governance is governed by Swedish law.

In addition to the below-referenced laws and statutes, the following corporate governance principles are applied (available at www.regeringen.se and www.fm.dk):

- *Swedish state's ownership policy*
The ownership policy includes guidelines for external reporting and guidelines for terms of employment for executives. The ownership policy specifies that the Swedish Code of Corporate Governance ("the Code") shall be applied. PostNord shares are not listed on the stock exchange. According to the ownership policy, PostNord's Board of Directors is responsible for ensuring that the company produces annual, interim and year-end reports in accordance with the OMX Nordic Exchange listing agreement rules, and in accordance with applicable accounting legislation and generally accepted accounting practices. This also means that PostNord shall produce a corporate governance report that includes a report on the internal governance and control of financial reporting.
- *Board of Directors' Responsibility in State-owned Companies (Swedish state)*
- *Staten som aktionær (den danske stat).*

Rules and regulations affecting the governance of PostNord

External rules and regulations

- Danish and Swedish states' owner directives
- Swedish Companies Act
- Swedish state's ownership policy and guidelines for state-owned companies and Danish state's ownership principles (The State as Shareholder)

- Swedish Code of Corporate Governance
- Board of Directors' Responsibility in State-owned Companies (Swedish state)
- NASDAQ OMX Stockholm's issuer regulations
- Swedish Annual Reports Act
- International Financial Reporting Standards, IFRS
- Specific legislation, regulations, concessions and licensing terms concerning universal service obligations in Denmark and Sweden
- Laws and regulations in countries concerned
- Global Compact

Internal rules and regulations

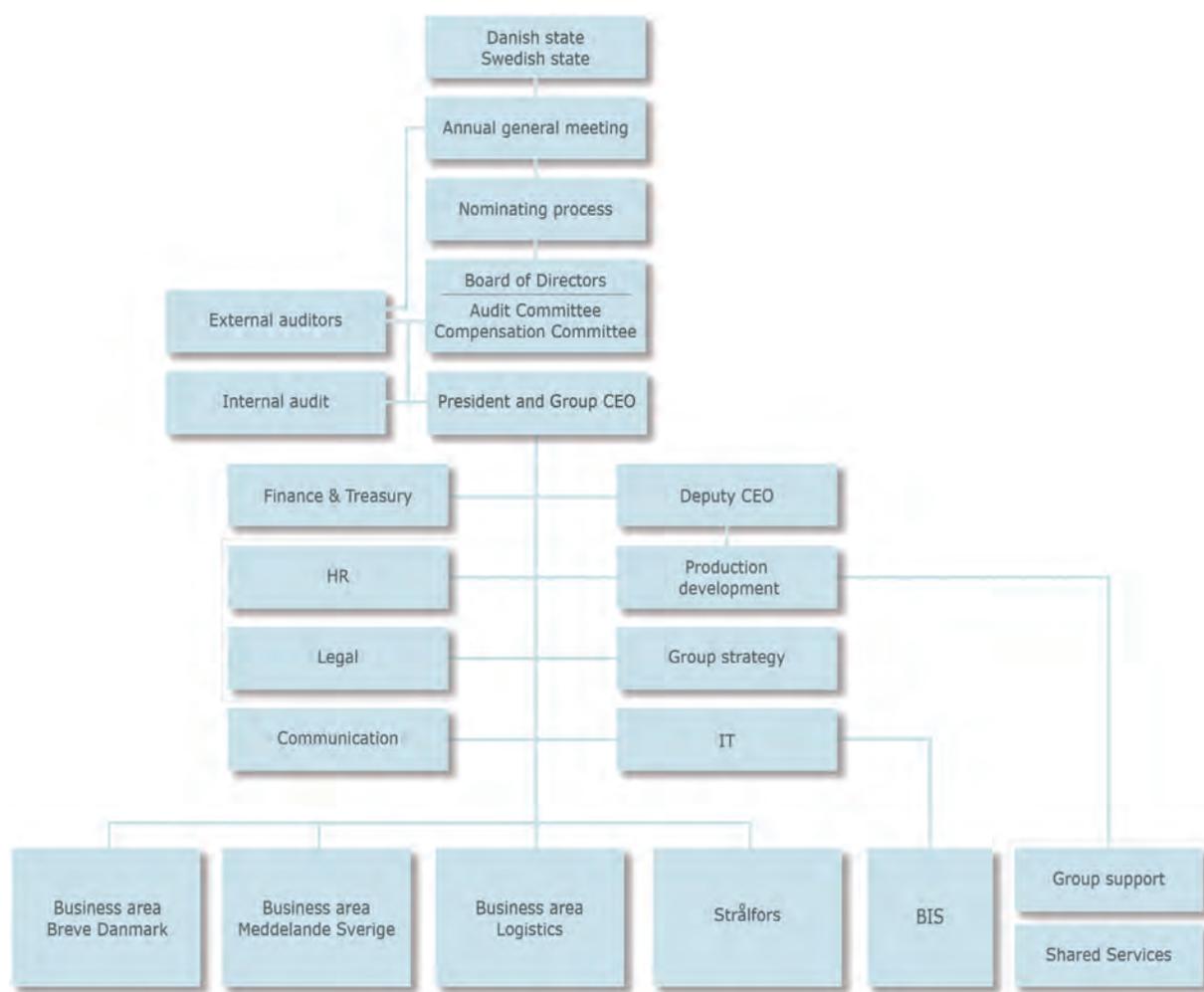
- By-laws
- Rules of procedure for the Board of Directors
- Board of Director's instructions to the CEO
- Delegated authorities
- Code of Conduct and policy documents
- Financial Accounting Manual
- Formal work plans of the Audit Committee and Compensation Committee
- Framework for internal governance of control of financial reporting

Deviations from the Code

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

- Chapter 2 requirement for nominating committee. PostNord does not have a nominating committee, as the nomination and appointment of Board members is performed in accordance with the principles agreed upon by the owners. Nominations are made in cooperation with the owners.
- Chapter 45 requirement for board members' independence from owners. Protection for minority owners is not relevant to the governance of PostNord, which has only two owners. The reporting of board members' independence is therefore not relevant.
- Chapter 9.7 requirement for AGM resolution on share- and share price-related incentive programs. The rules concerning share-related incentive programs are not applicable, as the Danish and Swedish states together own 100% of the company's shares.

Governance structure



Annual General Meeting

Under the terms of the Companies Act, the AGM is the company's highest decision-making body. The Swedish Ministry of Finance and the Danish Ministry of Transport vote on behalf of the Swedish and Danish states at PostNord's Annual General Meeting. Each state nominates four Board members.

AGM resolutions are normally made by simple majority. In certain issues, however, the Companies Act and PostNord's by-laws stipulate that motions must be seconded by a higher proportion of the shares represented and votes cast.

The Board of Directors is responsible for providing notification of time and place of the AGM. A Notice of Annual General Meeting is advertised and is provided in PostNord's Annual Report and on the group website. Members of the Swedish and Danish Parliaments and the general public are invited to attend and ask questions at the AGM.

2011 Annual General Meeting

PostNord's 2011 Annual General Meeting was held on April 15, 2011. The AGM made the following resolutions:

- To adopt the income statement and balance sheet and consolidated financial statements.
- To distribute a dividend to the owners, in accordance with the Board and CEO's proposal, of SEK 0.50 per share, totaling SEK 1 billion.
- To discharge the Board and Directors and the CEO from liability for financial year 2010.
- To approve the proposed guidelines for compensation and other terms of employment for executives.
- That the Board of Directors shall be comprised of eight AGM-elected Board members and no deputy members.
- To reelect all Board members: Fritz H. Schur, Mats Abrahamsson, Ingrid Bonde, Gunnel Duveblad, Bjarne Hansen, Torben Janholt, Anne Birgitte Lundholt and Richard Reinius. To re-elect as Chairman of the Board Fritz H. Schur.
- To approve the proposals concerning Board member remuneration covering the period through the 2012 AGM. Board and Committee remuneration shall not be paid to members employed by the Swedish Government Offices. Auditor fees shall be paid upon invoice approval. To adopt economic targets for parent company.
- To amend the company's by-laws, including change of the company name to PostNord AB.

The complete minutes of the 2011 AGM are published on the group's website: www.postnord.com

2012 Annual General Meeting

PostNord's 2012 Annual General is planned for April 20, 2012 at 11:00 A.M. Information on date and time is published on the group's website: www.postnord.com.

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

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

Proposed guidelines for executive compensation

The Board of Directors proposes no changes to the guidelines adopted by the 2011 Annual General Meeting.

Total compensation for executives shall be well balanced, competitive, reasonable, appropriate, subject to a salary ceiling and shall promote good ethics and a good corporate culture. Compensation shall not market leading in relation to comparable companies, but shall be characterized by moderation.

Pension provisions for executives in Sweden should not exceed 30% of monthly salary. Employment contracts stipulate a retirement age of either 62 or 65. The notice period should not exceed twelve months in the event the employer terminates the employment contract and should not exceed six months if the employee terminates the employment contract. If the employer terminates the contract, the employee may receive severance pay equal to a maximum of twelve months' salary. Income earned from subsequent employment or comparable business activities during the period of notice should be deducted from the aforementioned severance package.

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

Board of Directors

The Board of Directors holds overall responsibility for the organization and management of the company through regularly monitoring the business and ensuring appropriate organization, management, guidelines and internal controls. The Board decides on strategies and targets and makes decisions on major investments, acquisitions and divestment of operations.

Composition of the Board

The Board is appointed by the AGM, which has determined that the Board shall be composed of eight AGM-elected Board members and no deputies. The Board also includes three employee representatives and their three deputies. The Swedish state's ownership policy prescribes that each gender shall have at least 40% board representation. The female/male distribution of PostNord's Board of Directors was 37.5%/62.5% in 2011.

Board of Director's actions

Working methods

The Board of Directors annually establishes rules of procedure regulating matters such as the Chairman's duties, information to the Board and the roles and responsibilities of the CEO and Board members. There is no other division of board tasks among board members than the committees presented in this report.

The Chairman of the Board is elected by the AGM, supervises the Board's work and is responsible for ensuring that this work is well-organized and carried out effectively. This includes the regular monitoring of the company's operations in dialogue with the CEO and making certain that other Board members receive the information and documentation necessary to ensure high quality discussions and Board decisions. The Chairman leads evaluation of the Board and CEO's work. The Chairman also represents the company in issues of ownership.

The CEO and other company officials participate in Board meetings in reporting or administrative capacities. Viveca Bergstedt Sten served as secretary to the Board of Directors through November 1, 2011; Palle Juliussen filled this role after that date.

Board meetings and issues in 2011

The Board held five ordinary meetings and one statutory meeting in 2011. The Board's duties include the production of interim, year-end and annual reports. The Board dealt with these issues in 2011. The CEO presented the financial and market situation at all board meetings. Also during 2011, the Board adopted a new corporate strategy and a business plan

for 2012-2014. The Board regularly dealt with Audit and Compensation Committee reports and reports on internal control and financial affairs. The company's auditor reported on the year's audit work and the Board discussed these issues.

Board meetings 2011

Date of meeting	Main topic	Additional key issues
02-23-2011	2010 annual financial statements	The PostNord brand Acquisition of Eek Transport AS
04-15-2011	Statutory board meeting	
05-17-2011	Interim Report	Production structure, Meddelande Sverige Merger of Swedish and Danish stamp production
08-29-2011	Interim Report	Investments in machinery for new Meddelande Sverige mail terminals New organization and management structure
11-08 & 09-2011	Interim Report	Strategic situation and options
12-13-2011	Business plan 2012-2014	Principles for CEO and executive compensation

Board attendance 2011

Board member	Number of board meetings	Number of Audit Committee meetings	Number of Compensation Committee meetings
Fritz H. Schur	6/6	-	3/3
Mats Abrahamsson	6/6	-	3/3
Ingrid Bonde	6/6	-	3/3
Gunnel Duveblad	6/6	5/5	-
Bjarne Hansen	6/6	4/5	-
Torben Janholt	4/6	-	3/3
Anne Birgitte Lundholt	6/6	4/5	-
Richard Reinius	5/6	5/5	-
Lars Chemnitz	5/6	-	-
Alf Mellström	6/6	-	-
Kjell Strömbäck	5/6	-	-

Audit Committee

The Audit Committee is tasked with preparing the Board to perform its duties of supervising and assuring the quality of the group's financial reporting. The Committee supervises the effectiveness of the company's internal governance and control as well as risk management systems and processes with regard to financial reporting. The Committee's formal work plan is established by the Board. The Audit Committee has no decision-making authority.

The Committee also assists the owners in selecting auditors. The Audit Committee, in addition to reporting to the Board on its efforts, regularly reviews the auditors' reports and determines whether the auditors are performing their task independently, objectively and cost-efficiently. The Audit Committee is the principal of the internal audit and its monitoring of internal governance and control, and remains apprised of internal audit reports.

The Committee is comprised of at least three Board members and meets at least four times per year. The company's external auditors participate in meetings(s) at which the year-end report, annual report and auditor's report are presented, as well as when they are needed for assessment of the group's financial position. The Committee chair is responsible for continually apprising the Board of the Committee's activities.

Audit Committee members were Gunnel Duveblad (chair), Bjarne Hansen, Anne Birgitte Lundholt and Richard Reinius.

The Audit Committee met five times in 2011 and dealt with topics including:

- Implemented reviews of internal audit of full-year report, semi-annual report and quarterly reports
- Group auditor's reporting on year-end audit
- Supervision of financial reporting and effectiveness of PostNord's internal governance and control
- Supervision of risk management systems and processes

Compensation Committee

The Compensation Committee is tasked with preparing and presenting proposals to the Board regarding compensation and other benefits for corporate management and remuneration principles for external directors serving on the boards of group subsidiaries. The Compensation Committee has no decision-making authority.

The Compensation Committee is comprised of at least three members. The Chairman of the Board chairs the Committee. The Committee meets at least twice per year. The Committee chair is responsible for regularly apprising the Board of the Committee's activities.

Compensation Committee members were Fritz H. Schur (chair), Mats Abrahamsson, Ingrid Bonde and Torben Janholt.

The Compensation Committee met three times in 2011 and dealt with topics including:

- Compensation and other provisions for executives
- Pension provisions for executives
- Specific issues regarding compensation for members of group management

Compensation at PostNord

Decisions on compensation for the President and CEO are made by the Board of Directors. The Board deals with compensation issues through the Compensation Committee.

Salaries and wages for PostNord employees shall conform to market conditions. The CEO's employment terms are determined by the Board after preparation by the Compensation Committee. For additional details on compensation for executives, see Note 5, Employees, Personnel Expenses and Executive Compensation, in the consolidated financial statements.

Guidelines on executive compensation adopted by the 2011 AGM are presented in the group's 2010 Annual Report.

Evaluation of Board and CEO actions

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

The Board regularly evaluates the CEO's work by monitoring the business's progress toward set targets. A formal evaluation is performed once per year and is discussed with the CEO.

Board members' remuneration

Remuneration for Board members was determined by the AGM held in April 2011. Remuneration for each elected Board member for the period through the next AGM is SEK 250,000, while the Chairman's remuneration is SEK 600,000. Members of the Audit Committee are paid SEK 50,000, while the chair receives SEK 62,500. Members of the Compensation Committee are paid SEK 25,000, while the chair receives SEK 37,500. Board and Committee member remuneration is not paid to members employed by the Government Offices.

PostNord Board of Directors

**Fritz H. Schur**

Born 1951.
B.Sc. in Economics and Business Administration.
Chairman of the Board since April 2009. Chairman of Compensation Committee since 2009.
Chamberlain and Consul-General. CEO or chairman of the board of Fritz Schur Group companies.
Chairman of the board of DONG Energy A/S, F. Uhrenholt Holding A/S, SAS AB and C.P.Dyvig & Co. A/S. Vice-chairman of Brd. Klee A/S.

**Mats Abrahamsson**

Born 1960.
PhD (Tech).
Board member since August 2009.
Member of Compensation Committee since 2009.
Professor at Linköping University.
Board member of Dixma Consultant AB.

**Ingrid Bonde**

Born 1959.
Master of Business Administration.
Board member since August 2009.
Member of Compensation Committee since 2009.
CEO of AMF.
Board member of the Center for Business and Policy studies (SNS).

**Gunnel Duveblad**

Born 1955.
Systems Engineer.
Board member since August 2009.
Chair of Audit Committee since 2009.
Board member of, inter alia, HiQ International AB, Stiftelsen Ruter DAM, Sweco AB and Aditro AB.

**Bjarne Hansen**

Born 1940.
BSc (Shipping). PMD (Harvard Business School).
Board member since August 2009.
Member of Audit Committee since 2009.
Partner, WingPartners IS.
Chairman of the board of Billund Lufthavn A/S, Bel Air by Lastein A/S and subsidiaries, and PMG Construction A/S.
Board member of F. Uhrenholt Holding A/S, Bacher Work Wear A/S, Newco AEP A/S, O.W. Bunker and Trading A/S, Ove Wrist A/S, Monali Aps, Eva Vind K/S, Torvegade K/S.
Director, Rosenborg Partners Aps.
Director, Bjarne Hansen Aps.

**Torben Janholt**

Born 1946.
Bachelor of Commerce.
Board member since August 2009.
Member of Compensation Committee since 2009.
CEO of J Lauritzen A/S.
Board member of A/S United Shipping & Trading Company, Danmarks Rederiforening, European Community Shipowners' Association. Chairman of the board or board member of several Lauritzen Group companies.



Anne Birgitte Lundholt

Born 1952.
BSc (foreign trade) and Master of Political Science.
Board member since April 2009.
Member of Audit Committee since 2009.
Ambassador-at-Large, Danish Ministry of Foreign Affairs.
Chairman of the board of Naviair, FOF Danmark and Bornholms Erhvervsfond. Board member of Svaneke Bryghus A/S.



Richard Reinius

Born 1967.
Master of Business Administration.
Board member from April 2009 through February 2012. Member of Audit Committee from 2009 through February 2012.

Employee representatives



Lars Chemnitz

Born 1957.
Union representative appointed by 3F.
Board member since January 2010.



Alf Mellström

Born 1956.
Union representative appointed by Union of Service and Communication Employees (SEKO).
Board member since August 2009.
Employed by Posten since 1978.



Kjell Strömbäck

Born 1950.
Union representative appointed by Union of Civil Servants (ST).
Board member since August 2009.
Employed by Posten since 1968.
Board member of ST.

Deputy employee representatives

Peder Madsen

Born 1953.
Union representative.
Deputy employee representative since January 2010.
Employed by Post Danmark since 1990.

Isa Merethe Rogild

Born 1949.
Union representative.
Deputy employee representative since August 2009.
Board member of Post Danmark A/S since 1995. Employed by Post Danmark since 1966.

Anne Marie Ross

Born 1951.
Union representative appointed by Union of Service and Communication Employees (SEKO).
Deputy employee representative since August 2009.
Employed by Posten since 1971.
Ordinary board member of SEKO.

Group Management

The Board of Directors is responsible for appointing and dismissing the CEO. Group management is appointed by and assists the CEO. The CEO leads the work performed by group management and the executive team. The CEO is responsible for the day-to-day management of the company and the group in accordance with the Board's guidelines and instructions.

The relationship between the Board and the CEO is regulated by the rules of procedure and the Board's instructions to the CEO. Lars Idermark has been PostNord's President and CEO since March 1, 2011.

Changes were made to the group's management structure during the third quarter of 2011, aimed at improving maneuverability and earnings focus. Two group functions were phased out. Two new positions were established: Executive Vice President and Deputy CEO, and Vice President of Corporate Strategy. A unit for Production Development including Corporate Support & Shared Services was established.

An executive team was also established. The executive team will focus on making decisions on and prioritizing strategic business-critical issues, ensuring the implementation of approved business strategies and identifying, initiating and monitoring business-critical group initiatives.

PostNord's executive team and group management are jointly responsible for ensuring that the group's business is developed to the maximum possible extent and is in line with the direction established by the Group Board of Directors.

PostNord's executive team is comprised of:

- Lars Idermark, President and CEO
- K.B. Pedersen, Executive Vice President and Deputy CEO
- Mats Lönnqvist, Executive Vice President and CFO
- Palle Juliussen, HR Director and General Counsel
- Head of Corporate Strategy (recruitment underway)

Following the changes, PostNord's group management is comprised of:

- The executive team
- Andreas Falkenmark, Head of business area Meddelande Sverige
- Finn Hansen, Head of business area Breve Danmark
- Henrik Höjsgaard, Head of business area Logistics
- Per Samuelson, Head of Strålfors
- Johanna Allert, Head of Production Development including Group Support & Shared Services
- Per Mossberg, Director of Corporate Communications
- Joss Delissen, CIO

PostNord Group Management



Lars Idermark

Born 1957.
Master of Business Administration.
President and CEO since 2011.
Previous positions: President and CEO of KF, CEO of the Second AP Fund, Executive Vice President and Deputy CEO of FöreningsSparbanken AB/Swedbank, Executive Vice President and CFO of Föreningsbanken AB, President and CEO of LRF Holding AB.
Chairman of the Board of Swedbank AB. Board member of Chalmers University of Technology.



K. B. Pedersen

Born 1948.
Trained at the Danish Post and Telegraph Service.
Executive Vice President and Deputy CEO since 2011. Member of executive team. Member of group executive management since 2009.
Previous positions: Executive Vice President and Head of group function Operations Development, Deputy CEO of Post Danmark A/S and P&T.
Board member of De Post-La Poste (Belgium) and e-Boks A/S.



Mats Lönnqvist

Born 1954.
Master of Business Administration.
Executive Vice President and CFO since November 2011. Member of executive team. Member of group executive management since 2011.
Previous positions: Executive Vice President and CFO of SAS, CFO of Eniro, senior investment manager at Ratos, Executive Vice President and CFO of Esselte, Executive Vice President and CFO of Biacore and CFO of Securum.
Board member of Intellecta AB, Relacom AB, Biolin Scientific AB, Camfil AB, Spendrups Bryggeri AB, Østasiatiske Kompagni A/S, Bordsjö Skogar AB, Oracon AB and other companies.



Joss Delissen

Born 1963.
Master of Business Administration.
Senior Vice President and Chief Information Officer since 2009.
Member of group executive management since 2009.
Previous positions: CIO of Posten AB and various positions at Unilever, most recently as Director of Solutions Architecture.



Andreas Falkenmark

Born 1955.
Master of Laws.
Senior Vice President and Head of business area Meddelande Sverige since 2009.
Member of group executive management since 2009.
Previous positions: President of Posten Meddelande AB, CEO of NK Förvaltnings AB, CEO of Duka AB, CEO of Coop Sverige AB, CEO of Observer Northern Europe.



Finn Hansen

Born 1956.
Master of Science.
Senior Vice President and Head of business area Breve Danmark since 2009.
Member of group executive management since 2009.
Previous positions: Deputy Director of Distribution, Deputy Director of Mail Production and Transport, various management positions at Post Danmark A/S.



Johanna Allert

Born 1975.

Master of Engineering.

Senior Vice President and Head of Production Development including Group Support & Shared Services since 2011.

Member of group executive management since 2011.

Previous positions: head of development, group function Operations Development.



Palle Juliussen

Born 1948.

Master of Laws.

Senior Vice President and HR Director and Director Legal Affairs since 2011. Member of executive team. Member of group executive management since 2009.

Previous positions: member of Post Danmark A/S general management with HR as area of responsibility, Director of Tele Danmark.



Per Mossberg

Born 1953.

BSc (Econ.)

Senior Vice President and Head of Group Communications since 2009. Member of group executive management since 2009.

Previous positions: Head of Corporate Communications at Posten AB, partner at JKL AB, Executive Vice President of Telia AB, Senior Vice President at Trygg-Hansa SPP AB, Nobel Industries and Bofors AB, CEO of Näringslivets EU-fakta and Näringslivets Ekonomifakta.



Henrik Højsgaard

Born 1965.

Studied economics.

Senior Vice President and Head of business area Logistics since 2009.

Member of group executive management since 2009.

Previous positions: CEO of Posten Logistik AB, ship broker in Denmark, the UK and Hong Kong, head of TNT International Express in Denmark, CEO of TNT International Express in Sweden, President and CEO of Busslink in Sweden, CEO of Keolis Nordic AB.



Per Samuelson

Born 1957.

Master of Business Administration.

President of Strålfors since 2009.

Member of group executive management since 2009.

Previous positions: CEO of Strålfors AB, lecturer at Stockholm School of Economics and IFL and various positions within the Perstorp and PLM groups, most recently as divisional manager and member of PLM's group management.

Board member of BTJ Group AB, Chamber of Industry and Commerce of Southern Sweden and Aniagra.

Auditors

Ernst & Young AB is the appointed auditor, with authorized public accountant Lars Träff as the managing auditor. The auditors meet with the Board at least once per year and also participate in a number of Audit Committee meetings. In 2011,

the Board met with the auditors during one board meeting, during which Board members were able to present questions to the auditors.

See also Note, Audit Fees and Reimbursement of Expenses.

Internal governance and control of financial reporting

The Board of Directors is responsible for ensuring that internal governance and control is regulated primarily by the Swedish Companies Act. This responsibility is specified by PostNord in the rules of procedure, where internal governance and control is defined as a process by which the Board, the CEO and employees provide a reasonable level of assurance for the reliability of financial reports. Financial reporting includes interim reports, year-end reports and the major portion of annual reports.

Framework

PostNord's framework for internal governance and control is based on the framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Internal governance and control constitute an integrated part of the business and is divided into a number of control areas based on targets for the group's operations.

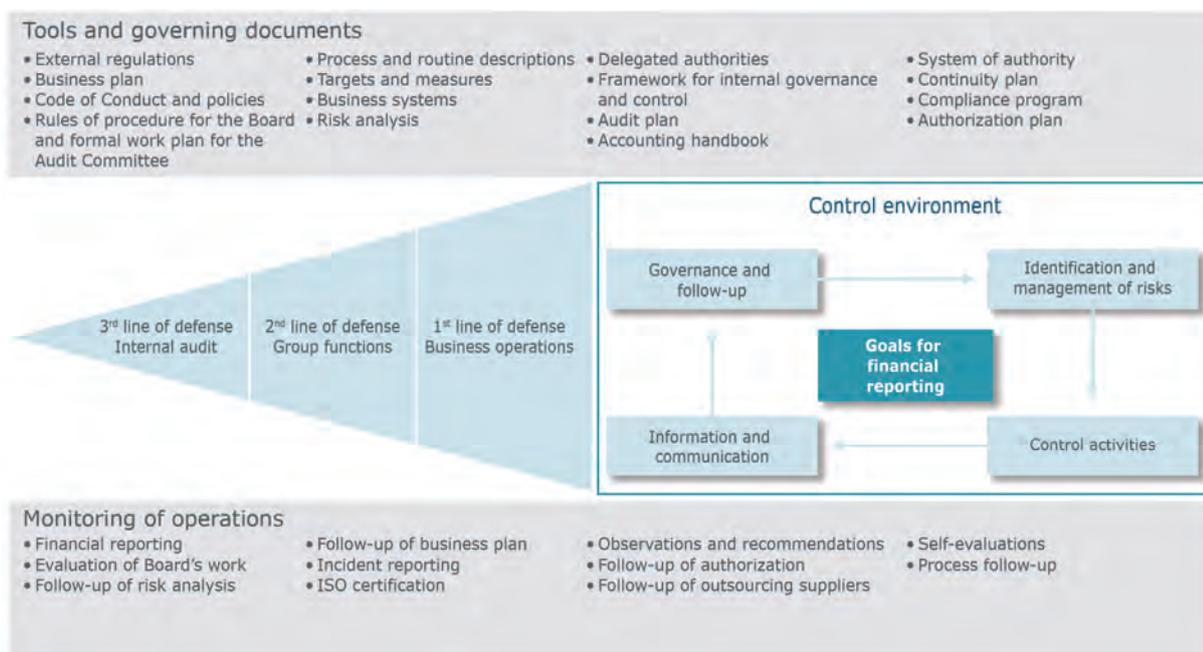
The group utilizes a "three lines of defense" model to illustrate the way in which responsibility for internal governance and control has been organized. The first line of

defense is the management of PostNord's business operations, which are responsible for identifying and managing operational risks within their own areas of responsibility.

The second line of defense – several governance and control functions that make up PostNord's group functions – has the task of supporting the first line of defense. Group functions are also authorized to issue group-wide rules and guidelines within their own functional areas of responsibility and are responsible for monitoring compliance thereto. These rules and guidelines are meant to ensure that applicable laws and regulations are observed and that the business is managed in such a way as to achieve established goals. The second line of defense may also conduct its own inspections and take steps to identify and manage any risks and errors that may have gotten by the first line of defense.

The third line of defense is the independent review and control function comprised of the group's internal audit, tasked with examining the effectiveness and reliability of the group's internal governance and control.

Internal governance and control at PostNord



Control environment

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

The Board's work and responsibilities are governed by the Board's rules of procedure. The Audit Committee is

responsible for preparing the Board to monitor and assure the quality of the group's financial statements. The Committee oversees the effectiveness of the company's internal governance and control as well as risk management systems and processes concerning financial reporting. The Committee's work helps ensure that reporting is

accurate and reliable through measures including regular discussions with PostNord's management and external auditors and the examination of accounting principles applied and accounting issues that are brought to the Committee's attention.

The duties and powers of the President and CEO are governed by instructions established by the Board of Directors. Decision-making authority within the group is governed by delegated authorities, which is based on the delegation of responsibilities established by the Board in its rules of procedure. The delegated authorities set forth the decision-making authority delegated by the CEO to the managers who report to him. These managers may then further delegate their decision-making authority within their respective areas of responsibility.

Documents of importance are jointly signed by authorized signatories designated by the Board. PostNord has an internal audit function tasked with examining the effectiveness of internal governance and control. This is performed regularly in accordance with an annual audit plan adopted by the Audit Committee. The function reports to the Board and to the CEO.

PostNord applies the ownership policy of the Swedish state, and this constitutes a major portion of the control environment. In addition, the group has a Code of Conduct and various policy documents that are also part of the control environment.

Identification and management of risks

In 2011 PostNord's operations were guided by a target picture covering four target areas: employees, processes, customers and owners. Internal governance and control is based on analyses conducted by group companies and units of risks that the company's established targets will not be attainable. Risk analysis results are dealt with on a regular basis by the Audit Committee and the Board, which evaluate and monitor financial reporting risks.

See also the Risk and Risk Management section.

Control activities

The group conducts control activities to eliminate or limit the occurrence or effects of identified risks.

These activities include rules covering decision-making and authorization, verification, compliance, manual and programmed controls, and the effective division of duties and responsibilities in processes and routines. Governing documents and processes concerning accounting and financial reporting provide additional assurance of accurate and reliable reporting. These documents and processes are updated by the group's finance and treasury function when amendments are made to legislation, accounting rules, reporting requirements, et cetera.

The Shared Services unit delivers accounting, finance administration, customer invoicing, supplier payments and payroll services to the group's central operations. In Sweden, these services are delivered via partners. Shared

Services ensures that outsourced services are delivered with high quality to the consuming units. Delivery quality is ensured through the monitoring of partners' internal control activities and reporting on the achievement of agreed service levels and quality criteria to the cooperation forum.

The group's finance and treasury function is responsible for group accounts and consolidated financial statements and for the group's common business system, SAP. This responsibility includes regular analyses of the financial results of the business operations and group functions. The financial statement and reporting processes include controls for reporting, valuation, disclosure requirements and application of accounting principles.

Information and communication

The Swedish state's ownership policy specifies guidelines, which PostNord follows, for external reporting applicable to state-owned companies.

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

The Board and the Audit Committee receive financial reports on the group's position and earnings trends on a regular basis, and examine all quarterly accounts and group annual reports before they are published.

Information to the group's external stakeholders is communicated on an ongoing basis through press releases and PostNord's website. Financial reporting is also made directly to the Danish and Swedish owners.

Governance and monitoring

PostNord's business activities are reported and evaluated monthly based on business objectives. PostNord's financial situation is discussed at each board meeting. Board committees play important roles in terms of compensation, financial reporting and internal governance and control.

The Audit Committee receives regular reports from the group's external and internal auditors. The Audit Committee monitors that action is taken to improve internal governance and control in view of the auditors' observations and recommendations.

All companies and group functions conduct annual assessments of the internal governance and control of financial reporting. A selection of companies and units are visited annually in order to verify the reliability of the self-assessments. Results are compiled by PostNord's unit for internal governance and control and self-assessment results are presented to the Audit Committee, the Board, business operations and group functions.

Based on the self-assessment responses received for 2011, the internal governance and control of financial reporting is deemed to function satisfactorily within the group.

Universal service obligations

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

Deregulation within the EU

European Parliament and Council of Ministers Directive 2008/6/EG (the "Third Postal Directive") concerning the complete implementation of the community's inner market for postal services includes provisions for the deregulation of EU postal markets by December 31, 2010, with the exception of 11 countries which are exempted until December 31, 2012.

Provisions in Denmark

The EU directive was enacted in a new Danish Postal Act, which took effect on January 1, 2011 and now regulates postal services in Denmark. The law includes provisions stipulating that universal services will be ensured on a deregulated postal market. Under the Postal Act, the Ministry of Transport has the authority to designate Post Danmark to fulfill the delivery obligation during the 2011-13 period. Commercial postal operations must be licensed and all postal operators that distribute mail or parcels may be required to contribute funding to the postal operation that holds the distribution obligation.

Nationwide postal services and associated rights and obligations are also set forth in the "Special License for Post Danmark A/S". The special license includes provisions for service level, quality, price, etcetera and specifies that Post Danmark shall distribute products covered by the delivery obligation on every Danish weekday (Monday - Saturday, although parcels are not distributed on Saturdays). Such products include addressed letters; daily, weekly and monthly periodicals; addressed mail items with standardized printed content (e.g., catalogs) weighing up to 2 kilos; addressed parcels weighing up to 20 kilos (with the exception of B2B parcels governed by contractual terms); and Braille material weighing up to 7 kilos. Addressed priority mail is delivered overnight and non-priority mail within 2-3 business days. Post Danmark sets the service requirement for C-mail (currently four business days). The quality requirement for letters and parcels is set at 93%.

Prices for services provided under the delivery obligation shall be cost-based, transparent and non-discriminatory. Only single mail items are required to be offered at uniform prices throughout the country. Single mail items include stamped letters and parcels not covered by agreement with Post Danmark. The Transport Ministry approves the price for domestic non-priority mail weighing up to 50 grams sent as

single mail items. Post Danmark sets the price of other mail items. In order to improve the price-cost correlation, Post Danmark increased the price variance between services in the product range during 2011.

Post Danmark shall maintain a nationwide service network of postal service points able to perform all services covered by the delivery obligation.

The law also specifies that mailboxes for all Danish households must be located on the property line before January 1, 2012. Post Danmark worked on implementing this change during 2011.

Provisions in Sweden

Universal postal services in Sweden are regulated by the Swedish Postal Services Act, postal statutes and concession terms issued by the Swedish Post and Telecom Agency (PTS). The Third Postal Directive has been enacted in Sweden through a new Postal Services Act which came into effect on September 1, 2010. The Postal Services Act mandates the provision of nationwide postal services that enable all residents of Sweden to receive letters and other addressed mail items weighing up to 20 kilos (universal postal service).

Postal services must be of good quality, and it must be possible for everyone to receive such mailings delivered at reasonable prices. Pricing for universal postal services shall be transparent, non-discriminatory and cost-oriented. Single mail items shall be delivered at uniform prices.

The state's service objectives for mail weighing up to 20 kilos are that mail must be collected and delivered on every weekday and at least five days a week nationwide. The postal statutes specify that at least 85% of the mail posted before a specified time and stamped for overnight delivery must be delivered on the following business day, nationwide (overnight delivery). At least 97% of that mail shall be delivered within three business days. For overnight mail, a price limit applies to single mail items weighing up to 500 grams, so that their price may be raised no faster than the consumer price index.

According to the legislative history of the Postal Services Act, the substance of the universal postal service shall remain unchanged, although this substance was not clear. To a certain degree, the new law imposes more stringent requirements on the operator appointed to provide universal postal services (Posten AB), including new requirements for

pricing transparency and reporting and non-discrimination. The new law also includes regulations that exceed those in the EU's Postal Directive, including a price ceiling. At the same time, PostNord's main competitor, Bring – owned by the state-owned Norwegian Post – is not subject to these special regulations or the more stringent requirements.

Under the new law, the market is also allowed to provide necessary universal postal services, meaning that no specific postal operator needs to be appointed. Nevertheless, PTS appointed Posten to provide universal postal services as part of Posten AB's licensing terms. This increases opportunities for PTS to impose requirements on Posten, requirements that are not imposed on Posten's competitors.

PTS announced its decision on new licensing terms for Posten AB in October 2011. The new terms, effective as of October 15, 2011, involve increased regulation. Among other things, Posten is required to publish on its website complete price lists for mail deliveries. Annual volume size and customer-specific discounts must be reported.

Regulation in Sweden and various interpretations as to what it entails have given rise to a number of lawsuits. During 2011, the Administrative Court in Stockholm rendered several judgments on Posten AB's 2010 licensing terms, the calculation model (SAC) and Posten's pricing in low- and normal-price zones ("zone pricing"). Posten appealed the decisions on the 2010 licensing terms and SAC to the Administrative Court of Appeal. In the first case, the Court of Appeal granted a stay of enforcement (i.e., the lower court's ruling does not apply while the appellate court has the matter under advisement) and leave to appeal. A decision is expected in 2012. In terms of the SAC case, the Administrative Court of Appeal granted a stay pending resolution of the licensing term case. Also in 2011, Posten appealed the PTS decision regarding 2011 licensing terms to the Administrative Court in Stockholm; a stay was granted in this case pending the appellate court's resolution of the 2010 licensing terms case.

In the area of competition law, the Market Court enjoined Posten from applying the sortation discount introduced on January 1, 2009 for special sorting. Also in 2011, Posten Meddelande AB was subject to a "dawn raid" by the Swedish Competition Authority; the agency's inquiry is still underway.

Supervision in Denmark and Sweden

In Denmark, the Traffic Board (Trafikstyrelsen) regulates postal services on the national level. The Traffic Board supervises Post Danmark and all private postal companies operating in the Danish market. There are a great many postal operators in Denmark, a result of the previous ease of registration for individual carriers that transported mail items for a postal operator. The number of registered postal operators is expected to be drastically reduced due to the

clarification of registration requirements in the postal statutes. Under Danish postal legislation, "postal operator" is defined as a business that provides commercial postal services for addressed mail items weighing up to 20 kilos. Upon request, postal operators must provide the Traffic Board with a number of details and must submit an audited statement of delivered postal volume quantity on an annual basis.

In Sweden, PTS supervises postal operations to ensure that Posten complies with postal legislation and fulfills government requirements for universal postal services. PTS has granted licenses to conduct postal operations in Sweden to approximately 30 companies.

According to the PTS report "Service and Competition 2011", PostNord Group fulfills government requirements in terms of service quality. In terms of the percentage of mail distributed on the following day, the group continues to exceed by a wide margin the minimum requirements stipulated by the terms of its license.

Special provisions – including provisions for sparsely populated areas

In Denmark, postal operator and service ordinances set forth regulations for the installation of mailboxes and apartment mailboxes. Under the new law, mailboxes for all households must be located on the property line (in rural areas, no farther than 50 meters from the house). All multi-storey buildings must install apartment mailboxes in the entrance area or outside the main entrance. People who are unable to collect their mail are entitled to have mail delivered to their door. The Ministry of Transport may limit mail distribution in fringe areas, such as particularly remote areas and islands lacking ferry service. An extra day is added to the delivery time for parcels from Bornholm addressed nationwide.

In Sweden, PTS has issued general suggestions concerning the delivery of mail in the provision of the universal postal service. Among other things, the general guidelines state that, outside urban areas, mail should be delivered to mailbox clusters along the mail carrier's route. Mail items addressed to mail recipients living less than 200 meters down a side road should be delivered to the mailbox cluster on the main route. If there are at least two mail recipients who reside or work permanently for every kilometer of the side road, mail should be delivered along that road. However, elderly and physically handicapped people are entitled to have their mail delivered to their property line, as opposed to the mailbox cluster, upon request. The PTS licensing terms state that "mailing and drop-off points" shall be located close enough to each other as to take users' needs into account. This provision particularly affects Posten AB's partner outlet network in Sweden.

Consolidated financial statements



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Income statement

SEKm	Note	2011	2010	Change
	1, 2			
Net sales		39,466	41,669	-5%
Other income	3	274	289	-5%
Income	4	39,740	41,958	-5%
Personnel expenses	5	-19,110	-20,551	-7%
Transport expenses		-7,540	-7,384	2%
Other expenses	6, 7, 24	-9,851	-10,737	-8%
Depreciation and impairment	8	-1,666	-1,917	-13%
Expenses		-38,167	-40,589	-6%
Participations in the earnings of associated companies		-2	6	na
Operating profit		1,571	1,375	14%
Financial income	9	367	174	>100%
Financial expenses	9	-267	-201	33%
Net financial items		100	-27	na
Profit before tax		1,671	1,348	24%
Tax	10	-446	-317	41%
Net profit		1,225	1,031	19%
Net profit attributable to				
Parent company shareholders		1,223	1,030	19%
Minority interests		2	1	
Earnings per share, SEK		0.61	0.51	20%

Comprehensive income statement

SEKm	2011	2010
Net profit	1,225	1,031
Other comprehensive income for the period		
Translation differences ¹⁾	-44	-1,174
Comprehensive income	1,181	-143
Comprehensive income attributable to		
Parent company shareholders	1,185	-138
Minority interests	-4	-5

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

Balance sheets

SEKm	Note	Dec 31 2011	Dec 31 2010
	1, 2		
ASSETS			
Goodwill	12	2,830	2,806
Other intangible fixed assets	12	1,483	1,493
Tangible fixed assets	13, 14	7,924	7,868
Participations in associated companies and joint ventures	11	88	95
Financial investments	15, 29	182	155
Long-term receivables	16	3,990	2,996
Deferred tax assets	17	145	136
Total fixed assets		16,642	15,549
Inventory	18	218	275
Tax assets		168	338
Accounts receivable	19	4,370	4,262
Prepaid expenses and accrued income	20	1,205	1,266
Other receivables	29	544	453
Short-term investments	15, 29	1	
Cash and cash equivalents	21, 29	2,107	3,640
Assets for sale	31	155	
Total current assets		8,768	10,234
TOTAL ASSETS		25,410	25,783
EQUITY AND LIABILITIES			
Equity			
Capital stock		2,000	2,000
Other contributed equity		9,954	9,954
Reserves		-1,552	-1,512
Retained earnings		1,525	1,302
Total equity attributable to parent company shareholders		11,927	11,744
Minority interests		3	9
TOTAL EQUITY		11,930	11,753
LIABILITIES			
Long-term interest-bearing liabilities	22, 29	985	1,047
Other long-term liabilities		55	68
Pension provisions	23	1,587	1,458
Other provisions	24	1,403	1,703
Deferred tax liabilities	17	1,158	797
Total long-term liabilities		5,188	5,073
Current interest-bearing liabilities	22, 29	113	407
Accounts payable		2,130	1,992
Tax liabilities		41	162
Other current liabilities		1,578	1,593
Accrued expenses and prepaid income	25	4,079	4,288
Other provisions	24	351	515
Total current liabilities		8,292	8,957
TOTAL LIABILITIES		13,480	14,030
TOTAL EQUITY AND LIABILITIES		25,410	25,783

For information on the group's pledged assets and contingent liabilities, see Note 26, page 91.

Statement of cash flows

SEKm	Note	2011	2010
OPERATING ACTIVITIES			
Profit before tax		1,671	1,348
Adjustments for non-cash items			
Reversal of depreciation and impairments		1,666	1,917
Profit on sale of subsidiaries		-102	
Capital gain/loss on sale of fixed assets		131	55
Pension provisions		324	842
Other provisions		-352	-367
Other items not affecting liquidity		-9	-19
Pensions, net liquidity effect		-1,170	-1,036
Other provisions, liquidity effect		-112	-104
Taxes paid		-71	-335
Cash flows from operating activities before changes in working capital		1,976	2,301
Cash flows from changes in working capital			
Increase(-)/decrease(+) in inventories		57	24
Increase(-)/decrease(+) in accounts receivable		-7	233
Increase(-)/decrease(+) in other operating assets		-454	360
Increase(+)/decrease(-) in accounts payable		123	96
Increase(+)/decrease(-) in other operating liabilities		-73	-1,307
Other changes in working capital		12	117
Changes in working capital		-342	-477
Cash flows from operating activities	28	1,634	1,824
INVESTING ACTIVITIES			
Investment in tangible fixed assets		-1,670	-1,050
Sale of tangible fixed assets		241	53
Capitalized development expenditures		-180	-184
Investment in intangible assets		-96	-38
Sale of intangible fixed assets		4	4
Acquisition of subsidiaries, net liquidity effect	31	-344	
Acquisition of associated companies, net liquidity effect	11	-8	
Sale of subsidiaries/net liquidity effect	31	185	
Investment in financial assets		-11	-5
Sale of financial assets		66	21
Cash flows from investing activities		-1,813	-1,199
FINANCING ACTIVITIES			
Amortized loans		-331	-123
Amortized finance leasing liabilities		-37	-110
Dividend(s) paid to parent company's owners		-1,000	-1,440
Dividend(s) paid to minority interests		-4	-3
Buy-back, minority Post Danmark A/S			-19
Increase(+)/decrease(-) in other interest-bearing liabilities		19	-87
Cash flows from financing activities		-1,353	-1,782
CASH FLOWS FOR THE PERIOD		-1,532	-1,157
Cash and cash equivalents, beginning of the period		3,640	4,852
Translation difference in cash and cash equivalents		-1	-55
Cash and cash equivalents, end of the period	21	2,107	3,640

Statement of changes in equity

SEKm	Equity attributable to parent company shareholders						Minority interest	Total equity
	Capital stock ¹⁾	Other contributed equity	Currency translation reserve	Retained earnings	Total			
Beginning balance as of 01-01-2010	2,000	9,898	-343	1,712	13,267	91	13,358	
Net profit				1,030	1,030	1	1,031	
Other comprehensive income for the period ³⁾			-1,169		-1,169	-5	-1,174	
Redemption of Post Danmark A/S shares		56			56	-75	-19	
Dividend ²⁾				-1,440	-1,440	-3	-1,443	
Ending balance as of 12-31-2010	2,000	9,954	-1,512	1,302	11,744	9	11,753	
Beginning balance as of 01-01-2011	2,000	9,954	-1,512	1,302	11,744	9	11,753	
Dividend ²⁾				-1,000	-1,000	-4	-1,004	
Net profit				1,223	1,223	2	1,225	
Other comprehensive income for the period ³⁾			-40		-40	-4	-44	
Ending balance as of 12-31-2011	2,000	9,954	-1,552	1,525	11,927	3	11,930	

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

²⁾ The parent company distributed a dividend of SEK 1,000m (1,440), representing SEK 0.50 (0.72) per share, to the owners: Svensk Adressändring AB and Adresspoint AB distributed dividends of SEK 4m (3) to minority shareholders.

³⁾ Refers to translation differences in group equity.

Consolidated notes

Note 1 Accounting principles

Compliance with legislation and regulations

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), together with interpretation statements from the International Financial Reporting Interpretations Committee (IFRIC), to the extent that they have been approved by the European Commission for application within the European Union. The Swedish Annual Accounts Act and the Swedish Financial Reporting Board's rule RFR 1, Supplemental Financial Statements for Groups, have also been applied.

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

Basis of preparation

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

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

The estimates and assumptions used are reviewed regularly. Changes in estimates or valuations are reported in the period when the change is made, if the change only

affects that period, or are reported in future periods as well, if the change affects the original as well as subsequent periods.

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

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

Changes in accounting principles

Accounting principles that came into effect in 2011

- **IAS 24**, Related Party Disclosures. The amendment stipulates that transactions between state-owned companies are not automatically considered to be related party transactions. To be applied from January 1, 2011. The company's disclosures to date concerning transactions with the government are limited to reports of a non-commercial nature, meaning that related party transactions have been applied to specific mandates from the state and licenses from authorities. The amendments to the standard have not had any bearing on the company's related party disclosure.
- **IFRIC 14 IAS 19**, Limits on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. Under the change, surplus for covering minimum pension funding requirements may be recognized as assets. The majority of defined benefit pension plans in Sweden are safeguarded by a pension fund. Payments are not normally made to the pension fund to cover minimum funding requirements. Rather, other methods such as pension liability insurance are used to safeguard benefits. The change therefore has had no effect on the company's reporting.
- **IAS 1**, Presentation of Financial Statements. The amendment allows the specification of Other Comprehensive Income items in the notes to the Statement of Changes in Equity, rather than as "changes in reserves" in the statement. The company has elected to specify these items as equity.

Changes in other standards have not been applicable to the company's or the group's reporting.

Future changes in accounting principles that take effect in 2012 or later, following EU approval

- **IAS 19** Employee Benefits. The "corridor method" will be removed under the amendment. Actuarial gains and losses that are currently not reported to the extent that they are not amortized during the coming year will be reported in "other comprehensive income". The new regulations also stipulate that reporting of plan assets for pension benefits shall be based on the discount rate used to calculate

pension commitments. The difference between actual return and estimated return shall be reported in "other comprehensive income". The change affects the group's "operating profit" (EBIT), as amortization of actuarial gains and losses will no longer be reported as part of personnel expenses. In the current situation, with unreported actuarial losses, the change will have a positive effect on "operating profit". Net financial items will be adversely affected as compared to current reporting, as the presumed return is and has been 1 percentage point over the discount rate. The impact on equity and other comprehensive income will produce major fluctuations due primarily to varying discount rates between reporting periods. The change will apply as of January 1, 2013.

- **IFRS 9**, Financial Instruments will replace the current IAS 39. To be applied no later than January 1, 2015. Under the changes, current valuation categories will be replaced by two valuation principles: fair value and amortized cost. Classification and valuation principle will be determined by the company's objectives and conditions. The changes also mean that impairment of receivables will be based on anticipated losses and collectability, and that the amortized costs of such financial assets will be directly reduced. Changes with regard to hedge accounting have been so amended that the criteria for applying hedge accounting are eased somewhat and clarify that net accounting of financial assets and liabilities can be done as prescribed by law.
- **IFRS 10**, *Consolidated financial statements* is a new standard for consolidated financial statements to be applied as of January 1, 2013.
- **IFRS 12**, *Disclosure of interests in other Entities* is a new standard for information on investments in subsidiaries, joint ventures and associated companies to be applied as of January 1, 2013. The standard includes increased requirements for information concerning risks associated with investments in the above, as well as description of the consequences of changes of ownership and degree of control.
- **IFRS 13**, *Fair value measurements* is a new standard to establish uniform principles for ways in which fair value measurements should be conducted. It clarifies and describes the valuation methods' precedence and validity for fair value and shall be applied as of January 1, 2013.
- **IAS 1**, Presentation of Financial Statements. Amended so that "other comprehensive income" items are divided into two categories: items that will be reclassified as net profit and items that will not be classified. Items to be reclassified include translation differences and gains and losses for cash flow hedges, while items such as actuarial gains and losses and application of revaluation methods for intangible and tangible assets will not be reclassified. The amendment shall be applied to the financial year beginning July 1, 2012, which is January 1, 2013 for PostNord.

Changes in other forthcoming standards have not been applicable to the company's or the group's reporting.

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

Segment reporting

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

Information on segments is available only for the group.

Classification, etc.

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

Basis of consolidation

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

The merger has been reported in accordance with the "carry-over method", meaning that consolidated net assets are reported at the reported values in the accounts of Posten AB and Post Danmark A/S respectively at the time of the merger. For reported values as of December 31, 2009, this means that PostNord's consolidated balance sheet comprises the book values that the two companies would have had if each were reported individually. The group's opening balances are the book values of each company's balance sheet at the time of the merger. Therefore, pension liabilities were not recalculated actuarially as of the merger date and no revaluation of assets was performed. In compiling the group's Notes, opening balances (as required and not reported at time of merger) were calculated based on 12-31-09 balances and reported changes and income items.

Subsidiaries

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

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

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

Associated companies

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

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

Joint ventures

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

Transactions eliminated on consolidation

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

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

Foreign currency

Foreign currency transactions

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

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

Foreign entities' financial statements

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

translation of foreign entities are recognized directly in equity as a translation reserve.

Income

Income from services is reported in the income statement based on the stage of completion at the balance sheet date. The Letter and Messaging and Logistics business segments recognize income when a physical mail piece has been collected for physical transportation. Income related to services featuring an electronic component (hybrid service) is recognized once the object has been converted into a physical format and been received for physical transportation in the form of a mail piece. Mail processing facility fees relate to the handling period; that is, the period in which the mail piece was received from abroad. Distribution income is recognized in the period in which the service is performed. Income from post office boxes is accrued over the contract duration. Services in Strålfors are generally performed over a short period of time, the income recognized when the service has been delivered.

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

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

Expenses and financial income and expenses

Expenses

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

Payments for assets leased under operational leases

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

Payments for assets leased under finance leases

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

Financial income and expenses

Financial income and expenses consist of interest income from bank deposits, receivables and interest-bearing securities; interest paid on loans; dividend income; foreign exchange differences; unrealized and realized gains and

losses on financial investments; and derivatives used in financial operations.

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

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

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

Financial instruments

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

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

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

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

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

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

transactions, the price of comparable instruments and discounted cash flows.

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

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

Financial assets reported at fair value in the income statement

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

Loan receivables and accounts receivable

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

Held-to-maturity investments

Held-to-maturity investments are financial assets with fixed or predeterminable payments and fixed maturity, and which the company has the express intent and ability to hold to maturity. Assets in this category are valued at their amortized cost. The amortized cost is determined based on the effective interest rate calculated at the acquisition date. Thus, surplus and deficit values as well as direct transaction costs are distributed over the instrument's duration.

Available-for-sale financial assets

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

Financial liabilities held for trading and other financial assets

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

Other financial liabilities

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

Cash and cash equivalents

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

Financial investments

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

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

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

Long-term receivables and other short-term receivables

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

Accounts receivable

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

Liabilities

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

Accounts payable

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

Derivatives and hedge accounting

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

Foreign currency receivables and liabilities

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

Transaction exposure – cash-flow hedges

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

Net investments

Investments in foreign subsidiaries (net assets including goodwill) are not hedged. At year-end they are translated at the exchange rate on the balance sheet date. Foreign

exchange differences recognized in the parent company's income statement are eliminated in the consolidated accounts through revaluation of the net assets in the subsidiary included in equity.

Tangible fixed assets

Owned assets

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

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

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

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

Leased assets

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

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

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

Additional costs

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

Critical to the determination of whether additional costs should be added to the acquisition cost is whether or not the charge is related to exchanges of identifiable components or

subcomponents; if so, such charges are capitalized. The cost of creating a new component is also added to the acquisition cost. Any reported value of an exchanged component or subcomponent not already depreciated is discarded and recognized as an expense at the date of exchange. Repairs are expensed as they arise.

Depreciation principles

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

The depreciation periods are as follows:

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

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

Intangible assets

Goodwill

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

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

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

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

Capitalized development expenditures

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

to amount to a material sum for the overall development project. Other development expenditures are expensed as normal expenses.

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

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

Other intangible fixed assets

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

Additional costs

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

Amortization principles

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

The following amortization periods are applied:

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

Inventory

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

Impairments

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

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

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

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

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

Calculation of recoverable amount

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

Reversal of impairment

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

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

Dividends paid

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

Employee benefits

Pension commitments

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

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

Severance pay

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

Provisions

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

Taxes

Tax on net earnings is comprised of current tax and deferred tax. Taxes are recognized in the income statement except when the underlying transaction is recognized directly in equity, provided that the subsequent tax effect is also reported in equity. Current tax is the tax calculated on the

year's taxable income. Adjustments of current tax attributable to earlier periods are also included.

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

Assets pledge and contingent liabilities

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

Note 2 Estimates and assessments

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

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

Postal obligation

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

Intangible assets

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

Pension commitments

In order to arrive at a reasonable estimate for PostNord's defined pension commitments, the actuarial valuation of such commitments is based on a number of assumptions. These assumptions include discount rate, expected rate of return on plan assets, future annual pay increases, and inflation. Changes in pension commitments due to changed external factors may influence PostNord's income statement and balance sheet if the net value of such changes falls outside the corridor. Changed commitments affect the forecast for the next year's costs. Note 23 includes the sensitivity of assumptions to changes and how changes impact operating profit.

Provisions

As a consequence of Posten AB becoming a Swedish corporate entity in 1994, PostNord assumed a contingent liability (transition regulations) such that certain categories of the workforce may choose to retire early, at the age of 60 or 63. The contingent liability is reported as a provision in the balance sheet and is calculated based on previous experience of the proportion of persons who have chosen to exercise their right to early retirement in accordance with these provisions. If the number of those who choose this option should change, the liability will change accordingly. A change in the utilization rate of 5 percentage points impacts operating profit by SEK 15-23m.

Taxes

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

Note 3 Revenue distribution

Net sales

Net sales arise primarily from the sale of services.

Other income		
SEKm	2011	2010
Rental income	41	62
Insurance compensation	6	3
Fee and commission income		1
Capital gain, buildings	2	
Capital gain, machinery and equipment	5	20
Capital gain, shares	79	
Capital gain, trade accounts receivable/liabilities	4	
Exchange gains	16	34
Other	121	169
Total	274	289

Note 4 Segment reporting

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

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

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

Logistics is a leader in the Nordic logistics market and offers a wide distribution network. The business area runs operations in parcel, pallet and mixed cargo groupage as well as messaging, express, third-party logistics, in-night freight forwarding and consignment freight.

Strålfors develops, produces and delivers systems, services and products for efficient business communication.

Strålfors is a Nordic leader in its field and has operations in the Nordic region and several other European countries.

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

2011 Jan-Dec

SEKm	Breve Danmark	Meddelande Sverige	Logistics	Strålfors	Other and eliminations	PostNord Group
Net sales, external	9,068	15,103	12,309	2,982	4	39,466
Net sales, internal	279	117	141	66	-603	0
Net sales	9,347	15,220	12,450	3,048	-599	39,466
Other income, external	3	67	36	18	150	274
Other income, internal	1,682	664	1,281		-3,627	0
Income	11,032	15,951	13,767	3,066	-4,076	39,740
Personnel expenses	-6,332	-7,831	-3,158	-1,070	-719	-19,110
Transport expenses	-642	-2,675	-5,636	-98	1,511	-7,540
Other expenses	-3,303	-4,356	-4,392	-1,739	3,939	-9,851
Depreciation and impairments	-393	-199	-312	-240	-522	-1,666
Expenses	-10,670	-15,061	-13,498	-3,147	4,209	-38,167
Participations in the earnings of associated companies and joint ventures	-7			5		-2
OPERATING PROFIT	355	890	269	-76	133	1,571
Net financial items						100
Profit before tax						1,671
Tax						-446
Net profit						1,225
Assets	8,679	6,745	7,036	2,786	164	25,410
Liabilities	4,260	4,511	3,351	1,594	-236	13,480
Investments in fixed assets	519	273	368	156	641	1,957

2010 Jan-Dec

SEKm	Breve Danmark	Meddelande Sverige	Logistics	Strålfors	Other and eliminations	PostNord Group
Net sales, external	10,581	15,433	12,307	3,339	9	41,669
Net sales, internal	301	121	116	52	-590	0
Net sales	10,882	15,554	12,423	3,391	-581	41,669
Other income, external	-9	64	25	28	181	289
Other income, internal	1,825	647	1,274		-3,746	0
Income	12,698	16,265	13,722	3,419	-4,146	41,958
Personnel expenses	-7,250	-8,007	-3,093	-1,166	-1,035	-20,551
Transport expenses	-679	-2,609	-5,496	-113	1,513	-7,384
Other expenses	-3,685	-4,576	-4,700	-1,934	4,158	-10,737
Depreciation and impairments	-443	-194	-294	-382	-604	-1,917
Expenses	-12,057	-15,386	-13,583	-3,595	4,032	-40,589
Participations in the earnings of associated companies and joint ventures				6		6
OPERATING PROFIT	641	879	139	-170	-114	1,375
Net financial items						-27
Profit before tax						1,348
Tax						-317
Net profit						1,031
Assets	10,153	7,102	6,200	3,206	-878	25,783
Liabilities	4,756	5,376	2,947	1,795	-844	14,030
Investments in fixed assets	519	122	183	169	284	1,277

Division by geographic area based on company domicile, SEKm	2011			2010		
	Income	Assets	Investments	Income	Assets	Investments
Sweden	22,217	13,676	1,247	22,697	12,670	589
Denmark	11,973	7,594	543	13,994	9,198	554
Norway	3,581	2,828	120	3,282	2,585	55
Finland	601	1,014	20	614	522	14
Rest of the world	1,368	298	27	1,371	808	65
Total	39,740	25,410	1,957	41,958	25,783	1,277

Note 5 Employees, personnel expenses and executive compensation

Average number of employees, per country	2011				2010			
	Women	Men	Total	Percentage men	Women	Men	Total	Percentage men
Sweden	8,731	15,810	24,541	64%	9,849	15,547	25,396	61%
Denmark	5,688	9,450	15,138	62%	6,248	10,449	16,697	63%
Finland	100	164	264	62%	100	179	279	64%
Norway	200	920	1,120	82%	180	839	1,019	82%
Other countries	254	397	651	61%	260	409	669	61%
Total	14,973	26,741	41,714	64%	16,637	27,423	44,060	62%

Personnel expenses, SEKm	2011	2010
Wages, salaries and other remuneration	14,792	15,780
Statutory social costs	2,532	2,648
Pension expenses ¹⁾	1,641	2,032
Other personnel expenses	145	91
Total	19,110	20,551

¹⁾ SEK 14m (12) of pension expenses is attributable to current and former presidents and executive vice presidents, for whom outstanding liabilities total SEK 145m (141).

Specification of wages, salaries and other remuneration, by country, SEKm	2011				2010			
	Presidents ¹⁾	Of which, bonuses	Other employees	Total	Presidents ¹⁾	Of which, bonuses	Other employees	Total
Sweden	27		7,495	7,522	29		7,567	7,596
Denmark			6,327	6,327	1		7,254	7,255
Finland	2		104	106	2		105	107
Norway	3		646	649	4	1	596	600
Other countries	2		186	188	4		218	222
Total	34		14,758	14,792	40	1	15,740	15,780

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

Specification of wages, salaries and other executive compensation, 11 persons, SEKm	2011				2010			
	Base salary	Pension expenses	Other benefits	Total	Base salary	Pension expenses	Other benefits	Total
Lars Idermark, President and Group CEO as of 03-01-11	7.5	2.1	0.1	9.7				
Lars G Nordström, President and Group CEO through 02-28-11	15	0.4		19	8.4	2.5		10.9
K B Pedersen, Executive VP	4.1			4.1	4.4			4.4
Mats Lönnqvist, Executive VP and CFO as of 11-1-11	0.8	0.2		1.0				
Göran Sällqvist, Executive VP through 08-29-11	2.6	1.6	0.1	4.3	4.1	2.3	0.1	6.5
Total, CEOs and Executive VPs	16.5	4.3	0.2	21.0	16.9	4.8	0.1	21.8
Total, other members of group management	27.9	8.8	0.7	37.4	30.2	9.9	0.6	40.7
Total, all members of group management	44.4	13.1	0.9	58.4	47.1	14.7	0.7	62.5

Approved guidelines for executive compensation
Pension provisions corresponding to a maximum of 30% of monthly salary apply to all executives in Sweden. Retirement plans and agreements stipulate a retirement age of either 65 or 62. Pension costs for the current CEO are fixed at an amount corresponding to 30% of monthly salary. The notice period is 6 months. The contracts of other members of group management stipulate a 6-12 month notice period when the employer terminates the contract and a 6 month notice period when the member terminates the contract. If the

employer terminates the contract, the employee is entitled to severance pay equal to a maximum of 12 months' pay and automobile benefits. For members of group management, income earned from subsequent employment or comparable business activities is deducted from the aforementioned severance package.

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

Gender division of executives, %	Dec 31, 2011		Dec 31, 2010	
	Percentage women	Percentage men	Percentage women	Percentage men
Group Board of Directors	38%	62%	37%	63%
Group management	9%	91%	8%	92%
Board members and subsidiary CEOs	17%	83%	21%	79%

Compensation to the Board of the group and PostNord AB

Compensation paid, SEK thousands	Audit Committee	Compensation Committee	2011	2010
Fritz Schur (chair)		Chair	638	670
Anne Birgitte Lundholt	Member		300	298
Richard Reinius	Member			110
Mats Abrahamsson		Member	275	274
Ingrid Bonde		Member	275	274
Gunnel Duveblad	Chair		313	294
Bjarne Hansen	Member		300	288
Torben Janholt		Member	275	274
Total			2,375	2,482

Remuneration approved by Annual General Meeting, 04-15-11, SEK thousands	Board	Audit Committee	Compensation Committee
Chairman	600	63	38
Board member	250	50	25

Note 6 Other expenses

SEKm	2011	2010
Cost of premises	2,134	2,236
Provisions ¹⁾	68	323
Terminal fees	1,051	1,072
Cost of goods and material	1,279	1,617
Purchased IT resources	1,524	1,463
Capitalized development expenditures	-236	-138
Other	4,031	4,164
Total	9,851	10,737

¹⁾ SEK 269m of the total provisions of SEK 68m are attributable to provisions and -201m to reversals of unclaimed provisions. See also Note 24, Other Provisions, footnote 1.

Note 7 Audit fees and reimbursement of expenses

SEKm	2011	2010
Audit engagement		
Ernst & Young	10	12
PwC	2	2
Total	12	14
Other audit activities		
Ernst & Young		1
PwC	1	1
Total	1	2
Tax consultancy		
Ernst & Young		1
PwC	1	1
Total	1	2
Other services		
Ernst & Young	8	1
PwC	2	2
Total	10	3

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

Note 8 Depreciation and impairments

SEKm	2011	2010
Depreciation/Amortization		
Depreciation/Amortization	148	177
Licenses, brands, customer relations and similar assets	178	219
Development, completed	155	185
Buildings and land	1,176	1,249
Total	1,657	1,830
Impairments		
Licenses, brands, customer relations and similar assets		77
Machinery and equipment		10
Assets for sale	9	
Total	9	87

Note 9 Net financial items

SEKm	2011	2010
Financial income		
Interest income	67	61
Interest income on pensions	298	108
Other financial income	2	3
Net exchange rate fluctuations		3
Total	367	174
Financial expenses		
Interest expense	-29	-50
Interest expense on pensions	-195	-104
Interest expense on finance leasing	-28	-48
Net exchange rate fluctuations	-15	
Total	-267	-201
Net financial items	100	-27

See Note 29, Financial Risk Management and Financial Instruments, page 91. For interest expense on pensions, see also Note 23, Pensions, page 86.

Note 10 Taxes

SEKm	2011	2010
Current tax	-114	-200
Deferred tax		
Change in deferred tax on untaxed reserves	-100	52
Temporary difference in balance sheet items	-358	-12
Change in deferred tax on tax loss carry-forwards	126	-157
Total	-332	-117
Total tax	-446	-317
	2011	2010
Reconciliation of effective tax rate	% SEKm	% SEKm
Profit before tax	26.3	26.3
Tax according to parent company rate	-439	-354
Non-deductible expenses	-22	-34
Tax-exempt income	44	38
Tax attributable to previous years		16
Impairment of previously capitalized tax loss carry-forwards	-25	
Other	1	-5
Total	-5	22
Tax according to parent company rate	-446	-317

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

Note 11 Participations in associated companies and joint ventures

Participations in associated companies

At the end of the fiscal year, Post Danmark A/S owned an equity interest in associated company e-Boks A/S valued at SEK 88m (95). e-Boks A/S is headquartered in Ballerup, Denmark and is 50%-owned by Post Danmark A/S.

On May 18, 2011, Post Danmark A/S acquired 50% of Spot A/S for SEK 8m. Post Danmark A/S's equity interest in this associated company was valued at SEK 1m at the end of the fiscal year. The business was established in late 2009 in

Copenhagen, and is a collaboration between Breve Danmark and JP-Politiken. The company sells target group focused marketing to its clients and has five employees.

Participations in joint ventures

Strålfors Tandsbyn AB owns 50% of the company Tand 2:103 Fastighets AB in Östersund, Sweden. The company's book value at year-end was SEK 0.5m (1).

Note 12 Intangible fixed assets

SEKm	Goodwill		Other intangible fixed assets					
	2011	2010	Licenses, brands, customer relations and similar assets		Capitalized development		Total other intangible fixed assets	
	2011	2010	2011	2010	2011	2010	2011	2010
Acquisition value, beginning balance	2,814	3,064	1,696	1,783	2,408	2,887	4,104	4,670
Acquisition of associated companies	79		96				96	
Sale of affiliated companies	-39		-202				-202	
Other investments	7	2	89	38	180	184	269	222
Divestments/disposals			-48	-13	-215	-400	-263	-413
Reclassifications	-1	-2	1	-23	2	17	3	-6
Translation differences	-22	-250	-11	-89	-11	-280	-22	-369
Accumulated acquisition value, end of year	2,838	2,814	1,621	1,696	2,364	2,408	3,985	4,104
Amortization, beginning balance			-846	-715	-1,314	-1,519	-2,160	-2,234
Acquisition of affiliated companies			-4				-4	
Sale of affiliated companies			1				1	
Amortization for the year			-148	-177	-178	-219	-326	-396
Divestments/disposals			137	8	218	246	355	254
Reclassifications				-4	-1	4	-1	
Translation differences			1	42	6	174	7	216
Accumulated amortization, end of year			-859	-846	-1,269	-1,314	-2,128	-2,160
Impairments, beginning balance	-8	-9	-85	-8	-366	-466	-451	-474
Impairments for the year				-77				-77
Divestments/disposals			77			100	77	100
Translation differences		1						
Accumulated impairments, end of year	-8	-8	-8	-85	-366	-366	-374	-451
Ending balance	2,830	2,806	754	765	729	728	1,483	1,493

During the year, expensed development totaled SEK Om (16).

Internally generated intangible assets are reported as "capitalized development expenditures," which were chiefly attributable to integration of shared IT solutions. Other intangible fixed assets were chiefly attributable to brands and customer relations.

For information about assets resulting from acquisitions of affiliated companies, see Note 31, Acquisitions and Divestments of Operations, page 96.

Impairments on other intangible fixed assets totaled SEK -Om (-77) based on structural changes within Strålfors operations. The Strålfors Identification Solution (SIS) labeling business was divested in 2011.

Impairment test on intangible fixed assets

Goodwill is the only intangible assets with an indeterminate period useful life. It is difficult to determine the residual value of cash-generated segments that are part of the strategic operations.

A value assessment was conducted on all cash-generating segments with a discount factor of 8.5% after tax.

The SEK 2,830m (2,806) carrying amount of goodwill arose in the following cash-generating units: SEK 1,513m (1,517) for international parcel and pallet operations (DPD and Tollpost Globe AS), SEK 697m (753) for Strålfors, SEK 312m (313) for Post Danmark A/S and SEK 308m (223) for other businesses (relates mainly to Data Scanning A/S, Transportgruppen A/S, Budstikken Transport A/S, Eek Transport AS, Hils Hansson Logistics AB, HIT, Direct Link and Addresspoint). The recoverable value of each of these cash-generating units was based on their value in use. The calculations were based on three-year business plans and forecasts adopted and

formulated based on analyses of the external business environment and planned marketing and production activities. The assessments made in the business plans are based on group management's knowledge and experience.

The most significant amounts of goodwill lie in three cash-generating units: SEK 1,513m (1,517) for international parcel and pallet operations, SEK 312m (313) for Post Danmark A/S and SEK 697m (753) for Strålfors. The assumptions with the greatest impact on the impairment assessments are volume growth, profit margins and useful life. Calculations were made with assumptions about changed operating profit and discount rate to evaluate the effects on earnings.

Tollpost Globe AS is part of the international parcel and pallet operation and is considered integrated with DPD in the impairment test performed. For international parcel and pallet operations, average annual growth of 3% is forecast for the

business plan period. The test did not show any impairment requirement.

Goodwill in Post Danmark A/S is attributable to the 1995 conversion into a corporation. The cash-generating unit's recoverable amount is based on value in use. Average annual growth of 2% is forecast for Post Danmark A/S for the business plan period. Recoverable value exceeds book value. The test did not show any impairment requirement.

With respect to Strålfors, the entire operation (that existed as of the 2006 acquisition) is viewed as a cash-generating unit at the time of testing. For Strålfors, average annual growth of 2% is forecast for the business plan period. The cash-generating unit's recoverable value including synergies with other businesses is based on recoverable value. Calculated recoverable value exceeds book value. The test did not show any impairment requirement.

Note 13 Tangible fixed assets

SEKm	Buildings and land		Machinery and equipment		Ongoing construction and advances		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Acquisition value, beginning balance	5,836	6,956	14,323	15,243	228	276	20,387	22,475
Acquisition of affiliated companies	139		33	1	-3		169	1
Other acquisitions	68	73	1,159	808	443	169	1,670	1,050
Disposals	-136	-518	-1,373	-927	-19		-1,528	-1,445
Reclassifications	-131	-6	105	96	-129	-192	-155 ¹⁾	-102
Translation differences	-15	-669	-19	-874	-1	-25	-35	-1,568
Accumulated acquisition value, ending balance	5,761	5,836	14,228	14,347	519	228	20,508	20,411
Depreciation, beginning balance	-2,278	-2,869	-10,196	-10,399			-12,474	-13,268
Depreciation for the year	-155	-185	-1,176	-1,249			-1,331	-1,434
Acquisition of affiliated companies	1		-14				-13	
Disposals	69	511	1,135	849			1,204	1,360
Reclassifications	51	37	3	-13			54 ¹⁾	24
Translation differences	6	228	15	593			21	821
Accumulated depreciation, ending balance	-2,306	-2,278	-10,233	-10,219	0	0	-12,539	-12,497
Impairments, beginning balance	-6	-6	-40	-29			-46	-35
Impairments for the year				-10				-10
Disposals			1	-1			1	-1
Reclassifications				-1				-1
Translation differences				1				1
Accumulated impairments, ending balance	-6	-6	-39	-40	0	0	-45	-46
Ending balance	3,449	3,552	3,956	4,088	519	228	7,924	7,868

¹⁾ Reclassified as Asset held for Sale; totals SEK 102m.

The group holds buildings and machinery through finance leasing.

For information on finance and operating leasing, see Note 14, Leased Machinery and Equipment, Property Leases, page 84.

Note 14 Leased machinery and equipment, property leases

Operating leases

The group's leasing fees for the year total SEK 1,468m. At the balance sheet date, the group had outstanding leasing fees of SEK 7,260m.

The minimum payments for operating leases falls due as follows:

SEKm	Machinery and equipment		Properties	
	2011	2010	2011	2010
Within one year	232	235	1,253	1,307
Between one and five years	509	283	3,898	3,035
Five or more years		1	1,368	1,758
Total	741	519	6,519	6,100

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

Finance lease agreements

Fees due under finance lease agreements mature as follows:

SEKm	Minimum leasing expenses		Interest		Present value	
	2011	2010	2011	2010	2011	2010
Within one year	59	61	9	4	50	56
Between one and five	118	177	21	25	97	151
Total	177	238	30	29	147	207

Finance leasing assets

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

SEKm	2011	2010
Acquisition value		
Machinery and equipment		8
Properties	533	592
Ending balance	533	600
Accumulated depreciation		
Machinery and equipment		-17
Properties	-473	-414
Ending balance	-473	-431
Book value	60	169

In 2011, finance leasing fees totaled SEK 73m.

The maturities of the long-term liabilities attributable to finance leasing are presented in Note 29, Financial Risk Management and Financial Instruments.

The finance lease comprises one processing facility in Sweden. See also Note 26, Pledged Assets and Contingent Liabilities, page 91.

Note 15 Financial investments

SEKm	2011	2010
Financial investments that are fixed assets		
Endowment insurance policy	134	136
Other long-term investments	48	18
Ending balance	182	155
Short-term investments that are current assets		
Other short-term investments	1	
Ending balance	1	

Note 16 Long-term receivables

SEKm	Dec 31, 2011	Dec 31, 2010
Carrying amount related to funded defined-benefit retirement and early retirement pension plans appraised in accordance with IAS 19	2,960	2,266
Carrying amount related to funded defined-benefit disability pension plans appraised in accordance with IAS 19	313	260
Payroll tax receivables attributable to reporting lower pension commitments (under IAS 19) than amounts recognized in the financial statements for legal entities in Sweden in accordance with UFR 4	833	601
Payroll tax health insurance	-139	-144
Deposits, property leases	23	13
Total	3,990	2,996

Note 17 Deferred tax

SEKm	2011				2010			
	Beginning balance	Reported in income statement	Acquisition/Divestment of operations, translation differences	Ending balance	Beginning balance	Reported in income statement	Acquisition/Divestment of operations, translation differences	Ending balance
Deferred tax assets								
Other provisions	658	-129		529	520	-74	212	658
Loss carry-forwards	140	126		266	297	-138	-19	140
Finance leases	10	8		18	24	-14		10
Offset against liabilities	-672		4	-668	-673		1	-672
Total	136	5	4	145	168	-226	194	136
<i>of which, outside Sweden</i>	<i>136</i>			<i>128</i>	<i>157</i>			<i>136</i>
Deferred tax liabilities								
Intangible fixed assets	-380	83	-23	-320	-529	116	33	-380
Tangible fixed assets	-381	-102	2	-481	-433	36	16	-381
Current assets	16	-25		-9	23	-7		16
Pension provisions	-724	-293	1	-1 016	-476	-36	-212	-724
Offset against receivables	672		-4	668	673		-1	672
Total	-797	-337	-24	-1 158	-742	109	-164	-797
<i>of which, outside Sweden</i>	<i>-338</i>			<i>-223</i>	<i>-441</i>			<i>-338</i>

In Sweden receivables and liabilities have been reported net, at SEK 715m (632), whereas other receivables and liabilities have been reported gross. Foreign receivables totaled SEK 128m (136), and foreign payables SEK 223m (338).

Non-reported receivables for deferred tax relating to loss carry-forwards from previous years totaled SEK 80m (85), of which the majority was; SEK 71m (53) pertained to France, SEK 5m (7) to Denmark and SEK 2m (25) to Germany. None of these receivables has a due date.

Note 18 Inventory

SEKm	Dec 31 2011	Dec 31 2010
Goods for resale, etc.	125	190
Raw materials	93	85
Total	218	275

The majority of raw materials and goods for resale in inventory are with Strålfors.

Inventory depreciation for 2011 totaled 0m (1). For 2011, the cost of goods sold totaled SEK 1,192m (1,306).

Note 19 Accounts receivable

Accounts receivable, taking into account accumulated bad debt from the period January-December, totaled SEK 33m (21). Estimated losses on accounts receivable totaled SEK -13m (23). With respect to accounting treatment, refer to Note 1 Accounting Principles, page 68. For risk management and ageing of overdue but non-written-off receivables, see Note 29, Financial Risk Management and Financial Instruments, page 91.

Note 20 Prepaid expenses and accrued income

SEKm	Dec 31 2011	Dec 31 2010
Accrued interest income	8	
Accrued postage charges	115	123
Prepaid rent	264	227
Prepaid insurance premiums	4	1
Prepaid wages and salaries	175	203
Terminal fees	265	496
Forward currency contracts	14	4
Other items	360	212
Ending balance	1 205	1 266

Note 21 Cash and cash equivalents

SEKm	Dec 31 2011	Dec 31 2010
Cash and bank balances	1,385	1,431
Short-term investments comparable to cash and cash equivalents	722	2,209
Ending balance	2,107	3,640

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

Note 22 Interest-bearing liabilities

SEKm	Dec 31 2011	Dec 31 2010
Long-term interest-bearing liabilities		
Debt to credit institutions	799	802
Finance leases	52	108
Other long-term liabilities	134	137
Ending balance	985	1,047
Current interest-bearing liabilities		
Debt to credit institutions	7	321
Utilized credit line		20
Liabilities, payment transfers	56	19
Finance leases	50	47
Ending balance	113	407

See Note 29, Financial Risk Management and Financial Instruments, page 91.

Note 23 Pensions

PostNord Group's pension plans are described in Note 1, Accounting Principles (page 68). There are both defined benefit and defined contribution plans. Some personnel categories are eligible for pensions at an earlier age based on specific provisions in connection with the incorporation of Posten. Posten's Pension Fund safeguards the pension

commitments of Posten AB, Posten Meddelande AB and Posten Logistik AB. See the Plan Assets section and Note 30, Transactions with Associated Parties (page 95) for information concerning dealings between the Group and Posten's Pension Fund.

Pension commitments and plan assets, SEKm	Dec 31, 2011				Dec 31, 2010			
	Funded pension plans	Unfunded pension plans, future unconditional pension benefits	Unfunded pension plans, future conditional pension benefits	Total	Funded pension plans	Unfunded pension plans, future unconditional pension benefits	Unfunded pension plans, future conditional pension benefits	Total
Present value of defined benefit commitments	15,843	1,589	808	18,240	14,533	1,450	795	16,778
Fair value of plan assets	-15,967			-15,967	-15,808			-15,808
Net commitment	-124	1,589	808	2,273	-1,275	1,450	795	970
Unreported actuarial gains (+) and losses (-)	-3,149	-2	-1	-3,152	-1,230	-13	53	-1,190
Net indebtedness on balance sheet	-3,273	1,587	807	-879	-2,505	1,437	848	-220
<i>Reference</i>								
<i>Note 24 Other provisions Balance sheet, Pension provisions</i>	0	1,587	807	1,587	21	1,437	848	1,458
<i>Note 16 Long-term receivable</i>	-3,273			-3,273	-2,526			-2,526
Net amount attributable to plans in the following countries, SEKm								
Sweden				-887				-248
France				6				7
Norway				2				21
Total				-879				-220

Specification of present value of defined benefit commitments, SEKm	2011				2010			
	Funded pension plans	Unfunded pension plans, future unconditional pension benefits	Unfunded pension plans, future conditional pension benefits	Total	Funded pension plans	Unfunded pension plans, future unconditional pension benefits	Unfunded pension plans, future conditional pension benefits	Total
Beginning balance	14,533	1,450	795	16,778	15,128	1,699	810	17,637
Costs, employment service during current year	343	7	28	378	455	8	27	490
Costs, employment service during previous year	0	11	0	11				
Interest expense	619	63	36	718	600	66	33	699
Early retirement pensions	0	284	0	284	319	0	0	319
Payment of benefits	-928	-205	0	-1,133	-922	-234	0	-1,156
Curtailments and settlements	-57	0	0	-57	-6	0	0	-6
Transfers	94	-12	-94	-12	156	-44	-112	0
Actuarial gains (-) and losses (+)	1,239	-9	43	1,273	-1,193	-44	37	-1,200
Exchange rate difference in foreign plans	0	0	0	0	-4	-1	0	-5
Ending balance	15,843	1,589	808	18,240	14,533	1,450	795	16,778

Specification of fair value of plan assets, SEKm	2011	2010
Beginning balance	15,808	14,781
Expected return on plan assets	844	724
Funds paid by employer	465	994
Compensation	-365	-871
Payment of benefits	-70	-97
Curtailments and settlements	-50	0
Actuarial gains (+) and losses (-)	-665	280
<i>Of which</i>		
<i>Actual return on plan assets</i>	179	1,004
<i>Expected return on plan assets</i>	844	724
Exchange rate difference in foreign plans	0	-3
Ending balance	15,967	15,808

Net commitment, SEKm	Dec 31, 2011	Dec 31, 2010
Present value of defined benefit commitments	18,240	16,778
Fair value of plan assets	-15,967	-15,808
Surplus (-)/Deficit (+)	2,273	970
Experience-based adjustments, SEKm	Dec 31, 2011	Dec 31, 2010
Experience-based adjustments for commitments	4	-323
Experience-based adjustments for plan assets	665	-280
Surplus (-)/Deficit (+)	669	-603

The group expects to make payments in 2012 totaling SEK 1,502m (1,060) for defined benefit plans.

Provisions, estimated future conditional pensions
 PostNord Group is responsible for future conditional pension benefits under the transition regulations for Swedish companies. The transition regulations apply to certain employees who are entitled to retire at the age of 60 or 63. To qualify, employees must have reached 28 years of age by January 1, 1992 and have held the same position since then. Commitments, calculated according to the Act on Safeguarding of Pension Commitments, totaled SEK 2,771m (2,892) as of December 31, 2011. Experience demonstrates that an average of 25% utilizes the transition regulations, and the provision is determined at that percentage of this commitment. Special payroll tax is taken into consideration. The liability totals SEK 861m (898) including special payroll tax. For accounting in accordance with IAS 19 see unfunded pension plans, future conditional pension benefits in the tables in this Note, and future conditional pension benefits in Note 24, Other Provisions (page 89).

Final responsibility provision

The PostNord Group assumed "final responsibility" for an obligation assumed in connection with its conversion into a corporation. Previously, this commitment was reported as a contingent liability. Provisions were made for the commitment in conjunction with the adoption of IAS 19. Based on available information, the commitment has been estimated at SEK 107m (103) as of December 31, 2011, and includes a provision for special payroll tax. This commitment is included in the balance for unfunded pension plans, future conditional pension benefits in the table in this Note, and future conditional pension benefits in Note 24, Other Provisions (page 89).

Index-linked responsibility

In 2000, pension commitments previously safeguarded by Posten's Pension Fund were redeemed through the acquisition of insurance policies. As of December 31, 2011 the net present value of these was SEK 65m (77). PostNord Group bears index-linking and gross coordination responsibility for these pension commitments.

Expenses and income for defined benefit and defined contribution pension plans, SEKm	2011				2010			
	Funded pension plans	Unfunded pension plans, future unconditional pension benefits	Unfunded pension plans, future conditional pension benefits	Total	Funded pension plans	Unfunded pension plans, future unconditional pension benefits	Unfunded pension plans, future conditional pension benefits	Total
Costs, employment service during current year	343	7	28	378	455	8	27	490
Costs, employment service during previous year	0	11	0	11				
Interest expense	619	63	36	718	600	66	33	699
Expected return on plan assets	-844	0	0	-844	-724			-724
Actuarial gains (-) and losses (+)	-4	-1	-11	-16	137	8	-11	134
Early retirement pensions	0	284	0	284	319			319
Curtailments and settlements	-19	0	0	-19	-7			-7
Total defined benefit pensions	95	364	53	512	780	82	49	911
Defined contribution plans				1,070				1,165
Deducted as financial items				126				25
Utilization of restructuring provisions, costs of early retirement pensions				-107				-139
Other defined benefit pension expenses				40				70
Total pension expenses				1,641				2,032

Actuarial assumptions

The actuarial valuation of PostNord Group's defined benefit pension commitments and pension expenses are based on the following assumptions. These assumptions are provided as a total average value for each pension plan. A change in

any of these key assumptions may have a significant impact on the projected benefit commitments, funding requirements and periodic pension cost.

Actuarial assumptions, %	Dec 31, 2011	Dec 31, 2010	Dec 31, 2009
Discount rate	3.90	4.50	4.10
Expected return on plan assets	4.90	5.50	5.10
Future annual wage increases	2.60	2.80	2.80
Change in income base amount	3.00	3.00	3.00
Inflation	2.00	2.00	2.00
Life expectancy	FFFS 2007:31	FFFS 2007:31	FFFS 2007:31
Personnel turnover	4.50	5.00	5.00
Average remaining employment service, years	10	10	10

The costs for 2011 are based on actuarial assumptions adopted at the beginning of 2011. At the end of 2011, PostNord Group adopted assumptions applicable to calculation of the results as of December 31, 2011. These actuarial assumptions

are also used in the forecast for 2012 costs. In setting the assumptions the long-term, mutual compatibility of all assumptions used in the appraisal has been taken into account.

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

Alecta

Retirement and family pension plans for salaried employees in Sweden can be insured by Alecta. Only a few companies within the PostNord group utilize insurance as a safeguarding solution. According to a pronouncement by the Swedish Financial Reporting Board, UFR 3, defined benefit pension commitments secured by Alecta insurance are considered to be a single pension plan that encompasses several employers. For fiscal year 2011, the company has not had access to information enabling the reporting of this plan as a defined benefit pension plan. The ITP pension plan insured by Alecta is therefore reported as a defined contribution plan. Pension insurance fees related to Alecta totaled SEK 4.4m (4.6). Anticipated fees for 2012 total SEK 4.1m (4.8). Alecta's surplus can be distributed to policy-holders and/or the insured. As of December 2011, Alecta's surplus in the form of the collective consolidation level was 113% (146%). The collective consolidation level equals the market value of Alecta's assets divided by total insurance commitments and calculated in accordance with Alecta's actuarial assumptions, which do not comply with IAS 19.

Plan assets

The greatest portion of plan assets is included in Posten's Pension Fund. Other plan assets consist of assets in Posten's insurance association, pension insurance at Skandia and plan assets related to Norwegian pension plans. Total plan assets total SEK 15,967m (15,808).

Posten's Pension Fund assets per class, market value, SEKm	2011			2010		
	Dec 31	%	Total %	Dec 31	%	Total %
Liquidity/interest-bearing securities	1,760	12		1,040	7	
Nominal bonds	1,455	10	22	1,154	8	15
Index-linked bonds	2,275	16	16	2,437	17	17
Hedge funds	3,227	23	23	2,859	20	20
Infrastructure	764	5		726	5	
Property	1,480	10		1,091	8	
Other alternative assets	1,092	8	23	1,168	8	21
Swedish stocks	285	2		936	7	
Foreign stocks	1,523	11		2,286	16	
Private Equity	481	3	16	456	3	26
Total	14,342	100		14,153	100	

Other fund assets, market value, SEKm	Dec 31, 2011	Dec 31, 2010
Posten's insurance associaton	1,548	1,509
Norwegian pension plans	0	50
Skandia pension insurance	79	96
Total	1,627	1,655

The asset allocation of Posten's Pension Fund as of December 31, 2011 is presented in the table above. The overriding objective of the Fund is to manage the assets so as to best serve the PostNord Group's pension commitments, the funds for which have been entrusted to the Fund. The composition of and return on the assets should serve as reassurance that the Group can meet the pension commitments safeguarded by the Fund.

Sensitivity analysis

At year-end 2011, PostNord Group had pension commitments of SEK 15,843m (14,533) and plan assets of SEK 15,967m (15,808). In addition to funded pension commitments, pension provisions are allocated as future unconditional pension commitments of SEK 1,587m (1,437) and future conditional pension commitments of SEK 807m (848). The Group's pension commitments are valued based on the above-referenced actuarial assumptions; plan assets are assessed at fair value.

Actuarial assumptions

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

Exercise of rights under the transition regulations

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

Sensitivity analysis, SEKm	Change	Impact on profit
Actuarial commitments		
Change in interest margin on pension liabilities ¹⁾	+0.1%- percentage point	16
	-0.1%- percentage point	-16
Change in discount rate and expected return on fund assets	+0.5%- percentage point	166
	-0.5%- percentage point	-188
Change in salaries and wages	+0.5%- percentage point	-62
	-0.5%- percentage point	49
Change in income base amount	+0.5%- percentage point	14
	-0.5%- percentage point	-18
Change in inflation	+0.5%- percentage point	-159
	-0.5%- percentage point	138
Level of exercise of rights under transition regulations		
Change in level of exercise of rights under transition regulations	+5.0%- percentage point	-23
	-5.0%- percentage point	15

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

Note 24 Other provisions

2011, Jan-Dec, SEKm	Beginning balance	Provisions	Reversals	Utilizations	Translation effects	Ending balance
Restructuring activities						
Personnel reductions, primarily early retirements	800	269 ¹⁾	-181 ¹⁾	-458 ²⁾	5	435
Other closure costs	52		-1 ¹⁾	-16 ²⁾		35
Future conditional pension commitments						
Payroll tax	207		-11 ⁴⁾			196
Future conditional pension commitments under IAS 19	848	53 ⁴⁾	-94 ⁴⁾			807
Other						
Job-related injuries	58	3 ⁴⁾		-13 ²⁾		48
Pension adjustments in relation to the Danish state	39	67 ⁴⁾		-61 ²⁾	4	49
Provision, commemorative awards	162	17 ⁴⁾		-21 ²⁾	13	171
Other provisions	52	5	-19 ¹⁾	-27 ²⁾	2	13
Total	2,218	414	-306	-596	24³⁾	1,754
<i>Of which, current provisions</i>	<i>515</i>					<i>351</i>

¹⁾ Impact on income: SEK 68m, of which SEK 269m is attributable to provisions and SEK -201m to reversals chiefly attributable to personnel reductions. See also Note 6, Other Provisions (page 81).

²⁾ Change in other income statement items totals SEK -596m, SEK -553 m of which is attributable to personnel expenses.

³⁾ Refers to discount effect and translation difference with regard to currency effects.

⁴⁾ The effect of provisions and reversals is reported as personnel expenses.

Expected payments, SEKm	1 year	2 year	3 year	>3 year
Provisions, restructuring	355	70	31	14
Provisions, future conditional pensions according to IAS 19 ^{1),2)}	209	70	65	521
Other provisions ¹⁾	56	24	21	194
Total	620	164	117	729

¹⁾ Expected payments are somewhat higher than the respective provision due to the fact that the provision is calculated as the present value of the expected payments.
²⁾ Expected payments for future conditional pensions are calculated pursuant to IAS 19.

2010, Jan-Dec, SEKm	Beginning balance	Reclassification ⁶⁾	Provisions	Reversals	Utilizations	Translation effects	Ending balance
Restructuring activities							
Personnel reductions, primarily early retirements	1,066	14	385 ¹⁾	-62 ¹⁾	-579 ²⁾	-24	800
Other closure costs	74	14			-36 ²⁾		52
Future conditional pension commitments							
Payroll tax	222				-15 ³⁾		207
Future conditional pension commitments under IAS 19	911		49 ⁵⁾		-112 ³⁾		848
Other							
Job-related injuries	66		3 ⁵⁾		-11 ²⁾		58
Pension adjustments in relation to the Danish state	26	31			-12 ²⁾	-6	39
Provision, commemorative awards	174		19 ⁵⁾		-18 ²⁾	-13	162
Other provisions	91				-38 ²⁾	-1	52
Total	2,630	59	456	-62	-821	-44⁴⁾	2,218
<i>Of which, current provisions</i>	<i>711</i>	<i>35</i>					<i>515</i>

¹⁾ Impact on income: SEK 323m, of which SEK 385m is attributable to provisions and SEK -62m to reversals for personnel reductions. See also Note 6, Other Expenses (page 81).
²⁾ Change in other income statement items totals SEK -694m, SEK -622m of which is attributable to personnel expenses.
³⁾ In accordance with IAS 19, the change has not been reported in the income statement.
⁴⁾ A discount effect of SEK 15m is reported in the income statement's financial items. A translation difference regarding currency translation of SEK -59m is reported in the total result; see Comprehensive Income Statement - Group.
⁵⁾ The effect of provisions and reversals is reported as personnel expenses.
⁶⁾ Reclassification from current and long-term liability to other provisions and transfers between personnel reductions and other closure costs.

Provisions for restructuring measures

Restructuring provisions include costs that are estimated to arise during the coming year as a consequence of the group's decision to streamline production and reduce staff. Restructuring provisions are made when PostNord Group has an established, explicit restructuring plan and has created a valid expectation among affected parties.

Amounts are calculated based on corporate management's best estimates. Provisions are reviewed at each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources will be required to settle the obligation, the provision is reversed.

In 2011, provisions for restructuring measures were primarily made for early retirement pensions and for admittance to agencies that handle redundant personnel. Reversal of provisions occurred in 2011 primarily as a result of changed direction regarding adaptation of the Meddelande Sverige service network.

New provisions and reversals are reported in the business operation that makes the decision about closure.

Provisions, estimated future conditional pensions

Posten is responsible for future conditional pension benefits under the transition regulations. The transition regulations apply to certain employees who are entitled to retire at the age of 60 or 63. Consideration has also been taken of special payroll tax.

See Provisions for estimated future conditional pensions, and the Final Responsibility Provision, Note 23, Pensions, page 86 for further information.

Other provisions

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

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

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

Present value

Provisions with payment periods longer than one year are discounted to the present value. Discount effects included in changes for the year are shown separately where significant. Provisions for future conditional pension benefits have payment periods longer than one year. Present value calculations are not shown separately for this provision item, as it is included under IAS 19. See also Note 23, Pensions, page 86.

Expected payments for provisions

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

Note 25 Accrued expenses and deferred income

SEKm	Dec 31, 2011	Dec 31, 2010
Provision for stamps sold but unutilized	405	355
Accrued payroll expenses	514	585
Vacation pay liability	1,550	1,679
Special payroll tax on pension expenses	9	6
Social security expenses	559	648
Terminal fees	439	418
Finance leasing	9	18
Forward currency contracts	23	23
Other items	571	556
Ending balance	4,079	4,288

Note 26 Pledged assets and contingent liabilities

SEKm	Dec 31, 2011	Dec 31, 2010
Assets pledged for own liabilities		
Real estate mortgages	800	804
Endowment insurance policy for current and previous employees	0 ¹⁾	137
Assets pledged as security	8	16
Total	808	957
Contingent liabilities		
Guarantee commitments, PRI	90	91
Other guarantees	40	20
Total	130	111

¹⁾ Previous values have been adjusted based on an overly conservative previous assessment.

Disputes

PostNord operates extensive national and international businesses and is involved in disputes and lawsuits from time to time arising from its business operations. Except as set forth below, it is not anticipated that these disputes and lawsuits, either individually or collectively, will have a materially adverse effect on PostNord's earnings, profitability or financial position.

Lawsuit brought by competitor

A lawsuit alleging abuse of dominant position was brought against Post Danmark A/S by a competitor during the year. Following Post Danmark A/S appeal to the Danish Competition Appeals Tribunal, the Danish Competition Council is readdressing the matter.

Discriminatory pricing

Østre Landsret ruled against Post Danmark A/S in a case concerning discriminatory pricing. Post Danmark A/S appealed the decision to Højesteret. In connection with this matter, a competitor filed a claim against Post Danmark A/S. The claim for compensation of DKK 90m is contested in its entirety by Post Danmark A/S.

Note 27 Investment commitments

As of December 31, 2011, PostNord Group had committed to acquire tangible fixed assets. These commitments total SEK 379m (356) and related primarily to sorting equipment and vehicles.

Note 28 Statement of cash flows

Cash flows from operating activities include interest received totaling SEK 59m (63) and interest paid totaling SEK 57m (98).

Note 29 Financial risk management and financial instruments

PostNord's Treasury Policy, adopted by the Board of Directors, governs PostNord's financial risk management activities. The Treasury Policy includes guidelines for liquidity management, financing and financial risk management. The management of financial risks is centralized with the group's Treasury management.

Objectives and applied principles for the group's financial risk management

The objectives for financial risk management are to maintain appropriate payment readiness and an efficient use of capital and to guarantee the supply of capital. The basic principles applied to manage financial risk are as follows:

- Coordinate financing, liquidity management and payment transactions under central Treasury management to ensure good risk control and preserve coordination gains
- The business operations and parent company strive for the efficient use of operating and fixed capital, guaranteeing the basis for a secure supply of capital and thus freedom of action for the group
- The group's extension of credit is based on commercial considerations and risk assessments, ensuring a balancing of credit risk.

PostNord's financial risks are divided into the categories refinancing risk, credit risk and market risk.

Refinancing risk

Refinancing risk refers to the risk that cash and cash equivalents will not be available and that financing will be partly or wholly unobtainable or obtainable only at substantially increased cost. PostNord's refinancing risk is limited through the maintenance of payment readiness above a fixed minimum level and by diversifying the maturity structure of its financing portfolio. Treasury management shall at all times maintain payment readiness to manage operating activities and provide favorable conditions for managing risks and pursuing offensive strategies.

Payment readiness is defined the sum of cash and cash equivalents, investments in liquid instruments, unutilized committed loan facilities and estimated cash flows less maturing loans. Treasury management shall ensure access to payment readiness amounting to SEK 1,500m for the coming 360 days. Unutilized committed loan facilities totaled SEK 2,000m (0) at the close of the fiscal year. As of December 31, 2011, PostNord's liquidity totaled SEK 2,107m (3,640), of which SEK 299m (898) was invested in treasury bills, SEK 298m (828) in commercial paper and the remainder in bank deposits and balances.

Credit risk

The group's business activities give rise to credit risk exposure in relation to counterparties. Credit risk and counterparty risk refer to the risk of loss if the counterparty fails to meet its contractual obligations. Credit risk arises partly through sales to customers, extending advances to suppliers or accepting guarantees, and partly through Treasury's liquidity management or use of derivative contracts.

Credit risk from accounts receivable

Credit risk in connection with credit sales to customers is limited by spreading the risk across numerous customers in various industries. All customers undergo a credit check in which data on a customer's financial position is obtained from a credit-rating agency. The group's aggregate accounts receivable totaled SEK 4,370m (4,262). The group's reported losses on accounts receivable totaled SEK 33m (21) in 2011.

Ageing of accounts receivable	Dec 31 2011	Dec 31 2010
Accounts receivable, undue	3,890	3,746
Accounts receivable, due, not impaired		
1-5 days	204	236
6-20 days	122	161
21-30 days	83	26
31-60 days	32	54
61-90 days	29	18
>90 days	87	109
Total	4,447	4,350
Provision for bad debts	-77	-88
Total	4,370	4,262

Credit risk in treasury operations

Credit risk on financial transactions is limited by depositing surplus liquidity in a bank or investing it in interest-bearing instruments with high credit ratings. All counterparties must undergo a credit check before qualifying as a debtor.

Market risk

The risk that changes in market prices will affect the fair value or cash flows of a financial instrument. PostNord is exposed to two types of market risks: currency risk and interest rate risk.

Currency risk

PostNord has exposure to transaction risks and translation risks. Transaction exposure consists of loans and investments and foreign exchange flows with suppliers and customers. Transaction exposure is limited through use of derivative instruments, and may not exceed the equivalent of SEK 450m. Translation exposure is defined as net assets in the group's foreign subsidiaries. Due to exchange rate fluctuations, a change in the group's equity arises through the translation of foreign net assets. The greatest exposure arises in DKK, NOK and EUR. Treasury management does not hedge translation exposure, but limits it by adjusting the capitalization of group companies to a prudent commercial level.

Translation exposure Currency	Dec 31 2011			Dec 31 2010 ⁰		
	SEKm	%	+/- 1 %	SEKm	%	+/- 1 %
AUD	4	0.0	0	3	0.0	0
DKK	5,383	67.1	54	6,238	70.4	62
EUR	552	6.9	6	615	6.9	6
GBP	93	1.2	1	130	1.5	1
HKD	14	0.2	0	8	0.1	0
NOK	1,974	24.5	20	1,853	20.9	19
SGD	-12	-0.1	0	-10	-0.1	0
USD	19	0.2	0	23	0.3	0
PLN	-3	0.0	0	-2	0.0	0
Total	8,024	100.0	81	8,858	100.0	88

⁰ Previous year's value adjusted due to amended definition of "net asset."

Interest rate risk

Interest rate refers to the risk that the value of interest-bearing assets and liabilities will change following fluctuations in the market interest rate. Interest rate risk is controlled by limiting price risk and duration. Price risk is the risk that the market value of interest-related financial instruments will change following fluctuations in the general interest rate level. Duration is a time measurement and refers to the effective payback period taking into consideration the investment's final maturity date and the interest rates and amortizations that may be relevant during the period remaining. The duration of the facilities portfolio may not exceed 2 years.

Interest rate risk is measured in the Treasury Policy as the change in value of all interest-bearing assets and liabilities if the market interest rate for all relevant maturities changes +/- 1%. Interest rate risk in the group's interest-bearing receivables and liabilities was SEK 3m (2) as of December 31, 2011. A change of +/- 1% in the market rate as of December 31, 2011 causes an effect on earnings totaling SEK 17m (26) over the next twelve months. The group's price risk, if greater than SEK 25m, shall not exceed 1% of the portfolio's total value (net debt expressed in SEK) or a maximum of SEK 50m. The interest amount refers to interest expense for the entire duration.

Market risk in asset management

Asset management is carried out in the group's affiliated agencies Posten's Pension Fund and Posten's insurance association. The agencies manage assets that safeguard payments of certain of the group's commitments such as future pensions, sickness benefits and family pensions. Asset management includes the investment of capital in various markets and instruments. Through board representation, PostNord advocates a prudently managed diversification between asset classes in Posten's Pension Fund and Posten's insurance association in relation to PostNord's underlying commitment and expected returns.

Financial assets and liabilities, Dec 31, 2011, SEKm, unless otherwise indicated	Nominal amount in millions, local currency	Nominal amount in millions SEKm	Effective interest, %	Interest amount	Duration			
					< 3 months	3 months - 1 year	1-5 years	>5 years
Investments								
Other, EUR	299	299	21-2.7%	1	299			
Investments	298	298	12-2.1%		298			
Treasury bills, SEK	0,6	5					2	3
Total		602		1	597		2	3
Liabilities								
Bank loans								
SEK, variable interest rate	9	9			9			
DKK, variable interest rate	40	48	15-6.2%		48			
Other loans								
Real estate credit, SEK	1	1	6.7%				0,2	0,3
Real estate credit, DKK	665	800	1.5%	189				800
Finance leasing	108	108				56	52	
Liabilities, payment transfers		9				9		
Total		975		189	57	65	52	800

Financial assets and liabilities, Dec 31, 2010, SEKm, unless otherwise indicated	Nominal amount in millions, local currency	Nominal amount in millions SEKm	Effective interest, %	Interest amount	Duration			
					< 3 months	3 months - 1 year	1-5 years	>5 years
Investments								
Deposits, DKK	405	489	1.15 - 1.4 %	6	483			6
Deposits, EUR	0,1	1						1
Treasury bills, SEK	900	900	1.05 - 1.3 %	10	900			
Commercial paper, SEK	828	828	1.39 - 1.88 %	13	828			
Other, EUR	0,6	5					2	3
Total		2,223		29	2,211		2	10
Liabilities								
Bank loans								
EUR, variable interest rate	30	270	3.72%	10		270		
SEK, variable interest rate	50	50	2.13%	1		50		
Credit line, DKK	17	20	1.8 - 4.1 %			20		
Other loans								
Real estate credit, SEK	0,5	0,5	4.7%				0,2	0,3
Real estate credit, DKK	665	804	1.82%	230				804
Finance leasing	155	155			1	46	108	
Liabilities, payment transfers	19	19				19		
Total		1,319		241	1	405	108	804

Financial instruments, accounting treatment and fair value valuation

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

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

Some of the group's financial instruments are reported at fair value and valuation is determined in accordance with the three levels set forth in IFRS 7, described below.

Level 1

The fair value of financial instruments is determined based on listed market prices on balance sheet date without deducting transaction costs. Level 1 essentially includes treasury bills and standardized derivatives for which the listed price is used

in valuation. PostNord Group currently has no financial assets or liabilities based on this valuation level.

Level 2

The fair value of financial instruments is determined based on valuation models that are based on other observable market data. Examples of level 2 observable data are market rates of interest and yield curves. In cases where listed price is unavailable, straight interpolation is applied.

Level 3

The fair value of financial instruments is determined based on valuation models under which considerable input is derived from non-observable market data. PostNord Group currently has no financial assets or liabilities based on this valuation level.

Reported and fair value of instruments valued at fair value, SEKm	Dec 31 2011				Dec 31 2010			
	Reported value	Level 1	Level 2	Level 3	Reported value	Level 1	Level 2	Level 3
Financial assets reported at fair value in Income Statement								
<i>Prepaid expenses and accrued income</i>	1,205				1,266			
<i>Of which: Forward currency contracts</i>	14		14		4		4	
<i>Terminal fees</i>	3		3		4		4	
<i>Other receivables</i>	544				452			
<i>Of which: Terminal fees</i>	2		2		2		2	
<i>Cash and cash equivalents¹⁾</i>	2,107				3,640			
<i>Of which: Commercial paper</i>	298		298		828		828	
<i>Treasury bills</i>	299		299		898		898	
Loans and accounts receivable								
<i>Long-term receivables²⁾</i>	3,990				2,996			
<i>Accounts receivable</i>	4,370				4,262			
<i>Cash and cash equivalents¹⁾</i>	2,107				3,640			
<i>Of which: Cash</i>	1,508				1,431			
Held-to-maturity investments								
<i>Financial investments</i>	182				155			
<i>Of which: Endowment insurance</i>	134				136			
<i>Other</i>	48				19			
Available-for-sale financial assets								
<i>Cash and cash equivalents¹⁾</i>	2,107				3,640			
<i>Of which: Deposits</i>	8		8		490		490	
Total assets	8,408		624		9,775		2,226	
Financial liabilities reported at fair value in Income Statement								
<i>Accrued expenses and prepaid income</i>	4,079				4,288			
<i>Of which: Forward currency contracts</i>	16		16		23		23	
<i>Terminal fees</i>	3		3		3		3	
Other liabilities								
<i>Long-term interest-bearing liabilities</i>	985				1,047			
<i>Of which: Finance leasing</i>	52				108			
<i>Debt to credit institutions</i>	799				802			
<i>Short-term interest-bearing liabilities</i>	113				407			
<i>Of which: Debt to credit institutions</i>	7				321			
<i>Finance leasing</i>	56				47			
<i>Other liabilities</i>								
<i>Of which: Terminal fees</i>	3		3		3		3	
<i>Accounts payable</i>	2,130				1,992			
Total liabilities	7,307		22		7,734		29	

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

²⁾ Specification of Long-term receivables, see note 16, page 84.

Note 30 Transactions with associated parties

Affiliated companies

Affiliated companies provide products and services to one another in accordance with the full costing principle, except for services included in PostNord's service range, for which market rates and terms apply. Intra-group sales totaled SEK 816m (650). For a list of the parent company's holdings in affiliated companies, associated companies and joint ventures, see Note 9 to the parent company's financial statements (page 104).

Swedish state

Posten Norden has been mandated by the Swedish state to provide universal mail services in accordance with the Postal Services Act. Like other postal operators in Sweden, PostNord requires a permit to provide postal services. During the period, the National Post and Telecom Agency (PTS) received SEK 12m (12) from PostNord as payment for this permit. Posten Norden paid SEK 9m (8) to PTS for handling dead letters.

The PTS appropriated SEK 24m (25) to Posten Norden, as compensation in agreements for procured postal services for disabled persons¹⁾.

Danish state

During the period, Post Danmark A/S paid the Danish state pension premiums of SEK 233m (241) for the group of civil servants employed prior to the corporatization date. A further SEK 4m (18) is reserved in the Statement of Financial Position for any additional obligations to the same group.

Other organizations in Sweden

Posten's insurance association is a PostNord group freestanding fund monitored by the Swedish Financial Supervisory Authority. The association insures PostNord's commitments regarding employee disability and family pensions in accordance with ITP-P. During the period, PostNord paid premiums of SEK 0m (154) for disability pensions and SEK 17m (18) for family pensions, and received compensation totaling SEK 9m (10). Due to its well-consolidated position, the association did not charge any premiums in 2012.

Posten's Pension Fund manages pension commitments for Posten AB, Posten Meddelande AB and Posten Logistik AB. The companies capitalize new pension commitments in the fund and receive compensation for pensions paid. Capitalization of SEK 366m (854) occurred during the period and compensation totaling SEK 251m (871) was received (related to pension payments made during 2010).

Executives

For information on compensation and benefits paid to executives and Board directors, see Note 5, Employees, Personnel Expenses and Executive Compensation (page 79).

All members of the group Board of Directors and group management were asked to provide written notification of any business relations they may have with PostNord and whether these occurred on a commercial basis. Only one such business relation was reported: Viveca Bergstedt Sten was a member of PostNord's group management until September 30, 2011, and her husband is CEO of the property management company GE Real Estate. During the period, PostNord Group rented premises from GE Real Estate on a purely commercial basis for a value of SEK 4m (4).

¹⁾ Previously reported values have been adjusted.

Note 31 Acquisitions and divestments

Acquisitions and divestments had the following effects on PostNord Group's assets and liabilities, SEKm	2011			2010		
	Acquisition	Divestment	Total	Acquisition	Divestment	Total
Goodwill	79	-78	1	2		2
Customer relationships	92	-20	72			
Other intangible fixed assets	1		1			
Other fixed assets	233	-79	154			
Total fixed assets	405	-177	228			
Current assets	119	-269	-150			
TOTAL ASSETS	524	-446	78	2		2
TOTAL LIABILITIES	-171	363	192			
NET ASSETS	353	-83	270	2		2
Capital gain, divested operations/group companies		-80	-80			
Other items affecting cash flow	-9	-22	-31			
Purchase price paid/received	-344	219	-125	-2		-2
Cash and cash equivalents (acquired/divested)		-34	-34			
Net effect on cash and cash equivalents	-344	185	-159	-2		-2

Divestments

PostNord continues to streamline operations within business area Strålfors. The SIS Identification Solution labeling operation was divested as of August 1. The conditional purchase consideration of SEK 155m was valued at fair value with account taken of the divested operation's estimated development through 2014. In addition to the Swedish company Strålfors Identification Solution AB, SIS is comprised of Strålfors A/S, Stralfors AG and Stralfors Schweiz AG. The transaction included the November 1, 2011 sale of the assets and liabilities of the Norwegian company Strålfors AS following review by the Competition Authority. The impact on group profit is SEK -2m. Businesses within SIS have been transferred to EsonPac Group AB, in which Strålfors AB will own 20% of the shares through 2014 for a purchase price of SEK 155m. The holding is reported as an asset for sale.

Stralfors SAS in France sold the SCI du Pont St Jean Société Civile real estate company on December 22, 2011, giving rise to an impact on profit of SEK 1m.

Posten AB divested Fastighets AB Kvasten 8 as of August 1, 2011, with a consequent impact on profit of SEK 81m. The property no longer houses any self-run postal operations.

Acquisition of operations

Posten AB acquired 100% of the shares of the Norwegian companies Mereco AS and Eek Transport AS on July 1, 2011 for an aggregate purchase price of SEK 92m. Group profit includes an impact on profit of SEK 3m. Impact on profit would have totaled SEK 8m if the acquisitions had been made as of January 1, 2011.

Following antitrust clearance, Posten AB acquired Nils Hansson Logistics AB on September 1, 2011 for a purchase price of SEK 52m. Group profit includes an impact on profit of SEK 5m. Impact on profit would have totaled SEK -9m if the acquisition had been made as of January 1, 2011.

Post Danmark A/S has owned 51% of the shares in Transportgruppen A/S since 2007 and acquired an additional 41% of the shares on July 1, 2011 for a purchase price of SEK 14m. The company owns the remaining 8% of the shares following a buy-back from contractors. No full-year impact on

profit was generated. Impact on profit would have totaled SEK -1m if the acquisition had been made as of January 1, 2011.

2011 Jan-dec, SEKm	Goodwill	Other intangible fixed assets	Other fixed assets	Current assets	Total liabilities	Total assets
Acquired						
Eek Transport AS/Mereco AS	51	85	27	63	-93	133
Nils Hansson logistic AB	28	8	1	48	-33	52
Other			205	8	-45	168
Total acquired	79	93	233	119	-171	353
Divested						
Strålfors Identification Solutions, SIS	21	77	50	267	-333	82
Fastighets AB Kvasten 8			28	2	-30	0
SCI du Pont St Jean Société Civile			1			1
Total divested	21	77	79	269	-363	83

Acquisition of real estate companies

As part of the new terminal structure, Posten AB acquired 100% of the shares in three companies during the first six months of 2011. All companies were purchased with cash. For the purpose of acquiring land in Rosersberg, Rosersberg Brevterminal AB was acquired on January 17, 2011 for SEK 50 thousand. Sigtuna Rosersberg Fastighetsutveckling AB was acquired on June 21, 2011 for SEK 100m. The Fastighets AB Jönköpings Barnarps Kråkebo 1:69 industrial property was acquired on March 8, 2011 for the purpose of constructing a pallet hub for Posten Logistik AB. The purchase price totaled SEK 3m.

Formation of real estate company

For the purpose of acquiring property for the Hallsberg terminal, AB Grundstenen 135576 was formed on May 19, 2011.

Note 32 Highlights after the end of the period

On January 4, 2012 the group sold wholly-owned subsidiaries HIT Starintex BV in the Netherlands and HIT Belgium SA to Hellmann Worldwide Logistics GmbH & Co KG, as part of its strategy to focus on logistics flows to, from and within the Nordic region.

On January 16, 2012 Strålfors signed an agreement with Digitaliseringsstyrelsen in Denmark for the management of physical letters and electronic mail from the state, regional areas and municipalities. The agreement is for a four-year period and has an estimated value of DKK 500m.

On January 7, 2012 board member Richard Reinius resigned from the Board of Directors.

Note 33 Definitions**ADM (addressed direct mail):**

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

Average number of employees:

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

C-mail:

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

Corporate Image:

Based on a survey in which individuals in Denmark and Sweden respond to questions on their perceptions of Post Danmark and Posten, respectively. Results are reported in an index covering three key dimensions: overall opinion, emotional appeal and rational appeal.

Customer value index:

Based on PostNord's measuring tool used to continuously monitor customer satisfaction and customers' perceptions of the business.

Earnings per share:

Share of net earnings attributable to the parent company's shareholders divided by the average number of shares outstanding.

Employee satisfaction index (MIX):

Part of the group's employee survey. Results show level of employee commitment.

Equity-Assets ratio:

Equity (including minority shares) at the end of the period in relation to total assets at the end of the period.

Leadership index (LIX):

Part of the group's employee survey. Results show employees' perceptions of immediate supervisors' leadership.

Net debt/EBITDA:

Interest-bearing liabilities, including pension provisions, less cash and cash equivalents in relation to EBITDA for the 12 months to the end of the period.

Non-priority mail:

Mail processed in a production flow for distribution within three business days after mailing.

Operating margin:

Operating earnings as a percentage of income (net sales and other income). The calculation of operating margin by business area includes sales to other business operations and to parent company functions.

Priority mail:

Mail processed in a production flow for delivery on the first business day after mailing.

Return on equity (ROE):

Earnings for the 12 months to the end of the period divided by average equity for the 12 months to the end of the period.

Sick leave:

Own sick leave in relation to regular, contracted working hours.

Substitution:

Customers' replacement of physical letters with electronic alternatives.

UDM (unaddressed direct mail):

Direct mail sent without personal address by companies that, for instance, do not have their own client register or wish to reach a new target group. Through UDM, the customer has the option of reaching out widely to all national households or businesses or targeting mailings to a specific audience.

Parent Company financial statements



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Parent Company income and comprehensive income statement

income statement

SEKm	Note	2011	2010
	1, 2		
Other income		18	
Total income		18	
Personnel expenses	3	-16	-13
Other expenses	4	-13	-5
Expenses		-29	-18
OPERATING PROFIT		-11	-18
Income from participations in group companies	5	992	1,000
Interest income and similar income items	6	15	30
Interest expense and similar expense items	6		-72
Net financial items		1,007	958
Profit after financial items		996	940
Appropriations	7	-6	
Profit before tax		990	940
Tax	8		16
Profit before tax		990	956

Comprehensive income statement

SEKm	2011	2010
Net profit	990	956
COMPREHENSIVE INCOME	990	956

Parent Company balance sheets

SEKm	Note	Dec 31, 2011	Dec 31, 2010
	1, 2		
ASSETS			
Participations in group companies	9	12,476	12,476
Interest-bearing receivables		2	
Total financial assets		12,478	12,476
Total fixed assets		12,478	12,476
Receivables from group companies, interest-bearing		1,257	195
Other receivables from group companies			1,075
Prepaid expenses and accrued income		8	
Total current receivables		1,265	1,270
Total current assets		1,265	1,270
TOTAL ASSETS		13,743	13,746
EQUITY AND LIABILITIES			
Restricted equity			
Capital stock		2,000	2,000
Share premium reserve		10,141	10,141
Non-restricted equity			
Retained earnings		603	647
Net profit		990	956
TOTAL EQUITY		13,734	13,744
LIABILITIES			
Interest-bearing liabilities		2	
Total non-current liabilities		2	
Liabilities to group companies		6	
Other operating liabilities			1
Accrued expenses and prepaid income		1	1
Total non-interest-bearing liabilities		7	2
Total current liabilities		7	2
TOTAL LIABILITIES		9	2
TOTAL EQUITY AND LIABILITIES		13,743	13,746
CONTINGENT LIABILITIES	10		
Contingent liabilities		652	728

Parent Company statement of cash flows

SEKm	2011	2010
OPERATING ACTIVITIES		
Profit before tax	990	940
Appropriations	6	
Anticipated dividend	-992	-1,000
Taxes paid	-1	
Cash flows from operating activities before changes in working capital	3	-60
Cash flows from changes in working capital		
Increase (-)/decrease (+) in trade accounts receivable	991	2,049
Increase (+)/decrease (-) in operating liabilities		-16
Changes in working capital	991	2,033
Cash flows from operating activities	994	1,973
INVESTING ACTIVITIES		
Buy-back, minority Post Danmark A/S		-19
Acquisitions/disposals of financial assets	-71	3,570
Cash flows from investment activities	-71	3,551
FINANCING ACTIVITIES		
Loans raised	2	
Amortization of loans		-4,084
Dividends paid to parent company's owner	-1,000	-1,440
Received group contributions	75	
Cash flows from financing activities	-923	-5,524
CASH FLOWS FOR THE PERIOD	0	0
Cash and cash equivalents, beginning of the period	0	0
Cash and cash equivalents, end of the period	0	0

Parent Company changes in equity

SEKm	Restricted equity		Non-restricted equity	Total
	Capital stock ¹⁾	Share premium reserve	Retained earnings incl. net profit	
Beginning balance as of 01-01-2010	2,000	10,141	2,032	14,173
Group contributions received			75	75
Tax on group contributions received			-20	-20
Total changes in wealth reported directly in equity, excluding transactions with company's owners			55	55
Net profit			956	956
Total changes in wealth excluding transactions with company's owners			1,011	1,011
Dividends			-1,440	-1,440
Ending balance as of 12-31-2010	2,000	10,141	1,603	13,744
Beginning balance as of 01-01-2011	2,000	10,141	1,603	13,744
Net profit			990	990
Total changes in wealth excluding transactions with company's owners			990	990
Dividends			-1,000	-1,000
Ending balance as of 12-31-2011	2,000	10,141	1,593	13,734

¹⁾ Number of shares is 2,000,000,001; quota value is SEK 1 per share.

Parent Company notes

Note 1 Accounting principles

The parent company essentially applies the same accounting principles as the group does, and thus applies RFR 2, Reporting of Legal Entities. The differences between the parent company's and the group's accounting principles result from the parent company's limitations in applying International Financial Reporting Standards (IFRS) as a consequence of the Swedish Annual Accounts Act and the Law on Safeguarding of Pension Commitments, and are to some extent also based on tax considerations.

Participations in subsidiaries, associated companies and joint ventures

Participations in subsidiaries, associated companies and joint ventures are reported in the parent company using the acquisition cost method.

Dividends

Dividends from subsidiaries, associated companies and joint ventures are reported as income when the right to receive such dividend is established.

Anticipated dividends from subsidiaries are reported in cases where the parent company has the exclusive right to determine the size of the dividend and has made a decision on the size of the dividend prior to publication of the parent company's financial statements.

If the carrying amount of the parent company's holding in the subsidiary, associated company or joint venture exceeds the carrying amount reported in the financial statements, this is considered an indication of an impairment requirement and an impairment test shall be performed.

Employee benefits

Pension commitments for civil servants covered by pension insurance plans are reported in the parent company as defined contribution plans. Other pension costs are included under operating profit.

Financial guarantees

The parent company's financial guarantees consist mainly of guarantees for the benefit of subsidiaries and joint ventures. Financial guarantees entail the company pledging to compensate the owner of a debt instrument for losses incurred in the event a debtor does not complete payment on the due date specified in the contract. To report financial guarantee agreements, the parent company applies RFR 2, which is somewhat more lenient than the rules in IAS 39 regarding financial guarantee contracts for the benefit of subsidiaries, associated companies and joint ventures. The parent company reports financial guarantee agreements as provisions on the balance sheet when PostNord has a commitment for which payment is likely to be required to settle the commitment.

Taxes

The parent company reports untaxed reserves, including its deferred tax liability.

Segment reporting

The parent company's business activities consist of a sole operation, group functions.

Note 2 Estimates and assessments

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

No significant estimates or assessments were made in the annual statements as of December 31, 2011 for PostNord AB.

Note 3 Employees and personnel expenses

Personnel expenses, SEKm	2011	2010
Wages, salaries and other remuneration	10	8
Statutory social costs	3	2
Pension expenses	3	3
Total	16	13

The current President and Group CEO, Lars Idermark, was hired by the parent company on March 1, 2011 to replace Lars G Nordström. Mr. Nordström received a monthly salary of SEK 690,000; PostNord AB also paid SEK 210,000 per month for premium-based pension insurance. Mr. Idermark receives a monthly salary of SEK 692,250; the parent company also pays SEK 36,667 per month for occupational pension insurance and SEK 175,470 for endowment insurance to safeguard the pension liabilities.

For information on PostNord AB's Board of Directors and the group Board of Directors, see Note 5 to the consolidated accounts, Employees, Personnel Expenses and Executive Compensation.

Note 4 Other expenses, audit fees and reimbursement of expenses

SEKm	2011	2010
Audit engagement		
Ernst & Young	1	1
Total	1	1

"Audit engagement" refers to examination of the annual report, bookkeeping and administration of the Board and the CEO; other duties resting with the company's auditors; and advisory services and other types of support that arise in the course of such examination or the performance of such other duties.

Note 5 Earnings from participations in group companies

SEKm	2011	2010
Dividend from subsidiaries	992	1,000
Total	992	1,000

Note 6 Interest income, interest expense and similar items

SEKm	2011	2010
Interest income from group companies	15	30
Total	15	30
Interest expense to group companies	0	-28
Exchange losses	0	-45
Total	0	-72

See also Note 29, Financial Risk Management and Financial Instruments, page 91.

Note 7 Appropriations

SEKm	2011	2010
Paid group contributions	-6	
Total	-6	

Note 9 Participations in group companies, joint ventures and associated companies

SEKm	2011	2010
Opening accumulated acquisition value	12,476	12,457
Redemption of minority shares in Post Danmark A/S		19
Ending balance	12,476	12,476

Note 8 Tax

SEKm	2011	2010
Current tax		20
Deferred tax		
Change in deferred tax on tax loss carry-forwards		-4
Total		16

Reconciliation of effective tax rate	2011 % SEKm	2010 % SEKm
Reconciliation of effective tax rate	990	940
Tax at current tax rate	26.3 -260	26.3 -247
Tax-free dividend	261	263
Non-deductible expenses	-1	
Total	0	16

Parent company's and group's holdings in group companies, joint ventures (JV) and associated companies (AC)

Shares owned directly or indirectly by parent company (PostNord AB), SEKm	Corporate Identity Number	Legal domicile	Country	Equity stake, %		Number of shares	Book value, parent company Dec 31, 2011	Dor-mant
				Direct	Indirect			
Posten AB	556128-6559	Solna	Sweden	100		600,000	7,088	
Posten Meddelande AB	556711-5695	Solna	Sweden		100	1,000		
Strålfors AB	556062-0618	Malmö	Sweden		100	21,381,288		
Strålforsbolagen AB	556158-7006	Ljungby	Sweden		100	2,000		v
Strålfors Maila Nordic AB	556516-4455	Ljungby	Sweden		100	600		v
Strålfors Svenska AB	556102-9843	Ljungby	Sweden		100	5,000		
Strålfors Tandsbyn AB	556203-4693	Östersund	Sweden		100	6,000		
Tand 2:103 Fastighets AB	556594-3650	Östersund	Sweden		JV 50	2,000		
Strålfors Göteborg AB	556126-6973	Gothenburg	Sweden		100	1,000		
Strålfors 1 AB	556683-4916	Ljungby	Sweden		100	1,000		v
EsonPac Group AB	556838-0868	Varberg	Sweden		IF 20	4,800		
Strålfors Information Logistics AB	556694-6736	Ljungby	Sweden		100	1,000		v
Strålfors Supplies Holding AB	556779-8490	Nyköping	Sweden		IF 20	200		
Strålfors NV		Sint-Niklaas	Belgium		100	1		v
Strålfors Information Logistics A/S		Brøndby	Denmark		100	200,000		
Strålfors Oy		Helsinki	Finland		100	2,100		
Stralfors Finance SAS		Paris	France		100	200,000		v
Stralfors France S.A.		Evry	France		100	100		v
Stralfors SAS		Paris	France		100	620,776		
Strålfors AS		Oslo	Poland		100	200		
Stralfors Sp.z o.o.		Crakow	Poland		100	100		v
Stralfors Sp. z o.o.		Laskowice	UK		100	2,000		
Stralfors (UK) Ltd.		Redruth	UK		100	100		
Chacewater Properties Ltd.		Redruth	UK		100	1,000		v
DPS Holding Ltd.		Orpington	UK		100	45,000		v
DPS Direct Mail Ltd.		Orpington	UK		100	45,000		v
Stralfors plc		Redruth	UK		100	600,000		
Th Stralfors (Data Products) Ltd.		Redruth	Germany		100	10,000		v
Direct Link Worldwide GmbH		Mörfelden-Walldorf	Germany		100	150		
HIT Deutschland GmbH		Lübeck	Sweden		100	1		
Tollpost Globe AS		Oslo	Norway		100	117,570		

Continuation of the table on next page.

Parent company's and group's holdings in group companies, joint ventures (JV) and associated companies (AC)

Shares owned directly or indirectly by parent company (PostNord AB), SEKm	Corporate Identity Number	Legal domicile	Country	Equity stake, %		Number of shares	Book value, parent company Dec 31, 2011	Dor- mant
				Direct	Indirect			
Posten Logistik AB	556711-5380	Solna	Sweden		100	1,000		
HIT Belgium S.A		Wekjenraedt	Belgium		1	1		
Eek Transport AS		Notodden	Norway		100	1,000		
Mereco Transport AS		Sandnes	Norway		100	50		
Nils Hansson Logistics AB	556147-4254	Ljungbyhed	Sweden		100	2,500		
DPD Danmark A/S		Brøndby	Denmark		100	2		
DPD Finland Oy		Helsinki	Finland		100	250		
Posten Logistik SCM Oy		Vantaa	Finland		100	5,817		
Posten Försäkrings AB	516401-8649	Stockholm	Sweden		100	50,000		
Svensk Kassaservice AB	556615-7987	Stockholm	Sweden		100	1,000		
HIT Danmark A/S		Copenhagen	Denmark		100	500,001		
Svensk Adressändring AB	556476-3562	Stockholm	Sweden		85	850		
Tidningstjänst AB	556039-7480	Stockholm	Sweden		100	7,500		
Direct Link Worldwide Ltd.		Middlesex	UK		100	110,000		
Addresspoint AB	556587-5597	Stockholm	Sweden		85	1,700		
HIT Belgium SA		Wekjenraedt	Belgien		99	99		
Posten Leasing AB	556341-0009	Stockholm	Sweden		100	5,000		
Postbolagen AB	556234-1353	Stockholm	Sweden		100	1,000		v
DPD Norge AS		Oslo	Norway		100	10,000		v
Direct Link Worldwide Inc		New Jersey	USA		100	100		
Direct Link Worldwide AS		Oslo	Norge		100	1,000		
Direct Link Worldwide Oy		Vantaa	Finland		100	100		
Swedish Post Group B.V.		Amsterdam	Netherlands		100	200		
HIT-Starintex B.V.		Gendringen	Netherlands		100	80		
EBT Property B.V.		Gendringen	Netherlands		100	4,500		
DPD Nordic AB	556528-7694	Stockholm	Sweden		100	3,000		v
Fastighets AB Penelope	556517-0544	Stockholm	Sweden		100	100		
Nässjöterminalen Kommanditbolag	916629-7458	Solna	Sweden		100			
Rosersberg Brevterminal AB	556819-9862	Stockholm	Sweden		100	1,000		
Sigtuna Rosersberg Invest AB	556824-2852	Stockholm	Sweden		100	1,000		
Hallsberg Brevterminal AB	556848-8133	Stockholm	Sweden		100	500		
Fastighets AB Jönköping Barnarps- Kråkebo 1:69	556782-6903	Solna	Sweden		100	1,000		
DPD Sweden AB	556371-8021	Stockholm	Sweden		100	1,000		v
Tidningstorget AB	556756-1211	Stockholm	Sweden		90	900		
Direct Link Worldwide Pte. Ltd.		Singapore	Singapore		100	700,000		
Direct Link Worldwide Pty. Ltd.		Sydney	Australia		100	1		
Direct Link Worldwide Company Ltd.		Hong Kong	China		100	1		
Post Danmark A/S		Köpenhamn	Denmark	100		25,000,000	5,388	
Budstikken Transport A/S		Brøndby	Denmark		100	1,000		
Post Danmark Logistik A/S		Copenhagen	Denmark		100	10,000		
Data Scanning A/S		Copenhagen	Denmark		100	10		
Post Danmark Leasing A/S		Hvidovre	Denmark		100	400		
Transportgruppen A/S		Brøndby	Denmark		100	23,858		
Spot A/S		Copenhagen	Denmark		IF 50	500		
e-Boks A/S		Ballerup	Denmark		IF 50	6,000,000		
Total holdings in group companies							12,476	

Note 10 Contingent liabilities

SEKm	31 dec 2011	31 dec 2010
Guarantee commitment, PRI	574	656
Guarantee on behalf of subsidiaries ¹⁾	78	72
Total	652	728

¹⁾ As of 12-31-11, PostNord's subsidiary (Posten AB) had pledged a total of SEK 141m (163) in guarantees for the benefit of subsidiaries.

Signatures of the Board of Directors and CEO

Signatures of the Board of Directors and CEO

PostNord's Board of Directors and CEO hereby affirm that the annual report and consolidated financial statements were prepared in compliance with International Financial Reporting Standards IFRS, as they have been adopted within the European Union, and with generally accepted accounting principles, and that they are a true and fair representation of the group's and the company's financial position and earnings. Nothing of a significant nature that could affect the representation of the company as described has been omitted. The consolidated financial review provides a fair and accurate overview of the development of the group's and parent company's operations, position and financial results, and describes significant risks and uncertainty factors facing group companies. The annual report and consolidated financial statements were approved for publication by the board of directors and the CEO on February 22, 2012.

Stockholm, February 22, 2012

Fritz H. Schur
Chairman

Mats Abrahamsson
Member of the Board

Ingrid Bonde
Member of the Board

Gunnel Duveblad
Member of the Board

Bjarne Hansen
Member of the Board

Torben Janholt
Member of the Board

Anne Birgitte Lundholt
Member of the Board

Lars Chemnitz
Employee representative

Alf Mellström
Employee representative

Kjell Strömbäck
Employee representative

Lars Idermark
President and CEO

Our Audit Report was presented on February 22, 2012

Ernst & Young
Lars Träff
Authorized Public Accountant

Auditor's report

To the annual meeting of the shareholders of PostNord AB (publ), corporate identity number 556771-2640

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of PostNord AB (publ) for the financial year 1 January 2011–31 December 2011. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 2-5 and 8-107.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2011 and of their financial performance and cash

flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of PostNord AB (publ) for the financial year 1 January 2011–31 December 2011.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm 22 February 2012
Ernst & Young AB

Lars Träff
Authorized Public Accountant

Sustainability report



At the forefront of sustainable development in our industry

As the leading communication and logistics company in the Nordic countries, we have a great responsibility. Our business is based on transport and we continually work to reduce our environmental impact. Our long-term goal is to reduce the group's carbon dioxide emissions by 40 percent between 2009 and 2020.

We maintain the universal postal services in Denmark and Sweden. Accessibility is important for our customers and therefore also for us. We continue to improve our distribution network, which is already the largest in the Nordic countries.

Changes in the industry present challenges for us. Our plan for the coming years is to realign our business to improve efficiency and profitability, which will enable us to continue to provide good service and develop world-class communication and logistics solutions. As one of the largest employers in the Nordic countries, we will continue to take social responsibility for our employees. Good dialogue with our key stakeholders is essential for PostNord to continue generating value for customers, owners, employees and other stakeholders.



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About the report

The 2011 Sustainability Report is the group's third sustainability report. It is intended for anyone who wants to get a picture of our sustainability initiatives during the past year and our ambitions for the future. Unless otherwise indicated, the report covers the group's Nordic operations, since most of the group's sales and employees are located in this region. The last report was published on March 21, 2011. Information on the accounting principles applied and their scope is detailed in the Accounting Principles section.

The Sustainability Report is prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, Version 3.0; Application Level C+. The Sustainability Report was adopted by PostNord's board on February 22, 2012. Ernst & Young AB has reviewed PostNord's 2011 Sustainability Report and confirmed that it was prepared in accordance with the Global Reporting Initiative Application Level C+. A GRI cross-reference table is available on the group's website.

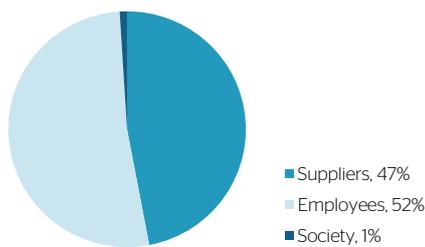
About sustainability initiatives

PostNord's operations shall be conducted in a responsible manner with respect to its stakeholders. A financially sustainable business requires social and environmental responsibility. Accountability promotes competitiveness, efficiency and profitability and thus long-term sustainable value creation. Sustainability initiatives are an integral part of the group's business and are governed and measured like any other activity.

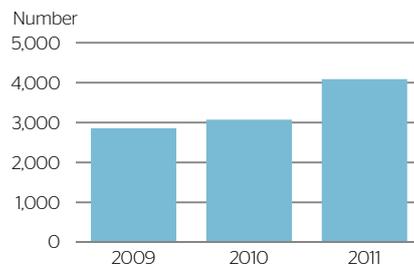
Progress in 2011

- PostNord adopted a new corporate strategy, appointed new group management and executive teams and established new governance methods for the group.
- PostNord launched a cost reduction program totaling SEK 1 billion in reduced administrative costs by the end of 2012.
- Strengthening of the partner outlet network in Sweden and the distribution network in Norway through new agreements with supermarket chains.
- PostNord's carbon dioxide emissions reduced about 7% over the previous year.
- Breve Danmark conducted a test project using electric cars, with successful results.
- SEK 100 million was earmarked for initiatives based on suggestions from group employees as part of the Climate Fund. The funds have been invested in measures aimed at reducing the group's environmental and climate impact.
- PostNord maintained world-class delivery quality for both letters and parcels.
- Tests of biofuel BioDME, which has very low CO₂ emissions, were conducted in the logistics business as part of a two-year test led by Volvo Trucks.
- For the second consecutive year, PostNord was ranked as one of the best companies in the industry by International Post Corporation, IPC, for qualitative climate efforts.

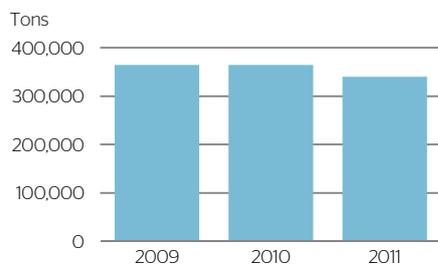
Distributed value, percent



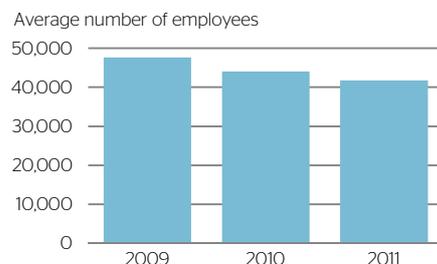
Number of electric vehicles



CO₂-emissions



Average number of employees



Read more at postnord.com

Information regarding our operations can also be found in PostNord's 2011 Annual Report.

How sustainability initiatives are governed

We aim to promote sustainable development through our mission, vision and core values as well as the principles of the UN Global Compact. PostNord measures and follows up progress towards the goals set for the group's development.

PostNord's responsibility

As the leading communication and logistics company in the Nordic region, PostNord has an impact on the communities it serves. PostNord is one of the largest employers in the Nordic countries and provides key aspects of the communication needs of companies and private individuals. The company therefore has an important role in society, and we have a long-term ambition to manage this role in the most responsible way possible and to contribute to sustainable development.

The company's responsibility for sustainable development and sustainability issues is based on three components: financial, environmental and social responsibility.

Financial responsibility

For PostNord, financial responsibility entails contributing to sustainable value creation for customers and owners by developing a competitive, qualitative, efficient, profitable and stable business.

Environmental responsibility

For PostNord, environmental responsibility entails actively working to reduce the environmental impact of the business and thus to be the environmentally correct choice for our customers.

Social responsibility

For PostNord, social responsibility entails developing dedicated and healthy employees and promoting a good dialogue with society at large.

PostNord's sustainability initiatives



Basis for sustainability initiatives

Mission

PostNord connects people and businesses reliably, efficiently and on time.

Vision

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

Core values

PostNord's activities are based on the following core values:

- *Reliable* – PostNord keeps its promises and delivers anywhere safely, on time and to the right place.
- *Accessible* – PostNord has the market's best accessibility and listens to customers views.
- *Business partner* – PostNord is a professional business partner to its customers, helping them meet their communication and logistics challenges.
- *Environmentally sound* – PostNord is dedicated to reducing its climate impact.

UN Global Compact

PostNord has adopted the UN Global Compact and its ten principles. One of the requirements for companies that have joined the Global Compact is the annual publication of a Communication on Progress (COP) report, detailing ways in which the company has complied with the initiative's ten principles. This Sustainability Report constitutes PostNord's first COP.

Sustainability governance

PostNord's overall sustainability goal is to create long-term value for owners and other stakeholders, and to ensure that the group's universal service obligations are met.

The AGM is the company's highest decision-making body. PostNord's Board of Directors decides on corporate strategy and organization. PostNord's President and CEO is responsible for and administers the ongoing management of the group in accordance with the Board's guidelines and instructions. The President and CEO is assisted by group management and an executive management team comprised of members of group management. Group management, under the leadership of the president and CEO, is responsible for developing, implementing and monitoring the group's strategies and goals. Read more in the Corporate Governance Report on page 47-62.

All activities, including sustainability initiatives, are governed by targets. Each key ratio is broken down in the plan for each operational business or group function, and responsibility for reporting rests with each respective manager. Group performance against the targets is monitored and evaluated internally on a monthly basis and is reported to group management and the Board. The outcome in relation to financial targets is reported quarterly in the consolidated interim financial statements. Read more about the group's targets in the Annual Report on page 26-28.

Each specific area (such as environment, quality, and health and safety) also has a number of governing policies and guidelines.

Corporate certification

During the year, PostNord continued the work begun in 2010 to create conditions to eventually obtain group-wide ISO 14001 (environmental management), ISO 9001 (quality management) and OHSAS 18001 (occupational health and safety) certification. Large parts of the company are already certified in these areas. The Swedish operations are certified to ISO 9001 and ISO 14001, while the Danish part of the group has governed its activities since 1998 in accordance with the EFQM Excellence Model (customer-oriented excellence).

Sustainability-related risks

Risk management forms an integral part of PostNord's operating control. Risks and risk management are described in PostNord's 2011 Annual Report. Read more in the Annual Report on page 41-43.

PostNord listens to its stakeholders

PostNord's operations shall be conducted responsibly in relation to the group's stakeholders. It is essential for long-term value creation that the company understands the issues that key stakeholders regard as most important.

The group conducts a variety of dialogues and surveys with both internal and external stakeholders, thereby increasing its knowledge of stakeholder perceptions about the company. Stakeholder dialogue is an important tool to continuously develop the business and its offer. Through dialogue with various stakeholders, the group is also better positioned to understand markets and trends, manage risks and meet customers' and employees' expectations, which are crucial to PostNord's competitiveness and the achievement of its goals. Regular dialogue is conducted in various forums, networks and periodic meetings. Regular evaluation of the views of several key stakeholder groups about the company's operations are carried out and results are followed up.

PostNord's key stakeholders

PostNord's key stakeholders are its owners, society, customers, employees, suppliers and various partners. These interest groups are deemed to have the greatest impact on, or are most dependent on, PostNord's activities. Below is a brief description of our key stakeholders.

Owners

PostNord AB is a Swedish public company owned 40% by the Danish state and 60% by the Swedish state. The states are represented by the Swedish Ministry of Finance and the Danish Ministry of Transport. Votes are allocated 50/50. PostNord AB is the parent company of the group. Read more in the Corporate Governance Report on page 47-62.

Society

PostNord's subsidiaries Post Danmark A/S and Posten AB have been appointed to provide the universal postal services in Sweden and Denmark. Read more about the universal service obligations in the Corporate Governance Report on page 61-62.

National postal legislation is based on the EU directive that regulates postal services in the EU, and on the Universal Postal Union treaty that regulates international postal services.

We also collaborate with other authorities and with industry organizations such as the Universal Postal Union (UPU), PostEurop and the International Post Corporation (IPC). PostNord also has many collaborations and dialogues in sport, cultural organizations, associations for local and sustainable development and social responsibility.

Improved complaints management

PostNord constantly strives to improve its dialogue with customers and their recipients. In early 2011, PostNord introduced a customer ombudsman in Sweden and an appeals board in Denmark, partly to improve the treatment of small businesses and individuals who are unhappy with earlier meetings with, or decisions of, the group. These panels can also take advantage of the valuable flow of information from customers. Inquiries from large corporate customers are handled by key account managers, who also hold regular quality control meetings with their customers.

Customers

Most of PostNord's revenue comes from businesses and organizations. A large proportion of recipients are consumers. It is important that customers experience PostNord as a trusted and accessible business partner, because this is essential for the group to conduct successful business.

Employees

PostNord is one of the largest employers in the Nordic area. Employees with the right skills and commitment are crucial to customer satisfaction and business success. As one of the largest employers, PostNord has a great social responsibility.

Suppliers

PostNord makes annual purchases worth billions from a large number of suppliers. The majority of PostNord's purchasing is for transportation and services. The group's suppliers undertake to live up to the company's code of conduct for suppliers.

Partners

As one of the largest Nordic companies, PostNord cooperates with numerous companies, organizations and associations in various contexts and regarding different issues related to its business. Among the group's most important partners are its partner outlets in the retail sector in the Nordic countries since they have an important role in making PostNord's offer accessible to private individuals and companies.

What matters to PostNord's stakeholders?

PostNord's dialogue with its various stakeholder groups provides valuable information leading to increased awareness, participation and better-informed decision making. Responsibility for dialogue is allocated to different parts of PostNord's operations, depending on the nature of

the matter. Listed below are selected aspects that some key stakeholders perceive as most important and that were identified in surveys and dialogues conducted by PostNord in 2011.

Stakeholder dialogue

Stakeholder group	Opportunity for dialogue	Examples of monitoring tools	Important issues for stakeholders
Owners	AGM, conversations, meetings and other correspondence.	Interim financial statements, annual report, corporate governance report, sustainability report, presentations, other reporting.	Value creation and financial stability, corporate responsibility, performance of universal service obligation stipulated by law and license conditions.
Society	Conversations, meetings and correspondence with regulatory authorities, partnerships with industry organizations, conversations with interest groups (e.g. rural, pensioners, people with disabilities).	Measurements of the public perception of the business (corporate image) in Sweden and Denmark.	Security, simplicity, reliability, accessibility, taking into account customer needs, value of products and services, and the company being well managed.
Customers	Communication through the sales organization, customer service, drivers and mail carriers as well as through PostNord's service network of 4,849 distribution points and 6,000 stamp outlets.	Measurements of customer value and competitiveness, CRM systems, measurements of delivery quality for letters and parcels, measurements of environmental impact.	Accessibility through good geographical coverage and scope, high sales competence and good customer service, reliability, security, focus on solutions for customers.
Employees	Performance reviews, workplace meetings, communication via internal channels, dialogue with trade unions.	Employee survey (FOCUS), monitoring the quality of leadership and sick leave.	Customer focus, clear information on the group's development and direction, good working conditions.
Suppliers	Procurement, purchasing negotiations and other dialogue in relation to purchasing.	Measurements of contract fidelity and compliance with the supplier code.	Transparency in procurement processes, solvency.
Partners	Continuous ongoing dialogue with outlet partners through various channels and meetings, dialogue with sports and cultural organizations, organizations for local and sustainable development and social responsibility.	Measurements of outlet partners' satisfaction (NPI), mystery shopper programs.	The function of cooperation with outlet partners, reliability of supply, information from PostNord in support of customer service.

Key events for stakeholders

Through stakeholder dialogue, PostNord is able to better understand and appreciate what is important for each key stakeholder and use that knowledge as a basis for decisions about activities. In 2011, a number of activities and events took place related to various stakeholders, of which some examples are:

In April, the annual general meeting adopted the owners' targets for PostNord. Later in the year the group adopted a new corporate strategy for the period through 2015, with a view to repositioning the company in relation to ongoing market developments.

The Swedish Post and Telecom Authority's decision on new license conditions for postal services in Sweden and the introduction of a new postal law in Denmark are examples of decisions taken by society stakeholders that affect PostNord's activities.

PostNord constantly works on to develop its services. In 2011 the group further strengthened its distribution network, improving accessibility for many customers. PostNord also established a pan-Nordic parcel and pallet service to strengthen PostNord's offer to logistics customers. This service allows corporate customers to send parcels and pallets within the Nordic countries as if they were domestic deliveries. The group also improved its procedures for handling complaints in Denmark and Sweden in 2011. Furthermore, the new postal law in Denmark has opened the possibility of price changes in the Danish market.

PostNord has worked with cost adjustments and staff changes to meet the lower demand in its letter businesses. This work will continue in 2012.

On the purchasing side, a large purchase of 175 heavy trucks from Volvo was made during the year.



[Financial responsibility](#)

Financial value creation

Environmental and social issues are linked to PostNord's financial responsibility. A long-term, stable and profitable business creates the environment for meeting and exceeding requirements for environmental compatibility and social responsibility. Conversely, environmentally compatible and socially responsible business strengthens our competitiveness.

PostNord's business success requires a responsible approach to the group's stakeholders. Its financial responsibility extends beyond the group. Creating profitability, growth and value for the owners secures the outlook of a long-term business for the benefit of several of its other stakeholders. PostNord's mandate to maintain the universal postal services in Denmark and Sweden makes it even more important that the group conducts efficient, profitable and sustainable business.

Sustainability includes conserving resources. The group creates value partly through optimizing the use and management of company resources and assets. Reduced fuel use, employee satisfaction and low absenteeism provide

both economic benefits and environmental and social benefits. This approach gives the right incentive to see the big picture and act accordingly.

Similarly, high customer satisfaction, high quality and a good reputation in the community are very important to the company's ability to generate returns, and operations are therefore partly governed by these goals.

The merger between Posten AB and Post Danmark A/S implemented in 2009 has helped to strengthen competitiveness and the prospects of a long-term, stable and profitable business.

New strategy for repositioning PostNord

The structural changes taking place in the communication market are altering the conditions for PostNord's business. PostNord estimates that letter volumes will continue to decline sharply in coming years. Meanwhile the logistics market will grow, providing opportunities to develop our already strong Nordic position.

In 2011, PostNord adopted a new strategy for the period through 2015. It aims to reposition the group in relation to current market trends and ultimately create northern Europe's leading communication and logistics company. This entails securing a lucrative mail business and increasing market share for the logistics business.

PostNord will make significant investments in adjusting the production structure of its mail businesses to market trends. The group will also make significant cost reductions, including adaptation of the workforce to lower volumes.

The change efforts that have been initiated and that will continue in the years to come will be implemented effectively and responsibly for the environment, society and, not the least, for the employees.

Read more about the group's strategy and objectives in the Annual Report on page 26-28.

Sustainable investment

The group has adopted a new production strategy that includes investments in production to meet declining volumes and to achieve the group's environmental objectives. A key part of these investments is the previously adopted establishment of a new terminal structure in Sweden to increase production flexibility and, among other things, allow for more coordinated rail transport resulting in reduced carbon dioxide emissions.

Implementation of the production strategy involves new establishments in certain towns and closures in others. PostNord is acting together and cooperating with regional and local communities affected by the changes.

The funds earmarked for environmental investments through the Climate Fund have contributed to both an increased pace of environmental initiatives and more energy-efficient transports and premises.

Objectives of financial responsibility

The objectives of the group's financial responsibility are synonymous with a number of the group's targets and are related to financial goals and targets for delivery performance, customer and employee satisfaction and the group's image.

Read about the group's objectives in the Annual Report on page 26-28.

Focus on customer satisfaction

The way in which customers perceive and value our service, quality and offer forms the foundation for how the company's business will develop.

Customer satisfaction is monitored through a group-wide survey of corporate and private customers in the Nordic countries. The group measures customer value, which in 2011 was 70 (70).

Since customers' recipients are often consumers, PostNord's image among the public is also an important prerequisite for conducting successful business. The image of PostNord improved during 2011 in the corporate image surveys carried out among the public in Sweden and Denmark. In Sweden, the positive trend that started after a poor rating in 2003 continued, while the good performance of recent years in the Danish operations has been maintained.

Factors such as quality and accessibility are highly valued by the group's customers and are also deemed crucial in public attitude towards the business. Changes in the company's service organization, changes in pricing and in the placement of mailboxes are examples of questions that would normally give clear readings in surveys and in dialogue with stakeholders. Big and important changes in operations are challenging to implement without the public initially perceiving them as negative. PostNord strives to create knowledge and understanding among both customers and the public about why changes are being implemented and how continued good service will be assured.

World-class delivery quality

High quality at every level is a guiding principle in the company's operations and a hallmark of PostNord. Internationally, PostNord's delivery performance is of world-class quality in the industry. The requirement for delivery level is high, and the company's own performance targets for mail exceed the quality requirements set by its owners, the Swedish and Danish states.

In both Sweden and Denmark, PostNord's performance levels are regulated. According to postal regulation in Sweden at least 85% of first-class letters must be distributed throughout the country the next business day (overnight delivery). At least 97% of letters must be delivered within three business days. In Denmark, the performance requirement for letters and parcels is 93% relative to the terms of each service.

PostNord uses quality weighted for first-class letters in the group as its target. For first-class letters in the group, parcels in Sweden and parcels in Denmark, performance was 94.5%, 97.5% and 97.9% respectively.

Generated and distributed value

In 2011, PostNord generated a total value of SEK 39,838m, a 5% decrease from the previous year. The total distributed value to suppliers, employees and the community was SEK 36,940m, 8% lower than the previous year. The distributed value to the community was SEK 439m, and consisted of tax payments and dividend. In addition, the group distributes value through sponsorship and charitable collaborations; see also Partners on page 127.



[Environmental responsibility](#)

Targeted environmental initiatives

Environmental initiatives are important for PostNord. Reducing our environmental impact is a key element in our long-term ambition to build northern Europe's leading communication and logistics company. Our environmental commitment is integrated into the business and is part of the group's operational governance model.

As a major carrier in the Nordic countries, PostNord's activities have significant environmental impact. In order to perform its tasks, the business uses most forms of transportation. The group's objective, however, is to carry out its assignments and commitments to customers in the most environmentally efficient manner possible.

PostNord has worked purposefully and over many years to reduce its environmental impact. A high percentage of Swedish mail flows are transported by rail, and PostNord has one of Europe's largest electric vehicle fleets in the industry.

The group also prioritizes efforts to increase energy efficiency in its premises. The group's Climate Fund and the new production strategy implemented in the group are important components of its environmental work.

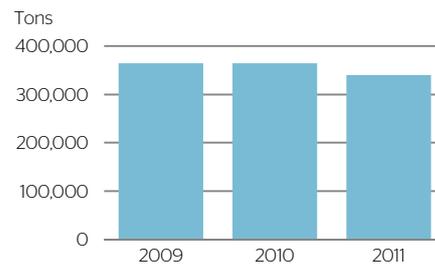
Long-term environmental ambitions

Being the environmentally sound choice for customers is part of PostNord's vision. The long term goal is to reduce the group's carbon dioxide emissions by 40% by 2020, from 2009 levels. This goal is in line with the owners' environmental targets. Linked to this long-term goal are a number of key figures such as measuring environmental performance per service. Some key indicators are monitored quarterly and others monthly. Achieving the long-term goal will require significant changes and investment in both transportation and energy use.

In 2011, the group's carbon dioxide emissions totaled 340,187 (364,161) tons, a decrease of approximately 7%

These changes are attributable to greater efficiency of transport arrangements and a switch to vehicles with lower fuel consumption. In Denmark, biofuels are now blended with diesel and gasoline, which also contributes to reducing fossil carbon dioxide emissions. With regard to premises, increased energy efficiency and increased procurement of green electricity helped in to reduce CO₂ emissions. Altogether, the group's emissions are now down by 7% compared to 2009.

Total CO₂ emissions ¹⁾



¹⁾ Nordic plus Strålfors' operations outside Nordic area.

How PostNord is reducing its environmental impact

Ongoing tests of environmentally friendly fuels and vehicle types.

Reduced transport by road and air. 65% of letter volumes in Sweden go by rail between sorting facilities. In Norway PostNord transports the majority of pallet and parcel volumes by rail.

Increased proportion of green electricity in consumption.

With its Climate Fund, PostNord is investing SEK 100 million in environmental projects proposed by employees.

Continued energy efficiency improvements of equipment and premises.

Year	CO ₂ emissions ('000 tons)
2009	61,626
2010	65,264
2011	44,483

Reduced fuel consumption through fuel-efficient driving of well-filled vehicles on optimized routes.

Year	CO ₂ emissions ('000 tons)
2009	276,287
2010	272,462
2011	268,582

Increased proportion of electric vehicles in operations.

Year	Number of electric vehicles
2009	2,853
2010	3,069
2011	4,087

Electric mopeds 37%
Electric cars (Club car) 20%
Electric bikes 42%

© GRAPHIC BY TOMAS ÖHRNING

The Climate Fund - a tool for environmental improvement

The Climate Fund, introduced in 2009, is an important component in PostNord's efforts to achieve its environmental objectives. The size of the Climate Fund is equivalent to what it would cost to offset carbon emissions for the entire group, but PostNord prefers to primarily create real change in its business. For 2011, SEK 100m was earmarked for investments and other environmental improvements.

The Climate Fund is structured so that employees contribute proposals for environmental and climate improvement measures in their own operations. In 2011 the organization contributed 17 proposals, some of which are described in the Sustainability Report. All proposals affect the two areas that have the greatest effect on reducing

environmental impact: transports, and energy use in premises and buildings.

Group production strategy

The group's new production strategy is to adjust the production structure to declining letter volumes and to further improve our prospects for achieving our environmental objective. The new terminal structure established in the Swedish market creates opportunities for more integrated transport of letters, parcels and other goods by rail, with reduced carbon emissions as a result. About 65% of Swedish letter volumes are today transported by train between sorting terminals.

In Norway, the vast majority of the group's total pallet and parcel volumes are also transported by rail.

Environmentally licensed operations

PostNord runs operations requiring registration under national legislation in Sweden, France and Poland.

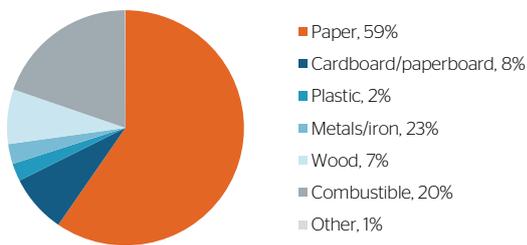
Read more in the Environment section of the Annual Report on page 44.

Waste management

Waste generated by the group's operations consists primarily of paper, cardboard and wood. The group works actively to minimize waste and increase recycling.

In 2011, 73% of waste was recycled and 26% went to energy recovery.

Waste distribution, % of waste mass



Noise pollution

Respect for our neighbors and noise reduction are high priorities. Despite this, people are sometimes disturbed by noise from PostNord's activities. Complaints to municipalities can result in orders to conduct noise measurements and possibly take other action. During the year the group worked to reduce noise disturbance for local residents from the business in Huddinge, Sweden.

Chemicals

The Strålfors graphics business conducts ongoing reviews of ways in which the operation can reduce its use of chemicals and solvents. During the year, the Polish operations intensified efforts to reduce the use of the solvent isopropanol. Replacing isopropanol in the dampening solution with chemicals that have lower solvent concentrations reduces emissions of volatile organic compounds (VOCs). By working closely with its supplier in 2011, Strålfors was able to reduce VOC emissions in the Polish printing plant by 8% per unit produced compared to 2010.

Systematic efforts to reduce environmental impact

The effort to reduce PostNord's impact on the climate is a strategic project that includes planning of the business and investments. It is also an ongoing daily task. During the year, several concrete initiatives were taken to transform the business in order to achieve our long-term environmental objective. Some examples:

Reduced fuel consumption

"Green Routes" for mail carriers and garbage collectors PostNord worked with Skellefteå, Östersund and Piteå municipalities in Sweden in a number of successful Green Route projects. By moving mailboxes and garbage cans to the same side of the street, routes can be shortened for both mail carriers and garbage collectors. In addition to benefitting the environment, these measures improve safety for residents and the work environment for drivers. Our aim is to spread the initiative to more municipalities.

Continued energy efficiency

Danish campaign for improved environmental awareness

In parts of the Breve Danmark business area, PostNord has conducted a campaign that includes energy conservation measures in premises and buildings aimed at promoting environmental awareness. As a consequence, electricity consumption in homes has also been set in focus since the improved knowledge of energy conservation in the workplace has also been translated into the home. Funding from the Climate Fund was used for the campaign.

Energy surveys reduced energy use

Energy surveys were conducted in several places in the Danish and Swedish operations, resulting in reduced energy use. In the Malmö region of Sweden, for example, we were able to reduce energy use in certain mail carrier offices by up to 20%, with relatively little effort.

Solar panels on the head office

PostNord signed a "green lease" with landlord Vasakronan for its head office in Solna, Sweden. As part of this agreement, 350 square meters of solar panels were installed on the roof of the head office in late 2011. The solar plant should produce up to 40,000 kWh of electricity per year, equivalent to heating two normal-sized houses. The investment is shared between PostNord and the landlord and co-funded by Energi Försäljning Sverige and the Swedish Society for Nature Conservation's eco-labelled environmental fund.

Increased share of electric vehicles

Distribution trucks charged using wind power Breve Danmark participated in a project together with Edison (Electric vehicles in a Distributed and Integrated market using Sustainable energy and Open Networks), which aims at harnessing energy from wind turbines by recharging electric vehicles at night, energy that would otherwise be wasted. In this project, Breve Danmark is conducting trials with three full-sized electric delivery vans. Funding from the Climate Fund was used in the project.

350 electric bicycles in danish mail carrying 300 two-wheel and 50 three-wheel electric bikes were delivered during the year and used in Danish mail carrying. One advantage of the new bikes is that it is easier on the body to ride an electric bike than a regular bike. In addition, the electric bikes are faster and can take larger loads. Next year another 360 bikes of each sort will be delivered.

Testing new technologies and fuels

Testing new biofuel

PostNord participated in tests of a new fuel – BioDME, a waste product from the forestry industry that has low climate impact. The tests are being conducted by Volvo Trucks with support from the EU and the Swedish Energy Agency. Two trucks were tested in PostNord's logistics business and have entered into regular service on the Stockholm-Jönköping-Gothenburg route in Sweden. Funds from the Climate Fund were used in the project.

Test of new electric vehicles with higher load capacity and range

Breve Danmark tested new electric cars for distribution, with successful results. The group has now decided to use funds from the Climate Fund to test three new types of electric vehicles in Meddelande Sverige's mail carrying since, in the future, many mail carrier routes will be longer and will require greater load capacity and range. The cars currently being tested are larger and have longer operating times than the "club cars" that have been used for the past several years.



Social responsibility: Employees

Committed and healthy employees

As one of the largest Nordic employers, PostNord has a responsibility to develop employee commitment and safeguard their health. Customer satisfaction and the group's success are founded on having excellent managers and employees with the right skills.

The success of the group is dependent on its ability to recruit, develop and retain the best talent in various functions in a variety of different professions. PostNord therefore strives to be an attractive and stimulating employer with skilled managers and dedicated employees.

Responsible change

PostNord endeavors to act effectively and responsibly in all group change processes. The group's strategy involves significant restructuring efforts to adapt the workforce to lower volumes. PostNord always strives to act responsibly as an employer when making personnel changes.

In 2011, the largest staff reductions occurred in business area Breve Danmark following the large drop in letter volumes in the Danish market during the year. In connection with closures and changes, PostNord is offering employees a

variety of support measures aimed at assisting employees in moving to a new job. This support may include training and courses, relocation assistance, coaching and career guidance.

PostNord's management and the trade unions agreed in 2011 to further strengthen their cooperation in order to best identify solutions to the challenges ahead.

Comanagement rights for PostNord employees are based on each country's labor market legislation and are regulated at the national level. Employers interact and negotiate with the trade unions in all businesses and at group level. Collective agreements are signed locally in each country. All employees are covered by collective agreements. The Collaboration and Employee Participation Agreement states that unions shall receive information at an early stage and have the opportunity to influence the negotiations and collaborations in order to increase understanding of and

involvement in the changes taking place in the group's operations.

Examples of new employee benefits include a new system for managing working time. The system was introduced from January 2012 for all employees in the group's Swedish operations. The working-hours bank gives employees greater opportunities to manage their leave and creates better conditions for business planning. Another example is that mail carriers in Sweden are offered the opportunity to apply for funding for their driver's license as part of the group's work on skills exchange.

Focus on employees

Employeehip at PostNord is based on each individual taking responsibility for their work, delivering on promises, creating good relations and thinking about the business. In order to stimulate employees' desire to constantly innovate and improve to meet customer requirements, PostNord strives to achieve a team-based organization. Employees are involved in planning and control of their own tasks and the tasks of their team. PostNord's managers must create the right conditions for the team, creating participation and allowing employees to take responsibility for their work.

For many years, the group has conducted systematic surveys of employee commitment. In 2011 the group conducted a group-wide survey (FOCUS) for the first time.

With a response rate of 86%, employees expressed their views on their own employeehip and the management - from group management down to their own line managers. During the year, 74% of group employees also state that they had a career development discussion during the year.

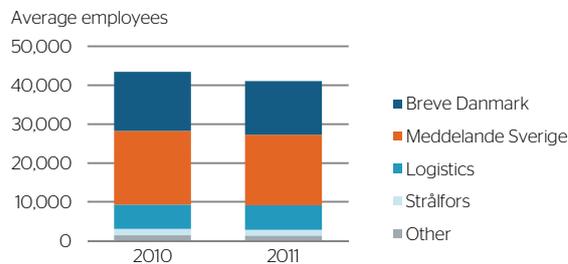
The results of the FOCUS survey are used to calculate the group's employee index (MIX) and leadership index (LIX). The outcome for 2011 is not comparable with previous employee surveys due to changes made in the measurements, but it can still be noted that the index results in the survey have deteriorated over the previous year. The study suggests, among other things, that employees want more and clearer information about the group's new strategy and future.

Overall, the survey shows that the group's employees are satisfied with their daily work and their immediate supervisor.

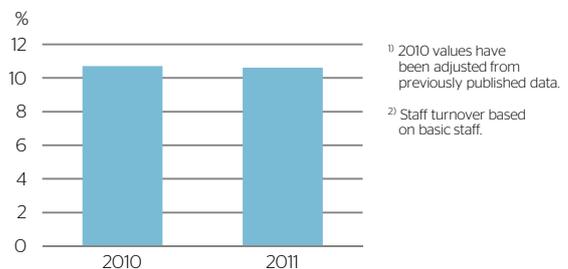
Each unit is developing action plans based on the FOCUS results, and subsequent discussions and dialogue sessions between managers and employees will contribute to the further involvement of employees. A high LIX index is closely correlated with a high MIX index, and managers are therefore important in future work to increase employees' commitment to the group's development. It is essential to recruit, develop and retain the best talent - a prerequisite for the successful strategic repositioning of PostNord as northern Europe's leading communication and logistics company.

Employee data

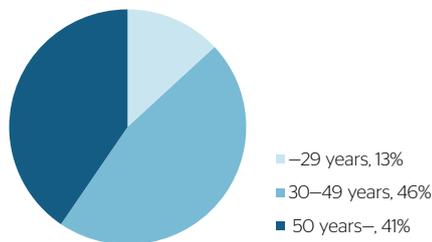
Average number of employees



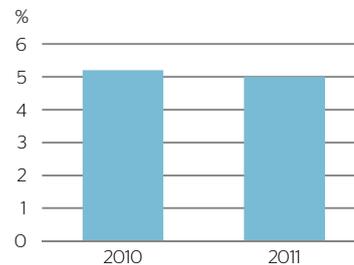
Staff turnover^{1,2)}



Age distribution



Sick leave due to illness



The importance of leadership to the business

Good leadership is essential for employees involvement in and commitment to joint efforts to achieve the group's and the unit's goals.

During the year, PostNord introduced a shared platform for the development of leadership in the group, with four leadership criteria that support the developments taking place inside and outside PostNord. The criteria describe the behaviors that the group wishes all managers and leaders to demonstrate in their daily leadership:

- The manager delivers value by understanding and reacting to customer needs, setting priorities and taking responsibility for the overall picture.
- The manager generates involvement by showing trust, delegating and creating the conditions for good results.
- The manager takes responsibility by developing the business, taking full ownership and implementing continuous improvement.
- The manager is clear in his or her expectations, feedback and communication.

All management teams met during the fall to reflect on the criteria and how they can be used in day-to-day operations.

An example of how PostNord stimulates good leadership is the Marianne Nivert scholarship, a scholarship intended to promote both good management and more women in leadership positions. The scholarship was established in 2009 and is awarded annually during 2010-2014. In 2011, it was awarded to Annica Axelsson, president of Strålfors Sweden, and Elise Jensen, production manager at business area Breve Danmark.

The group's employee survey, in which questions are based on the leadership criteria, analyzes and evaluates the management. For PostNord to succeed in repositioning the company, it is important to strive to improve understanding of the group's new strategy and its implications for different parts of the business. PostNord's managers and leaders play a key role in this.

Systematic work on leadership development

The group has established a group-wide "Management Planning Process" to develop and provide further training for managers. The process is based on the business's strategy and objectives and ensures all managers are evaluated the same way. Systematic work with executive development, development of talent and more effective succession planning are other advantages.

During the year, a number of concrete initiatives were taken with the aim to developing PostNord's managers, including the following:

Coaching in all operational businesses

PostNord works with coaching in different parts of the business. For example, business area Breve Danmark offers the support of an internal group of mentors and coaches. This year's focus was on efficient resource management

aimed at developing the business in a responsible manner. Business areas Meddelande Sverige and Logistics implemented programs with external coaches during the year.

Group-wide development programs

During the year, the group realized the third round of the group's development program for middle managers. 60% of whom were women. The "Young Professionals" initiative was started during the year, a development program for young specialists in Denmark and Sweden identified as talents. With participants from different countries, the programs provide a platform for increased knowledge of the group's country-specific conditions.

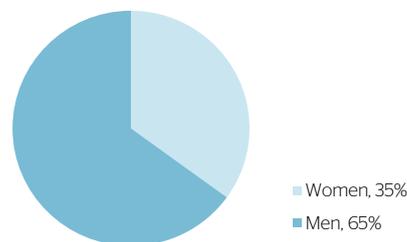
Senior management meeting

Senior Management Meeting is a forum for the group's senior managers, about 200 people. This is where the CEO, executive management and managers discuss issues concerning PostNord's strategy, objectives and direction. Two meetings were held in 2011 and more are planned for 2012.

Equality and diversity

Equality and diversity are strategic issues for PostNord. The group believes that peoples' differences are enriching, and that differences contribute to a more attractive and dynamic workplace.

Gender distribution



The equal value of all should characterize PostNord's workplaces and there is zero tolerance for discrimination. With nearly 70 nationalities, some 50 languages and numerous cultures and religions represented among our employees, challenges sometimes emerge. They also provide a huge opportunity that can strengthen us all, from the individual and the business to our offer to society as a whole.

“ Having a diverse workforce is something I see as a major benefit for the company. It creates an amazing energy and provides a lot of different nuances.

Jakob Manori, head of Copenhagen and Taulov parcel centers

PostNord has codes of conduct in place to support our zero tolerance philosophy. Managers play a key role in implementation and compliance. Each workplace must work to ensure that employees are aware of and familiar with

these documents. Compliance is also monitored in employee surveys, performance appraisals and health and safety surveys.

The group had one discrimination case in 2011. A woman reported gender-based discrimination when a post was filled at Post Danmark. The parties settled during the year and the woman received compensation equivalent to three months' salary.

PostNord must offer men and women equal opportunities at work and avoid unfair differences in pay. Equality between men and women is the diversity variable that the group focuses on. In 2011, the difference between men's and women's wages was 3.9 (3.7) %. To accelerate the promotion of gender equality, management has decided on the group-wide target of 40% female managers and supervisors by 2015. In 2011, the proportion of female managers was 29 (29)¹⁾ %. The female/male gender distribution in the group was 35/65 (36/64) %.

¹⁾ Adjusted from previously published information.

Health and safe work environment

PostNord has worked systematically with health and safe work environment efforts for many years. This has resulted in a reduction in sick leave and a focus on lowering the risk of illness and injuries. Physical strength and good health are essential at many PostNord workplaces where physically demanding jobs are performed. Mail carriers and drivers, for instance, perform jobs that require physical health. PostNord has come a long way in lowering sick leave levels, but more remains to be done. There are wide variations in sick leave levels across the group, and this calls for focused efforts to further reduce sick leave. In 2012, for example, stress will be an area of focus for increasing comfort and well-being at work.

In June 2011, group management adopted a group-wide policy for health and safety. A working group with representatives from all operational areas is working on how to improve the health ratio (i.e., ratio of employees with no more than five days' sick leave in a year). The ambition is that health-promoting measures will increase this figure. In 2011, sick leave absenteeism was 5%, which represents a slight decrease compared to the previous year. This is a good result given the employee cutbacks that have been made, particularly in the Danish operations. Long-term sick leave was at the lowest since measurements began, while short-term sick leave increased slightly.

One of PostNord's strengths in working with health is its use of health promotion efforts at an early stage, such as health profile assessments, health schools or exercise on prescription. Several initiatives were taken during the year to improve the working environment, increase awareness and use of health promotion initiatives and reduce sick leave levels.

Health promotion activities

- Approximately 4,600 employees in Denmark participated in a pilot project with "health checks" aimed at health-promoting training activities.
- "Health ambassadors" were introduced in Denmark, inspired by the Swedish model of health motivators. Two seminars for "health motivators" were conducted during the year in Sweden.

Work environment

- This year's work environment prize in the Swedish operations went to the Örebro region. The region has worked systematically and in close cooperation with unions to improve the work environment and motivate employees to participate in healthy activities. Health motivators have played an important role.
- In business area Meddelande Sverige, a broad effort was made to improve the ergonomic situation for processing facility workers. This is a group that often suffer from neck, shoulders and back pain due to physically demanding jobs.
- After two cold and snowy winters with many slip and fall injuries, a new non-slip sole, mounted directly on mail carriers' shoes, was developed in business area Breve Danmark. The project was successful and resulted in fewer injuries caused by slippery surfaces.

Responsible drivers

The majority of PostNord's employees are out in traffic every day. To ensure that drivers are responsible and dependable, business area Logistics established a new policy on alcohol and drugs. This policy has been linked with alcohol and drug training targeting employees who are on the road. In 2011, alcohol interlock modules were introduced in all workplaces for mail carrying in Sweden. With this investment, PostNord is taking responsibility for both its own employees and other people on the road.

Job exchange and futurum

PostNord uses a variety of reorganization programs when operations are closed or in cases of long-term sick leave. These include Job Exchange in Denmark and Futurum and Omstart in Sweden. Affected employees receive support in moving on to new jobs, including guidance on applying for jobs, studying or starting a business. Under Omstart, employees who for medical reasons cannot continue to work with the same tasks, are offered extra assistance in finding new jobs outside PostNord's operations.

[Social responsibility: Suppliers and partners](#)

Responsible procurement

Each year PostNord purchases goods and services worth billions from a large number of suppliers. The majority of purchases relate to transport and services. Central procurement procedures are essential to capture synergies within the group.

PostNord's purchases are increasingly centralized under a group-wide procurement process to utilize the potential for economies of scale that the group's size brings. However, a number of agreements are still local and transportation purchases are managed by procurement officers within the business operations.

Since transportation accounts for a large share of group purchasing and also has a big environmental impact, PostNord places particular demands on transport suppliers with regard to oils, tires and green cars. EU standards are met with regard to machinery and specific noise requirements are imposed before machinery is approved.

The group monitors purchasing process efficiency by setting targets for and measuring contractual performance. This approach ensures that the group meets regulatory requirements and that purchases are made from those suppliers that have signed agreements. To further ensure this, a Nordic contracts database was established in 2011 with the intention of, over time, including all contracts.

PostNord sets requirements regarding the environment and working conditions throughout the supply chain. In each contract the group requires that suppliers and their subcontractors comply with a set of criteria for environment, quality and security. Since 2009, contracts are signed whereby suppliers agree to comply with PostNord's code for suppliers.

The code for suppliers includes requirement for wage levels, social security and tax registration. Suppliers must also, via their subcontractors, ensure that the goods and services bought by PostNord are manufactured under conditions that are consistent with the principles of responsible business under the UN Global Compact and the OECD Guidelines for Multinational Enterprises.

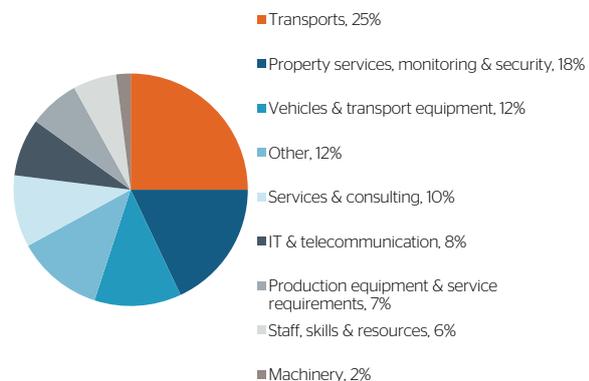
During the year PostNord signed up to the Swedish Environmental Management Council's guidelines for buying clothing in developing countries. The clothing procurement that has been initiated is based on the requirements of these guidelines. PostNord buys promotional clothing through agents in Sweden, which in turn make their purchases from contracted production facilities, primarily in Asia and Eastern Europe.

Monitoring and compliance

Monitoring of suppliers' compliance occurs in several ways. As part of the procurement, all suppliers conduct a self-audit of quality, environment and security in which they rate themselves. Supplier suitability is then judged by the supervising purchaser.

With the help of new tools and guidelines, the purchasing process will be further streamlined. This means that PostNord will be able to concentrate procurement volumes with fewer suppliers, ensuring better control of suppliers and achieving greater cost efficiency.

Procurement categories



Nordic region's most comprehensive distribution network

Cooperation with partner outlets is strategically important for PostNord, as they play a key role in the group's interaction with customers. An ongoing dialogue ensures that PostNord's service and offer are constantly improving.

PostNord has a unique distribution network which covers Sweden, Denmark, Norway and Finland. The group works primarily with well-established retail chains that have national coverage, long opening hours and are in places where other errands can be performed.

In Sweden, Posten AB launched its first partner outlet, "post-i-butik" in the 1980s. Some ten years ago the traditional post offices in the country were closed and replaced by partner outlets in grocery stores and gas stations to improve accessibility and to provide a more efficient service.

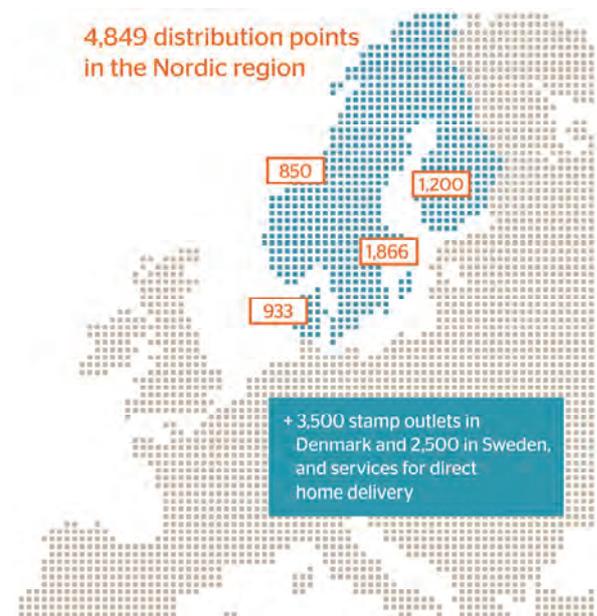
In Denmark, the distribution network consists of both post offices and unmanned delivery stations (Døgnsposten) that are run independently. It also consists of partner outlets, which in many respects correspond to the Swedish partner outlet network. In Denmark, the group has gradually increased the number of partner outlets in order to increase accessibility for customers and recipients. In Denmark, customers are able to choose to have parcels delivered to their door or to collect from a service outlet ("modtagerflex").

The construction of a partner outlet network, and subsequent changes, has been and is an important issue in dialogue with several stakeholder groups. For example, in Sweden, where PostNord closed its post offices many years ago in favor of the outlet network, the changes have sometimes been met with criticism. It may be noted, however, that the changes have in general increased accessibility for the vast majority of Swedes and provided a more efficient service. The group's surveys also show that most customers and recipients appreciate the outlet network.

Effective relationships with partners who act as partner outlets are an important success factor for PostNord. PostNord imposes high quality standards on partners and the group conducts an ongoing dialogue with them to ensure that customers are satisfied. In Sweden, a certification test has been launched that all outlets must undergo annually to show that they have the right skills to assist customers. About 95% of the outlets completed certification in 2011. In Norway, agreements were signed with Coop and Norgesgruppen in 2011, which means that 200 new distribution points have been established or are being established. These agreements,

together with the existing agreement with ICA, give PostNord access to of supermarkets in Norway and allow PostNord to reach 87% of all Norwegian households.

Monitoring of relationships with these partners is done through annual measurements of partner and customer satisfaction indices as well as mystery shopper programs.



Nordic distribution points

	2011	2010	2009
Total Nordic	4,849	4,727	4,716
Denmark	933	947	956
Sweden ¹⁾	1,866	1,930	1,960
Norway	850	650	600
Finland	1,200	1,200	1,200

¹⁾ Includes business centres and partner outlets.

Partnerships and initiatives

As part of its responsible work towards a long-term sustainable society, PostNord collaborates with and supports businesses, organizations and associations. This is valuable in shaping and developing PostNord's own operations and the industry and the communities in which it operates.

During the year, PostNord participated in several regional, national and international initiatives on sustainable development, climate issues and service and accessibility issues. Charity and sponsorship are other ways to operate.

Examples of collaboration

- Cooperation for sustainable development:**
 PostNord is involved in several initiatives on sustainable development to both learn from others and to contribute to the industry's approach to environmental and social responsibility. Examples of initiatives are the Danish Council for Sustainable Business Development, Climate Neutral Freight Transportation (KNEG) and the Network for Transport and Environment (NTM).
- Industry initiatives to reduce carbon dioxide emissions:**
 Within the framework of international trade associations IPC and PostEurop, PostNord participates in climate initiatives that aim to reduce the industry's carbon dioxide emissions.
- Social responsibility:**
 As a member of the Danish Business Forum for Social Responsibility (VFSA), for which group HR director Palle Juliussen has been appointed representative, PostNord participated in a campaign focusing on measures for disabled people.
- Accessibility and services in rural areas:**
 As a co-funder of the national Swedish Village Action Movement organization, we are conducting a dialogue on how PostNord's business can contribute to the continued development of all regions in Sweden.
- Police collaboration against fraud:**
 An initiative was taken during the year focused on information exchange between PostNord, the police and PostNord's customers with regard to security and new forms of fraud.



Examples of PostNord's charitable and sponsorship activities



- Sponsorship activities in cycling and soccer in Sweden and Denmark.
- Partner to Swedish non-profit Mentor organization since 2005 and general partner since 2010, to support young people through helpful relationships with adults in the business community.
- Charity stamps that supported the Arthritis Association in Denmark and Save the Children in Sweden in 2011.
- Mentor company for students at Södertörn University's entrepreneur program along with other large companies in Sweden.
- Involvement in Danish Christmas Seals to support overweight children for a healthier lifestyle.
- Main sponsor of the Swedish August Prize in literature, to inspire people to read and write more often.
- Participated in a Danish project where over a hundred artistically designed elephants were auctioned off to save the endangered Asian elephant.
- Sales of royal wedding postal telegrams have, since their launch in 2010, generated almost SEK 140,000 for the Swedish Crown Princess Couple's wedding foundation. The foundation promotes health and combats exclusion among children and young people in Sweden.

Sustainability data

Several of the indicators of financial responsibility, environmental responsibility and social responsibility are included in this section. A full account of all reported indicators is shown in the cross-reference table in accordance with GRI on PostNord's website.

Financial data

Generated and distributed value, EC1

SEKm	2011	2010
Generated value		
Generated value	39,466	41,669
of which, payments received from the state	24	25 ¹⁾
Other income	274	289
Participations in the earnings of associated companies	-2	6
Net financial items	100	-27
Total	39,838	41,937
Distributed value		
Transport expenses	7,540	7,384
Cost of premises	2,134	2,236
Other	7,717	8,501
Suppliers	17,391	18,121
Wages, salaries and other compensation	14,792	15,780
Statutory social security contributions	2,532	2,648
Pension expenses	1,641	2,032
Other personnel expenses	145	91
Employees	19,110	20,551
Taxes paid	71	335
Dividend	368 ²⁾	1,000
Society	439	1,335
Total	36,940	40,007

¹⁾ Previously reported value has been adjusted.

²⁾ Board's proposed.

Environmental data

CO₂-emissions¹⁾

Tons	2011	2010	2009
Fossil CO ₂ emissions, entire group	340,187	364,161	364,657
Transports, EN16			
Fossil fuels	287,272	291,003	296,024
Renewable fuels	23,053	12,475	12,596
Business travel, EN17	8,433	7,894	6,947
Energy use			
Heat and electricity, EN16	44,483	65,264	61,686
Initiatives to reduce CO ₂ emissions (procurement of eco-labeled electricity), EN18	-27,228	-12,079	-11,504

¹⁾ 2009 and 2010 values adjusted from previously published data.

Other emissions to air for transports, EN20

Tons	2011	2010	2009
Carbon monoxide	392	350	450
Nitric oxide	1,413	1,174	1,310
Hydrocarbons (VOC)	83	96	74
Particulates	24	21	24

Energy use

	2011	2010	2009
Fuel transports (TJ), EN3 ³⁾			
Fossil fuel	3,923	4,236	4,194
Renewable fuel	157	126	117
Business travel by car (TJ), EN3 ¹⁾²⁾	282	423	60
Heating (district heating and gas) (MWh), EN4 ³⁾	145,725	169,250	149,139
Electricity use (MWh), EN4 ³⁾	206,732	239,258	238,640

¹⁾ Only PostNord's operations in Sweden and Denmark.

²⁾ 2009 data and 2010-11 data are not directly comparable. 2009 included emissions from Danish business in fuel transport.

³⁾ Values for 2009 and 2010 adjusted from previously published data.

Waste, EN22¹⁾²⁾

Tons	2011	2010	2009
Paper	16,807	22,005	15,069
Cardboard/paperboard	2,258	3,067	3,191
Plastic	683	1,277	600
Glass	5	5	2
Metal	777	563	461
Wood	2,120	2,059	1,782
Combustible	5,544	5,347	6,347
Electronics	66	72	63
Hazardous waste	128	171	154
Landfill	29	51	37
Other	12	43	189

¹⁾ Only PostNord's operations in Sweden and Denmark.

²⁾ 2011 data is not directly comparable with 2010 and 2009 due to change of waste management contractor in Denmark.

Employee data

Number of employees, LA1 ^{1) 2) 3)}

	2011	2010
Total Nordic, employed staff	48,568	51,405
of which, basic staff	38,697	41,499
of which, temporary staff	9,871	9,906
Total Nordic agency staff	724	
Breve Danmark	16,710	19,725
of which, basic staff	13,181	14,808
of which, temporary staff	3,529	4,917
Plus agency staff	37	
Meddelande Sverige	22,397	21,938
of which, basic staff	16,961	17,751
of which, temporary staff	5,436	4,187
Plus agency staff	131	
Logistics	6,841	6,704
of which, basic staff	6,202	6,213
of which, temporary staff	639	491
Plus agency staff	517	
Strålfors	1,341	1,673
of which, basic staff	1,237	1,614
of which, temporary staff	104	59
Plus agency staff	39	
Group-wide functions	1,279	1,365
of which, basic staff	1,116	1,113
of which, temporary staff	163	252
Plus agency staff	0	

¹⁾ Companies acquired by Logistics during year not reported (Eek Transport AS, Nils Hansson Logistics AB and Mereco Transport A/S).

²⁾ Tidningstjänst AB not included in Meddelande Sverige.

³⁾ Agency staff. Number of paid hours converted into full-time equivalents.

Average number of employees

	2011	2010	2009
Total for group	41,714	44,060	47,625
Total Nordic	41,063	43,395	
Breve Danmark	13,766	15,187	
Meddelande Sverige	18,180	18,889	
Logistics	6,324	6,232	
Strålfors	1,458	1,705	
Group-wide functions	1,335	1,382	

Personnel turnover, LA2 ^{1) 2) 3) 4)}

	2011	2010
Total Nordic	10.6%	10.7%
Total number of terminations	4,111	4,452
Breve Danmark	13.9%	14.2%
-29 yrs	40.3%	29.1%
30-49 yrs	11.2%	9.7%
50 yrs -	11.8%	15.1%
Women	14.3%	14.6%
Men	13.7%	14.0%
Meddelande Sverige	7.0%	5.2%
-29 yrs	10.5%	7.3%
30-49 yrs	2.3%	2.1%
50 yrs -	10.2%	7.4%
Women	7.5%	5.2%
Men	6.6%	5.1%
Logistics	12.1%	13.0%
-29 yrs	26.1%	16.3%
30-49 yrs	8.3%	7.2%
50 yrs -	6.5%	9.9%
Women	10.9%	15.0%
Men	12.4%	12.5%
Strålfors	10.3%	15.0%
-29 yrs	12.9%	16.4%
30-49 yrs	8.5%	12.2%
50 yrs -	12.6%	20.3%
Women	7.2%	13.7%
Men	11.9%	15.7%
Group-wide functions	19.6%	34.3%
-29 yrs	64.0%	45.0%
30-49 yrs	13.3%	35.9%
50 yrs -	24.1%	31.5%
Women	21.2%	23.3%
Men	13.3%	35.9%

¹⁾ Companies acquired by Logistics during year not reported (Eek Transport AS, Nils Hansson Logistics AB and Mereco Transport A/S).

²⁾ Tidningstjänst AB not included in Meddelande Sverige.

³⁾ Values adjusted from previously published data.

⁴⁾ Calculation of staff turnover is on basic staffing.

Occupational injuries – sick leave, LA7 ^{1) 2) 3) 4)}

	2011	2010
Total Nordic		
occupational injuries	72	88
of which, deaths	0	0
sick leave, percentage	5.0%	5.2%
Breve Danmark		
occupational injuries	128	171
of which, deaths	0	0
sick leave, percentage	5.2%	5.5%
Meddelande Sverige		
occupational injuries	45	46
of which, deaths	0	0
sick leave, percentage	5.2%	5.3%
Logistics		
occupational injuries	55	54
of which, deaths	0	0
sick leave, percentage	4.9%	5.2%
Strålfors		
occupational injuries	3	7
of which, deaths	0	0
sick leave, percentage	3.8%	3.5%
Group-wide functions		
occupational injuries	1	3
of which, deaths	0	0
sick leave, percentage	2.1%	2.3%

¹⁾ Companies acquired by Logistics during year not reported (Eek Transport AS, Nils Hansson Logistics AB and Mereco Transport A/S).

²⁾ Tidningstjänst AB not included in Meddelande Sverige.

³⁾ 2010 values adjusted from previously published data.

⁴⁾ Occupational injuries per 1 million hours worked.

Distribution of employees by age and gender, LA13 ^{1) 2) 3)}

	2011	2010
Basic staff		
Breve Danmark	13,181	14 808
-29 yrs	9%	13%
30-49 yrs	50%	51%
50 yrs -	41%	36%
admin staff	16%	
production staff	84%	
Women	36%	37%
Men	64%	63%
of which, female managers	27%	27%
of which, male managers	73%	73%
Meddelande Sverige	16,961	17,751
-29 yrs	14%	15%
30-49 yrs	41%	42%
50 yrs -	45%	43%
admin staff	14%	
production staff	86%	
Women	40%	41%
Men	60%	59%
of which, female managers	33%	32%
of which, male managers	67%	68%
Logistics	6,202	6,213
-29 yrs	24%	25%
30-49 yrs	49%	48%
50 yrs -	27%	27%
admin staff	27%	
production staff	73%	
Women	19%	19%
Men	81%	81%
of which, female managers	22%	21%
of which, male managers	78%	79%
Strålfors	1,237	1,614
-29 yrs	11%	13%
30-49 yrs	57%	63%
50 yrs -	31%	24%
admin staff	41%	
production staff	59%	
Women	35%	34%
Men	65%	66%
of which, female managers	31%	31%
of which, male managers	69%	69%
Group-wide functions	1,116	1,113
-29 yrs	2%	4%
30-49 yrs	50%	53%
50 yrs -	48%	43%
admin staff	100%	
production staff	0%	
Women	51%	50%
Men	49%	50%
of which, female managers	41%	39%
of which, male managers	59%	61%
Total	38,697	41,499
-29 yrs	13%	15%
30-49 yrs	46%	47%
50 yrs -	41%	38%
admin staff	20%	
production staff	80%	
Women	35%	36%
Men	65%	64%
of which, female managers	29%	29%
of which, male managers	71%	71%

Wage differential women/men, LA14 ^{1) 2) 3)}

	2011	2010
Total Nordic		
of which, basic staff	3.9%	3.7%
women	25,818	24,932
men	26,816	25,864
of which, temporary staff	3.7%	5.6%
women	20,393	20,010
men	21,153	21,127
Breve Danmark		
of which, basic staff	1.2%	1.1%
women	26,339	25,673
men	26,645	25,947
of which, temporary staff	1.0%	1.0%
women	22,661	22,464
men	22,882	22,679
Meddelande Sverige		
of which, basic staff	2.8%	3.0%
women	23,556	22,712
men	24,206	23,395
of which, temporary staff	0.3%	0.9%
women	19,497	18,013
men	19,546	18,183
Logistics		
of which, basic staff	0.4%	1.5%
women	28,688	27,399
men	28,584	27,006
of which, temporary staff	2.4%	2.8%
women	20,295	19,992
men	20,779	19,441
Strålfors		
of which, basic staff	10.3%	13.5%
women	30,699	29,277
men	33,851	33,243
of which, temporary staff	11.1%	21.7%
women	22,241	20,806
men	24,712	25,327
Group-wide functions		
of which, basic staff	33.7%	28.2%
women	36,865	34,528
men	49,277	44,256

¹⁾ Companies acquired by Logistics during year not reported (Eek Transport AS, Nils Hansson Logistics AB and Mereco Transport A/S).

²⁾ Tidningsjänst AB not included in Meddelande Sverige.

³⁾ 2010 values adjusted from previously published data.

¹⁾ Companies acquired by Logistics during year not reported (Eek Transport AS, Nils Hansson Logistics AB and Mereco Transport A/S).

²⁾ Tidningsjänst AB not included in Meddelande Sverige.

³⁾ 2010 values adjusted from previously published data.

Accounting principles

PostNord AB is the parent company of the group formed through the June 24, 2009 merger of Post Danmark A/S and Posten AB. This is the group's third Sustainability Report. Previously, Posten AB and Post Danmark A/S published sustainability reports for their respective operations.

PostNord has chosen to publish its Sustainability Report together with its Annual Report to provide PostNord's stakeholders with an overview of the group's operations and to clarify the group's long-term efforts towards sustainable development and sustained value creation.

The Sustainability Report is prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Report Guidelines, Version 3.0, Application Level C+. The choice of GRI indicators is based on PostNord's stakeholders' desire for information and the group's assessment of what is most relevant to report given the group's business. The cross-reference table for GRI indicators can be found on PostNord's website.

Financial data and the average number of employees are reported on the same principles as in PostNord's Annual Report and therefore include the entire group. Data on employees and the environment include, unless otherwise indicated, the Nordic operations. Environmental data includes the non-Nordic operations of Strålfors. In case of deviation, the scope is shown next to the specific information. The Nordic operations made up 97% of consolidated net sales and approximately 98% of the group's average number employees in 2011.

Logistics enterprises Eek Transport AS, Nils Hansson Logistics AB and Mereco Transport AS have not been included in the reporting of environmental and employee data, even though they were acquired during 2011. These companies will be included in the Sustainability Report for 2012. Neither are Svensk Adressändring AB and Tidningstorget AB included in the environmental data, as these operations do not have a significant environmental impact. Otherwise, the consolidation principles are the same for financial data and environmental data.

Changed accounting principles

PostNord's 2011 Sustainability Report applies the same accounting principles as in the previous year, with a few exceptions.

In reporting indicators of working conditions and terms of employment (LA), PostNord also reports from 2011 the total number of employees at year-end as a complement to the average number of employees.

In 2011, environmental data for Danish logistics companies Budstikken Transport A/S, Transportgruppen A/S, DPD Danmark A/S and HIT Danmark A/S has been obtained for the first time. Historical data has therefore been restated for comparison. Harmonized measurement methods for Logistics operations in Norway and Finland have also meant that historical data has been changed. For this reason, the values of all environmental data except waste have been adjusted compared with previously published information.

Methods of measurement, environment

Transportation

Road transport: In Sweden and Denmark transport is carried out with PostNord's own vehicles and through contractors. Contractors are used for all transports in Finland and Norway. Emissions to air are calculated based on the amount of fuel purchased and type of vehicle used, as well as the road system. Calculations based on subcontractor costs are also used in some divisions. Factors used to calculate emissions to air are nationally recognized factors in the Nordic region; for example, from the Network for Transport and Environment (NTM), the Swedish Environmental Protection Agency and the Danish Energy Agency.

Air: PostNord purchases air freight externally for operations in Sweden and Denmark. PostNord did not use any air transport in Finland or Norway during the year. The Swedish operation receives data from suppliers on amount of fuel and distances. The Danish operation registers executed transport in a transport administration system and emissions are calculated based on ton-km. The emission factors used are nationally recognized factors for each country.

Rail: Only the Swedish and Norwegian operations use rail transport to any great extent. All rail transport in Sweden is purchased from Green Cargo which is eco-labeled as a Good Environmental Choice. Rail transport in Norway uses fossil-free electricity.

Ferry: Only the Danish operation uses ferry transport to any great extent. Information on executed transport is registered in the transport administration system and emissions are calculated in ton-km. The emission factors used are nationally recognized.

Electricity and heat

Electricity: Electricity consumption data is obtained chiefly from electricity suppliers or by reading meters. Electricity purchased in Sweden is eco-labeled as Good Environmental Choice. In Denmark, Copenhagen's Postcenter used wind-generated electricity. This electricity is assumed to generate no carbon dioxide emissions. In cases where electricity is included in the rent, or is otherwise not received directly from the supplier or cannot be determined through meter reading, consumption is estimated based on size of premises (applies to certain parts of the Swedish operation). For this electricity, carbon dioxide emissions are calculated based on Nordic electricity mixes.

Heat: Offices and sorting facilities are primarily heated by district heating or natural gas. Heat consumption is monitored by meter readings or invoice records. In certain cases, heat consumption is estimated based on size of premises. The emission factors used are nationally recognized. Premises that are heated by electricity are calculated in accordance with the above.

Business travel

Reported emissions from business travel refer to air, rail and car travel. Records are received from the travel agencies that PostNord has contracts with. For car travel, emissions are calculated based on fuel consumption and generally recognized emission factors.

Waste

Reported waste amounts are received from PostNord's waste management contractors.

Methods of measurement, customers

Customer value

With the formation of the new joint group, PostNord has new group-wide key data and monitoring tools for developing customer capital.

The KVI (customer value index) is PostNord's monitoring tool for regularly following up customer satisfaction and customers' perception of the business. It replaces the various customer satisfaction surveys that previously existed in the organization. Measurements are made twice a year and include all PostNord business areas and Strålfors, with a focus on the Nordic countries.

The key ratio consists of three overall satisfaction questions. The three questions have previously existed in both the KTA and the NKI and are also used in several external metrics such as Svenskt Kvalitetsindex (SKI), Dansk Kvalitetsindex (DKI) and the European Performance Satisfaction Index (EPSI), which also allows for external benchmarking.

Quality, first-class mail

Swedish External Monitoring (SWEX) and Danish External Monitoring (DEX) are independent external quality metrics that continuously measure the number of first-class letters that are delivered on time from customer to customer. Measurements are conducted by means of a statistically assured test letter activity which fulfills the requirements set forth in the EN standard 13850. These measurements were conducted in 2011 by TNS-SIFO and Quotas QmbH in Sweden and Denmark, respectively. The results of the two measurements are weighted together into a group-wide outcome based on letter volume in each country.

Quality, parcels

The production systems in Sweden (LUPP) and Denmark (GTT) are two independent systems that measure the proportion of parcels that are delivered on time from first production scanning to the customer. Test products are weighted according to 19 (MyPack), 25 (Postpaket) and 15 (DPD Företagspaket 16:00) for Sweden and Erhvervspakker, PrivatPakker and Postpakker for Denmark.

Since the two measurements are not directly comparable, this is done in two separate measurements. During 2012, the measurement will take place in a harmonized way via a system called CEM. PostNord will then have a joint Nordic report on delivery quality for parcels based on the MyPack, PallEtt and DPD products.

Methods of measurement, employees

Average number of employees

Calculated by dividing the total number of paid hours by the standard number of hours for a full-time employee.

Total number of employees

The total number of employees at the end of the period. Divided into basic staff and temporary staff.

Basic staff

Refers to all full and part-time monthly salaried employees. The definition of basic staff is that it shall cover the basic requirements of a "normal" production flow. Temporary staff cover "peaks" in production; for example, during Christmas or holidays.

Personnel turnover

Number of people ending their employment in 2011 in relation to basic staff at the end of the year.

Sick leave

Sick leave in relation to the regular, contracted working time, reported as a percentage.

Sick leave comprises absence due to illness when the employee himself/herself is sick.

Regular, contracted working time in hours includes both hourly paid employees' and temporary workers' time, overtime, sick leave, vacation, parental leave and care for sick children and other paid leave.

Occupational injuries

Registered industrial injuries in relation to hours worked (does not include injuries incurred during work-related travel). Even minor injuries (first aid level) have been included in the report. Calculations are based on total hours worked, irrespective of type of employment. The injury ratio is calculated as the total number of injuries per 1 million hours worked. Occupational injuries are reported to the line manager in Sweden and Denmark. Registration takes place in the C2 system in Sweden, the Skadesanmeldesessystemet (SKA) in Denmark and in a ledelses- och informationssystem (LIS) in Norway. Statistics on reported occupational injuries can be retrieved from the systems and sorted into various categories such as falls, crushing and traffic injuries. The duty to record occupational injuries is made very clear.

MIX

Measures levels of employee commitment. Surveys are conducted in conjunction with an external party, are anonymous and are analyzed by a partner independent from the group.

LIX

Measures levels of employee satisfaction with line managers, to what degree employees believe their line manager lives up to PostNord's leadership criteria: deliver, involve, take responsibility and clarity.

Methods of measurement, society

Corporate Image

Corporate image is a study conducted by external company TNS SIFO. The study is based on a weekly survey of approximately 400 people (200 in Sweden and 200 in Denmark) who answer questions on their perceptions of Posten Sverige and Post Danmark, respectively. Another study methodology was used in previous years, so previously published figures are not directly comparable. The survey consists of five key questions that make up an index. The 2010 survey was conducted during a limited time period and based on answers from over 600 Danish and 600 Swedish respondents. Identical questions and survey methodology were used in 2010 and 2011.

Attestation Report

Limited attestation report for PostNord AB's Sustainability Report To the readers of PostNord AB's Sustainability Report

Introduction

We have been engaged by the board of directors of PostNord AB to perform an assurance engagement related to PostNord AB's Sustainability Report for the financial year 2011. The board of directors and the senior management are responsible for the ongoing activities regarding environment, work environment, quality, social responsibility and sustainable development, and for the preparation and presentation of the Sustainability Report in accordance with the applicable criteria. Our responsibility is to express a conclusion on the Sustainability Report based on our review.

The scope of the review

We conducted our review in accordance with RevR 6, *Assurance of Sustainability Reports*, issued by FAR SRS. A review consists of making inquiries, primarily of persons responsible for preparing the Sustainability Report, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the IAASB's standards on auditing and quality control and other generally accepted auditing standards. The procedures performed in a review do not enable us to obtain an assurance that would make us aware of all significant matters that might be identified in an audit. The stated conclusion based on a review therefore does not have the level of certainty as a conclusion based on an audit.

The criteria that our procedures are based on are the applicable parts of the *Sustainability Reporting Guidelines G3*, published by the Global Reporting Initiative (GRI), which are relevant to sustainability reporting, as well as the accounting and calculation principles that the company has developed and identified. We believe that these criteria are suitable for the preparation of the Sustainability Report.

Our limited assurance review encompasses the indicators presented in the GRI Cross-Reference Table, which can be found on PostNord AB's website, www.postnord.com, as well as in the pages of this Sustainability Report and in the Annual Report as indicated in the table of contents.

The main procedures of our review, based on our assessment of relevance and risk, have included the following:

- a. update of our knowledge and understanding for PostNord AB's organization and activities
- b. assessment of suitability and application of criteria in respect to stakeholders' need of information
- c. assessment of the result of the company's stakeholder dialogue
- d. interviews with responsible management at selected units with the aim to assess whether the qualitative and quantitative information stated in the Sustainability Report is complete, accurate and adequate
- e. obtain internal and external documents to assess whether the information stated is complete, accurate and adequate
- f. evaluation of the systems and processes used to obtain, manage and validate sustainability information
- g. evaluation of the model used to calculate carbon dioxide emissions
- h. analytical review of reported information
- i. reconciliation of financial information against company's 2011 Annual Report
- j. assessment of the company's declared application level according to GRI guidelines
- k. assessment of the overall impression of the Sustainability Report and format, taking consideration of the internal consistency of information with relevant criteria
- l. reconciliation of the reviewed information against the sustainability information in the company's 2011 Annual Report.

Conclusion

Based on our review procedures, nothing has come to our attention that causes us to believe that the Sustainability Report has not, in all material respects, been prepared in accordance with the above-stated criteria.

Stockholm, 22. February 2012
Ernst & Young AB

Lars Träff
Authorised Public Accountant

Curt Öberg
Authorised Public Accountant

Glossary

B2B	Sales of products and services from business to business.
B2C	Sales of products and services from business to consumer.
BioDME	A biofuel produced from biomass; has high efficiency and low greenhouse gas emissions.
Business communication	Services that allow companies to communicate with their customers in the form of invoices, sales letters or statements and for which physical mail and e-mail can be combined. Makes up a significant portion of mail business income.
Climate-efficient services	PostNord's services that are environmentally sound at every stage - from production to delivery, including carbon offset.
Climate Fund	PostNord's program of budget resources earmarked for investment to improve the environment and climate. Introduced in 2009.
C-mail	Letter in Denmark with special posting conditions processed in a production flow for distribution within two to four days after mailing.
Consignment freight	A shipment of an estimated cohesive production or transport quantity. Usually distributed from door to door, often weighing over 2 tons.
Danish Ministry of Transport	The Danish Ministry of Transport regulates Post Danmark and other postal companies operating in the Danish market.
Direct marketing services	Direct marketing services.
DPD	Direct Parcel Distribution. A collaboration that provides PostNord's customers with access to Europe's largest parcel distribution network. www.dpd.com
EFQM	The European Foundation for Quality Management is a European quality model for efficient and customer-oriented business management.
Facility services, facility management	Services that ensure the efficient functioning of a business in an area or building. Refers to property-related services or workplace-related services. PostNord's offer includes services for mail management and management of other external and internal distribution.
First-class mail	Designation of a letter distributed at normal speed (prioritaire). The letter is stamped for domestic overnight delivery (distribution on the first working day after mailing). Also the definition for distribution of letters, printed matter and small parcels to recipients worldwide. See also Priority Mail.
FOCUS	PostNord's group-wide employee survey conducted annually. Started in 2011.
Fulfillment, service fulfillment	One of Strålfors' growth areas. Activities in a supply chain that aim bring together or complement the delivery with items or information intended to reach, e.g., a subscriber. Services may include purchasing, physical and electronic storage, packaging, distribution and returns management. Typical customers of PostNord in this area can be found in the telecommunications industry.
Groupage	Combination of diverse cargoes into single shipments.
InNight	Tailored transport system that takes place over night where the goods are collected from a supplier before closing and are delivered before business opens the next morning.
In-night freight forwarding	A freight service that integrates the cargo owners and their customers though, e.g., overnight freight that is in place when customer needs it, such as with InNight freight.
IPC	The International Post Corporation is an international industry association for mail companies. www.ipc.be
ISO	The International Organization for Standardization is an international standards organization, represented by the national standardization institutions engaged in industrial and commercial standards. Establishes standards for, e.g., quality management and environmental initiatives.
LIX	Leadership index. An index that rates leadership quality at PostNord.
Mailings	Pre-sorted letters in large volumes.
Mail operator	A company or organization that is licensed to conduct postal operations.
MIX	Employee index. An index that rates PostNord's employee commitment.
Mixed cargo groupage	Goods of various sizes and types for transport by road, which do not meet a carrier's capacity and which can be transhipped between short- and long-distance carriers.
Non-priority mail	Mail processed in a production flow for distribution within three business days after mailing. Equivalent to second-class letter.
Notification	A method of informing the recipient of the delivery status of parcels or pallets, via text message, e-mail or postal notice slip.
Overnight delivery	Distribution of first-class letters within a country on the next business day.
Partner outlet network	Service outlets for mail and logistics services in the Nordic countries. Outlets are often grocery retailers. Provide service, sales and delivery of letters and parcels to individuals and businesses. The range varies with PostNord's offering in each national market. In Denmark, PostNord also operates its own services outlets.
Pick-and-pack service	A third-party service that includes, e.g., sorting, selecting, enveloping, packaging, addressing and distribution for a customer.
Print services	Communication solutions including printing.
Priority mail	Another term for first-class mail.
PTS	Swedish National Post and Telecom Authority. The authority in Sweden that regulates the areas of postal and electronic communication.

SAC	Stand Alone Cost model is a model used to calculate the distribution costs of first- and second-class mail.
Service point	A partner outlet, stamp outlet or service outlet run by PostNord, through which customers and recipients can access various postal services.
Single mail items	Individual letters, parcels or periodicals mailed unsorted and forwarded at flat-rate prices.
SKI	Svenskt Kvalitetsindex. Organization that conducts regular surveys of customer satisfaction and quality development in various industries in the Swedish public and private sectors.
Stamp outlet	One of PostNord's selected service points in Sweden and Denmark that sells stamps.
tkm	The ton-kilometer is a unit of energy calculated using a vehicle's weight multiplied by distance travelled and used to estimate how much fuel a vehicle consumes.
Third-party logistics, TPL or 3PL	A third party agrees to perform all or part of the logistics services required to ensure material flows between a company and its customers. Usually the third party company performs shipments to customers or provides physical warehousing and administration, so-called warehousing facilities.
Third Postal Directive	EU directive from 2008. The directive specifies that EU postal markets are to be deregulated by December 31, 2010, with the exception of the 11 countries that have been granted an exemption until December 31, 2012.
TRIM index, TRI*M Index	PostNord's corporate image index. A standardized survey conducted by the external agency TNS. Rates attitudes in society towards a business.
UDM	Unaddressed direct mail. Direct mail distributed with no personal address.
Universal postal service	A service that must be provided throughout the country, that is of good quality and that enables all users to receive mail items and, at reasonable cost, post such items.
USO	Universal Service Obligation or universal postal service.
VOC	Volatile organic compound that easily evaporates at room temperature.

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Every care has been taken in the translation of this annual report. In the event of discrepancies, however, the Swedish original will supersede the English translation.



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