annual report 2004

Contents

Key figures

	2002	2003	2004
Operating revenues (MNOK)	15 106	15 559	17 959
EBIT (MNOK)	- 33	512	1.136
Government procurements (MNOK)	372	305	316
Value creation (MNOK)	6 300	5 500	7 700
Share of revenues from licensed area	31,6 %	24,2 %	20,4 %
Revenues from international activities (MNOK)	1 096	1 350	1 577
Total parcel volume (million items)	24,7	25,0	26,1
Total letter volume (million items)	2 546	2 652	2 584
Development A and B mail	- 4,0 %	- 0,7 %	- 6,8 %
Delivery quality A priority mail (delivered overnight)	86,7 %	87,7 %	87,5 %
Machine-sorted, small letters	75 %	79 %	81 %
Machine-sorted, all letters	48 %	54 %	59 %
Employees (full-time equivalents)	23 509	21 640	21 222
Employee satisfaction (points, max. 100)	79	80	81
Number of sales outlets (Post offices/Post in Shop)	1 474	1 503	1 529
Total satisfaction Norway Post´s customers (points, max. 100)	72	74	80
Norway Post reputation, share «Good Impression» (MMI)	43 %	46 %	50 %

Prepared for the future

Technological challenges, globalisation, increased competition and new customer needs have forced Norway Post to think innovatively. Recent restructuring processes have enabled us to present, for 2004, the company's best result ever.

These developments have compelled the entire postal industry worldwide to think innovatively.

Norway Post's restructuring processes have in effect consisted of speeding ahead and applying the brakes at the same time. Our total revenues have risen by 37 percent since 1999, and measures designed to improve efficiency have increased turnover per full-time equivalent from NOK 483 000 to NOK 778 000 over the last five years. Restructuring has also given Norway Post several solid legs to stand on and resulted in 80 per cent of Norway Post's revenues in 2004 coming from business areas open to competition. The restructuring processes have thereby contributed to the creation of a financially strong enterprise as well as being necessary initiatives in order to meet the expected full liberalisation of the postal market from 1 January 2007.

Developing Norway Post's corporate culture, by building on the best of what we have and at the same time adding new elements, has been important. We have consciously focused on changing the corporate culture; from administration, with manuals and rules, to conducting business based on a set of fundamental values. Building a uniform corporate culture has been crucial in establishing a new mind-set in every corner of our organisation.

Our restructuring process has been based on the belief that a sound value-based culture goes hand in hand with a business culture. Values and financial management complement and augment one another and are not, as many believe, opposites.

Norway Post's trade unions have recognised the same needs for change and have had a constructive attitude regarding the restructuring processes, which have taken place without Norway Post standing still for a single day. We have been in agreement regarding the state of the enterprise, and have then discussed where to go and the consequences of such a move. We have allowed ourselves to reach different conclusions. Openness, sharing of information and frequent contact have been key factors in establishing mutual trust.

Our employees' almost endless loyalty to the company is rather unique for Norway Post.

It is touching to see postal workers' love of and pride in their jobs and our soon to be 360 years old company. This has been extremely important in order for us to achieve the restructuring process. Our common task is to lay stone upon stone, thereby securing Norway Post an even stronger presence in another 360 years' time. We have restructured our enterprise by building on Norway Post's strengths, extending the range of services we offer with ser-vices that combine electronic information and physical distribution, and thereby creating several solid legs to stand on. One key element of Norway Post's restructuring process has been the development of new services in order to secure new revenues.

Norway Post operates in the juxtaposition between manufacturer and consumer, and its work area covers the entire value chain. Wherever there is a flow of goods, a flow of information will also be needed. Information technology is therefore an important supplementary service for all logistics. We offer electronically based supplementary services for practically all our services, with the exception of stamped letters posted in red and yellow post boxes.

Historically, postal enterprises have had a self-imposed weight limit of 35 kg, which has not been of benefit for our customers. For this reason, we have focused on becoming a seamless logistics integrator, in areas where Norway Post is able to fulfill all logistics needs. Customers request one stop shopping. Norway Post's extensive co-operation with furniture giant IKEA is a good example of postal services of the future.

Another example of innovation and product development is our business-to-business eInvoice service, where Norway Post has become the leading player in Norway. We could have chosen to sit back and watch while paper invoices were replaced by their electronic equivalent. Norway Post has instead chosen to play an active role.

Norway Post is established in Sweden and Denmark through subsidiaries such as Box Delivery, Transware, PNL and CityMail. In 2004, NOK 1.6 billion of our total revenue came from abroad operations.

Norway Post believes there are great opportunities in international trade, since Norway is a country that imports most goods. Norway Post aims to be the preferred partner for continued shipment to end-users in Norway. We need to be so good that Norway Post is a natural first-choice. Internet trade also represents a natural and exciting growth area for Norway Post.

In coming years, continuous improvement rather than turnarounds will be the necessary medicine. We believe that pressure from our competitors will make us more efficient and innovative.

Already today, 80 per cent of Norway Post's revenues come from activities open to competition, which means that we are competing for customers every single day.

We do not hide the fact that we are ambitious. We aim high, are interested in measuring everything we do and want to compare ourselves with the best. We believe that a mind-set like this has a powerful effect. This is why we have chosen «the world's most future-oriented postal enterprise» as our vision and source of inspiration. A good vision should be so high and so far ahead that we are uncertain as to whether or not we will be able to reach our goals, but are unable to resist the temptation to try. Hopefully, as we gradually approach it, our vision will become more than just a vision; it will also become our pride.

Fortunately, there is a lot that we can and must do better. First and foremost, we can improve our dialogue with our customers. We will never be good enough at understanding our customers. Norway Post's principal objective is satisfied customers. We will go furthest by always having the interests of our customers foremost in our minds.

Part of our future is liberalisation of the postal market. At Norway Post we have a certain fear that the company may be charged with restrictive special regulations that will render continuous development difficult and make genuine competition impossible when the postal market is opened for full competition in just under two years. We must be given the same competitive terms as other players. Only then will there be true competition, also for us. Only then will there be sufficient power in the market to produce the best efficiency, innovative ability and development of services.

Norway Post shall contribute to securing business activity and maintaining settlement throughout Norway by offering excellent services and a high level of service. This is our ambition, also from 2007 when not only 80 per cent of our revenues but a full 100 per cent will come from markets open to competition.

Chief Executive Officer

Norway Post's vision

Our vision is that Norway Post will become:

The world's most future-oriented postal company.

This vision expresses Norway Post's long-term ambition, stating how we want our company to be perceived. The vision is intended to create a common understanding of Norway Post's choice of direction, and serve as an ideal for all of us working in the company to strive for.

«World's» underscores our goal of being the world-leader in our industry. No other postal company should perform better in its market than Norway Post does in Norway. We will seek inspiration from the best performers in our sector.

«Most» means that we will be the best. We will win the profitable competitions most often.

«Future-oriented» means that we will be in the forefront of development.

We will offer solutions adapted to current and future requirements and focus on the customer's needs. We operate in a dynamic industry with rapidly developing markets. Our vision acknowledges the fact that changes and development will be continuous.

«Postal company» is not a static concept. It is up to us to decide what to include in the «post» concept in the future, based on our history and our trusted position in the market.

Business concept

Norway Post develops and delivers complete, value-adding communications and logistics solutions to domestic and international customers through physical and electronic networks.

Norway post will develop complete, value-adding communications and logistics solutions. This means that we will not only transport items from A to B, but offer complete services based on the customer's needs.

We will develop solutions for delivery through physical and electronic networks. This means that we will continue to offer physical transport services while at the same time providing electronic products such as payment services, secure ID and secure email through our own production and through alliance partners.

We serve both personal and business customers. Our main focus is still customers in Norway, but our network covers the entire world.

Overall objectives

Based on our business concept, vision, values and future challenges, we have defined the following overall objectives for Norway Post's activity:

- **Satisfied customers**
  Will be measured by the development in customer satisfaction, indicating the customer's overall impression of Norway Post.
- **A strong market position**
  Will be measured by the development in market shares in existing and new areas. We will be the leading operator in Norway and in niche markets in the Nordic countries. We will form alliances with other players abroad.
- **Attractive workplaces**
  Will be measured by the development in workplace attractiveness, in which employee satisfaction is a central factor.
- **Competitive value creation**
  Will be measured by the development in Norway Post's overall value. We will create higher value for Norway Post's owners than they would have achieved in alternative investments.

Values

Norway Post's reputation will be supported and based on its fundamental values. These will form the basis for company culture and serve as a guideline in all decisions.

Norway Post's four fundamental values are:

Honesty, respect, innovation and interaction.

Norway Post's group management comprises Kaare Frydenberg, CEO (front), Klaus-Anders Nysteen, CFO/Sr. Vice President Corporate Staffs, Elisabeth H. Gjølme, Sr. Vice President Corporate Information, Aniela Gjøs, Sr. Vice President Distribution Network, Erik Johannessen, Sr. Vice President Consumer, Arne Bjørndahl, Sr. Vice President Logistics, Terje Mjøs, Managing Director of ErgoGroup, Lars Tendal, Sr. Vice President Communications and Trygve Gjertsen, Sr. Vice President Strategy and Development.

Focused and market-oriented

Norway Post's group structure, which consists of five market-oriented divisions and four development-oriented corporate staff divisions, strengthens Norway Post's value creation.

Norway Post is a customer- and market-oriented organisation in which the majority of resources are used to develop and satisfy market demand. Its five divisions are responsible for developing and supplying competitive solutions in order to meet existing and new customer needs both individually and collectively.

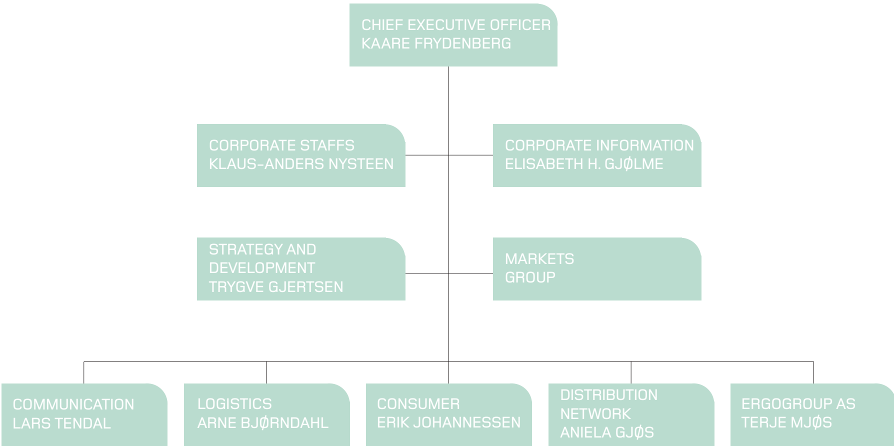
Creating value

The group structure is an aid to achieving goals and realizing strategies, thereby adding to the value of the company.
Norway Post's Group Management, the company's most senior management group, consists of the Chief Executive Officer and the heads of the divisions Communication, Logistics, Consumer, Distribution Network and ErgoGroup AS, as well as the heads of Corporate Staffs and Corporate Information. An operational group management helps focus on the provision of complete solutions for the market and ensures the most efficient implementation possible of the group's strategies.

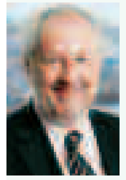
In 2004, Terje Mjøs took over as Managing Director of ErgoGroup AS.

New corporate staff division

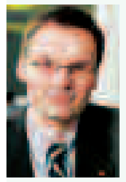
On 1 January 2005, a new corporate staff division «Strategy and Development» was created consisting of the following areas: Strategy, Contact with the Authorities, International Alliances, ICT, Organisational Development and Personnel/HR. Corporate Staffs will hereafter consist of Accounting, Finance, Portfolio/M&A, Legal and Procurement.



NORWAY POST GROUP MANAGEMENT

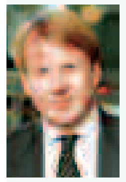


KAARE FRYDENBERG (54)
Chief Executive Officer from April 2000
Former positions: Senior Vice President Pripps Ringnes AB Stockholm, Managing Director Aftenposten AS and Dagens Næringsliv
Education: Master of Science and Business
Offices: Chairman of the Board of ErgoGroup AS, director, PNL AS, NAVO and NextGenTel AS

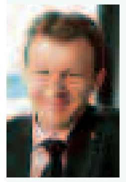


KLAUS-ANDERS NYSTEEN (39)
Senior Vice President, CFO, Corporate Staffs from January 2001
Former positions: Finance Manager Hydro Seafood, Controller Hydro Seafood Norway, various positions in the Norwegian navy
Education: MBA, Norwegian School of Business Administration (NHH), Naval College
Offices: ErgoGroup AS, Box Group AS and Nor-Cargo Holding AS

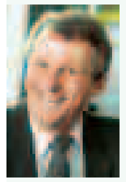
ELISABETH HEGG GJØLME (44)
Senior Vice President, Corporate Information from April 2000
Former positions: Vice President Information Telenor Mobil, Information Manager Telenor, Marketing and Information Manager Oslobanken AS, Secretary General, Young Conservatives
Education: Norwegian School of Management (BI)



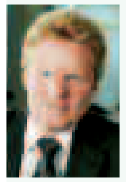
TRYGVE GJERTSEN (51)
Senior Vice President Strategy and Development from January 2005
Former positions: Commercial Director and Operational Director Braathens, various management positions SAS in Norway, Stockholm and Brussels, as well as management positions in Ernst & Young
Education: Master of Business and Marketing



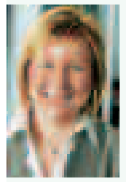
LARS HARALD TENDAL (38)
Senior Vice President Communications from January 2001
Former positions: Sales/Marketing Manager ICA Norge, Sales Manager Sætre AS, Sales Manager Chains Sætre AS.
Education: Master of Business and Marketing, Norwegian School of Management (BI)
Offices: Chairman of the Board of CityMail AB



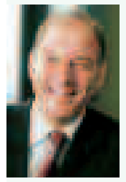
ARNE BJØRNDAHL (52)
Senior Vice President Logistics from January 2002
Former positions: Deputy Managing Director of Ringnes, Managing Director of Emo AS
Education: Bachelor of Business Administration
Offices: Chairman of the Board of Nor-Cargo Holding AS, Wajens AS, OCS AS, Box Group AS, Nettlast AS, Nettlast Hadeland AS, director PNL AB and Nor-Cargo AS



TERJE MJØS (43)
Managing Director of ErgoGroup AS from June 2004
Former positions: Managing Director of Hydro IS Partner AS, various positions at Norsk Hydro ASA
Education: Master of Science in Informatics, University of Oslo, Master of Business and Economics



ANIELA GJØS (45)
Senior Vice President Distribution Network from October 2003
Former positions: Logistics Manager for the Ringnes Group
Education: Master of Science (approved NTH, Norway 1988), Business Candidate 1998
Offices: Member of the Board of Avishuset Dagbladet AS and Dagbladet AS, deputy board member ErgoGroup AS



ERIK JOHANNESSEN (52)
Senior Vice President Consumer from September 2000
Former positions: Manager Telenor International AS, Project Manager Telenor ASA, Marketing Manager Ericsson AB
Education: Business Candidate & engineer
Offices: CityMail AB and MMS AS

Higher quality
and better service

Norway Post's results for 2004 show the company has successfully developed into a profitable and competitive company. Revenues have grown as a result of acquisitions and the development of products and services, and Norway Post now has additional and sound sources of revenue.

A major restructuring process has been carried out, and Norway Post's plans for the future will prepare the company for full competition in the postal market from 2007.

On its way to becoming «the world's most future-oriented postal company», Norway Post's core activities have been focused and developed with a basis in the company's strongest features. The range of products and services provided has been supplemented with services combining electronic information and physical distribution. Efficiency of operations has been improved at the same time as levels of service and quality have been raised.

Norway Post's revenues increased in 2004 by 15.4 per cent to NOK 17 959 million, while continued operations grew by 4.3 per cent. Over the last five years, Norway Post's revenues have risen by 37 per cent.

Group earnings show a considerable improvement in profitability and a satisfactory return on capital. Group earnings before tax were NOK 1 078 million. Return on capital employed (ROCE) before non-recurring items was 23.2 per cent, compared with 10.1 per cent in 2003. Return on equity after tax was 14.6 per cent, fulfilling the owner's requirement of a 10.8 per cent. In the spring of 2004, Norway Post was valued at NOK 7.7 billion, up NOK 2.2 billion or 41 per cent from 2003, according to a valuation carried out by Enskilda Securities.

In 2004, 80 per cent of Norway Post's revenues came from sectors open to competition, while 20 per cent came from the licensed area. In March 2005, the Norwegian Storting decided that Norway Post's remaining licensed area would be removed with effect from 1 January 2007, opening all of Norway Post's operations to full competition. Fully deregulated postal markets in Norway and Sweden will lead to increased competition from international players in both countries, fuelled by an interest in the entire Nordic postal market.

Norway Post's strategy is to strengthen the company in an open market, with a basis in its fulfilment of the licence requirement, and to develop Norway Post into a leading service provider in Norway. Norway Post will be the most cost-effective player in its markets, improving the efficiency of its operations and raising service levels at the same time. The company's core activity consists of integrated communications and logistics services combining electronic information with physical distribution.

Within its core activity, Norway Post aims to be the market leader in Norway. In the Nordic countries, Norway Post pursues a niche strategy and is engaged in letter distribution, express services and electronic services supporting physical distribution. The company's largest investments in the Nordic countries are CityMail, Box Delivery and Pan Nordic Logistics.

Revenues from operations outside Norway increased by 15 per cent in 2004, to NOK 1 577 million.

Outside the Nordic countries, Norway Post's strategy is to cooperate with international players capable of securing Norway Post access to international networks and to help ensure that traffic from abroad is distributed through Norway Post's network in Norway.

Revenues

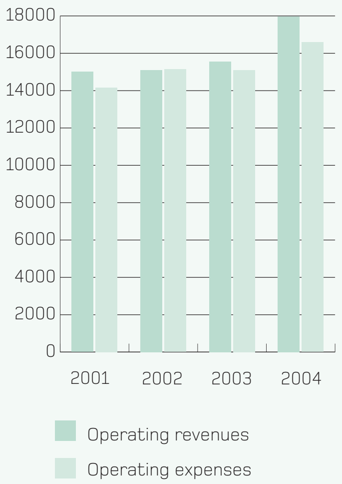
Acquisitions and the development of products and services have yielded substantial growth in revenues and secured Norway Post additional and sound sources of revenue. Focus on becoming an integrated postal company has reduced Norway Post's dependence on letter revenues – at a time when letter volumes are declining.

In 2004, revenues from the letter distribution accounted for 51 per cent of Norway Post's total revenues. Compared with international postal companies, Norway Post is among those that are least dependent on revenues from the distribution of letters.

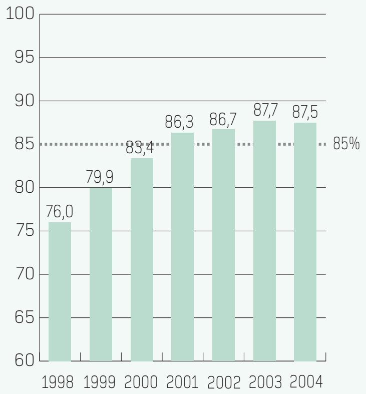
The situation in the communications market is characterised by a transition to electronic alternatives. Letter volumes have declined by 20.3 per cent since they peaked in 1999, and this trend is expected to continue. The total letter volume for the year fell by 2.6 per cent. The volume of A and B mail has decreased by 6.8 per cent compared with the previous year.

Competition in the newspaper and magazine distribution market is fierce. Norway Post's share of the market for newspaper distribution is 24 per cent, with the newspapers themselves accounting for the remaining 76 per cent. In addition, newspapers have a strong position with regard to distribution of unaddressed advertising, and are gaining market shares in this segment. Norway Post will strive to achieve equal terms of competition, compelling newspapers also to take into account the wishes of non-

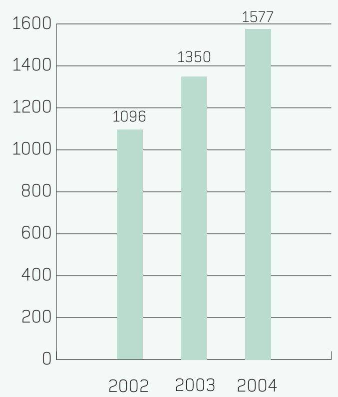
OPERATING REVENUES AND OPERATING EXPENSES
in MNOK



DELIVERY QUALITY A-PRIORITY MAIL
percentage delivered overnight



OPERATING REVENUES FROM INTERNATIONAL ACTIVITIES
in MNOK



Norway Post's international activities include parcel distribution, express services, the distribution of addressed and unaddressed letters and IT services provided by the following companies: CityMail Sweden AB, BoxGroup AS, Pan Nordic Logistics AB (50 %), ErgoIDP AS, Transware AB and ErgoIntegration Sweden AB.

subscribers to reserve the right not to receive advertising. The newspapers are expanding their distribution services to also include traditional postal services, and are positioning themselves to distribute letter mail.

The market for logistics services is fully deregulated, and is characterised by fierce competition and pressure on margins. The players in the market are becoming increasingly international, with the large international postal operators promoting the ongoing consolidation. Norway Post is developing so that it can provide a complete range of logistics solutions in the Norwegian market, enabling it to face fierce competition from international players. The acquisition of Nor-Cargo in June 2004 yielded considerable growth, contributing to an increase in Norway Post's annual revenues by around 10 per cent. Increased ecommerce contributed to growth in areas where Norway Post is well positioned, resulting in 4.2 per cent growth in the parcels market in 2004. Logistics activities accounted for 32 per cent of Norway Post's revenues in 2004, compared with 24 per cent in 2003.

Norway Post's focus on producing integrated electronic solutions meets its customers' demands for new services combining electronic information and physical distribution. The expertise available in ErgoGroup plays a highly important role in this respect, and is crucial to achieving the successful integration of services as desired by the company's customers. Over the last year, ErgoGroup has streamlined its operations and sold off non-strategic areas. ErgoBluegarden and ErgoEnet were divested in 2003, while ZebSign was sold in 2005.

As a result of these divestitures, revenues declined by NOK 278 million in 2004, to NOK 2 622 million. ErgoGroup's EBIT before non-recurring items was NOK -20 million, compared with NOK 48 in 2003. Effective from 2005, ErgoGroup has consolidated its activities into one company that focuses on providing a complete range of integrated services within the areas electronic solutions, business solutions and administrative solutions. In addition, ICT operations contribute significantly to the totality of the services offered. In 2004, the IT division accounted for nine per cent of Norway Post's revenues.

Banking services offered through Norway Post's sales network account for 5.4 per cent of the company's revenues.

The number of banking transactions carried out in Norway Post's sales network has declined significantly for several years, and the volume of transactions today is around 20 per cent of the volume recorded in 1990. In 2004, the number of banking transactions fell by 5.6 per cent, while the sale of savings and loan products declined by 3.2 per cent. To an increasing degree, bank customers have begun to use internet banking, and largely serve themselves. This development means that Norway Post's present bank agreement is no longer profitable for the company. The agreement with DnB NOR/Postbanken to supply banking services in Norway Post's sales network expires on 1 December 2005. Competitive tendering for future banking cooperation from 2006 was announced in November 2004.

The parent company's revenues accounted for 70 per cent of the group's revenues, compared with 78 per cent in 2003. Around 85 per cent of revenues came from the corporate market.

Service

Norway Post will be further developed as a service company in order to meet its customers' requirements of increased accessibility, higher quality and complete solutions.

Accessibility to Norway Post's services has been increased through additional sales outlets, longer opening hours and reduced queues at post offices. In 2004, Norway Post's sales network was expanded with 26 new Post in Shops. At the end of 2004, Norway Post's sales network consisted of 328 post offices and 1 201 Post in Shops – a total of 1 529 sales outlets. Customer surveys show that customers are increasingly satisfied with Norway Post's sales network – with accessibility, extended opening hours and the service attitudes of employees ranking highest. Customer satisfaction is high in respect of post offices, Post in Shops and Norway Post's call centres.

A growing number of people have parcels delivered to their door. As a result of cooperation with IKEA, the home delivery service was extended in 2004 to include heavier goods,

It is increasingly important to develop solutions combining electronic information and physical distribution in order to meet corporate customers' need for increased precision, real-time information and shorter timeframes.

To make it easier and less expensive to order goods from abroad, Norway Post introduced a simplified customs clearance solution in 2004 for parcels with a value of between NOK 200 and NOK 1 000.

Norway Post's delivery quality, measured in terms of the share of A mail delivered overnight, remained stable at a high level of 87.5 per cent – well above the licence requirement of 85 per cent. Delivery quality of A mail has increased in recent years, from a level below 80 per cent in 1999.

The distribution of letters six days a week covers 99.96 per cent of all households in Norway – giving the country a world-class postal service. At the end of 2004, there were 844 households and 29 enterprises that did not receive mail six days a week owing to special geographical circumstances.

A survey of major Norwegian companies, carried out by Markeds- og Mediainstituttet in 2004, shows that a growing number of enterprises have a good impression of Norway Post, while there are fewer that have a poor impression. Norway Post's own measurements of its reputation show a marked improvement in 2004. The task of strengthening customer satisfaction and improving Norway Post's reputation will continue.

Improved efficiency

The transition from a shielded to an exposed existence has necessitated a substantial improvement in efficiency in Norway Post. Only by operating at a profit can the company secure continued growth and development, and invest in new activities which in turn will secure jobs. A necessary and substantial restructuring process has been carried out and developments in the future will take the form of continuous improvements in efficiency.

In 1999, each full-time equivalent in Norway Post yielded revenues of NOK 483 000 – a situation that made it impossible to make a profit. Revenues per full-time equivalent have since increased each year. At the end of 2004, each full-time equivalent produced revenues of NOK
778 000, based on a sliding 12-month average, compared with NOK 686 000 in the preceding year.

Efficiency improvements in 2004 have been based on best practice in the industry, or within the company. Synergies have been identified and realised throughout Norway Post's units and companies.

Implementation of Norway Post's new sorting structure, which will improve quality and efficiency when it is completed in 2007, requires larger yet fewer sorting terminals in Norway and a shift from manual to machine sorting. In 2004, three terminals were closed, while 11 will be shut down in 2005 and four in 2006.

Professionalisation of the procurement process and the introduction of new procurement routines have yielded gains.

Competitive tendering of ICT services is being carried out in accordance with the plan adopted in 2003. At the end of 2004, 20 of 47 service agreements had been opened to competition.

After Norway Post invited banks to tender for in-house banking cooperation in 2004, Nordea was chosen as the group's banking partner for all activities in the Nordic countries.

Capital strength and profitability

Group earnings before tax were NOK 1 078 million, an increase of NOK 622 million from 2003. The group's earnings before interest and tax (EBIT) were NOK 1 136 million, compared with NOK 512 million in 2003, yielding a net operating margin in 2004 of 6.3 per cent against 3.3 per cent in 2003.

On 31 December 2004, Norway Post's total assets were NOK 11 648 million, up from NOK 10 052 million in 2003. The group's book equity was NOK 4 879 million on 31 December 2004, which represents an increase from NOK 4 776 million in the preceding year. The equity ratio was reduced to 41.9 per cent from 47.5 per cent in 2003, due to the increase in total assets following the acquisition of Nor-Cargo, and payment of and provision for dividends to the owner totalling NOK 586 million. On 31 December 2004, the parent company's unrestricted equity was NOK 471 million.

The pension costs of the parent company are accounted for in accordance with standard Norwegian and international practice. Large salary increases and high disability benefits as well as changes in pension schemes in recent years have contributed to a significant increase in pension obligations. In accordance with generally accepted accounting principles, this increase is not classified as a balance sheet item, but is accounted for as an unrecognised company commitment. At year-end, the total unrecognised parent company commitment amounted to NOK 1 782 million (see note 3 in the financial statements). The book equity of Posten Norge AS was NOK
5 158 million. Taking into account the unrecognised pension commitment, the group's book equity would be NOK 3 376 million.

The return on capital employed (ROCE) and the return on equity are both satisfactory. ROCE before non-recurring items was 23.2 per cent, compared with 10.1 per cent in 2003. Return on equity after tax was 14.6 per cent, up from 6.2 per cent in 2003, which means that Norway Post has satisfied its owner's requirement of a 10.8 per cent return on equity requirement after tax.

Cash flow from operations in 2004 was NOK 2 043 million, which is an improvement from NOK -915 million in 2003, resulting from improved earnings in 2004 and the payment to the Norwegian Public Service Pension Fund of NOK 1 475 in 2003. The company's cash position is satisfactory, standing at NOK 5 billion including overdraft facilities, while interest-bearing liabilities amount to NOK 1.8 billion. This gives Norway Post considerable financial freedom.

In 2004, operating investments were NOK 610 million, compared with NOK 455 the year before. Investments totalled NOK 968 million, against NOK 447 million in 2003. The increase in investments is largely due to the acquisition of Nor-Cargo.

Norway Post is exposed to risk in several areas. A risk assessment for the group is made as part of its corporate governance. The risk assessment reveals and evaluates Norway Post's exposure to strategic, financial and operational risk. The risk assessment is followed up by measures and recommendations to reduce individual risk factors, and to avoid events that could have a negative impact on the group's operations and reputation. Financial instruments are used to manage risk relating to variations in currency, interest rates and electric power prices. Norway Post actively monitors the company's risk exposure, focusing on areas such as strategic acquisitions or divestitures of activities, regulatory matters, competition issues, pension obligations, competency and trends in sickness absence/disability benefits.

The Board of Directors confirm that the company's annual financial statements have been prepared on the basis of ongoing activities and that the underlying assumptions for these have been met.

Allocations

In 2004, Posten Norge AS had a net income of NOK 819 million. The national budget for 2005 stipulates a dividend from Norway Post for 2004 of NOK 466 million, i.e. NOK 220 million more than that permitted by the dividend policy adopted by the Norwegian Storting. The Board of Directors of Norway Post attaches great importance to predictability in the company's principal framework conditions, including its dividend policy. In the opinion of the Board of Directors, payment of such a large dividend could have unfortunate consequences as it may undermine the company's opportunities to implement adopted strategies, and weaken the possibility of achieving the best possible growth in the company's value. Payment of a dividend above that stipulated in the dividend policy would also have a demotivating effect on the company's employees, who have loyally supported major staff reductions and the restructuring process the company has undergone.

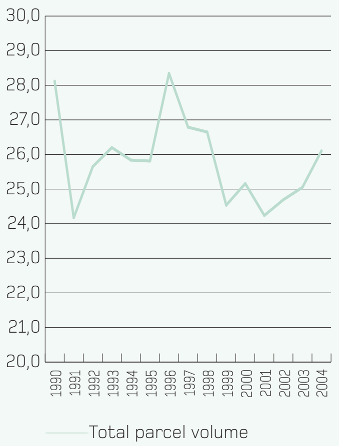
With reference to the Storting's decision in the national budget for 2005, the Board of Directors proposes that a dividend be paid out in accordance with this. This gives the following allocation of the net income for the year:

Provisions for dividend to owner	MNOK 466
Transferred to other equity	MNOK 353

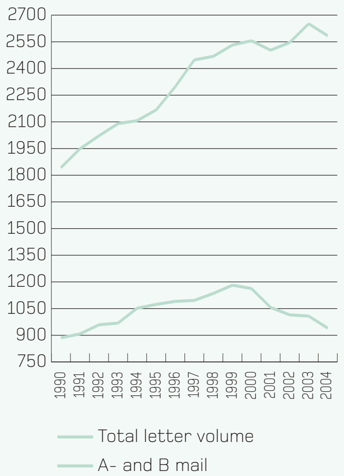
Employees and working environment

Developing a corporate culture has been an important part of Norway Post's restructuring process designed to meet new competition.

VOLUME DEVELOPMENT, PARCELS
million items



VOLUME DEVELOPMENT, LETTERS
million items



The aim has been to develop a business-oriented corporate culture with motivated, proud and competent employees.

A comprehensive in-house management development programme has been implemented for around 1 000 senior, middle and first-line managers since the autumn of 2002. Norway Post has so far invested around NOK 60 million in this management development programme, the purpose of which is to strengthen management skills, professionalise management, and develop a common business-oriented culture in the company, preparing Norway Post for new competition.

Norway Post's management philosophy is based on values-based management and extensive work is under way throughout the organisation in order to develop the desired behaviour in accordance with the company's fundamental values. In this way, each employee will feel secure enough to make the correct decisions in the company, and in his or her meetings with customers.

The number of full-time annual work equivalents in Norway Post was 21 222 at the end of 2004. Adjusted for 1 239 full-time equivalents in Nor-Cargo, Norway Post had 1 957 fewer full-time equivalents than in 2003. Three out of four redundant employees in Norway Post over the last four years have found new work within our outside the company. Twelve per cent have received severance pay and two per cent receive disability benefits. Thanks to active job communication, good restructuring instruments and good cooperation with union representatives, Norway Post has managed to carry out the reduction in the workforce in a satisfactory manner, without labour conflicts.

At the end of 2004, 44 per cent of the group's employees were women, down from 46 per cent in 2003. The corresponding figure for the parent company was 48 per cent, down from 49 per cent in 2003. Women accounted for 63 per cent of part-time employees, compared with 65 per cent in 2003. The percentage of female directors on Norway Post's board is 50, up from 40 per cent in 2003.

Women account for 25 per cent of the group management, the same as in 2003, while the percentage of women among the company's 1 600 managers is 31, as it was in 2003. Norway Post practises a modern gender-based quota system in order to increase the number of female managers and employees in male-dominated job categories. This is incorporated in the company's recruitment policy and collective wage agreement. When accepting trainees for the company's management development programme, emphasis is placed on finding and developing female managers and management candidates.

When recruiting managers at the most senior levels, Norway Post's goal for 2005 is that at least 34 per cent will be women. Thirty-two per cent were women in 2004, compared with 30 per cent the previous year. In 2004, a new rule was introduced stating that there must be at least one female candidate among the finalists for the most senior management positions in Norway Post.

In 2004, the average annual salary in the parent company was NOK 275 682 for women, up from NOK 264 200 in 2003, while the average annual salary for men was NOK 286 502, up from 263 700 in 2003. Female managers received NOK 400 020 in 2004 – an increase from NOK 395 200 in the preceding year – while male managers were paid NOK 434 987, up from NOK 432 700 in 2003.

Norway Post has been an «Encompassing Workplace» (EW) since 2001, and is now reaping the benefits of EW work. Norway Post is working to adapt workplaces for employees with special needs, and is cooperating closely with the company's health service and the Working Life Centre.

The company has worked systematically to reduce sickness absence and the number of people on disability benefit. Increased focus and the systematic follow-up of employees have yielded positive results – and this work will continue. In 2004, sickness absence in Norway Post was 9.1 per cent, down from 10.2 per cent in 2003.
In the first six months of 2004, the trend was virtually unchanged from 2003, while sickness absence in the second half of the year was significantly reduced. In the parent company, sickness absence declined from 11.3 per cent in 2003 to 10.1 per cent in 2004. Sickness absence among women amounted to 11.5 per cent, while the figure for men was 9.0 per cent.

The number of people on disability benefit continues to decline, and in 2004 new incidences of people receiving disability benefit was 457, compared with 547 the year before. In the parent company, new incidences of people receiving disability benefit was 439 in 2004, compared with 466 in 2003. Sixty-one per cent of people receiving disability benefit were women – the same as in 2003.

In Norway Post, a total of 438 lost-time injuries were registered in 2004, which gives an injury frequency (the number of lost-time injuries per one million hours worked) of 13.2. In the parent company, there has been an increase in the frequency of injuries. The number of reported lost-time injuries was 396 in 2004, compared with 286 the year before. Injury frequency increased

from 9.2 in 2003 to 13.6 in 2004. Falls still constitute the most frequent cause of injuries. Registration and follow-up of injuries and accidents has improved following the introduction of electronic reporting.

For four years Norway Post has had a zero tolerance approach to racism. The company has employees from 72 different nationalities. A number of measures and activities have been initiated, focusing on Norway Post being a place where everybody is welcome regardless of the colour of their skin, religion or cultural background. Norwegian courses have been an important initiative in this respect.

The annual employee satisfaction survey for 2004 was completed by 18 789 employees, yielding a response rate of 93 per cent. The results of the survey confirm that job satisfaction among Norway Post's employees is high, and that loyalty to the company is also very high. Employees largely find that their job is important for others, and that they are aware of the requirements and expectations made of them. Job satisfaction has increased steadily since the survey was first conducted in 2001.

In 2004, Norway Post has carried out measures to comply with the 15 orders made by Norwegian Labour Inspection Authority following an inspection made in 2003. Last year the authority concluded its follow-up of 11 of 15 orders after issuing positive reports. Follow-up of the remaining orders will be concluded in 2005.

Four post offices experienced robberies in 2004, compared with 12 the year before. Experience shows that Norway Post's security systems and routines are satisfactory, and that the follow-up of managers and the HSE system is good. Nevertheless, the security systems continue to be maintained and improved, and renewed focus has been placed on emergency preparedness and exercises.

The Board of Directors would like to thank all employees for their active participation and responsible behaviour during the demanding restructuring process. This cooperation has been a crucial factor in producing good results and the positive developments currently experienced by Norway Post.

Natural environment

Throughout its value chain, Norway Post's activities have an impact on the natural environment. Purchases of goods, energy and services indirectly affect the environment, whereas consumption of goods and energy in Norway Post's production have a direct environmental impact in the form of emissions to air and discharge to water, and generation of noise and waste. Norway Post aims to reduce the environmental impact of its activities by lowering the consumption of resources and prevent and reduce emissions, discharges and waste.

During the year the company further developed its determined environmental efforts. Key environmental indicators for the group and relevant divisions will be introduced in 2005. Similarly, the implementation of an electronic environmental accounting system will be completed in 2005.

The environmental work carried out in 2004 had several positive effects. Norway Post's energy programme reduced energy consumption by 19 per cent in the buildings participating in the project. In addition, district heating systems' share of the total energy consumption increased from 20 per cent to 22 per cent. Courses in eco-efficient driving for 102 drivers, including computer registration in 20 vehicles, have resulted in fuel savings of eight per cent. This training programme will be continued in 2005.

During the year, Norway Post increased its use of trains, while the company's use of aircraft remained at the same level as in 2003. Almost 99 per cent of the group's emissions relate to transport, of which Norway Post's own vehicles account for 60 per cent, air transport for 31 per cent, rail transport for 7 per cent and transport by ship for 2 per cent.

The Board of Directors

At Norway Post's Annual General Meeting in 2004, no changes were made to the directors elected by the owner, while Paul Magnus Gamlemshaug and Jacqueline Hopkinson were elected as employee representatives to the Board of Directors, replacing Erik Døvle and Hans Fredrik Danielsen.

«Norway Post will be the most cost-effective player in its markets, improving the efficiency of its operations and raising service levels at the same time»

The Board of Directors emphasises the importance of Norway Post having practical and efficient management and control systems to ensure satisfactory management of the group for its owner and other interested parties. The basic principles for corporate governance in Norway Post and planned further work in this field were defined in Norway Post's Corporate Governance Policy, which was adopted in 2004, and in the Board of Directors' instructions.

The Board of Directors reviews its own work each year. In addition to being a decision-making and supervisory body, the Board of Directors wishes to be a valuable discussion partner for the company's management and owner, based on good insight into Norway Post's strategies, value chain and processes, combined with its diversity of external expertise. The Board of Directors is very pleased with the progress made by Norway Post in operationalising its strategies, and is satisfied with the company's corporate governance, as well as the principal processes relating to strategy, finance, risk management and reporting.

Outlook

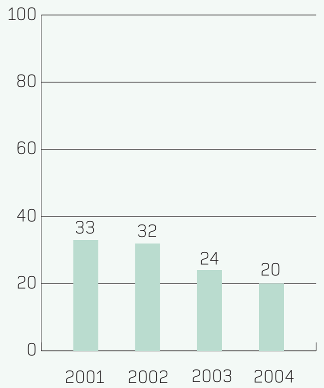
Norway Post regards the Norwegian Storting's decision to open the postal market for full competition from 1 January 2007 as a good contribution to continued positive development for the company. Over 80 per cent of Norway Post's activities are already exposed to competition. Liberalisation is therefore about opening for full competition for the remaining licensed area. Competition in the postal market will encourage efficiency and innovation and give favourable conditions in which to develop the company further, as well as producing an improved and more customer-oriented range of services.

If Norway Post is to succeed in a fully deregulated market, it is essential that the company is able to compete on equal terms with other players. Strong regulatory intervention will weaken Norway Post's competitive position, at the same time as its chances of maintaining a satisfactory, nationwide postal service will be undermined.

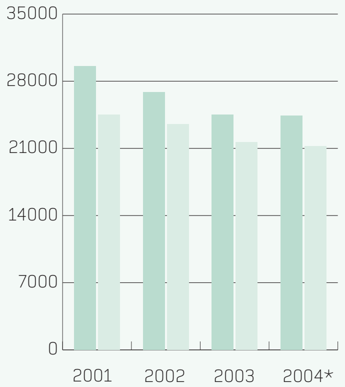
DISTRIBUTION OF REVENUES
in %

- A and B mail (30%)
- Newspapers, magazines, advertising etc. (15%)
- CityMail (3%)
- Logistics (32%)
- IT (9%)
- Banking services (5%)
- Government procurement (2%)
- Sale of goods (1%)
- Other revenues (3%)

REVENUES FROM LICENCED AREA
in %



DEVELOPMENT IN NUMBER OF EMPLOYEES



Number of employees
Full-time positions
* Number of full-time equivalents incl. Nor-Cargo

When Norway Post's new licence is to be formulated from 2007, it is crucial that the company is not subjected to heavy regulations.

The market situation is characterised by increasingly fierce competition, a transition to electronic alternatives, and a reduction in banking transactions. The decline in letter volumes is expected to continue, in accordance with developments in other Western European countries. Owing to increased ecommerce and growth in the mail order market, the current positive trend is expected to continue for Norway Post's logistics products.

The acquisition of Nor-Cargo and Nor-Cargo Tromsø has established Norway Post as a supplier of a complete range of logistics services, enabling the company to aggressively meet increased competition from international players.

Consolidation of the companies ErgoSolutions AS, ErgoEphorma AS and ErgoIntegration AS into ErgoGroup AS will take effect from 1 April 2005.

In operational terms, the new organisation will be in place from 1 January 2005. The merger of the companies will strengthen ErgoGroup's position as one of the largest IT companies in Norway. The objective is to offer customers a satisfactory product range and a high level of service, and to develop the company as a substantial supplier of ICT services. The volume of orders so far in 2005 has been satisfactory.

Norway Post will continue to focus on improved service and high quality. The company's long-term quality objective is to deliver 95 per cent of A-priority mail the next day once the new terminal structure is in place. A new sorting terminal will be built in southeastern Norway, which is due to be completed in 2007. The purchase of a site and preparations for construction will take place in 2005.

In the first half of 2005, Norway Post has negotiated with potential banking partners with a view to signing an agreement for the provision of banking services in Norway Post's sales network from 2006. If these negotiations are successful, Norway Post may continue to provide nationwide banking services in its sales network. If it is not possible to agree on a future banking agreement that provides profitability, the Norwegian state will have to finance the scheme through government procurement if the requirement of basic banking services throughout Norway Post's sales network is to be maintained.

Norway Post wishes to replace the current pension scheme for its employees, shifting from a benefit-based pension scheme in the Norwegian Public Service Pension Fund to a contribution-based retirement pension. Norway Post would like a solution with greater predictability regarding premiums and risks than that provided by the current scheme. A possible replacement of the existing scheme during the current wage settlement period will depend on Norway Post and the trade unions reaching an agreement for a new scheme.

In order to strengthen its operations, Norway Post is considering selective acquisitions and is working on becoming part of an international alliance. This will help provide proximity to the company's international customers, give access to future networks and provide Norway Post with an opportunity to deliver services to larger parts of the value chains of international customers.

In March 2005, Kaare Frydenberg tendered his resignation as Chief Executive Officer of Norway Post. He is committed to working through the six-month period of notice, at the same time as the Board of Directors has embarked on a process to recruit a new chief executive officer.

Norway Post's Board of Directors. Front row from left: Jacqueline Hopkinson, Gry Mølleskog, Arvid Moss (Chairman), Ingeborg Anne Sætre and Inger Marie Gulvik Holten. Back row from left: Kari Lund, Terje Christoffersen, Odd Christian Øverland, Liv St ette (Vice-Chairman) and Paul Magnus Gamlemshaug. Asbjørn Birkeland was not present.

«Our focus on becoming an integrated postal company has reduced Norway Post's dependency on letter revenues»

OSLO, 17 MARCH 2005

Arvid Moss
(Chairman)

Liv Stette
(Vice-Chairman)

Inger Marie Gulvik Holten

Asbjørn Birkeland

Terje Christoffersen

Kari Lund

Gry Mølleskog

Odd Christian Øverland

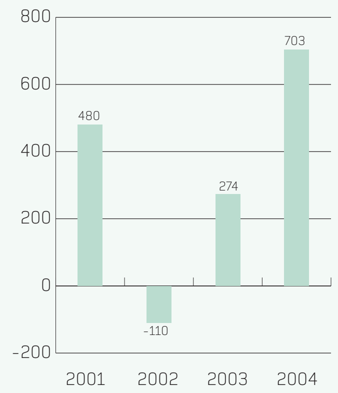
Jacqueline Hopkinson

Ingeborg Anne Sætre

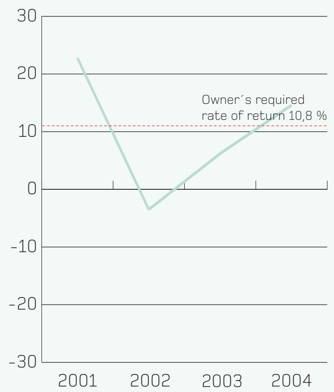
Paul Magnus Gamlemshaug

Kaare Frydenberg
(Chief Executive Officer)

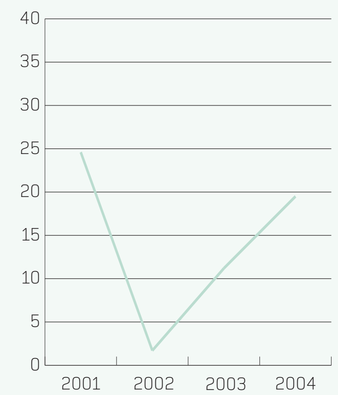
NET INCOME
in MNOK



RETURN ON EQUITY AFTER TAX
in %



RETURN ON CAPITAL EMPLOYED
in %



KEY FIGURES

Amounts in MNOK

NORWAY POST GROUP

		2004	2003	2002
RESULTS				
Operating revenues	MNOK	17 959	15 559	15 106
Earnings before interest and taxes (EBIT)	MNOK	1 136	512	(33)
Earnings before tax (EBT)	MNOK	1 078	456	(106)
PROFITABILITY AND RETURNS				
Financial key ratios incl. non-recurring items:				
Net operating margin 1)	%	6,3	3,3	(0,2)
Profit margin 2)	%	6,0	2,9	(0,7)
Return on capital employed 3)	%	19,5	11,2	1,7
Return on equity after tax 4)	%	14,6	6,2	(3,5)
Financial key ratios excluding non-recurring items:				
Net operating margin	%	7,6	2,9	(0,4)
Profit margin	%	7,3	2,6	(0,9)
Return on capital employed	%	23,2	10,1	1,2
CAPITAL AND LIQUIDITY				
Cash flow from operations 5)	MNOK	2 043	(915)	184
Investments	MNOK	610	455	1 441
Equity ratio 6)	%	41,9	47,5	43,3
Net debt ratio 7)	%	0,1	0,1	0,1

DEFINITIONS

1) Net operating margin: EBIT/operating revenues
2) Profit margin: Earnings before tax/operating revenues
3) Return on capital employed: (EBIT + financial income)/average capital employed
Capital employed: Equity + interest-bearing liabilities
4) Return on equity after tax: Net income/average equity
5) Cash flow from operations: EBITDA + net financial items + payable taxes + change in net current assets
6) Equity ratio: equity/total assets
7) Net debt ratio: (interest-bearing liabilities – liquid assets/ total equity

INCOME STATEMENT

Amounts in MNOK

POSTEN NORGE AS					NORWAY POST GROUP		
2002	2003	2004		Note	2004	2003	2002
11 983	**12 193**	**12 648**	**Operating revenues**	1	**17 959**	**15 559**	**15 106**
1 406	1 528	1 555	Cost of goods and services		4 573	3 233	3 133
6 906	6 562	6 282	Payroll expenses	2, 3	8 094	8 217	8 485
461	448	413	Depreciation	8, 9	946	944	903
19	8	2	Write-downs	8, 9	117	60	22
3 237	3 143	3 057	Other operating expenses	4	2 858	2 651	2 620
(46)	**504**	**1 339**	**Operating income(loss) before other revenues and expenses**		**1 371**	**454**	**(57)**
0	158	169	Other revenues and expenses	5	235	(58)	(24)
(46)	**346**	**1 170**	**Earnings before interest and taxes (EBIT)**		**1 136**	**512**	**(33)**
194	393	212	Financial income	6	115	120	114
209	169	168	Financial expenses	6	173	176	187
(61)	**570**	**1 213**	**Earnings before taxes (EBT)**		**1 078**	**456**	**(106)**
(18)	168	394	Taxes	7	375	182	4
(43)	**402**	**819**	**Net income (loss)**		**703**	**274**	**(110)**
			Net income (loss) attributable to minority interests		4	28	(17)
			Transfers and allocations				
	(121)	(466)	Provisions for dividend				
43	(281)	(353)	Transferred (to)/from equity				
43	**(402)**	**(819)**	**Total transfers and allocations**	16			

BALANCE SHEET

Amounts in MNOK

POSTEN NORGE AS					NORWAY POST GROUP		
2002	2003	2004		Note	2004	2003	2002
			Assets				
185	33	109	Intangible assets	8	1 852	1 282	1 639
3 468	3 104	2 826	Tangible assets	9	3 436	3 516	4 034
951	951	1 870	Investments in shares	10	101	152	150
258	2 289	2 476	Other long-term receivables	11	2 396	2 235	236
1 043	567	649	Interest bearing long-term receivables	12	33	36	28
5 905	**6 944**	**7 930**	**Fixed assets**		**7 818**	**7 221**	**6 087**
64	60	60	Inventories	13	67	64	65
1 846	1 962	1 760	Non-interest bearing short-term receivables	14	2 475	2 066	2 287
142	237	271	Interest bearing short-term receivables	12	12	9	30
706	559	1 024	Cash and cash equivalents	15	1 276	692	858
2 758	**2 818**	**3 115**	**Current assets**		**3 830**	**2 831**	**3 240**
8 663	**9 762**	**11 045**	**Total assets**		**11 648**	**10 052**	**9 327**
			Equity and liabilities				
3 060	3 120	3 120	Share capital		3 120	3 120	3 060
1 020	1 560	1 560	Share premium account		1 560	1 560	1 020
(35)	245	478	Other equity		175	78	(94)
			Minority interests		24	18	48
4 045	**4 925**	**5 158**	**Equity**	16	**4 879**	**4 776**	**4 034**
203	**217**	**615**	**Provisions for liabilities and charges**	17	**681**	**263**	**246**
694	**1 133**	**1 407**	**Interest-bearing long-term liabilities**	18	**1 527**	**1 233**	**780**
357	**114**	**238**	**Interest-bearing short-term liabilities**	18	**252**	**134**	**370**
3 364	**3 373**	**3 627**	**Interest-free short-term liabilities**	19	**4 309**	**3 646**	**3 897**
8 663	**9 762**	**11 045**	**Total equity and liabilities**		**11 648**	**10 052**	**9 327**
			Garantees/mortgages	20			

Oslo, 17 March 2005

Arvid Moss (Chairman)

Liv Stette (Vice-Chairman)

Inger Marie Gulvik Holten

Asbjørn Birkeland

Terje Christoffersen

Kari Lund

Gry Mølleskog

Odd Christian Øverland

Jacqueline Hopkinson

Ingeborg Anne Sætre

Paul Magnus Gamlemshaug

Kaare Frydenberg (Chief Executive Officer)

CASH FLOW STATEMENT

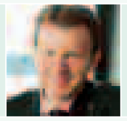
Amounts in MNOK

POSTEN NORGE AS				NORWAY POST GROUP		
2002	2003	2004		2004	2003	2002
			Cash flows from operational activities			
370	867	1 239	Provided by operations*	1 774	1 048	692
(15)	4	0	Change in inventories	(3)	1	(14)
104	(119)	120	Change in non-interest bearing short-term receivables, excluding group contribution	(27)	221	38
25	(62)	(185)	Change in interest-free short-term liabilities, excl. dividend	129	(339)	215
(345)	131	371	Change in provisions for liabilities and charges	339	160	(405)
(355)	(2 021)	(162)	Difference between expensed pensions and payments to/from pension schemes	(169)	(2 006)	(342)
(216)	**(1 200)**	**1 383**	**Net cash flow from operational activities**	**2 043**	**(915)**	**184**
			Cash flows from investing activities			
(654)	(179)	(248)	Investments in tangible assets/IT development etc.	(610)	(455)	(1 441)
601	69	28	Sale of tangible assets	85	379	258
(496)	367	(1 061)	Changes in other fixed assets	(1 108)	6	172
(549)	**257**	**(1 281)**	**Net cash flow from investing activities**	**(1 633)**	**(70)**	**(1 011)**
			Cash flows from financing activities			
139	452	522	New long-term loan	584	507	139
	100		New short-term loan	5	103	
28		207	Group contribution/dividends received			
(436)	(56)	(24)	Repayment of long-term loan	(55)	(86)	(461)
(532)	(300)	(100)	Repayment of short-term loan	(159)	(305)	(532)
(300)		(122)	Group contribution/dividends paid	(122)		(300)
1 939	600		Additional equity payment		600	1 939
		(120)	Payment of extraordinary dividend	(120)		
838	**796**	**363**	**Net cash flow from financing activities**	**133**	**819**	**785**
73	**(147)**	**465**	**Total change in liquid assets**	**543**	**(166)**	**(42)**
633	706	559	Cash and cash equivalents at start of period	692	858	872
			Cash and cash equivalents from acquisition of subsidiaries	41		28
706	**559**	**1 024**	**Cash and cash equivalents at end of period**	**1 276**	**692**	**858**
			*) Generated as follows:			
(43)	402	819	Net income/(loss) for the year	703	274	(110)
489	461	415	+ Depreciation/write-downs 1)	1 063	1 004	934
(76)	4	5	- Loss/(Gain) from sale of fixed assets 1)	8	(230)	(132)
370	**867**	**1 239**	**= Provided by operations**	**1 774**	**1 048**	**692**

1) In the cash flow statement, depreciation, write-downs and gain from sale of fixed assets also include shares etc.

NOTER

The notes, found on pages 40-60, are an integral part of the annual financial statements.



LARS TENDAL
Senior Vice President
Communications

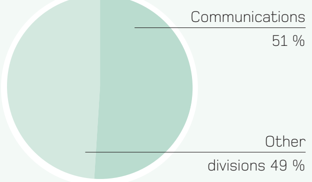
THE COMMUNICATIONS DIVISION offers letter mail and market communication services through physical and electronic channels.

EMPLOYEES	
2004	535
2003	533
2002	429
REVENUES IN MNOK	
2004	9 212
2003	8 949
2002	8 356
MILLION PHYSICAL ITEMS	
2004	2 584
2003	2 652
2002	2 546

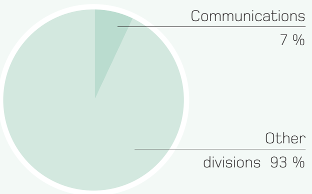
SUBSIDIARIES

CityMail AB distribution company which services the largest cities in Sweden. Norway Post also has an ownership share in OptiMail AB through CityMail AB.

SHARE OF GROUP REVENUES FROM EXTERNAL PARTIES



SHARE OF NORWAY POST'S EMPLOYEES



Customer-based communications solutions

The emergence of electronic alternatives means that Norway Post's customers increasingly demand electronic solutions.

Electronic communications are replacing physical services to an increasing degree. From 1999 up until the present day, the volume of A-priority and B-economy mail has fallen by around 20 per cent. In order to meet this development, Norway Post offers electronic solutions both as an extension of and as a replacement for traditional, physical services.

Leading supplier of eInvoices

One example of this trend is eInvoices, where Norway Post has trebled its revenues since 2002. At the end of 2004, almost 120 agreements had been signed with companies wishing to use eInvoices. This shows that Norway Post is beginning to gain a foothold in this market.

«eInvoices are simple, secure and inexpensive. Our advantage is that we offer everything from traditional, physical mail to combined services and electronic solutions. By doing this, our customers' needs are met in respect of their routines, computer systems and their wishes,» says Lars Tendal, Senior Vice President of the Communications division.

More advertising

Norway Post has experienced growth in the field of mail advertising. With revenues of almost NOK 3 billion and a market share of 15 per cent, Norway Post is a considerable player in the mail advertising market. Norway Post's goal is to strengthen its market position in 2005.

«We are going to climb higher by, among other things, providing better documentation of the effect our products have. In 2005, we will introduce a database showing the impact of mail marketing,» says Lars Tendal.

Norway Post's senior vice president expects great things of new services such as electronic address updating. The mail order industry in particular has been asking for this service, which entails that Norway Post sends incorrectly addressed mail to the correct address at the same time as the new address is updated in the customer's database of addresses. Of key importance in the future is the continued development of existing products and services. One example is the «Me and Mine» service in which consumers themselves register their interests in order to receive market information on selected products and services. In 2004, the number of preferences registered in this database increased from 200 000 to 500 000, and Norway Post is continuing its focus on tailored advertising.

«Our targeted effort in the advertising market has given us a unique insight into our customers' wishes, which we will utilise and make better known in the future,» says Lars Tendal.

Mailboxes are a central channel

Lars Tendal points to the mailbox as a key competitive advantage. He says that Norway Post is now working closely with companies in the mail order industry to develop new, exciting offers using mailboxes as a channel of distribution. Norway Post is also looking into the opportunity to distribute mail advertising on Saturdays.

«We wish to compete every day. Saturday is an attractive day, since people have more time then to consider offers from advertisers,» Tendal explains.

Tough newspaper market

In 2004, Norway Post and the newspaper publishers' organisations the Norwegian Media Businesses' Association (MBL) and the National Association of Local Newspapers (LLA) signed new trade agreements detailing the price, quality and continued development of solutions for distributing newspapers.

«We have noticed that competition in this respect is becoming increasingly tougher, and are very pleased that we have reached agreement with the newspaper publishers. A strong newspaper market is in both the industry's and in our own interest, and we feel that this agreement will help develop the market in the right direction,» explains Tendal.

A Nordic niche player

Norway Post's ambition is to become a Nordic niche player in respect of communications solutions, and the company made its first steps in this direction in 2002 when it acquired the Swedish company CityMail AB, which distributes commercial mail in the largest cities in Sweden. In 2004, following several loss-making years, CityMail posted its first profit, and revenues last year increased by 23 per cent.

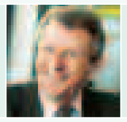
«The company has become a significant and profitable provider of commercial, addressed mail services. Our goal is to continue to improve the company's results in 2005,» says Tendal.

In order to be a future-oriented sales and marketing organisation, it is essential that the company focuses on its customers. Tendal says that feedback from customers shows that the division is heading in the right direction.

«Customer surveys have revealed our strengths and weaknesses, and we can build on these in our ongoing task of creating a sound and competitive business culture,» he explains.

Postage stamps

Norway Post issued 32 postage stamps in 2004. One of the many highlights of the year was the stamp issued in connection with the christening of Princess Ingrid Alexandra. The stamp was judged to be the most beautiful postage stamp issued that year. Another highlight was the drawing competition entitled «What do you think life will be like in Norway in 100 years?», which celebrates the dissolution of Norway's union with Sweden one hundred years ago. No fewer than 45 000 entries were submitted. Crown Princess Mette-Marit chaired the panel of judges that chose two winning drawings which will be featured on stamps in 2005.



ARNE BJØRNDAHL
Senior Vice President
Logistics

THE LOGISTICS DIVISION is responsible for the sale and distribution of logistics products, express services and general cargo combined with information and payment services.

EMPLOYEES	
2004	1 220
2003	1 243
2002	1 227

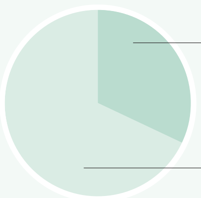
REVENUES IN NOK MILLION	
2004	5 886
2003	3 823
2002	3 225

TOTAL NUMBER OF PARCELS IN MILL.	
2004 (excl. Nor-Cargo)	26.1
2003	25.0
2002	24.7

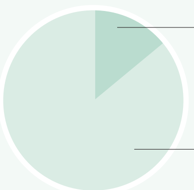
SUBSIDIARIES

Box Group AS, Nor-Cargo Holding ASA, Nor-Cargo Tromsø, Oslo Container Stevedor AS (OCS), Wajens AS, Pan Nordic Logistics (PNL) AB (50%), Nettlast AS and Nettlast Hadeland AS.

SHARE OF GROUP REVENUES FROM EXTERNAL PARTIES



SHARE OF NORWAY POST'S EMPLOYEES



A complete supplier of logistics solutions

Norway Post's acquisition of Nor-Cargo allows the company to provide a complete range of logistics and express services, which in turn gives Norway Post additional and sound sources of revenue.

Norway Post's ambition is to be a leading provider of a complete range of logistics and express services. In 2004, Norway Post entered into an agreement to purchase the Nor-Cargo Group for NOK 850 million. This acquisition, the largest in Norway Post's almost 360-year history, enables the company to provide a complete range of logistics services and strengthens the company's core activity. In doing so, Norway Post has secured a competitive Norwegian alternative in a market characterised by increasingly tougher competition, where the key players are Deutsche Post/DHL, Dutch TPG/TNT, Sweden Post/Tollpost and Linjegods/Schenker BTL.

Complementary activities

«We've been experiencing strong competition from international players in the logistics market. Nor-Cargo supplements Norway Post's parcel service with general cargo and bulk cargo, and the activities of the two companies complement one another. With the acquisition of Nor-Cargo, Norway Post now supplies a complete range of products and services,» says Senior Vice President Arne Bjørndahl, who is also Chairman of the Board of Directors of Nor-Cargo.

Nor-Cargo is represented in around 90 locations in Norway and has a well developed distribution and agent network along the coast and in northern Norway. Economies of scale will allow Norway Post to improve its profitability at the same time as it can focus on maximising the synergies produced by Norway Post's acquisition of Nor-Cargo. Among other things, the production of parcels in Nor-Cargo has been transferred to Norway Post.

«Our goal is to find good cooperative solutions. So far we have identified synergies worth at least NOK 100 million,» Bjørndahl explains.

Growth in parcel numbers

The senior vice president can look back on a year that has yielded very good results, both in terms of parcel volumes and profitability. Over the last year ecommerce in Norway has grown by 60 per cent, which in turn means an increase in the number of parcels handled by Norway Post. In 2004, the parcels market grew by 4.2 per cent owing to increased ecommerce, and a growing number of people have parcels delivered to their door. As a result of cooperation with IKEA, the home delivery service was extended in 2004 to include heavier goods, and the furniture chain's customers throughout Norway can now have furniture and kitchen units delivered directly to their door.

«Norway Post has positioned itself for growing volumes emanating from ecommerce. In two years' time we expect half of our customers to be offering goods over the internet,» says Bjørndahl.

In the express services segment, Norway Post signed an agent agreement with TNT Express in

2004. Under the terms of this agreement, Norway Post will sell the express product «Global Express» on behalf of TNT through the company's network of post offices. In addition, Norway Post has taken over distribution of TNT's express products in the Norwegian market.

«The agreement with TNT gives us wider access to an international express market, which is good news for our customers,» Arne Bjørndahl maintains.

Simplified parcel management

A growing number of Norway Post's customers choose EDI solutions, a system for the electronic notification and tracking of parcel movements. While 60 per cent of parcels sent with Norway Post in 2003 were EDI parcels, this share rose to 85 per cent last year.

To help Norway Post's customers avoid expensive warehousing costs and the reloading of goods from Asia to Norway, Norway Post has established a solution whereby goods are marked electronically in Asia for direct distribution to locations in Norway.

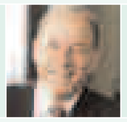
«This solution is well suited to medium-sized and large Nordic companies that import goods from Asia and who see their entire value chain in logistics. The parcels arrive in Norway with the correct labelling and are dispatched directly through Norway Post's parcel distribution. For our customers, this means they avoid having to pay warehousing and reloading costs,» Bjørndahl explains.

Easier customs clearance

On 1 April, Norway Post introduced a simpler and less expensive customs clearance system for private individuals, to make it easier to order goods from abroad. This solution applies to goods worth between NOK 200 and NOK 1 000, and means that Norway Post handles customs clearance.

In 2005, the Logistics division will make it easier for customers to shop at Norway Post and its subsidiaries by, among other things, establishing a completely new IT platform with solutions integrating the entire range of products and services for customers. Following Norway Post's recent acquisition and with a new IT platform in place, the stage is set for continued development and innovation.

«New, common IT solutions mean that we can develop several integrated solutions together with our subsidiaries and our customers. We will now develop from being a supplier of a complete range of logistics solutions to becoming a logistics integrator, and thereby be involved in a greater part of our customers' value chain,» Bjørndahl concludes.



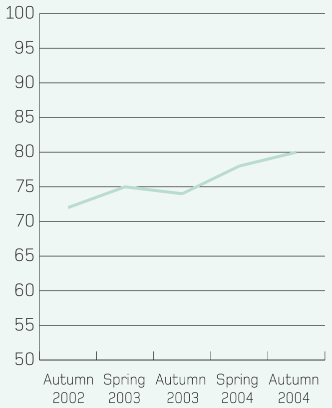
ERIK JOHANNESSEN
Senior Vice President
Consumer

THE CONSUMER DIVISION is responsible for Norway Post's nationwide sales network consisting of physical, electronic and telephonic customer contact points represented by post offices, Post in Shops and Call Centres.

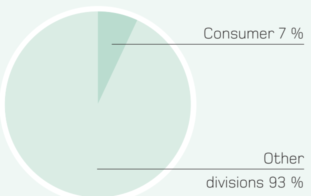
EMPLOYEES	
2004	3 654
2003	4 259
2002	4 800

REVENUES IN MNOK	
2004	2 540
2003	2 532
2002	2 705

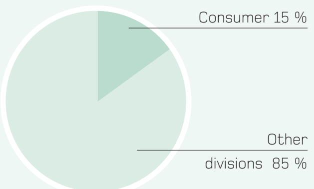
TOTAL SATISFACTION
NORWAY POST'S CUSTOMERS (KTI)
in %



SHARE OF GROUP REVENUES FROM EXTERNAL PARTIES



SHARE OF NORWAY POST'S EMPLOYEES



Increased customer focus

A growing number of Post in Shops, extended opening hours and reduced queues means better service and more satisfied customers.

Twenty-six new Post in Shops were opened in 2004, and by the end of the year Norway Post's sales network consisted of 1201 Post in Shops and 328 post offices, giving a total of 1529 sales outlets. Improved accessibility has also yielded better service since the total number of opening hours has been increased by 24 300 hours a week since 2001. Some 29 million customers visited post offices in 2004, up one million on the year before. In total, Norway Post serves around 50 million customers each year through its sales network.

Increased accessibility

Norway Post has call centres in five locations in Norway: Sarpsborg, Larvik, Kristiansand, Haugesund and Steinkjer. These centres handle customer service, complaints, sales and switchboard services. In 2004, the call centres answered more than three million incoming calls and carried out almost 650 000 redirections. The call centres have also become more accessible since opening hours have been extended – in the evenings and at weekends – by almost ten hours a week.

Satisfied customers

One of Norway Post's principal goals is satisfied customers. Two extensive customer surveys carried out in March and October show that Norway Post is heading in the right direction. Norway Post's customers are becoming increasingly satisfied with its post offices, Post in Shops and call centres. Around 15 500 postal customers took part in each survey, and the feedback received shows that customers particularly appreciate Norway Post's accessibility, opening hours and service. On the whole, service levels and location score highly in the surveys. The results of the survey also document that customers are pleased that opening hours have been extended.

«Our impression is that customers are aware of our extended and improved range of services, which we find very pleasing,» says Erik Johannessen, Senior Vice President, Consumer division.

Satisfied bank customers also resulted in a bonus payment of NOK 67.5 million from DnB Nor/Postbanken to Norway Post in 2004.

Improving efficiency

In 2004, a comprehensive efficiency improvement programme was implemented at the post offices in accordance with the principle of best practice. The number of full-time equivalents was reduced by 923 from 2003 to 2004, which has helped reduce costs in the Consumer division by NOK 523 million over the last two years.

«We are concerned with providing personal service, and have introduced best practice programmes at our post offices. In this way, we can improve our customers' experience of the service they receive and increase efficiency in the sales network. The results produced show that we have largely managed to compensate for the reduction in banking transactions with increased sales and improved efficiency,» Johannessen sums up.

Better POS solution

In 2006, Norway Post will have in place a new and more efficient point of sale solution in the post office network. This solution, which is already used by several postal companies in other countries, will boost Norway Post's service level and facilitate the handling of customers.

Sales of entertainment products such as films and music in post offices are increasing steadily. Since Norway Post began measurements in 2003, market share has increased from 2.7 per cent to 6.5 per cent at the end of 2004.

New bank agreement

The number of banking transactions carried out in Norway Post's sales network has fallen significantly for a number of years. Last year saw a 5.6 per cent decline in banking transactions. Around ten years ago, banking transactions made up almost 40 per cent of Norway Post's turnover. Banking services offered through Norway Post's sales network now account for only 5.4 per cent of Norway Post's revenues. This is due to the fact that increasing numbers of banking customers use internet banking, and largely serve themselves. This development means that Norway Post's present bank agreement is not profitable for the company. Norway Post's agreement with DnB Nor/Postbanken offering banking services through Norway Post's sales network expires on 31 December 2005. In November 2004, Norway Post invited candidates to tender offers for future banking cooperation from 2006.

In the first half of 2005, Norway Post aims to sign an agreement with a banking partner to offer banking services through Norway Post's sales network from 2006.

«We can offer banks accessibility in the Norwegian market through the most finely-meshed sales network in Norway, comprising 1 529 sales outlets and 2 400 rural postal distributors,» says Johannessen, who emphasises that the company's goal is to enter into a profitable agreement for future banking services.

TERJE MJØS
Managing Director
ErgoGroup

ERGOGROUP AS develops and produces electronic services, ICT services, administrative solutions and business solutions, supporting Norway Post's role as a trusted third party for electronic business.

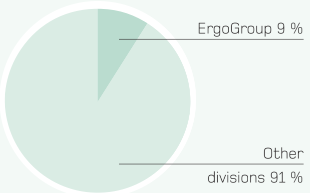
EMPLOYEES	
2004	1 428
2003	1 506
2002	2 123

REVENUES IN MNOK	
2004	2 622
2003	2 900
2002	2 907

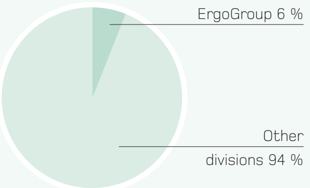
SUBSIDIARIES

ErgoRunit, Buypass (50%), TransWare and ErgoIntegration AB. ErgoGroup also has an ownership share in Atento. The subsidiaries ErgoEphorma, ErgoIntegration and ErgoSolutions were merged with ErgoGroup with operational effect from 1 January 2005.

SHARE OF GROUP REVENUES FROM EXTERNAL PARTIES



SHARE OF NORWAY POST'S EMPLOYEES



Focusing IT operations

ErgoGroup has concentrated its operations in one company, and is today a streamlined IT company and a commercial player on a par with the rest of the Norway Post Group.

Over the last year Norway Post's IT company ErgoGroup has focused its activities and withdrawn from non-strategic areas by divesting companies such as ErgoBluegarden and ErgoEnet.

With effect from 1 January this year, ErgoGroup has concentrated its operations in one company. Consolidation of the subsidiaries ErgoIntegration AS, ErgoEphorma AS and ErgoSolutions AS will be carried out with effect from 1 April 2005.

Four business areas

The company now consists of the four business areas: Electronic Services, Business Solutions, Administrative Solutions and ICT Operations Services.

«By merging the major companies with ErgoGroup and establishing one company, we wish to present our customers with a clearer profile. Customers demand holistic IT solutions, and in this way we can present ourselves more clearly in the market and demonstrate the breadth and totality of the services we offer. These changes ensure efficient management of the entire business, using short decision-making channels, and are in line with the Norway Post Group's overall business philosophy,» says Terje Mjøs, who in 2004 took over as Managing Director of ErgoGroup after Per Andersen.

In the tight IT market of recent years, ErgoGroup has been compelled to make capacity changes and reduce its workforce. In 2004, however, the IT industry has experienced a general upswing, which ErgoGroup has noticed through a larger order intake at the beginning of 2005.

Revenues amounted to NOK 2 622 million in 2004. Adjusted for divested operations, the company's revenues grew by two per cent last year. Sales to Norway Post were reduced by two per cent, while sales to other customers increased by four per cent.

ErgoGroup has strengthened its focus on communications and logistics services by entering into a strategic cooperation with IFS in the Nordic countries. This cooperation covers electronic messaging, integration, and operating and consultancy services. Together with IFS, ErgoGroup has been commissioned to renew Bertel O. Steen's IT platform in an agreement worth almost NOK 70 million.

Valued agreement with tax authorities

Last year ErgoGroup entered into an agreement with the Norwegian Tax Administration to supply a new, electronic archive and administrative solution.

«This is an important agreement for us, and confirms our position as the supplier of choice when it comes to administrative solutions in the public sector,» says Terje Mjøs.

ErgoGroup has also won several major operational and service contracts with, among others, Gjensidige NOR, SINTEF, the National Insurance Administration and Mustad and Petersson. In respect of electronic services, agreements have been signed with, among others, the Sparebank 1 Alliance regarding use of ErgoGroup's information databases.

Another important milestone is the decision by the Nordea financial services group to appoint ErgoGroup as an integration partner to help provide its customers with a single channel for the handling of electronic payment documents over national borders.

Smart cards

ErgoGroup has confirmed its position as a supplier of smart card technology. Under an agreement with the games and pools company Norsk Tipping, ErgoGroup's subsidiary Buypass will supply smart cards to all of Norsk Tipping's 2.1 million customers in 2005.

In February 2005, ErgoGroup and Telenor signed an agreement to sell Zebsign AS to Bankenes BetalingsSentral AS. Zebsign is a supplier of electronic certificates and Public Key Infrastructure (PKI) security technology to the private and public sectors. In September, ErgoGroup invited members of the IT industry to an annual conference for the twenty-first time. The conference, which was held in Tønsberg, was well attended by customers and industry pundits, and the programme included discussions on interaction, outsourcing, purchasing and inter-municipal cooperation.

Integrated postal company

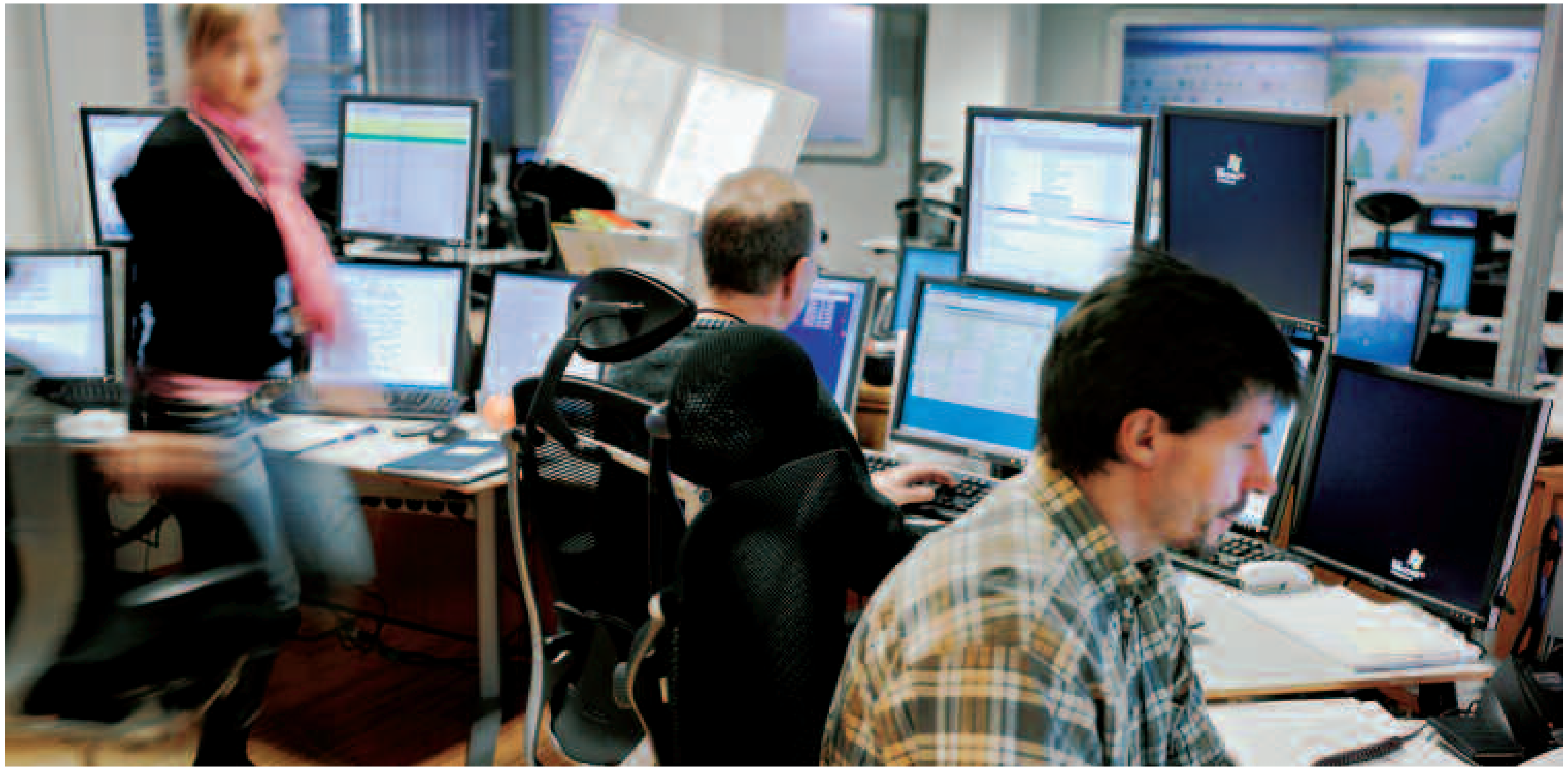
The agreements ErgoGroup has entered into in 2004 show that it enjoys good market penetration in central and local government, the banking and insurance sector, and in industry.

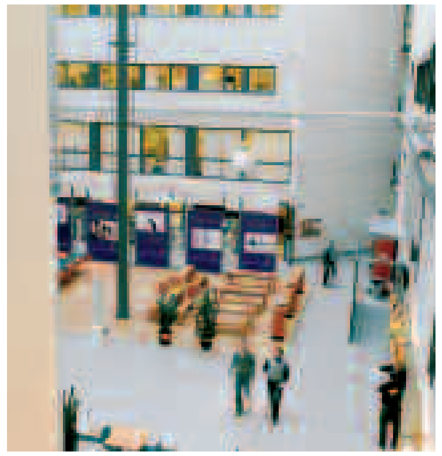
The company's objective for the future is to extend its grip on the market to other sectors, including the health sector, trade, industry and logistics and transport.

«We already have good market penetration in respect of major Norwegian enterprises. In future we wish to strengthen our focus on the SMB market,» says Mjøs.

The company is well prepared for 2005, and Terje Mjøs maintains that ErgoGroup's central role in Norway Post's strategy strengthens the company.

«ErgoGroup comprises a key part of the modern postal company. Being part of Norway Post helps us secure the stability we represent.»





ANIELA GJØS
Senior Vice President
Distribution Network

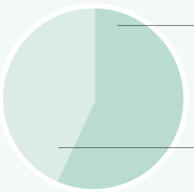
THE DISTRIBUTION NETWORK DIVISION develops and operates Norway Post's physical networks, including collection, sorting and distribution of letters and parcels. With 14 000 employees, the Distribution Network is the company's largest unit.

EMPLOYEES	
2004	14 005
2003	14 942
2002	16 083
REVENUES IN MNOK	
2004	6 426
2003	6 387
2002	6 423
MACHINE-SORTED, ALL LETTERS	
2004	59 %
2003	54 %
2002	48 %

SHARE OF GROUP REVENUES FROM EXTERNAL PARTIES

The Distribution Network does not generate revenues from external parties as the division supplies its services internally.

SHARE OF NORWAY POST'S EMPLOYEES



World-class delivery quality

In 2004, a general level of high quality and good service has taken Norway Post one step closer to its objective of becoming the world's most future-oriented postal company.

The Distribution Network division is Norway Post's largest division with almost 14 000 employees ensuring efficient distribution, production and transport services. Like last year, Norway Post can look back on a year where the quality of its postal service has remained stable at a high level. While 87.7 per cent of all A-priority mail was delivered the next day in 2003, this figure was 87.5 per cent in 2004, well above the licence requirement which states that 85 per cent of A-priority mail must be delivered the next day.

Innovative

The handling of letters and parcels is an industry, and as in all competitive industry improved efficiency and innovation is important if one is to succeed in providing customers with a better range of services. In the autumn of 2003, it was decided that Norway Post would establish a new terminal structure by 2007 with fewer and larger sorting terminals designed to give greater automation and standardisation. In 2004, this project was begun with the closing down of terminals at Sarpsborg, Sogndal and Mo i Rana. A further 17 terminals will be closed in 2005 and 2006. At the same time, work is under way to establish a new sorting terminal for southeastern Norway, since the current letter terminal in downtown Oslo is not suited to modern, automated post production.

Every day more than half of all letters sent are sorted at this terminal.

«We want to build a modern sorting terminal which can contribute to the high-quality, efficient handling of letters and parcels to all parts of Norway,» says Aniela Gjøs, Senior Vice President, Distributions Network.

More machine-sorting

An important premise for succeeding with a new terminal structure is that investments are made in high-tech equipment, to enable machine-sorting of a higher proportion of mail. Norway Post will be among the first postal company in the world to use this type of new, advanced sorting-machine, which can sort mail by street name, and not only by postcode as is the case today. In 2004, 59 per cent of all mail was sorted

by machine, and the goal is to increase the share of machine-sorted mail to 84 per cent by 2007. Coordinated and modern sorting technology will speed up the flow of mail at sorting terminals. Once this is all in place, the senior vice president promises a huge increase in delivery quality. In 2005, the goal is that 89 per cent of A-priority mail will be delivered the next day. In 2008, the objective is to deliver 95 per cent of A-priority mail the following day.

«A new terminal structure will represent an important contribution to improving quality further. Higher delivery quality for A-priority mail will bring us in line with Sweden, Denmark and Finland, and will prepare us for competition when the market for postal market is deregulated from 1 January 2007,» she says.

Improved address quality

Over the last year, the Distribution Network division has begun to introduce a nationwide, electronic code network capable of linking all the terminals in order to exchange sorting information. This will improve the updating of addresses, which in turn will help increase delivery quality.

One important precondition for maintaining and improving delivery quality is that the quality of addresses is good. To make it easier for distributors to find the correct recipient, Norway Post is now offering stickers bearing the name and address of households with poorly labelled mail boxes. For corporate customers, Norway Post has introduced an electronic address updating service, so that incorrectly addressed letters and parcels can be redirected at the same time as the correct address is added to the customer's database.

Since 2003, the Distribution Network division has reduced its workforce by 1 000 people. In 2005 and 2006, it is expected that the division will cut a further 700 full-time equivalents.

Cutting costs

In 2004, the Distribution Network division improved productivity by seven per cent compared with the previous year. Improved efficiency has led to lower unit costs for letters and parcels in 2004 than in 2003. According to the senior vice president, one major reason for this is that work is performed more efficiently as a result of increased focus on changing Norway Post's corporate culture.

«We are interested in creating a performance- and values-based corporate culture with proud employees and managers who focus on achieving results. An important part of this is values-based and business-oriented management. Last year we concentrated a lot on developing management skills, with a clear focus on first-line management. In addition, our clear priority has been the division's most important projects, ensuring that all of us always know where we are going and work towards the same objective,» says Gjøs.

The customers' preferred choice

According to Aniela Gjøs, the year 2005 will benefit customers.

«We will continue to develop the Distribution Network division so that the market continues to regard Norway Post as a natural first choice when choosing a letter and parcel carrier. We aim to be a world-class, market-oriented and efficient distribution network,» emphasises Gjøs.

Liberalisation **changes the market**

Norway Post's traditional markets are undergoing considerable changes. The Nordic market is perceived as one market, and liberalisation of the letter market from 2007 will yield new competition.

Throughout Europe letter volumes are declining, particularly in respect of administrative correspondence and payment notification. From 1999 to 2004, the volume of A-priority and B-economy letters in Norway fell by 20 per cent. Private individuals also send fewer letters, but this market is relatively small compared to the corporate market. According to the EU's new Postal Services Directive, national monopoly areas in Europe will be removed by 2009, and in many leading postal markets this will happen before 2009. In Norway, the Storting (parliament) has voted to remove Norway Post's remaining monopoly area with effect from 1 January 2007, a decision that Norway Post welcomes. The liberalisation process will open markets and sharpen competition.

Major changes

On the other hand, a strong economy and tougher competition for customers' business leads to higher levels of addressed and unaddressed mail advertising, and burgeoning international trade and ecommerce leads to increased volumes in the logistics market. Customers are increasingly thinking internationally. This places new demands on the establishment of good Nordic and international solutions serving customer needs and securing Norway Post's competitive edge and profitability. This also means changes in international postal collaboration. New constellations emerge, and more postal companies will be established in other countries.

Liberalisation of Norway Post's traditional activities and growth in logistics and IT solutions mean that an increasingly smaller share of Norway Post's revenues come from monopoly areas. At the same time, Norway Post's revenues from outside Norway are increasing. These changes make great demands on Norway Post as regards market positioning, service development, increased service and improved efficiency.

Electronic solutions

New, electronic solutions are being utilised more rapidly and to a greater extent than earlier. To a certain degree, these solutions replace existing physical solutions, but they also provide opportunities for new growth in the total communications market.

The market for the distribution of letters will remain large. The challenge will be to exploit new technology to give letters valuable, additional qualities that sustain the market and provide new areas of use.

The intensity of competition is growing in all sectors of industry. Requirements regarding precision and quality of customer service, efficiency and value creation for owners are increasing. In order to meet customer requirements, Norway Post's role as a collaborative partner is becoming increasingly important. This presupposes proximity to customers, innovation, and an ability to tailor commercial services to customer needs and to provide integrated solutions. Norway Post works continuously to develop and improve its services in order to meet changed demand and develops new solutions in collaboration with its customers.

Globalisation

International trade is growing strongly and an increasing number of nationally protected sectors are being liberalised. Integrated networks for production and the exchange of information are being established across national borders. Companies are improving efficiency and becoming more centralised. In some cases, production is being moved to other European countries. To an increasing extent, this means that the buying processes are taking place across national borders by decision-makers outside Norway, even when the need for services is in Norway. This makes new demands on good Nordic and international solutions that meet customer needs.

Alliances and acquisitions

The dominant postal companies in Europe are positioning themselves for forthcoming liberalisation by expanding across national borders by means of acquisitions and alliances. Deutsche Post receives 45 per cent of its revenues from outside Germany, while Dutch TPG raises 67 per cent of its revenues outside the domestic market. Other postal companies such as Royal Mail, Sweden Post and French La Poste have chosen to focus on the restructuring of their own core activities, but they are expected to become more expansive in the international market in the years ahead. La Poste and Sweden Post established a strategic alliance in the summer of 2004. One common strategy is to establish a position in other countries in areas without market regulation such as express, freight and print services. Once market regulations permit it, this is followed up by targeting areas such as the distribution of advertising, commercial mail and information logistics.

The dominant players want global networks with a broad range of products and cost-efficient volumes. Of key importance in the development of positions and corporate structures in coming years will be the pace of liberalisation in the German market. There are indications that Germany will have achieved full liberalisation from as early as 2006, as was recently decided in the case of Royal Mail.

Postal companies in Europe are increasingly being privatised, and so far Deutsche Post and TPG have become listed companies. The German state owns 56.1 per cent of Deutsche Post, while the Dutch state owns 19 per cent of TPG.

Several countries have made known that they will be reducing the share of state-ownership, among them Denmark, Belgium, Austria and Italy. Deutsche Post, TPG and La Poste are expected to compete for these ownership shares.

When major postal companies compete outside their domestic markets, smaller postal companies are faced with strategic challenges.

One Nordic market

International players often consider the Nordic countries to be one market. When Norway Post's customers regard the Nordic area as one market, it is only natural for postal companies to do the same.

Deutsche Post and TPG are both heavily represented in the Nordic countries. Deutsche Post is present in the goods logistics and express market through DHL, while TPG is present in the same markets through its subsidiary TNT and Wilson Logistics up. Another example is Swiss Post, which has acquired the Swedish company Mail & Logistics. Sweden Post is represented in Norway through its ownership of Tollpost Globe. Finland Post is attempting to become a leading player in the print and document management services market through its subsidiary Itella Information Logistics, which is heavily represented in all the Nordic countries. Itella also acts as a bridgehead into the European market, and now has activities in, for example, the Baltic states and Germany. As the letter market is liberalised, it is expected that these players will offer mail distribution in several Nordic countries. The dominant international players' competitive edge will first and foremost be built on multinational solutions and they will have a major competitive edge in the battle for customers with large volumes of international transport. This will also affect the design of Nordic communications and logistics solutions.

International cooperation

Norway Post has a cooperation agreement with TNT in Norway and Sweden, and has through its shareholding in CityMail taken a significant position in relation to developments in the Nordic market for letter distribution. Norway Post is also involved in the express market through Box Delivery in Sweden and Denmark, and in the IT market through Ergo Integration AB and Transware AB in Sweden. Through its acquisition of Nor-Cargo in 2004, Norway Post has strengthened its position in logistics in the Norwegian and Danish markets.

As regards the distribution of newspapers, the media companies have a 76 per cent market share in Norway, while Norway Post has the remaining 24 per cent. Newspapers have expanded in the field of unaddressed advertising and newspaper inserts, and are positioning themselves to extend their range of services with the distribution of addressed letters and parcels.

Strategies for the future

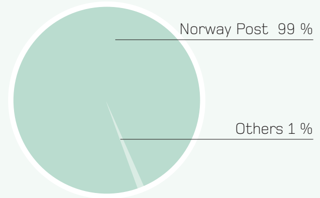
In order to better serve the needs of its customers and to strengthen Norway Post's market position and profitability in a market characterised by strong international competition, Norway Post will:

- Strengthen its position as the natural partner for communications and logistics solutions in the Nordic market. With a basis in its proximity to its customers and its position as a trusted third party, Norway Post will develop customer-based solutions that can effectively be integrated in the customer's value chain. Norway Post will also further clarify and simplify its range of services to the market.
- Further develop and strengthen its Nordic position as a leader in selected niches. In this way, Norway Post will serve its customers with Nordic solutions and continue to develop the company with new revenues and strengthen its expertise and competitive ability in an international environment.
- Form alliances with players abroad to ensure proximity to international customers, access to future networks and the opportunity to deliver services to larger parts of the value chains of international customers.

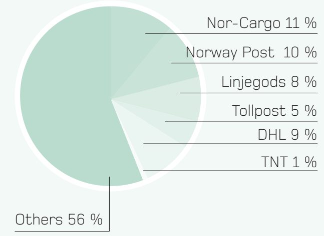
«The Norwegian Storting (parliament) agrees that the limited monopoly Norway Post has on the distribution of letters will be removed from 1 January 2007.»

Adopted by the Storting on 15 March 2005

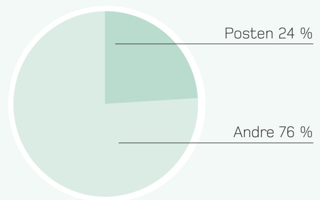
MARKET FOR OFFICE AND PRIVATE LETTERS



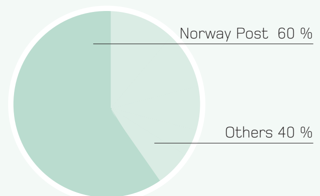
MARKET FOR LOGISTICS



MARKET FOR NEWSPAPER DISTRIBUTION



MARKET FOR UNADDRESSED ADVERTISING



NUMBER OF SALES OUTLETS

	2001	2002	2003	2004
Post offices	431	304	328	328
Post in Shop	897	1 146	1 175	1 201
Total	**1 328**	**1 450**	**1 503**	**1 529**

DELIVERY OF A-PRIORITY MAIL IN 2004

RESULT IN %	1.	2.	3.	4.	TOTAL
The next day:					
Requirement: 85 %	87,2	89,2	88,9	85,3	**87,5**
In three days:					
Requirement: 97 %	99,5	99,6	99,6	99,6	**99,6**

TAXES AND DUTIES

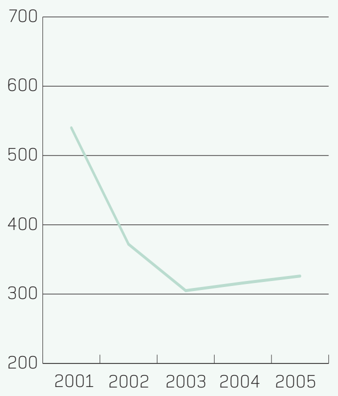
IN BNOK	2001	2002	2003	2004
Value Added Tax	0,973	1,570	1,545	1,608
Employers' insur. contr.	0,896	0,850	1,023	0,798
Taxes	1,795	1,671	1,538	1,498
Corporation tax	0,075	0	0	0
In all	**3,739**	**4,091**	**4,101**	**3,904**

DIVIDEND

IN MNOK	2002	2003	2004	2005
Dividend paid	300	0	241	466*

* decided by the Annual General Meeting

GOVERNMENT PROCUREMENT
IN MNOK



Good, inexpensive postal services

Norway Post's social obligation is to provide the same good and inexpensive postal services throughout Norway.

Norway Post is part of the infrastructure of Norwegian society, and is one of the largest workplaces in Norway. Norway Post's obligation to society is to provide good and equivalent postal services and at the same time operate commercially and be competitive in a market that will be opened to full competition from 2007.

Society's demands on and expectations of Norway Post's operations are regulated through its licence pursuant to the Norwegian Postal Services Act. The current licence, which was granted by the Norwegian Ministry of Transport and Communications in September 2001, expires in 2005. The Norwegian Storting (parliament) clarifies its expectations to Norway Post's activities in its two-yearly debate on the owner's report issued by the Ministry of Transport and Communications. In February 2004, the Norwegian Storting debated the Report on Norway Post's activities (Report no. 11 (2003 – 2004) to the Storting).

Licence requirements fulfilled

In 2004, Norway Post fulfilled the licence requirements for statutory postal services and basic banking services. The requirements for statutory postal services primarily concern product range, accessibility and delivery times.

The requirement for basic banking services was met through the following products offered on behalf DnBNOR/Postbanken: opening of bank accounts, deposits, withdrawals and payments services, through Norway Post's sales network. Norway Post is thus a sales channel for Postbanken, while DnBNOR/Postbanken owns the products and determines all product conditions, including prices and charges.

Increased quality

Norway Post's delivery quality, measured in terms of the share of A-priority mail delivered overnight, remained stable at a high level of 87.5 per cent – well above the licence requirement of 85 per cent. Delivery quality of A-priority mail has increased in recent years from a level below 80 per cent in 1999. The task of improving delivery quality has been given priority in 2004 – and will continue to be of priority in the years ahead.

Improved accessibility

Accessibility to Norway Post's services has been increased through the establishment of additional sales outlets, longer opening hours and reduced queues at post offices. In 2004, Norway Post's sales network was expanded with 26 new Post in Shops. At the end of 2004, Norway Post's sales network consisted of 328 post offices and 1 201 Post in Shops – a total of 1 529 sales outlets. Three out of four sales outlets are open longer than eight hours on Monday to Friday.

Waiting times have been reduced and measurements show that 95.7 per cent of customers were attended to in less than 7.5 minutes.

Norway Post has post boxes centrally placed in residential and business areas, at traffic centres, outside its permanent outlets and on its rural postal service routes. In recent years, the number of post boxes has remained stable at around 27 000. In addition, agreements can be made for delivery of large quantities of mail to postal terminals or for collection from the customer.

People in over 500 000 households are served by rural postal service routes and can be provided with postal services and basic banking services in or close to their own home.

A growing number of people receive parcels delivered to their doors, and in 2004 this service was extended to include home delivery of heavier goods, including furniture and kitchen units from IKEA.

Distribution six days a week

Norway Post aims to deliver mail to as many customers as possible six days a week. The company has no intention of reducing distribution to five days a week, as in, for example, Sweden. Exceptions from daily mail distribution reflect special geographic conditions which make it impossible or reasonably costly to deliver mail every day.

The number of households without six-day distribution is low – 844 households in 2004. This means that 99.96 per cent of all households in Norway have mail delivered six days a week.

Cost-based prices

The licence demands cost-based prices on statutory and associated services. The same applies to discounts. In addition, uniform postage rates are required within the geographical area covered by the licence.

Monopoly services and statutory services must be offered with clear, non-discriminatory terms. The distribution of newspapers and magazines has historically been favoured with a low distribution charge. In 2003, the Ministry of Transport and Communications accepted Norway Post's three-year plan for the adjustment of newspaper and magazine postage in order to fulfil the licence requirement regarding cost-based postage rates. In 2004, Norway Post and the newspaper publishing organisations reached agreement on a price increase of around 9.5 per cent from 2005, as well as an adjustment in quality and the continued development of distribution solutions. The price changes from 2005 represent the second stage in Norway Post's adjustment.

Satisfied customers

Norway Post's customers are satisfied with developments, stating in market surveys that they are very pleased with the post offices, Post in Shops and Norway Post's call centres, emphasising in particular accessibility, extended opening hours and the level of service provided by Norway Post´s employees.

A survey of major Norwegian enterprises, conducted by Markeds- og Mediainstituttet in 2004, shows that a growing number of companies have a good impression of Norway Post, while there are fewer that have a bad impression. Norway Post's own measurements of its reputation show a marked improvement in 2004. The task of strengthening customer satisfaction and improving Norway Post's reputation will continue.

Government procurements

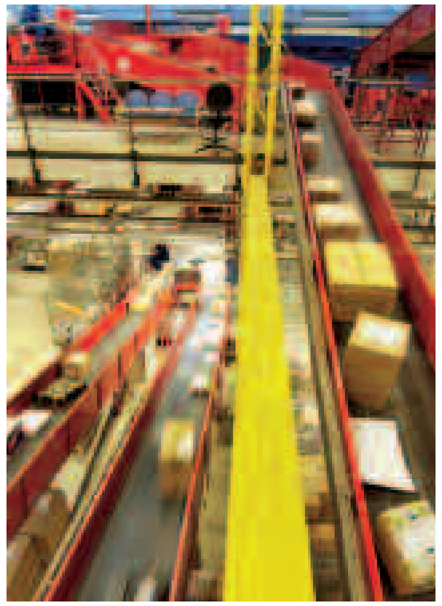
The licence requirements produce additional costs for Norway Post in terms of a purely commercial evaluation. These additional costs are covered by the monopoly profit and by government procurement of unprofitable postal services. Postal services partly financed by the Norwegian state under this system include: one extra distribution day for 15 per cent of all households, four extra distribution days for five per cent of all households, free distribution of Braille material for the blind and the cost of maintaining rural postal services and a nationwide sales network.

Taxes and duties

Being one of Norway's largest companies and employers, Norway Post contributes significantly to the Norwegian state in the form of taxes and duties.

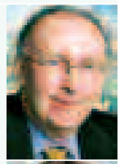
Dividend

In addition, Norway Post pays a dividend to its owner when the company makes a profit and has unrestricted equity. Being the owner of Norway Post, the Norwegian state requires a dividend corresponding to 30 per cent of the company's net income. In 2004, the owner was paid a dividend of NOK 241 million for 2003, and in the national budget for 2005 the owner expects to take out a dividend of NOK 466 million for 2004.

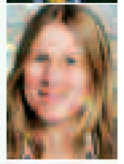


THE BOARD OF DIRECTORS OF NORWAY POST

ARVID MOSS (47)
Chairman
President Hydro Aluminium, Metal Products



LIV STETTE (46)
Vice-Chairman
Personnel Manager in Ålesund municipality
Offices: Nexus Knowledge Solutions AS, Teatret Vårt AS

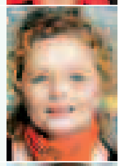


ASBJØRN BIRKELAND (59)
Director
Managing Director Data Invest AS
Offices: ErgoGroup AS, Axxessit ASA and GIEK

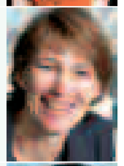
TERJE CHRISTOFFERSEN (52)
Director
Group vice president, executive team of TeliaSonera Group
Offices: Vice-Chairman of Netcom AS, director Møllergruppen AS

INGER MARIE GULVIK HOLTEN (44)
Director
Self-employed
Offices: Norsk Romsenter

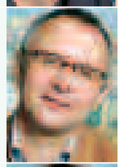
GRY MØLLESKOG (43)
Director
The Royal Palace – Staff Chief for the Crown Prince and Princess
Offices: Vice -Chairman OVDS ASA, Chairman Oslo Sporvognsdrift AS



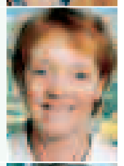
KARI LUND (47)
Deputy Director
Consultant



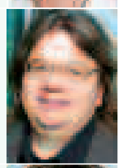
ODD CHRISTIAN ØVERLAND (47)
Employee representative
Leader of the Norwegian Postal and Communication Workers' Union (Postkom)
Employee of Norway Post since 1979



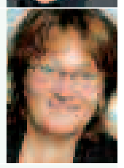
INGEBORG ANNE SÆTRE (49)
Employee representative
Deputy leader of Postkom
Employee of Norway Post since 1971



PAUL MAGNUS GAMLEMSHAUG (51)
Employee representative
Postkom's divisional representative, Distribution Network division
Employee of Norway Post since 1974



JACQUELINE HOPKINSON (41)
Employee representative
Postkom's divisional representative, Consumer division
Employee of Norway Post since 1983



Good corporate governance

Norway Post's four fundamental values honesty, respect, innovation and interaction form the basis of Norway Post's management model.

In 2004, the board of directors of Norway Post adopted principles for good corporate governance in Norway Post, and these were supported by the company's owner. For Norway Post, corporate governance involves the goals and overall policies by which the group is managed and controlled and the structures regulating the interaction between the company's governing bodies and its other interest groups. The basic principles for corporate governance in Norway Post and planned further work in this field are found in Norway Post's Corporate Governance Policy.

Share capital and ownership

On 31 December 2004, the company's share capital was NOK 3 120 million comprising 3.12 million shares, each with a nominal value of NOK 1 000. The Norway Post group is owned by the Norwegian state, represented by the Ministry of Transport and Communications. Some of Norway Post's business areas have been licensed pursuant to the Postal Services Act and supplementary rules laid down in the Postal Services Regulations. The current licence expires in 2005.

The board of directors will submit to the Minster of Transport and Communications all issues assumed to be of social or fundamental importance. In addition, the board of directors shall every second year present a written orientation of Norway Post's overall plans for the group's activities (Section 10 Plan), including the financial development in recent years and a financial forecast for the coming years. This is laid down in section 10 of Norway Post's Articles of Association, which were amended at the Annual General Meeting in 2004 so that the Section 10 Plan is to be submitted every other year rather than each year. Norway Post's Section 10 Plan forms the basis of the Minister of Transport and Communications' reports to the Norwegian Storting (parliament) every two years.

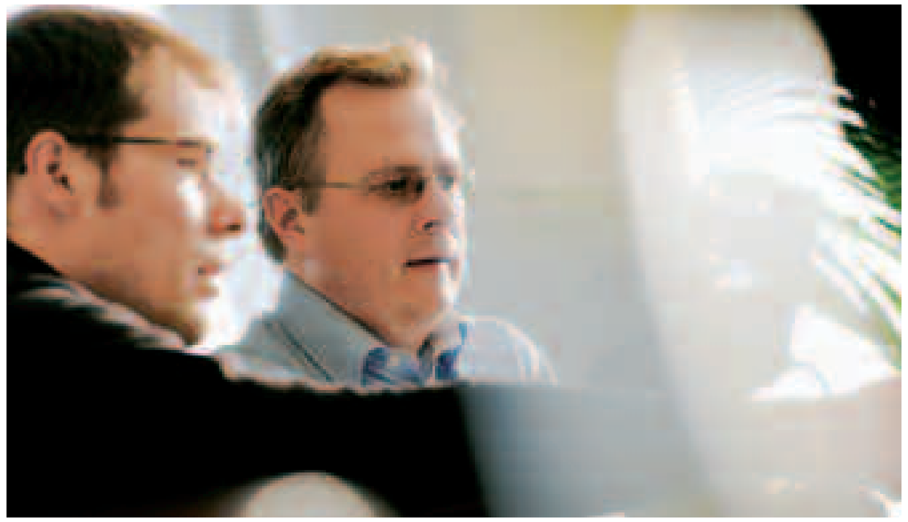
Values, management model and business ethics

Norway Post's four fundamental values are honesty, respect, innovation and interaction. These fundamental values aim to characterise the company's business culture and form the basis for its management model. Together with these fundamental values, Norway Post's vision, business concept, overall objectives and strategies make up the main elements of the company's management model.

Norway Post's reputation is to be supported by and based on its fundamental values. These fundamental values state that Norway Post will: Behave with honesty in all contexts, not abuse its strong market position, not tolerate malpractice, and be a responsible player in society.

The board and its work

The board of directors comprises ten directors, with six representing the owner and four the company's employees. The directors elected by the owner have one deputy, while the employee representatives have personal deputies. To ensure



satisfactory integrity, the directors must not have significant involvement with the Norway Post group. Norway Post maintains a register of the positions of office and shareholdings of directors, key employees, central individuals and their immediate relatives. The purpose of this register is to support Norway Post's values-based management and ensure that key individuals do not participate in activities in which their interests may conflict with those of the company.

The document «Norway Post's board functions and responsibilities» sets guidelines for the board's main tasks and administrative procedure within the framework of current legislation, the company's articles of association and any decisions made by the Annual General Meeting. In 2004, the board convened eight times, and its main functions include strategic planning, together with supervisory and organisational responsibilities. The board evaluates its working processes every year, and reviews the contents of the board instructions as required. Directors elected by the owners are elected for a period of two years. The practice of only half of the directors coming up for election at once ensures continuity in the management of the company.

Governing documentation and control

The responsibilities and functions of the board of directors and the chief executive officer are regulated by specific guidelines. In addition, corporate governance documents have been prepared to ensure economies of scale, reduce risk and ensure that best practice is employed throughout the group.

The board of directors and the group management are responsible for the necessary supervision of the company's activity in compliance with internal control regulations. This is regulated by, for example, the continuous controller function, external auditors, legal quality assurance, quarterly strategic and business reviews and annual management audits. These processes are intended to ensure sufficient review and control of operating activity in compliance with applicable legislation and principles for good corporate governance.

An Investment Committee has been appointed by the chief executive officer and consists of the chief financial officer, the group controller and the group treasurer.

The company's auditor participates in the board meeting considering the annual financial statements. At this meeting, the auditor reviews the audit and his view on the group's accounting principles, risks, internal control routines and the group's accounting practice. The auditor's evaluation of these aspects is summarised annually in a letter to the board of directors.

In addition to carrying out the audit of the annual financial statements, Norway Post's auditor also conducts a yearly review of the product accounts and government procurement estimates. The auditor is also used as an advisor as regards financial due diligence in connection with the acquisition of new activity and in issues concerning taxes and duties. The auditor is not used as a consultant in connection with strategic or operational issues.

Remuneration of directors and executives

The board of directors is paid a fixed fee, determined by the Annual General Meeting. The directors' remuneration in 2004 is presented in note 2.

The board has appointed a Remuneration Committee consisting of four of Norway Post's board members, headed by the chairman of the board. The Remuneration Committee's task is to evaluate, propose and adjust the remuneration of the chief executive officer and give him/her feedback on his/her evaluations of the remaining group management. The committee shall also prepare principles for the company's bonus schemes for board consideration.

Norway Post considers it important to make use of incentives in order to encourage management to focus on long-term value creation in keeping with the interests of the company's owners. On this basis a bonus scheme has been introduced for group management and persons in key positions in the group.

Risk

Through its activities, Norway Post is exposed to risk in a variety of areas, and it is important for the board of directors that the group has a systematic and business-like approach to risk management. In compliance with Norway Post's corporate governance policy, an overall risk assessment is made for the group each year. The risk assessment shall identify the financial consequences of risk and ensure that necessary measures are implemented to avoid circumstances that may have a negative impact on the group's operations and its reputation in the market.

In 2004, we improved the methods used in preparing the annual risk assessment by introducing a more thorough and extensive process involving all divisions and group companies. This has raised the quality of the assessment and led to a growing awareness in the group of the importance of risk management.

Thr risk assessment reveals and evaluates Norway Post's exposure to strategic, financial, reputation and operational risk.

The evaluation is followed up with the presentation of measures and recommendations intended to manage individual risk factors. Financial instruments are used to manage risk relating to variations in currency, interest rates and electric power prices. Other areas where Norway Post actively follows up the company's risk exposure are: Strategic acquisitions or the sale of activities, regulatory matters, competitive conditions, group pension commitments, competence and sickness absence and disability trends.

NORWAY POST'S ENVIRONMENTAL VISION:
«Norway Post will contribute to a sustainable development through environmentally efficient operations.»

ENVIRONMENTAL OBJECTIVES AND ACTION PLAN
The environmental action plan for 2004–2006 defines objectives, proposes measures to improve performance and establishes benchmarks for prioritised areas: Transport, waste, energy consumption in buildings and environmentally efficient purchases.

EMISSIONS FROM TRANSPORT
CO2 and NOx emissions from Norway Post's own fleet of vehicles will be reduced by five and ten per cent respectively by the end of 2006.

WASTE
All waste will be sorted, and total waste quantities will be reduced. By the end of 2006, residual waste (unsorted waste) will not constitute more than 30 per cent of the weight of total waste.

ENERGY CONSUMPTION IN BUILDINGS
Buildings included in the energy economising project will reduce energy consumption by 20 per cent and increase their use of renewable energy during the period 2002–2006.

ENVIRONMENTALLY EFFICIENT PURCHASES
Norway Post will make environmentally efficient purchases. By the end of 2006, 80 per cent of all framework agreements for purchases of products and services will be environmentally documented.

Norway Post goes from red to green

Active environmental management helps Norway Post reduce the strain on the environment. In 2004, Vestfold sorting terminal was certified as an «Eco-Lighthouse».

Norway Post's environmental management system will contribute to meeting government requirements, give priority to and focus on the company's environmental work. The environmental management system will also document systematic and preventive environmental work and contribute to continuous improvements in environmental results.

Norway Post faces several environmental challenges relating to its activities. Throughout its value chain, Norway Post's activities have an impact on the natural environment. Consumption of goods and energy in Norway Post's production has a direct environmental impact in the form of emissions to air and discharge to water, and the generation of noise and waste, whereas the purchase of goods, energy and services indirectly affect the environment. Norway Post aims to reduce the environmental impact of its activities by lowering the consumption of resources and by preventing and reducing emissions, discharges and waste.

Increased environmental efficiency

The year's environmental accounts cover the entire Norway Post Group. Following the acquisition of companies such as Nor-Cargo, waste and emissions attributable to group activities have increased considerably in 2004. Overall, environmental efficiency in the group has improved as a result of various environmental efficiency measures. In 2005, environmental indicators will be developed and implemented in order to demonstrate Norway Post's environmental efficiency.

In 2004, Norway Post's divisions established local environmental action plans based on the group's «Environmental Action Plan for 2004–2006». Objectives for the environmental work in the group and its divisions have been adopted, and the environmental management system and its objectives will be fully implemented in 2005.

Norway Post's electronic environmental accounting system, which will be implemented in 2005, will ensure the follow-up, documentation and reporting of the company's environmental work.

Improved coordination

Norway Post's vehicle fleet has been utilised more efficiently because the distribution of letters and parcels is now better coordinated. The vehicle fleet has been upgraded with 428 vans and 57 lorries from Euro 1 and 2 to Euro 3, and some vehicles have been replaced with mopeds.

Norway Post plans to build a new terminal for southeastern Norway, and has carried out traffic analyses and studies of the impact on the environment posed by the various alternative locations. This work will continue in 2005 and the great importance will be attached to the results when selecting a location.

Around 100 drivers have received training in environmentally efficient driving. The «Logger Tool» computer application has been installed in 20 vehicles, and during testing fuel consumption was reduced by eight per cent.

Norway Post has increased its use of trains in 2004. Use of aircraft remained at the same level as in 2003. Almost 99 per cent of the group's emissions relate to transport and 60 per cent of total emissions come from Norway Post's own vehicles, while 31 per cent come from air transport, 7 per cent from rail transport and 2 per cent from transport by ship.

Reduced energy consumption

The objective of Norway Post's energy programme is to reduce energy consumption in the company and increase the use of renewable energy sources. The energy programme covers 21 of Norway Post's own buildings, or around 30 per cent of all company-operated premises. In all, energy consumption in these buildings was reduced by 19 per cent in 2004. Energy economising measures have contributed to increasing the proportion of heating from a distant supply source to total energy consumption from 20 per cent to 22 per cent in 2004.

In order to support the national recycling system for packaging, Norway Post has become a member of Materialretur.

In 2004, Norway Post signed agreements with two waste management companies, and the amount and composition of waste produced by all of Norway Post's major sites has been evaluated. Waste routines have been improved. The share of residual waste in the group is approx. 42 per cent. The share of residual waste was reduced from about 39 per cent in 2003 to around 31 per cent in 2004. During the same period the registered total waste increased due to improved reporting routines.

Eco-friendly profile

Norway Post endeavours to present an environmentally friendly profile, and in 2004 Vestfold sorting terminal was certified as an «Eco-Lighthouse». This scheme of environmental certification helps raise environmental standards in private and public enterprises, and environmental certificates are only issued to enterprises with good HSE control routines. Norway Post is also subjected to special industry requirements in respect of transport. The sorting area in Kristiansand has previously been issued with an environmental certificate.

In line with government requirements, approximately 125 light fittings containing PCB have been replaced at Norway Post's letter terminal in Oslo, and this work will be completed in 2005.

Environmental plan

The following activities will take place during the year:

• Studies into the environmental impact of Norway Post's planned terminal in southeastern Norway will be continued.

• Norway Post's energy programme will be continued. Expected reduction in energy consumption is 20 per cent from project initiation until the end of 2005.

• Further optimisation of delivery routes.

• Norway Post's fleet of vehicles will be renewed. Several vans and 80 lorries will be changed to Euro 3 and Euro 4. In addition, mopeds will be used to distribute mail.

• 430 drivers of heavy goods vehicles will be trained in environmentally efficient driving. «Logger tool» will be installed in 135 vehicles.

• Video conferences will replace a larger number of business trips.

• Waste management at sorting terminals will be further improved. A new waste management procedure will be introduced at Norway Post

• The remaining light fittings containing PCB will be replaced at Norway Post's letter terminal in Oslo.

• The programme for the optimal use of the company's premises will be continued.

• Environmental measures will be implemented in accordance with the divisions' own action plans. The electronic environmental accounting system will be introduced.

• Corporate environmental key indicators will be defined, and procedures for environmentally efficient purchases will be prepared.

• Norway Post's annual report for 2004 will be produced in accordance with the criteria for the Nordic Swan eco-label.

FACTS AND FIGURES

ENERGY CONSUMP.	UNITS	2003	2004
Electricity	kWh	155 494 364	163 191 762
District heating	kWh	12 982 849	18 051 315
Fuel oil	kWh	10 433 431	5 409 849
Est. energy consump*	kWh	-	-
Total energy consump.	kWh	178 910 644	187 297 765
NORWAY POST VEHICLES		**	
Vehicles	Number	5825	5984
Lorries ≥ Euro2	%	80	81
Lorries ≥ Euro3	%	-	56
Kilometres travelled	Km	106 787 000	130 196 434
HIRED TRANSPORT SERVICES			
Vehicles	Tonkm	61 575 500	469 036 688
Aircraft	Tonkm	9 965 888	26 279 775
Trains***	Tonkm	106 910 950	374 389 901
CONSUMPTION OF RAW MATERIAL			
Petrol	Litres	4 538 200	4 942 518
Diesel	Litres	14 688 800	60 321 895
Fuel oil	Litres	1 033 013	535 628

* Estimated energy consumption in rented buildings
** Incl. subsidiaries
*** By electric trains, approx. 81 per cent in 2003 to around 79 per cent in 2004
**** Norway Post Group, including subsidiaries

WASTE

	UNIT	2003	2004**
Residual waste	Tonnes	3 898	4 892
Paper	Tonnes	958	1 071
Cardboard	Tonnes	435	406
Cardboard/paper mix	Tonnes	3 039	3 339
Plastic	Tonnes	61	275
Wood	Tonnes	1 185	848
Waste	Tonnes	67	120
Other waste	Tonnes	396	708
TOTAL *	TONNES	10 039	11 659

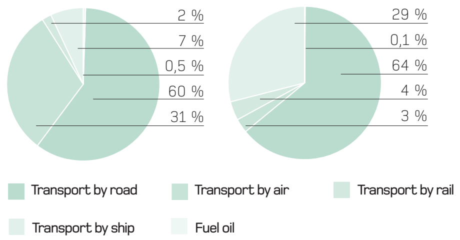
* Waste from rented buildings is estimated
** Figures for 2004 include the entire Group

EMISSIONS TO AIR TONNES

FOSSIL FUELS	CO_2	SO_2	NO_x
TOTAL EMISSIONS 2002	85467	6	283
TOTAL EMISSIONS 2003	89910	7	303
TOTAL EMISSIONS 2004*	296716	90	1718

* Figures for 2004 include the entire Group

DISTRIBUTION OF CO2 EMISSIONS DISTRIBUTION OF NOX EMISSIONS



Norway Post will deliver good and reasonably-priced postal services throughout Norway, and it aims to distribute mail to as many customers as possible six days a week. This is an important part of Norway Post's social obligation. Mail is distributed to almost two million households every day, except on Sundays, which means that Norway Post delivers mail to 99.96 per cent of all households in Norway six days a week.

GENERAL

On 1 July 2002, Posten Norge AS, established as a statutory company on 1 December 1996, became a joint-stock company with the Norwegian state as sole shareholder, represented by the Ministry of Transport and Communications. Accounting and taxation continuity was maintained during the transition, and consequently, 2002 figures include the total activities of the two companies. Norway Post's annual financial statements are presented in accordance with the Norwegian Accounting Act and Norwegian generally accepted accounting principles.

Historical development

Since its establishment in 1996, the group has conducted the following significant transactions:

Significant transactions between 1996 and 2002:

Establishment of Norway Post Group. Posten Norge BA was established on 1 December 1996 with Posten SDS AS (later ErgoGroup) as a wholly-owned subsidiary company and Billettservice AS (50%) as an associated company (divested in 2001).

Divestment of operations

Posten Norge BA cleaning services and cafeteria services were transferred to Postens Servicepartner AS in 1998 and 2000, respectively. In 1999, Posten Norge BA financial services (payroll and accounts) were transferred to Postens Økonomitjenester AS, wholly owned by Posten SDS AS (later ErgoGroup). The contents of the company were sold to Adviso AS in 2001.

Acquisition and establishment of operations between 1996 and 2002, continued in 2004:

1997

Posten Norge BA acquired 25 % of NordPack AB, which in 1998 changed its name to Pan Nordic Logistics AB (PNL). The Finnish and Swedish postal operators sold their interests and Post Denmark and Posten Norge AS have each had a 50 % shareholding since 2002.

1999

Posten Norge BA acquired 40 % of Transport Systems International AS (TSI). As of 2004, Norway Post owns 100 % of the company, which has changed its name to BoxGroup. Part of Posten SDS (later ErgoGroup) merged with Ephorma AS, in which Posten SDS holds a 50 % share.

2000

Posten Norge BA acquired Oslo Container Stevedore AS (100 %), Wajens AS (100 %), Nettlast AS (100 %), Nettlast Hadeland AS (100 %). Posten SDS AS, later ErgoGroup, acquired a 40 % shareholding in Transware AB.

2001

Posten SDS AS changed its name to ErgoGroup AS and established Zebsign AS together with Telenor ASA, with each company holding a 50 % share. In cooperation with Norsk Tipping AS, ErgoGroup set up Buypass AS. Transport Systems International AS, later BoxGroup, acquired the Danish courier company «De Grønne Bude».

Significant transactions in the period 2002–2005:

2002

In connection with Norway Post's change to a limited company, a subordinated loan of NOK 400 million from the Norwegian state was converted to equity. In addition, NOK 1 660 million in new equity was supplied. In connection with the change, the severance pay commitment was transferred from the Norwegian state to Posten Norge AS and NOK 121 million was charged to other equity and transferred to provisions for liabilities and charges.
In 2002, Sweden Post sold its 33.3 % interest in Pan Nordic Logistics (PNL). Post Denmark and Posten Norge AS increased their interests to 50 %. PNL bought 99.78 % in AB Expressgods dag och natt. The shares in Postens servicepartner AS were sold to ISS Norge AS. Posten Norge AS further strengthened its market position in Sweden through its acquisition of 57 % of the shares in CityMail Sweden AB. Posten Norge AS increased its ownership interest in TSI from 79.47 % to 100 %. The shares in Netaxept AS and the contents of Nettlast Helgeland AS were sold in 2002. ErgoGroup acquired the operations of Runit AS which continued in the new company ErgoRunit AS. In addition, ErgoGroup increased its interest in Objectware AB from 40% to 70%. ErgoConnect AS was sold to Adviso AS.

2003

In connection with Posten Norge AS' coverage of the shortfall in the Norwegian Public Service Fund, the company was supplied with NOK 600 million in new equity.
Based on the adopted changes to the EU's postal directive, the Storting (Norwegian parliament) decided to limit Posten Norge AS' monopoly to the distribution of letters up to 100 grams and reduce the price limit to three times the basic rate for letters in the first weight category. At the same time, the market for mail sent out of Norway was fully deregulated. The Storting also decided that no value added tax is to be charged on bulk mail to other countries, which will place Posten Norge AS services on an equal footing with other direct transport of goods to international destinations.
The activities of Posten Forbruker-kontakt AS were wound up. ErgoGroup sold its shares in ErgoBluegarden AS and the contents of ErgoEnet AS. Oslo Container Stevedore AS acquired the logistics operations of Fellestransport AS, and Wajens AS bought Arntsen Tungtransport.

2004

Posten Norge AS acquired Nor-Cargo Holding ASA with effect from 1 June 2004. On 1 October 2004, Nor-Cargo Holding ASA acquired the remaining 50 % of Nor-Cargo Haugesund AS, which was merged with Nor-Cargo Holding ASA, and on 1 December 2004 the remaining 50 % of shares in Nor-Cargo Danmark AS were acquired. The shares in KortProsess AS were sold. Nettlast Helgeland AS merged with Nettlast Hadeland AS. The shares in Adviso AS and in Laycan Solutions AS were sold. ErgoIntegration AB was established as a company wholly-owned by ErgoGroup AS. Shareholdings in Transware AB and Interprice Consulting Norge AS were increased to 100 %. Runit, Raufoss Industripartner merged with ErgoRunit AS.

2005

With effect from 1 January 2005, Nor-Cargo Holding ASA acquired the shares in Nor-Cargo Tromsø AS. In 2005, ErgoIntegation AS and ErgoEphorma AS will be merged into ErgoGroup AS. Zebsign AS has been sold in 2005.

ACCOUNTING PRINCIPLES

Consolidation

The consolidated financial statements present the financial position and result of operations of the parent company Posten Norge AS and companies in which it has a controlling interest. All consolidated financial statements are presented according to uniform accounting and valuation principles and all income statement and balance sheet items are classified using uniform classification definitions. All significant intercompany transactions and balances have been eliminated.

Shares in subsidiaries have been eliminated according to the acquisition method of accounting. The difference between the purchase price of the shares and the group's share of the acquired company's book value of net assets at the time of purchase is analysed and included in the balance sheet item to which the excess/reduced value relates. Any excess value that cannot be included in specific balance sheet items is classified as goodwill. Goodwill is depreciated on a straight-line basis over its useful economic life. Companies acquired during the year are included in the accounts from the date of their acquisition, while companies sold are included in the accounts until their date of sale. Subsidiaries are consolidated from the date the group achieves control.

The minority interest's share of net income after tax is shown in the income statement, meaning that all income statement items include the minority interest's share. The minority interest's share of equity is shown as a separate item under group equity.

Companies are defined as joint ventures when the group has entered into agreements with other co-venturers for shared control. Ownership interests in joint ventures are recognised based on the straight-line method of depreciation, meaning that the group's proportion of revenues, costs, assets and liabilities are consolidated line by line in the consolidated financial statements.

Associated companies are defined as companies in which the group has significant influence between 20 and 50 % ownership. Interests in associated companies are accounted for under the equity method, with share of the associated company's net income for the year being offset against the cost price of the interest and included under financial income or financial expenses.

The balance sheets of foreign companies are translated using exchange rates at the balance sheet date, whereas income statements are translated using average exchange rates for the year. Translation differences are regulated directly against equity.

Segment reporting

Norway Post implemented segment reporting in 2004 in connection with the preparation of the consolidated annual accounts. Segment reporting is dealt with in a separate note to the annual accounts for 2004, which has been adapted to comply with the new IFRS requirements from 2005.
Comparable figures have been produced for 2003.

Segmentation has been carried out on the basis of an assessment of the risk and yield of each service, production process, customer group, distribution channel and statutory or other requirements.
Segment information is produced by consolidating the segment structure. The accounting principles applicable to each of the segments are the same as those utilised in the preparation of the consolidated accounts.

Accrual, classification and valuation principles

The annual financial statements are prepared in accordance with the Norwegian Accounting Act and Norwegian generally accepted accounting principles.

All assets relating to the flow of goods, receivables payable within one year and assets not intended for permanent ownership or use in the activity are classified as current assets. Other assets are classified as fixed assets.

All liabilities relating directly to the flow of goods are classified as current liabilities, even if some of the liabilities are due for payment after one year. The first year of installments payable on long-term liabilities are classified as current liabilities.

Current assets are valued at the lower of their historical cost and market value. Fixed assets are valued at their cost price less depreciation, if any. If the market value of the fixed assets is lower than the balance sheet value and the decline in value is not considered to be temporary, the fixed assets are written down. If the basis for the write-down no longer exists, it is reversed.

Revenues

Revenues from the sale of goods and services are recognised when delivered. Revenues from stamp sales are classified as advance payment of postal services sold. Revenues from service and maintenance contracts are taken to income on a straight line basis over the contract period. Revenues from long-term projects are recognised on the basis of current settlement according to the degree of completion.

Pensions

Net pension cost consists of the period's earned pensions including future salary increases and interest expense on the estimated pension obligation, less contributions from employees and expected return on pension scheme assets.
Prepaid pensions correspond to the difference between estimated pension scheme assets and the present value of estimated pension obligations less changes in estimates and pension schemes not recognised in the income statement. Prepaid pensions are classified as a long-term asset in the balance sheet provided that it is likely that the excess value can be utilised or repaid. Similarly, when pension obligations exceed pension scheme assets, the difference is classified as a long-term liability. Net pension cost is recognised as payroll expenses in the income statement. Changes in the pension obligation due to changes in pension schemes are amortised on a straight line basis over the average expected remaining service lives of the current employees.
Any changes in pension obligation and pension scheme assets due to changes in and deviations from estimates exceeding 10 per cent of the higher of the pension obligations or pension scheme assets at the beginning of the year, are amortised on a straight line over the average expected remaining service lives of the current employees («corridor solution»). Non-amortised deviations in estimates and changes in pension schemes appear from note 3.
Pension scheme assets are classified as non-interest bearing long-term receivables because the interest element is recognised as payroll expenses together with pension costs.

Other revenues and expenses

Other revenues and expenses include for example cost of restructuring, gains and losses from sale of fixed assets, and gains and losses from sale of subsidiaries in the group.

Taxes

Taxes include payable taxes for the period and changes in deferred tax/tax assets. Payable taxes are calculated based on earnings before tax (EBT). Net deferred tax/tax assets is/are calculated based on temporary differences between accounting and tax values and tax losses carried forward at the end of the financial year. Tax-increasing and tax-reducing temporary differences that are reversed or can be reversed are equalised. Recognition of deferred tax assets on net tax-reducing differences that are not equalised and losses carried forward is based on the assumption of future earnings.
Deferred tax and deferred tax assets that can be carried forward are netted in the balance sheet.

Tangible fixed assets and depreciation
Tangible fixed assets are recorded at their historical cost after deduction of accumulated depreciation and write-downs. For large investments with a long manufacturing period, interest is capitalised as part of the acquisition cost. Tangible fixed assets are valued at the lower of their book value and market value. If the market value is assumed to be lower than the book value and the decline is not assumed to be temporary, the tangible assets are written down to their market value. Any write-down of a tangible asset is considered individually. If the basis for the write-down no longer exists, the write-down is reversed. Tangible assets are depreciated on a straight-line basis over their useful economic life. Ordinary depreciation starts when the tangible fixed asset is put into normal operation. This means that no depreciation is made of facilities under construction. Costs relating to normal maintenance and repairs are expensed when incurred. Costs of replacements and renewals which significantly increase the standard of the assets are capitalised.

Development costs
The group's development costs mainly relate to the development of IT systems intended for use in the group's services and to some extent for sale and licensing. Development costs are capitalised in so far as one can identify future economic benefits related to the development of an identifiable intangible asset, otherwise such costs are expensed as incurred. The time of capitalisation is determined individually for each project based on its status and progress. Expensed development costs are depreciated on a straight-line basis over their assumed economic life.

Research costs are expensed as they are incurred.

Trademarks
Costs relating to proprietary intangible assets in the form of trademarks are expensed as they are incurred since the identification and likelihood of future earnings for the company is too uncertain at the time of their introduction. Identified trademarks at the time of acquisition of an entity are capitalised. Trademarks are not depreciated.

Shares and long-term investments
In Posten Norge AS' financial statements, the cost method is used for all assets in limited companies, including subsidiaries. Long-term strategic share investments in subsidiaries, joint ventures and associated companies are classified as fixed assets. Other strategic share investments are also classified as fixed assets. The cost also includes transaction costs relating to the acquisition. Write-downs are made individually provided that the decline in value is not of a temporary nature.

Inventories
Inventories are recognised in the balance sheet at the lower of their cost and estimated net market value.

Accounts receivable
Accounts receivable are recognised in the balance sheet at their nominal value less deductions for bad debts.

Contingent liabilities
Contingent liabilities are recognized when it is more likely than not that they will be settled and their value can be fairly estimated. Best estimate is used when calculating settlement value.

Restructuring costs and severance pay
Restructuring is defined as a planned programme which significantly changes the scope of the activity or the way in which it is run.
Provisions for restructuring are expensed when the programme has been adopted and the costs are identifiable, quantifiable and not covered by corresponding revenues.

Severance pay is paid to redundant employees for a period until they get new jobs. The scheme applied to redundancy notices issued before 31 December 2004. The severance pay commitment is calculated on a best estimate basis, based on rules applicable at 31 December 2004.

Leases
Lease agreements are recognised as ordinary leases or financial leases depending on their actual contents. In case of financial leases, the asset is capitalised at its historical cost on the date the asset is transferred. The asset is depreciated using the same method that is used for corresponding fixed assets. The interest expense is recognised as a financial expense.

Foreign currency transactions
Current receivables and liabilities denominated in foreign currencies are converted using exchange rates on the balance sheet date. Exchange gains and losses are recognised as financial income and expenses, respectively with the exception of exchange gains and losses on certain international mail exchange transactions which are recorded as operating revenues and operating expenses, respectively.

Translation differences relating to financial instruments designated as and proved effective in hedging net investment in foreign companies, are recognized as translation differences under group equity. In the company's annual financial statements foreign currency loans used for hedging purposes are recognised at their historical exchange rates. The hedging is accounted for by capitalising realised exchange gains and losses. Goodwill relating to acquired foreign companies is recognised in the group's financial statements at the exchange rate used for the transaction.

Cash flow statement
The cash flow statement is prepared based on the indirect method. Cash and cash equivalents consist of liquid assets, including liquid assets relating to the sales network.

NOTE 1 | SEGMENTS

Norway Post's primary reporting format is based on activity, and the various segments are as follows:
Post: letter-mail and communications products, banking services, sale of goods and document management. This segment comprises the activities of the Communications, Consumer and Distribution Network divisions.

Express: domestic and international parcels, courier services in the Nordic countries and logistics solutions. This segment comprises the activities of part of the Logistics division, and includes the parent company's activities within this division as well as the activities of the subsidiary companies BoxGroup AS and PNL AB.

Logistics: cargo, thermo transport, air and sea, special and heavy goods transport, third-party logistics, stevedoring. This segment comprises the activities of part of the Logistics division, but also includes the activities of Norway Post's subsidiaries Nor-Cargo ASA, Nettlast AS, Nettlast Hadeland AS, OCS AS and Wajens AS.

Electronic services: infrastructure services, administrative and electronic solutions. This segment comprises the activities of the ErgoGroup.

Norway Post's secondary reporting format is based on geography, divided between Norway and other Nordic countries based on the location of the activity.

BREAKDOWN BY ACTIVITY

2004	Post	Express	Logistics	Electronic services	Other/ elimination	Group
External revenues	10 443	3 523	2 310	1 673	10	17 959
Internal revenues	1 757	34	23	950	(2 764)	
Total operating revenue	**12 201**	**3 556**	**2 333**	**2 622**	**(2 754)**	**17 959**
Operating income (loss) before other revenues and expenses	**1 475**	**156**	**44**	**(20)**	**(284)**	**1 371**
Earnings before interest and taxes (EBIT)	**1 331**	**140**	**27**	**(92)**	**(270)**	**1 136**
Net financial items	27	(11)	1	(23)	(51)	(57)
Earnings from invest. in associated companies				(1)		(1)
Taxes						375
Net income (loss)						**703**

2003	Post	Express	Logistics	Electronic services	Other/ elimination	Group
External revenues	10 070	3 275	468	1 742	4	15 559
Internal revenues	1 662	54	25	1 158	(2 898)	
Total operating revenue	**11 732**	**3 328**	**493**	**2 900**	**(2 894)**	**15 559**
Operating income (loss) before other revenues and expenses	**600**	**110**	**3**	**48**	**(307)**	**454**
Earnings before interest and taxes (EBIT)	**460**	**111**	**5**	**261**	**(325)**	**512**
Net financial items	5	(31)		-59	29	(5)
Taxes						182
Net income (loss)						**274**

Internal revenues are revenues between the segments of the group. «Other» includes costs incurred by the group that are not naturally attributable to one or more segment, in addition to eliminations. The segment result shows the segment's operations before financial items.

NOTE 1 | SEGMENTS (CONT.)

BREAKDOWN BY ACTIVITY

2004	Post	Express	Logistics	Electronic services	Other/ elimination	Group
Segment assets	8 949	2 387	794	1 126	(1 608)	11 648
Total assets						**11 648**
Segment liabilities	2 945	718	733	742	(501)	4 637
Unallocated liabilities						2 132
Total liabilities						**6 769**

2003	Post	Express	Logistics	Electronic services	Other/ elimination	Group
Segment assets	6 746	1 467	134	1 796	(122)	10 020
Unallocated assets						32
Total assets						**10 052**
Segment liabilities	2 686	633	110	1 091	(611)	3 909
Unallocated liabilities						1 367
Total liabilities						**5 276**

Deferred tax assets are classified as unallocated assets, while deferred tax and interest-bearing liabilities are classified as unallocated liabilities.

INVESTMENTS 2004	Post	Express	Logistics	Electronic services	Other	Group
Investments in tangible fixed assets	111	116	53	223	107	**610**
Depreciation	382	93	96	358	17	**946**
Writedowns		1		78	38	**117**

INVESTMENTS 2003	Post	Express	Logistics	Electronic services	Other	Group
Investments in tangible fixed assets	123	74	20	183	55	**455**
Depreciation	426	90	33	390	5	**944**
Writedowns	2	0	0	41	17	**60**

Investments in tangible fixed assets do not include the acquisition of enterprises or goodwill.

	GROUP	
GEOGRAPHICAL BREAKDOWN	2004	2003
External revenues		
Norway	16 165	14 205
Other Nordic countries	1 794	1 354
Total revenues	**17 959**	**15 559**
Tangible Fixed assets		
Norway	7 470	6 897
Other Nordic countries	348	324
Total tangible fixed assets	**7 818**	**7 221**
Investments for the period		
Norway	523	420
Other Nordic countries	87	35
Total investments	**610**	**455**

NOTE 2 | PAYROLL EXPENSES AND OTHER REMUNERATION

POSTEN NORGE AS				NORWAY POST GROUP		
2002	2003	2004		2004	2003	2002
5 596	5 319	5 062	Salaries	6 438	6 640	6 825
755	720	719	National insurance contributions	990	962	968
348	335	347	Pension costs	426	403	446
207	188	154	Other benefits	240	212	246
6 906	**6 562**	**6 282**	**Payroll expenses**	**8 094**	**8 217**	**8 485**
1 246 428	1 332 692	1 293 191	Board of Directors			
1 350 000	1 390 000	1 430 000	Auditor's fee for audit of annual fin. statements	6 478 190	6 093 823	6 389 485
1 388 050	1 838 204	3 047 690	Auditor's fee for other fin. audit	4 071 196	3 997 994	4 711 923
138 624	483 924	474 600	Auditor's fee for other services	2 541 706	2 171 999	3 671 454
19 407	18 158	16 721	No. of full-time positions/full-time equivalents	21 222	21 640	23 509
22 087	21 132	19 569	No. of employees at 31 Dec.	24 398	24 544	26 886
27 198	26 774	26 281	No. in pension scheme at 31 Dec.	30 267	28 512	29 442

Remuneration and fees

The Board of Directors neither has pension schemes nor any other arrangements other than directors' fees. Remuneration of the Board of Directors is expensed.

The Chief Executive Officer has an annual salary of NOK 2 210 000. In the case of resignation, the CEO's employment agreement includes the right to six months' salary during the period of notice Salary and other remuneration for 2004 amounts to NOK 2 923 738, which includes NOK 100 000 in director's fees in ErgoGroup. The CEO's pension agreement stipulates a retirement age of 65, but includes a right to retire at the age of 60 with a supplementary pension which will give him a total pension amounting to 66 per cent of his salary at the time of retirement. Pension premium paid in 2004 was NOK 1 621 964.

Norway Post has a bonus scheme for the CEO and the group management, making it possible for them to achieve a bonus of up to 25 per cent of their salary. Payments under the bonus scheme are conditional upon positive pre-tax results. Positive pre-tax results also open up for payment of individual, performance-based bonuses. The final decision to pay bonuses is made by the Board of Directors (the CEO for the group management). If an employee leaves the company before the bonus payment date, no bonus is paid. For 2004, provisions made for bonuses to the group management amount to NOK 2.3 million.

Of NOK 13.1 million in total auditors' fees of in 2004, NOK 10.3 million was fees to the group auditor. Group auditor fees included NOK 4.7 million in auditing fees, NOK 4 million in payment for other financial auditing and NOK 1.6 million for other services. Payment for other services mainly concerned assistance in connection with taxes and duties.

NOTE 3 | PENSIONS

POSTEN NORGE AS				NORWAY POST GROUP		
2002	2003	2004		2004	2003	2002
461	492	514	Present value of pensions earned for the year	573	546	532
606	634	694	Interest expenses of pension obligation	717	653	625
(567)	(659)	(768)	Return on pension funds	(789)	(677)	(585)
(116)	(111)	(107)	Employee contribution 2%	(107)	(111)	(117)
2	11	48	Changes in and deviations from estimates	51	13	5
10	11	11	Pension scheme changes	10	9	9
396	**378**	**392**	**Net pension cost**	**455**	**433**	**469**
(11 064)	(11 442)	(12 683)	Estimated accrued obligation	(13 261)	(11 726)	(11 445)
10 114	12 418	13 317	Estimated value of pension funds	13 765	12 643	10 433
(950)	**976**	**634**	**Net estimated pension obligation**	**504**	**917**	**(1 012)**
136	126	116	Unrecorded changes in pension schemes	82	92	118
1 047	1 152	1 666	Unrecorded estimate changes	1 736	1 197	1 095
233	**2 254**	**2 416**	**Net scheme assets/ (obligations)**	**2 322**	**2 206**	**201**

Posten Norge AS
Posten Norge AS provides a group pension scheme for its employees through the Norwegian Public Service Pension Fund (SPK), including the following benefits pursuant to the Act relating to the Norwegian Public Service Pension Fund:

Retirement pension:
- 66% of salary at retirement, from the age of 70 with the right to retire at the age of 67

Disability pension:
- 66% of salary at the time of disability

Spouse pension:
- 9% of final salary

Child's pension:
-15 % of final salary

Posten Norge AS has entered into an agreement with its employees for contractual pension (AFP). This scheme means that employees may choose to retire at the age of 62. The AFP scheme is part of the SPK scheme, and pension payments are covered by the ordinary premiums. Scheme financing commences at the time of employment.

The SPK pension scheme, however, is not based on funds, but fund asset management is simulated («fictive fund») as though the assets were invested in long-term government bonds. Return on the initial fund, from 1 December 1996, is 6.46 per cent, while the return on changes in the pension scheme assets corresponds to the development in the bond yield. Pension payments are guaranteed by the Norwegian state.

Posten Norge AS' pension obligation also includes a pension scheme in Storebrand for employees in management positions. Pension costs and pension obligations are recognised in accordance with Norwegian accounting standards for pension costs. Posten Norge AS' pension cost for 2004 is estimated based on the following financial and actuarial assumptions:

Discount rate in %
2004: 5.5 2003: 6.0 2002: 6.0
Salary increase in %
2004: 3.0 2003: 3.3 2002: 3.3
Increase in National Insurance Fund's base amount (G) in %
2004: 2.7 2003: 2.9 2002: 2.9
Pension indexation in %
2004: 2.7 2003: 2.9 2002: 2.9
Return on scheme assets in %
2004: 5.9 2003: 6.1 2002: 6.1
Voluntary retirement (under 50 years) in %
2004: 8.0 2003: 8.0 2002: 8.0
Voluntary retirement (over 50 years) in %
2004: 2.5 2003: 2.5 2002: 2.5
Disability rate K 1963 increase in %
2004: 300 2003: 240 2002: 240
Use of contractual pension (AFP) in %
2004: 50 2003: 50 2002: 50

In light of developments in interest rates, the long-term financial assumptions have been reassessed. Salary increases are influenced by the general rate of interest, and on this basis the discount rate, salary growth, increase in National Insurance Fund's base amount (G) and pension indexation have been adjusted downwards.

The number of recipients of disability pension in Posten Norge AS remains at a high level and the disability rate K 1963 has risen from 240 % to 300 % from 2003 to 2004. In addition, demographic assumptions such as life expectancy and probability of marriage and cohabitation have been assessed.

Unrecognised deviations from estimates (corridor) increased by NOK 514 million for Posten Norge AS from 2003 to 2004. In accordance with Norwegian accounting standards for pension costs, deviations in estimates are charged to the «corridor», with the excess amount being amortised on a straight line over an average expected remaining service period of 10 years. Changes in the pension obligation due to changes in pension schemes are amortised on a straight line basis over the average expected remaining service lives of the current employees. The above figures include employers' national insurance contributions.

Net pension assets at 31 December 2004 were NOK 2 416 million. Posten Norge AS has not recognised changes in scheme, estimates and deviations of in all NOK 1 782 million. Actual pension scheme assets according to Norwegian accounting standards therefore amounted to NOK 634 million. The pension premium payment which increases scheme assets is based on Norwegian Public Service Pension Fund estimates, which require the pension scheme to be actuarially balanced. This means that obligations should correspond to scheme assets without using the accounting principle of corridor and scheme changes. Based on the assumptions used by the Norwegian Public Service Pension Fund for premium calculation, Posten Norge AS paid in 2003 an ordinary premium of NOK 733 million. In addition, NOK 1 475 million was paid to cover the shortfall as decided in the government budget for 2003. The government budget also decided to compensate for its payment of the shortfall by supplying Posten Norge AS with NOK 600 million in new equity on 1 July 2003. Actuarial settlement at 31 December 2003 shows an overabsorption in the scheme of NOK 550 million. Norway Post applied to have this overabsorption at 31 December 2003 matched against the premium for 2004. The application was not sustained and the premium paid for 2004 amounted to NOK 571 million (excluding employers' national insurance contributions).
The company's pension schemes are currently being reviewed and in the spring of 2005 potential suppliers were invited to tender for the provision of various forms of pension cover.

Norway Post Group
Most subsidiaries have pension schemes. Some companies have benefit schemes entitling the employees to certain future pension benefits. Other subsidiaries offer contribution schemes where the premium is expensed as incurred. The companies in the group mainly base themselves on the same long-term financial assumptions as Posten Norge AS.
Return in the group companies deviates from the scheme in Posten Norge AS owing to differences in the portfolio of pension funds.

CityMail Sweden AB has a benefit-based pension scheme which is recorded as a contribution-based pension scheme since no adequate professional calculation of the pension scheme's pension funds and pension obligations is available.

NOTE 4 | OTHER OPERATING EXPENSES

POSTEN NORGE AS				NORWAY POST GROUP		
2002	2003	2004		2004	2003	2002
988	974	850	Cost of premises	1 071	1 141	1 129
260	218	149	Other rental expenses	176	165	175
277	284	277	Accounting and payroll services	286	139	139
597	719	902	IT services	63	40	41
414	308	208	Other external services	339	238	200
118	99	85	Travel expenses	146	167	199
126	151	163	Marketing	206	194	162
457	390	423	Other expenses	571	567	575
3 237	**3 143**	**3 057**	**Operating expenses**	**2 858**	**2 651**	**2 620**

NOTE 5 | OTHER REVENUES AND EXPENSES

POSTEN NORGE AS				NORWAY POST GROUP		
2002	2003	2004		2004	2003	2002
105	43	138	Restructuring	230	61	110
	111	26	Severance pay	26	111	
(105)	4	5	Net loss (gain) on fixed assets	3	1	(116)
			Gain on sale of subsidiaries	(24)	(231)	(18)
0	**158**	**169**	**Other revenues and expenses**	**235**	**(58)**	**(24)**

Restructuring costs and severance pay
Expenses relating to restructuring and severance pay apply to this year's provisions. See note 17 and Acounting principles.

Sale of fixed assets
Net gains on the sale of fixed assets in 2002 amounted to NOK 105 million. This includes NOK 46 million in additional fees. In 2002, Posten Norge AS sold five other post buildings, three postal terminals, two studio apartment buildings and two sites.

Sale of subsidiaries
In 2004, ErgoGroup sold its shares in Adviso AS, Laycan Solutions AS and Runit Innkjøpspartner AS. In 2003, ErgoGroup sold ErgoBluegarden AS and the contents of ErgoEnet AS.

NOTE 6 | FINANCIAL INCOME AND EXPENSES

POSTEN NORGE AS				NORWAY POST GROUP		
2002	2003	2004		2004	2003	2002
90	76	30	Interest income from group companies			
68	40	17	Other interest income	23	50	88
5			Gains on sale of subsidiaries			
9	26	23	Gains on financial investments	23	29	3
	212	85	Group contribution and dividend received	4		
22	39	57	Other financial income	65	41	23
194	**393**	**212**	**Financial income**	**115**	**120**	**114**
2	11	6	Intercompany interest expenses			
137	87	50	Other interest expenses	55	97	158
33			Losses on sale of subsidiaries			
5	6	12	Losses on financial investments	12	7	6
32	65	100	Other financial expenses	106	72	23
209	**169**	**168**	**Financial expenses**	**173**	**176**	**187**

NOTE 7 | TAXES

POSTEN NORGE AS				NORWAY POST GROUP		
2002	2003	2004		2004	2003	2002
(198)	(106)	(56)	Diff. rel. to current balance sheet items	(107)	(157)	(225)
38	(104)	(214)	Diff. rel. to long-term balance sheet items	(198)	(170)	(37)
(647)	(2 009)	(702)	Losses carried forward	(935)	(2 233)	(847)
265	2 271	2 416	Net pension funds/(obligation)	2 327	2 223	231
			No basis for capitalisation	233	229	142
(542)	**52**	**1 444**	**Basis for deferred taxes/(tax assets)**	**1 320**	**(108)**	**(736)**
(152)	15	403	Deferred taxes/(tax assets)	369	(30)	(206)
(2)	(2)	(3)	Payment on dividend/other	(5)	(2)	(2)
(154)	**13**	**400**	**Deferred taxes/(tax assets)**	**364**	**(32)**	**(208)**
(61)	570	1 213	Earnings before tax			
61	(570)	(1 213)	Accounting/tax differences			
0	0	0	Basis for payable taxes			
0	**0**	**0**	**Payable taxes**			
			Payable taxes	8	6	62
(18)	168	394	Change in deferred taxes/(tax assets)	367	176	(58)
(18)	**168**	**394**	**Taxes**	**375**	**182**	**4**
(17)	160	340	28% tax on earnings before tax (EBT)			
1	3	54	Tax on permanent differences			
(2)	5		Too much/little provided in previous years			
(18)	**168**	**394**	**Taxes for the year**			

Losses carried forward arose in the years 2001–2004.

Classification of deferred taxes and deferred tax assets in the annual financial statements is accounted for in notes 17 and 8, while payable taxes are included in note 19.

Temporary differences in 2003, which following the tax reform no longer result in deferred tax or a tax asset, have been reversed during the 2004 accounting year. This reversal has been charged as a tax cost.

NOTE 8 | INTANGIBLE ASSETS

POSTEN NORGE AS				NORWAY POST GROUP		
2002	2003	2004		2004	2003	2002
22	23	101	IT development, rights, etc.	494	411	474
154			Deferred tax assets		32	208
9	10	8	Goodwill	1 358	839	957
185	**33**	**109**	**Intangible assets**	**1 852**	**1 282**	**1 639**

POSTEN NORGE AS	IT development, rights, etc.	Facilities under construction	Total	Goodwill
Cost 1 January	84	14	98	15
Additions in 2004	68	29	97	
Transfers 2004	19	(19)	0	
Disposals 2004			0	
Accum. depr. and write-downs 31 Dec.	(94)		(94)	(7)
Book value 31 Dec.2004	**77**	**24**	**101**	**8**
Depreciation 2004	18		18	3
Write-downs 2004				
Economic life	2 – 6 years			5 years

NORWAY POST GROUP				
Cost 1 January	668	130	798	1 233
Additions in 2004	294	71	365	712
Transfers 2004	147	(147)	0	
Disposals 2004	(59)	(3)	(62)	
Accum. depr. and write-downs 31 Dec.	(607)		(607)	(585)
Translation difference				(2)
Book value 31 Dec.2004	**443**	**51**	**494**	**1 358**
Depreciation 2004	172		172	163
Write-downs 2004	101		101	14
Economic life	2 - 6 years			5 - 12 years

IT development, rights, etc.
The period of depreciation is 2–6 years, depending on the individually estimated economic life of each system. This item includes rights to the value of NOK 107 million which are not depreciated.

The balance sheet value includes interest income of NOK 1 million.

NOTE 8 | INTANGIBLE ASSETS CONTINUED

NORWAY POST GROUP	Cost	Book value 1 Jan.	Translation differences	Additions 2004	Disposals 2004	Depreciation/ write-downs 2004	Book value 31 Dec.	Depreciation period
Goodwill in the group:								
Box Group AS	133	93				12	81	12 years
Wajens AS	28	17				3	15	10 years
Oslo Container Stevedore AS	95	58				9	49	10 years
CityMail Sweden AB	69	57				7	51	10 years
Nor-Cargo Holding ASA				568		32	536	10 years
Group adjustments	-8	-5	0	0	0	(2)	(4)	5 years
Goodwill in the companies:								
Posten Norge AS	14	10				3	7	5 years
ErgoGroup konsern	590	380		58		74	364	5–10 years
Box Group konsern	210	169	(1)	26		20	173	12 years
Wajens AS	7	6				1	6	10 years
CityMail Sweden AB	93	38	(1)			15	22	6 years
Oslo Container Stevedore AS	2	2		1		0	2	10 years
Nor-Cargo Holding ASA				60		4	56	5–10 years
Total goodwill group	**1 233**	**825**	**(2)**	**712**	**0**	**177**	**1 358**	

Goodwill acquired through the purchase of 57 per cent of the shares in CityMail Sweden AB in 2001 amounted to NOK 51 million. Based on profitability assessments made at the time of purchase, earnings are expected to span minimum 10 years. Goodwill is depreciated on a straight-line basis over this period.

Goodwill achieved through the acquisition of a 100 per cent interest in Box Group AS (previously TSI AS) is depreciated over an expected economic life of 10 years. Being the leading courier service in the Nordic countries, the company's profitability remains high and its market position strong, from which Posten Norge AS will be able to benefit for a long time to come. Box Group AS' business concept provides the basis for positive transfer of expertise and experience to other parts of Norway Post's business operations, and for added long-term value to the group.

In 2001 and 2004 the Box Group acquired activity in Sweden and Denmark. Acquired goodwill is depreciated over 10 years based on expected earnings.

Acquired goodwill of NOK 364 million in ErgoGroup relates to acquisition of activity in ErgoIntegration AS in 2000 and 2004, Gjensidige NOR's computer operations in 2001 and ObjectWare Transport AB. Estimated earnings from these acquisitions are expected to span a minimum of 10 years, and goodwill is depreciated on a straight line over this period.

Oslo Container Stevedore AS and Wajens AS are financially sound companies with earnings among the best in their fields. Both companies are considered strong brand names in their respective fields (third-party logistics and distribution/pick-up and delivery services). Posten Norge AS therefore assumes to make a long-term commercial profit on these investments, and for this reason has chosen to depreciate the goodwill in these companies over a period of ten years.

Goodwill achieved through the acquisition of a 100 per cent interest in Nor-Cargo Holding ASA is depreciated over an expected economic life of 10 years. Nor-Cargo Holding ASA is a leading player within the field of cargo delivery, part load and thermo transport, including related logistics services. Together with Posten Norge AS, the company owns by far the largest and most finely meshed distribution network in Norway. Considerable synergies are expected from the acquisition of the company.

NOTE 9 | TANGIBLE ASSETS

POSTEN NORGE AS	Machinery	Vehicles, fixtures and fittings	Buildings, fixed property	Machinery under construction	Buildings under construction	Total
Cost 1 January	975	2 272	2 616	2	19	5 884
Additions in 2004	7	77	1	57	9	151
Transfers 2004	22	4	27	(26)	(27)	0
Disposals 2004	(9)	(278)	(29)			(316)
Accum. depr. and write-downs 31 Dec.	(684)	(1 322)	(887)			(2 893)
Book value 31 Dec.2004	**311**	**753**	**1 728**	**33**	**1**	**2 826**
Depreciation 2004	82	228	82			392
Write-downs 2004		1	1			2
Economic life	4 - 8 years	4 - 10 years	15 - 40 years			
NORWAY POST GROUP						
Cost 1 January	975	3 303	2 712	2	19	7 011
Additions in 2004	7	338	179	57	9	590
Transfers 2004	22	4	27	(26)	(27)	0
Disposals 2004	(9)	(357)	(31)			(397)
Accum. depr. and write-downs 31 Dec.	(684)	(2 157)	(926)			(3 767)
Translation differences		(1)				(1)
Book value 31 Dec.2004	**311**	**1 130**	**1 961**	**33**	**1**	**3 436**
Depreciation 2004	82	437	92			611
Write-downs 2004		1	1			2
Economic life	4 - 8 years	3 - 10 years	15 - 40 years			

For Posten Norge AS, the capitalised value of buildings and fixed property includes NOK 21 million in construction loan interest.

Posten Norge AS ordinary depreciation and write-downs for the year, including depreciation of IT development costs, totalled NOK 415 million. The group's depreciation and write-downs for the year amounted to NOK 1 063 million. Capitalised IT development costs and goodwill are stated in note 8.

In the group, addition of internally produced fixed assets amounted to NOK 77 million, recognised net in the income statement under cost of goods, payroll expenses and other operating expenses.

NOTE 10 | INVESTMENT IN SHARES

POSTEN NORGE AS	Acquired	Address	Ownership/ voting interest at 31.12.2003	Book value at 31.12.2003
Subsidiaries				
ErgoGroup AS	01-12-96	Oslo	100 %	431
Oslo Container Stevedore AS	12-04-00	Oslo	100 %	107
Box Group AS	01-01-99	Oslo	100 %	167
Wajens AS	12-04-00	Oslo	100 %	36
Nettlast AS	15-11-00	Oslo	100 %	46
Nettlast Hadeland AS	15-11-00	Jaren	100 %	8
Posten Forbrukerkontakt AS	01-10-97	Oslo	100 %	3
CityMail Sweden AB	01-05-02	Sweden	57 %	138
Nor-Cargo Holding ASA	10-06-04	Oslo	100 %	886
Joint ventures				
Pan Nordic Logistics AB (PNL)		Sweden	50 %	28
Other interests				
Optimail AB		Sweden	8 %	16
Small shareholdings held directly by Norway Post.				4
TOTAL				1 870

NORWAY POST GROUP				
Group's investment in shares				
Transportinvest AS		Oslo	9 %	55
Atento AS		Oslo	33 %	4
Gecko AS	2001	Kristiansand	34 %	1
Interprice Consulting AS		Denmark	34 %	2
OptiMail AB	2002	Sweden	20 %	28
Other interests				11
TOTAL				101

Posten Norge AS has an obligation to acquire the remaining 43 per cent of shares in CityMail Sweden AB from the two other shareholders by the end of the first quarter of 2006. In 2004, 100 per cent of the shares in Nor-Cargo Holding ASA were acquired.

Joint ventures	PNL AB	Zebsign	Buypass
Share of operating revenues	499	8	34
Share of operating expenses	498	23	34
Share of taxes	(5)	0	0
Share of net income	(4)	(15)	0
Share of fixed assets	26		22
Share of current assets	99	8	26
Total assets	125	8	48
Share of long-term liabilities	32	15	29
Share of short-term liabilities	99	7	13
Total liabilities	131	22	42
Ownership interest	50 %	50 %	45 %

Posten Norge AS owns 50 per cent of the shares in Pan Nordic Logistics AB (PNL). The remaining 50 per cent are held by Post Denmark. ErgoGroup AS has ownership interests in Zebsign AS, Buypass AS. Zebsign AS was sold in 2005.

NOTE 11 | OTHER LONG-TERM RECEIVABLES

POSTEN NORGE AS				POSTEN NORGE GROUP		
2002	2003	2004		2004	2003	2002
233	2 254	2 416	Pension scheme assets	2 322	2 206	201
11	9	7	Receivables from employees	12	9	14
14	26	53	Other long-term receivables	62	20	21
258	**2 289**	**2 476**	**Non-interest bearing long-term receivables**	**2 396**	**2 235**	**236**

In 2003, Posten Norge AS made an extraordinary payment of NOK 1 475 million to the Norwegian Public Service Fund. Information about net pension scheme assets is found in note 3.

NOTE 12 | INTEREST BEARING LONG AND SHORT-TERM RECEIVABLES

POSTEN NORGE AS				POSTEN NORGE GROUP		
2002	2003	2004		2004	2003	2002
11	10	12	Other long-term receivables	33	36	28
1 032	557	637	Loans to subsidiaries			
1 043	**567**	**649**	**Interest bearing long-term receivables**	**33**	**36**	**28**
		230	Repayments 2006			
		167	Repayments 2007			
		89	Repayments 2008			
		62	Repayments 2009			
		89	2010+			
		637	**Loans to subsidiaries**			
			Other short-term receivables	12	9	30
142	237	271	Loans to subsidiaries			
142	**237**	**271**	**Interest bearing short-term receivables**	**12**	**9**	**30**

In 2004, first-year installments on interest bearing long-term receivables were reclassified as interest bearing short-term receivables. Comparable figures for 2002 and 2003 have been adjusted accordingly.

NOTE 13 | INVENTORIES

POSTEN NORGE AS				POSTEN NORGE GROUP		
2002	2003	2004		2004	2003	2002
80	71	70	Cost	77	75	81
(16)	(11)	(10)	Write-downs	(10)	(11)	(16)
64	**60**	**60**	**Inventories**	**67**	**64**	**65**

Inventories mainly consist of postage stamps and other goods sold through the sales network.

NOTE 14 | NON-INTEREST BEARING SHORT-TERM RECEIVABLES

POSTEN NORGE AS				NORWAY POST GROUP		
2002	2003	2004		2004	2003	2002
1 397	1 192	1 178	Accounts receivable	2 154	1 703	1 917
2	2	1	Receivables from employees	3	4	6
253	599	451	Receivables from companies in the group			
50	60	42	Prepaid expenses	114	158	133
144	109	88	Other receivables	204	201	231
1 846	**1 962**	**1 760**	**Non-interest bearing short-term receivables**	**2 475**	**2 066**	**2 287**
17	18	20	Provision for bad debts	39	40	40
25	28	17	Bad debts	36	30	30

Accounts receivable have been reduced by provisions for bad debts.

NOTE 15 | CASH AND CASH EQUIVALENTS

POSTEN NORGE AS				NORWAY POST GROUP		
2002	2003	2004		2004	2003	2002
106	135	653	Cash and cash equivalents	903	254	242
			Bonds			8
600	424	371	Restricted assets	373	438	608
706	**559**	**1 024**	**Cash and cash equivalents**	**1 276**	**692**	**858**

A significant share of cash and cash equivalents relates to the sales network's requirements for liquid assets. Posten Norge AS' restricted assets consist of the cash holding for Postbanken. Restricted assets have been reduced by 12.5 per cent compared with 2003 as a result of increased focus on cash management.

Remuneration for these services is included in operating revenues, while interest on the cash holding is recognised as financial income.
Posten Norge AS has obtained a bank guarantee as security for advance tax payments of NOK 360 million for employees.

The group has established a group account system with Posten Norge AS as group account holder. Banks may offset withdrawals against deposits, with the net position representing the outstanding balance between the bank and the group account holder.

NOTE 16 | EQUITY

	Share capital	Share premium account	Other equity	Equity parent company	Group reserve	Equity group
Equity 1 January 2002	**1 515**	**505**	**129**	**2 149**	**43**	**2 193**
Supply of equity capital	1 545	515	(121)	1 939		1 939
Equity after supply of equity capital	3 060	1 020	8	4 088	43	4 132
Net income, parent company			(43)	(43)	43	
Allocated to dividend						
Net income, group					(110)	(110)
Translation differences, etc.					12	12
Equity 31 December 2002	**3 060**	**1 020**	**(35)**	**4 045**	**(12)**	**4 034**
Supply of equity capital	60	540		600		600
Equity after supply of equity capital	3 120	1 560	(35)	4 645	(12)	4 634
Net income, parent company			402	402	(402)	
Allocated to dividend			(122)	(122)	122	
Net income, group					153	153
Translation differences, etc.					(10)	(10)
Equity 31 December 2003	**3 120**	**1 560**	**245**	**4 925**	**(149)**	**4 776**
Extraordinary dividend			(120)	(120)	120	
Net income, parent company			819	819	(819)	
Allocated to dividend			(466)	(466)	466	
Net income, group					117	117
Translation differences, etc.					(14)	(14)
Equity 31 December 2004	**3 120**	**1 560**	**478**	**5 158**	**(279)**	**4 879**

Unrestricted equity Posten Norge AS:

2002	2003	2004	
(35)	245	478	Other equity
(9)	(10)	(7)	Capitalised goodwill
(154)			Deferred tax assets
(198)	**235**	**471**	**Unrestricted equity after dividend**

Minority's share of equity at 31 December was NOK 24 million (2004), NOK 18 million (2003) and NOK 48 million (2002).

In connection with the change from statutory company to limited company on 1 July 2002, the Norwegian state, represented by the Ministry of Transport and Communications, in addition to the equity at 31 December 2001 paid in NOK 2 060 million. At the same time severance pay obligations estimated at NOK 121 million were transferred to Posten Norge AS and charged to other equity..
In connection with the payment of the shortfall in the Norwegian Public Service Pension Fund, the government budget for 2003 supplied Posten Norge AS with NOK 600 million in new equity. The supply of equity was carried out on 1 July 2003. The share capital was increased by NOK 60 million with NOK 540 million being added to the share premium fund. The called up and fully paid share capital of Posten Norge AS after this supply of equity is NOK 4 680 million.

In the summer of 2004, the Norwegian state, represented by the Ministry of Transport and Communications, resolved to pay out an extraordinary dividend of NOK 120 million.

On 31 December 2004, the share capital consisted of 3 120 000 shares, each with a nominal value of NOK 1 000. All of the company's shares are held by the Norwegian state, represented by the Ministry of Transport and Communications.

The requirement of the Norwegian Act relating to Limited Companies that the distribution of dividend must not result in an equity ratio lower than 10 per cent, and that the company must not distribute more than is agreeable with prudent and generally accepted accounting principles, has been met.

NOTE 17 PROVISIONS FOR LIABILITIES AND CHARGES

POSTEN NORGE AS				NORWAY POST GROUP		
2002	2003	2004		2004	2003	2002
282	134	122	Restructuring obligation	187	153	294
121	220	216	Severance pay obligation	216	220	121
	13	400	Deferred taxes	364		
			Other obligations	89	58	31
(200)	(150)	(123)	Restructuring and severance pay obligations, short-term	(175)	(168)	(200)
203	**217**	**615**	**Provisions for liabilities and charges**	**681**	**263**	**246**

Specification of restructuring obligation

2002	2003	2004		2004	2003	2002
578	282	134	Provisions 1 Jan.	153	294	578
105	43	138	Provisions in 2004	230	61	119
(401)	(191)	(150)	Payments	(196)	(202)	(403)
282	**134**	**122**	**Provisions 31 Dec.**	**187**	**153**	**294**

Specification of severance pay obligation

2002	2003	2004		2004	2003	2002
	121	220	Provisions 1 Jan.	220	121	
121			Obligation transferred			121
	111	26	Provisions in 2004	26	111	
	(12)	(30)	Payments	(30)	(12)	
121	**220**	**216**	**Provisions 31 Dec.**	**216**	**220**	**121**

In 2004, the short-term share of restructuring and severance pay obligations was classified as interest-free short-term liabilities. Comparable figures for 2002 and 2003 have been adjusted accordingly.

Restructuring
Provisions in the parent company of NOK 138 million in 2004 relate to:
Personnel measures NOK 87 million
Rent, vacated premises NOK 51 million

Provisions as at 31 December 2004 in the parent company amount to NOK 122 million. Anticipated use is as follows:
Personnel measures NOK 67 million
Rent, vacated premises NOK 55 million

Most of the payments will be made during 2005 and 2006. Provisions for personnel measures relate to expenses in connection with staff reduction to be implemented in 2005, in connection with the shutdown of 17 terminal units and staff reductions at post offices and two terminal units.
Other restructuring expenses in the group as at 31 December 2004 relate to provisions for severance pay in ErgoGroup and Nor-Cargo (NOK 16 million), rent for vacated premises in Nor-Cargo and ErgoGroup (NOK 21 million) and commitments in connection with the restructuring of operations/companies in ErgoGroup (NOK 27 million).

Provisions correspond to the estimated obligation.

Severance pay
Severance pay is paid to redundant state employees for a period until they get new jobs. For employees in Posten Norge AS, the arrangement applies to dismissals made up to and including 31 December 2004. When Posten Norge AS became a limited company on 1 July 2002, the Norwegian government determined that the company itself should cover severance pay expenses relating to dismissals made during the period 1 July 2002 to 31 December 2004. Payments in 2004 amounted to NOK 30 million. Provisions at 31 December 2004 were NOK 216 million.

The Norwegian state, represented by the Ministry of Modernisation, has proposed that the severance pay arrangement be discontinued and that new transitional rules for those who have been made redundant be introduced. This may mean a reduction in the maximum period during which severance pay can be paid. No decision has yet been reached. Norway Post's severance pay obligation has been assessed on the basis of rules applicable as at 31 December 2004.

NOTE 18 INTEREST-BEARING LONG-TERM AND SHORT-TERM LIABILITIES

POSTEN NORGE AS				NORWAY POST GROUP		
2002	2003	2004		2004	2003	2002
403	799	1 315	Amounts owed to credit institutions	1 315	787	352
193	242	11	Foreign currency loans	53	254	189
98	92	81	Other long-term liabilities	145	178	239
			Subordinated loan	14	14	
694	**1 133**	**1 407**	**Interest-bearing long-term liabilities**	**1 527**	**1 233**	**780**
		14	Repayments 2006	34		
		12	Repayments 2007	17		
		10	Repayments 2008	15		
		9	Repayments 2009	13		
		1 362	2010+	1 448		
		1 407	**Long-term liabilities**	**1 527**		
	800	1 315	Amounts owed to credit institutions	1 337	800	6
68	56	47	Other long-term liabilities	90	106	118
			Subordinated loan	14	14	
68	**856**	**1 362**	**Liabilities maturing after five years**	**1 441**	**920**	**124**
57	14	238	Other short-term liabilities	252	33	66
300	100		Loan certificates		100	300
			Amounts owed to credit institutions		1	4
357	**114**	**238**	**Interest-bearing short-term liabilities**	**252**	**134**	**370**

In 2004, first-year instalments on interest-bearing long-term liabilities were reclassified as interest-bearing short-term liabilities. Comparable figures for 2002 and 2003 have been adjusted accordingly.

On 31 December 2004, total unused drawing rights valid until 30 November 2005 amounted to NOK 1 563 million. In addition to this comes EUR 260 million in unused drawing rights valid until 10 June 2008.
Other long-term liabilities include obligations relating to financial leases, which are reduced by regular payments of loan instalments. See note 21.
Posten Norge AS has taken out foreign currency loans to hedge investments in foreign subsidiaries. In the company's annual financial statements, a foreign currency loan of SEK 150 million has been used for hedging purposes, and has been recognised at its historical exchange rate.
The weighted average interest rate for total long-term liabilities in 2004 was 3.5 per cent. At 31 December 2004, fixed interest rate agreements had been entered into for NOK 500 million at an interest rate of 3.8 per cent, valid until 24 August 2011.

NOTE 19 INTEREST-FREE SHORT-TERM LIABILITIES

POSTEN NORGE AS				NORWAY POST GROUP		
2002	2003	2004		2004	2003	2002
1 629	1 589	1 517	Provisions for payroll expenses and public fees	1 906	1 858	1 864
433	317	242	Provisions for accrued expenses	398	464	542
0	121	466	Provisions for dividend	467	121	1
0	0	0	Payable taxes	8	7	65
243	277	332	Deferred income	394	333	274
471	345	326	Accounts payable	831	533	703
374	539	556	Debt to group companies	0	0	0
200	150	123	Restructuring and severance pay, short-term	175	168	200
14	35	65	Other liabilities	130	162	248
3 364	**3 373**	**3 627**	**Interest-free short-term liabilities**	**4 309**	**3 646**	**3 897**

In 2004, the short-term share of restructuring and severance pay obligations was reclassified as short-term liabilities. Comparable figures in 2002 and 2003 have been adjusted correspondingly. See note 7 for details on payable taxes.

NOTE 20 | GUARANTEES/COLLATERALS AND SIMILAR OBLIGATIONS

Posten Norge AS has provided various forms of guarantees, including contractual guarantees, loan guarantees and other payment guarantees.

Guarantees (not capitalised at 31 December):	2004	2003
Guarantees for group companies' liabilities	173	52
Commercial guarantees	150	179
Other	1	1
Total guarantees	**324**	**232**

Some of Norway Post's loan agreements contain negative pledge clauses, committing the group to maintain defined levels for financial key ratios. At the end of 2004, the group was well within the defined limits.
In addition, a group guarantee has been provided to Nordea for withholding tax. At 31 December 2004 this guarantee amounted to NOK 360 million.

NOTE 21 | RENTAL COMMITMENTS

POSTEN NORGE AS				NORWAY POST GROUP		
2002	2003	2004		2004	2003	2002
			Financial leases			
152	104	106	Book value buildings	159	160	212
86	60	58	Accumulated depreciation	90	89	89
151	98	84	Commitments, buildings	144	161	217
			Book value, computer equipment		3	4
			Commitment, computer equipment		3	4
			Operational leases			
550	552	503	Annual rent, buildings	704	691	682
109	112	106	Annual rent, vehicles	177	120	109
			Annual rent, computer equipment	67	74	52
			Number of			
5	4	3	Financial leases, buildings at 31 Dec.	4	5	6
1 071	884	817	Operational leases, buildings at 31 Dec.	911	948	1 215
4 348	4 590	4 487	Operational leases, vehicles at 31 Dec.	4 613	4 660	4 348

Financial leases
Buildings are classified as buildings and other fixed property, while corresponding obligations are classified as interest-bearing long-term liabilities and included in note 18.

Operational leases
Posten Norge AS has entered into lease agreements for various types of properties, including offices and sorting offices, terminals, post offices, parking facilities etc. The above survey shows how many buildings are rented and associated rental charges.

In June 2004 an agreement was extended with LeasePlan Norge As for the lease of vans, whereby new individual contracts may be entered into until 26 June 2006. Normally, the contract period for the individual vehicle is two to five years.

ErgoGroup has a lease agreement for computer equipment. The longest lease agreement expires on 31 July 2007.

NOTE 22 | IFRS

Introduction of IFRS
Norway Post has decided to implement IFRS principles in the consolidated financial statements with effect from 2005.

During 2004 Norway Post has prepared an opening balance at 1 January 2004 in accordance with IFRS and has evaluated the differences between Norway Post's accounting principles and applicable IFRS for the 2004 accounting year.

In connection with the transition to IFRS, Norway Post has made the following decisions in significant areas:
- Deletion of the corridor regarding pensions
- Acquisitions before 2004 will not be restated in accordance with IFRS.
- Deletion of all foreign currency differences in equity at 1 January 2004.
- Implementation of the valuation of financial instruments will be deferred until 1 January 2005.

The impact of IFRS for the group has been identified as considerable in the following areas:

Pensions
The introduction of IFRS means that non-recognised estimate deviations and non-recognised plan changes will be booked against equity.

Goodwill
Goodwill will no longer be amortised throughout the year. Instead an impairment test will be carried out once a year.

Fixed assets
Norway Post has several properties with an identified need to be divided up. This will entail a higher rate of depreciation under IFRS.

Provisions for dividend
Provisions for dividend are reclassified as equity.

Financial instruments
Norway Post's hedging instruments such as interest rate hedging, foreign currency hedging, hedging of electric power prices and hedging of investments in foreign entities will be documented and their efficiency tested in accordance with IFRS rules. Derivatives used as hedging instruments are capitalised at actual cost.

NOTE 23 | FINANCIAL RISK

Finances
Posten Norge AS employs financial instruments to manage its exposure to changes in foreign exchange rates and electric power prices. Various financial instruments are employed in connection with large purchases from foreign suppliers, mainly forward contracts. Options and forward contracts are used to manage price risk associated with expected future electric power consumption. Financial instruments are used to reduce the risk of financial exposure, and therefore are normally classified as hedges for accounting purposes when there is a clear connection with underlying assets or liabilities.

Forward contracts have been entered into to hedge part of the power consumption. Existing contracts at 31 December 2004 cover 50 per cent of expected consumption in 2005 and 2006.

Interest-bearing liabilities are borrowed at variable interest rates, meaning that at 31 December 2004 Posten Norge AS is exposed to changes in interest rates. Posten Norge AS has from 2005 entered into fixed-interest agreements for NOK 500 million, maturing on 24 August 2011. The agreements cover 30 per cent of total interest-bearing liabilities at 31 December 2004. Forward contracts have been entered into for currency hedging of revenues for international settlement. This hedging covers approx. 30 per cent of budgeted revenues. At 31 December 2004, total interest-bearing foreign currency loans amounted to SEK 260 million and DKK 10 million.

Norway Post has limited exposure to market risk owing to its considerable hedging of revenues in foreign currencies, fixed interest rate agreements and a fixed price on electric power. The credit risk has been minimised by using major banks with a good credit rating. Norway Post has limited liquidity risk owing to good cash flows before financing, in addition to two overdraft facilities with a credit limit of NOK 1800 million and EUR 260 million, respectively.

Pension scheme assets
Posten Norge AS has significant future pension obligations and assets managed through the pension scheme of the Norwegian Public Service Pension Fund (see note 3). Assets are built up by the annual net premium to the Norwegian Public Pension Fund fictively being invested in Norwegian government bonds with the longest remaining time to maturity at any given time (10 years). The bonds are recognised as fixed government bonds, meaning that they are not subject to any market value assessment in Norway Post's financial statements. The current system was established on 1 December 1996, with the initial fund of NOK 4 479 million being fictively invested in NST467 with a yield of 6.46 per cent, maturing on 15 January 2007. In addition, the premium for 1997 was fictively invested in the same bond, yielding a total amount of NOK 5 525 million, before refinancing on 15 January 2007.
Average return on the total portfolio was approx. 5.85 per cent in 2004. The current situation in the Norwegian interest-rate market means that net premium to the Norwegian Public Pension Fund is invested at a lower interest rate than the yield on the total portfolio, thus reducing future average yield. Continued low interest rates ahead will involve a risk of a negative effect when the initial fund is to be refinanced in 2007. Norway Post has initiated efforts to reduce this risk to a minimum.

Owing to continued low interest rates, Posten Norge AS has had to reconsider the discount rate used when estimating its pension obligation. Based on an overall assessment of the risk associated with future pension benefits, we have chosen to use a discount rate of 5.5 per cent at 31 December 2004 when estimating our pension obligation. Norway Post is making every effort to reduce the risk associated with the obligation and the scheme assets' sensitivity to interest rate changes.

NOTE 23 FINANCIAL RISK (CONT.)

Insurance schemes
The company has insured the major part of its activities and tangible assets under traditional insurance schemes. For the company's vehicles only statutory third-party insurance is taken out. The company itself covers accidental damage.

As an insurance policy holder the company is entitled to manage agreed parts of the risk exposure of the activity under the insurance companies' insurance licence. The financial and risk aspects of this insurance activity are handled separately from the Insurance company's remaining activity by the company using a separate account to handle these risks. Since 1 December 1996 Posten Norge AS has made use of an accounts solution for certain selected coverages.

The extent of damage covered under the accounts system has been positive, with no payments being made in 2004. The credit balance on the account at 31 December 2004 was approximately NOK 90 million.

NOTE 24 OTHER

Significant transactions
Norway Post strengthened its position in the logistics market in 2004 through its acquisition of 100 per cent of the shares in Nor-Cargo Holding ASA.

The Norwegian state
Posten Norge AS is wholly owned by the Norwegian state. The Norwegian state, represented by the Ministry of Transport and Communications, has granted Posten Norge AS an exclusive licence for specific letter post services up to and including 31 December 2005. According to this licence, Posten Norge AS will ensure that statutory services and basic banking services are accessible for the population throughout the country via a nationwide postal network. The licence requirements entail additional costs for Posten Norge AS compared with commercial operations. The additional costs are covered by any gains from the company's licensed activities and by the government's purchase of unprofitable postal services. Government procurements in 2004 amounted to NOK 316 million. In the government budget for 2005 government procurements are estimated at NOK 326 million.
The licence area will be reduced to 50 grams from 1 January 2006 and will be deregulated fully with effect from 1 January 2007.

The licence requires Posten Norge AS to document that no illegal cross-subsidising takes place between licensed services and fully liberated services. This documentation is submitted to the Norwegian Post and Telecommunications Authority in the form of special product accounts. The auditor conducts annual audits in accordance with the licence. In accordance with the licence requirements the product accounts for 2004 will be submitted within three months after the company's annual financial statements have been approved.

Den Norske Bank ASA
Up until the merger of Postbanken BA and Den norske Bank ASA on 1 December 1999, in accordance with the Act relating to Postbanken, Postbanken had the duty and sole right to offer basic banking services through Posten Norge AS' nationwide network. After the merger, Postbanken no longer has this statutory obligation and exclusive right. The obligation has now been imposed on Posten Norge AS by a special act and by the licence, expiring on 31 December 2005, requiring that Posten Norge AS offer basic banking services throughout the company's nationwide sales network. The postal network is owned and operated by Posten Norge AS. A cooperation agreement has been entered into with Den norske Bank ASA, giving the bank the exclusive right and duty to offer basic banking services. The agreement also covers sale of other products/services and development of the network. The current agreement, transferred from Postbanken BA, expires on 31 December 2005. It is based entirely on commercial principles.

Post in Shops
In the autumn of 2000, Posten Norge AS entered into a five-year cooperation agreement with Norgesgruppen ASA and AS Norske Shell as main partners for the establishment of Post in Shops. Agreements have also been signed with Coop, NKI and ICA Norge. At the end of 2004, the planned 1 201 Post in Shops were in operation. According to customer satisfaction surveys, the Post in Shop concept has established an operational standard which helps increase customer accessibility.

Disputes
ESA is currently considering a complaint regarding inter alia the prices of the logistics products and the system of government procurement. Posten Norge AS has submitted its opinion on the complaint, rejecting its contents. The complaint does not contain specific claims and therefore no provisions have been made in the company's financial statements.

Posten Norge AS has received a claim for compensation from a supplier of equipment and furnishings.

Posten Norge AS has also received a claim relating to competition for contracts subject to public procurement requirements. It is assumed that these matters will have no significant effect on the accounts.

ERNST & YOUNG

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Til generalforsamlingen i
Posten Norge AS

Her blir ny lagt inn

regnskapsestimater, samt vurdering av innholdet i og presentasjonen av årsregnskapet. I den grad det følger av god revisjonsskikk omfatter revisjon også en gjennomgåelse av selskapets formuesforvaltning og regnskaps- og interne kontrollsystemer. Vi mener at vår revisjon gir et forsvarlig grunnlag for vår uttalelse.

Vi mener at

- årsregnskapet er avgitt i samsvar med lov og forskrifter og gir et uttrykk for selskapets og konsernets økonomiske stilling 31. desember 2004 og for resultatet og kontantstrømmene i regnskapsåret i overensstemmelse med god regnskapsskikk i Norge
- ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av regnskapsopplysninger i samsvar med lov og god regnskapsskikk i Norge
- opplysningene i årsberetningen om årsregnskapet, forutsetningen om fortsatt drift og forslaget til disponering av overskuddet er konsistente med årsregnskapet og er i samsvar med lov og forskrifter.

Oslo, 17. mars 2005
ERNST & YOUNG AS

Jan Wellum Svensen
statsautorisert revisor

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Arendal, Bergen, Bø, Drammen, Fosnavåg, Fredrikstad, Holmestrand, Horten, Hønefoss, Kongsberg, Kragerø, Kristiansand, Larvik, Levanger, Lillehammer, Moss, Måløy, Notodden, Oslo, Otta, Porsgrunn/Skien, Sandefjord, Sortland, Stavanger, Steinkjer, Tromsø, Trondheim, Tønsberg, Vikersund, Ålesund

2004

The year in brief

JANUARY:

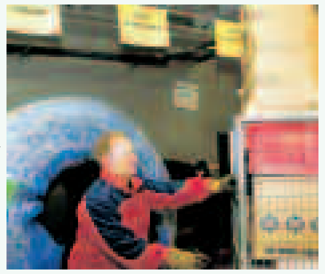

Photo: Håvard Solerød

The Norwegian Post and Telecommunications Authority (PT) establish that Norway Post fulfils the licence requirements in respect of quality of delivery in Finnmark county.

Norway Post enters into two major agreements with Orkla and the Hjemmet Mortensen Group, worth a total of NOK 500 million, for the distribution of magazines.

Norway Post's postal address book becomes an integral part of the telephone catalogue, providing an updated overview of postcodes.

Soon students will be able to use a smartcard to apply for loans, sign loan agreements and receive money directly through their computers, using a solution provided by Buypass, a company owned by Norway Post and Norsk Tipping.

FEBRUARY:

Photo: Scanpix

PNorway Post launches its new, nationwide sponsorship initiative «Norway Post – Around Norway», with events receiving support throughout Norway.

Post offices served 95 per cent of their customers within ten minutes in 2003. In 2004, the goal is that 95 per cent of customers will wait no longer than seven and a half minutes.

HRH Princess Ingrid Alexandra is born on 21 January, and a historical stamp featuring Norway's new heir to the throne is to be launched in connection with her christening on 17 April.

Preliminary figures for 2003 show increased profitability, higher volumes and improved quality, and the deficit posted in 2002 has been turned into a net income of NOK 461 million.

MARCH:

Photo: Nils Midtbøen

Norway Post acquires Nor-Cargo Holding ASA for NOK 850 million and now provides of a full range of logistics services.

Three years after the first Post in Shop was opened, a total of 1 175 Post in Shops have been established and the total number of opening hours has been increased by 24 300 hours a week.

Allers Familie-Journal AS signs a two-year agreement with Norway Post worth NOK 50 million for the distribution of magazines.

In 2005, 2.1 million pools customers will exchange their pools card with a smartcard supplied by Buypass, a joint venture between Norway Post and Norsk Tipping.

Seeking inspiration from the team spirit displayed by the Norwegian rowers, Norway Post enters into a three-year sponsorship deal with the Norwegian Rowing Association.

Locks on mailboxes in 2500 apartment buildings in Oslo are replaced after keys were not returned following the winding up of Posten Forbruker-Kontakt AS.

APRIL:

On 1 April Norway Post and the Norwegian authorities introduce simpler customs declaration routines for private individuals, making it easier and less expensive to order goods from abroad.

The Stubberud plot at Alnabru in Groruddalen is presented as a possible site for Norway Post's new sorting facility in Oslo.

Terje Mjøs is appointed new Managing Director of ErgoGroup. His previous position was Director of Hydro IS Partner.

In collaboration with Volvo, Norway Post will install eco-friendly speedometers in its vehicles in a bid to reduce fuel consumption. Around 800 drivers will receive comprehensive training.

MAY:

Photo: Thor S. Kristiansen

Minister of Transport and Communications Torild Skogsholm presents proposals for winding up the Norway Post's monopoly from 1 January 2007.

In the national budget, the Norwegian government proposes to increase the dividend for 2003 from NOK 121 million to NOK 241 million.

Norway Post's customers are increasingly satisfied with post offices and Post in Shops, according to a national survey polling 15 000 customers.

Norway Post will offer its customers a

Photo: Robert Morberg

new and improved express service, and has entered into cooperation with TNT concerning the sale of the «Global Express» service in post offices.

Norway Post chooses IBM Norge to supply new and cutting-edge Point-of-Sale solutions for its 1 500 post offices and Post in Shops.

Higher staff numbers and extra airplanes are required to meet more stringent rules concerning security checks on mail carried by air.

JUNE:

According to a valuation carried out by Enskilda Securities, Norway Post is worth NOK 7.7 billion, an increase of NOK 2.2 billion, or 41 per cent, from last year. The total value of the company is NOK 8.4 billion, before deduction of NOK 0.7 billion in net interest-bearing liabilities.

The Norwegian Competition Authority approves Norway Post's acquisition of Nor-Cargo ASA.

The Postal Museum reopens at Maihaugen in Lillehammer with an exhibition showing Norway Post's presence in society for almost 360 years.

Fifty new Post in Shops are to be established in the autumn of 2004, providing Norway Post with the most finely meshed sales network in Norway.

To make the handling of letters and parcels more efficient, Norway Post introduces a system whereby letter mail sorted at the twelve sorting terminals will no longer be stamped with a local postmark.
Following a public invitation to tender, Norway Post chooses Nordea as its new banking partner for all activities in the Nordic countries.

JULY:

The Norwegian Post and Telecommunications Authority presents a report on the level of service in Norway Post stating that in certain areas Norway Post provides a world-class postal service.

Norway Post renews its agreement with LeasePlan Norge AS for the leasing and administration of 5 800 postal vehicles.

Following a public invitation to tender, Norway Post chooses the advertising agencies Dinamo and BBDO as partners for the next two years.

ErgoGroup enters into an agreement with Aetat Arbeidsdirektoratet to deliver a new payroll and personnel system. The two-year agreement is worth around NOK 15 million.

AUGUST:

For the first time, Norway Post becomes the main sponsor of the Oslo Chamber Music Festival, the largest festival of its kind in Norway.

The 38 submissions received by the Ministry of Transport and Communications show a clear desire to discontinue Norway Post's monopoly area for letter mail up to 100 grams with effect from 1 January 2007.

For the first time, Norway Post meets its owner's requirement of a 10.8 per cent return on equity. The financial statements for the first six months of 2004 show a 12.4 per cent return on equity.

In the second quarter, 89.2 per cent of A-Priority letters are delivered overnight, the best results achieved since measurements began in January 1997.

Every day 2 200 postal employees are off sick. Now new initiatives will help 400 of them back to work. «This is a high-priority task,» says Anne Kollenborg, acting head of personnel.

SEPTEMBER:

Microsoft director Grete Faremo (photo) and the ministers Erna Solberg and Morten Meyer are keynote speak-

Photo: Håvard Solerød

ers when ErgoGroup's Managing Director Terje Mjøs (photo) invites participants to an IT conference in Tønsberg.

The theme of a new drawing competition is «What do you think life in Norway will be like in a hundred years?». Prize-winning drawings will feature on new stamps.

Norway Post wins the Farmand prize the best Norwegian annual report for 2003. «This is proof that we have succeeded in increasing the level of professionalism in our organisation,» says Elisabeth Gjølme, Norway Post's Senior Vice President Information.

Norway Post extends the opening hours of its call centres by eight and a half hours a week, making them more accessible than ever before.

Mail distributors test 4WD motorcycles (ATVs). If the testing goes well, many of the company's 5 000 delivery vehicles may be replaced by motorbikes.

Norway Post's electronic CPR cards (Create online Postcards for Real) are made available via telefonkatalogen.no.

OCTOBER:

In the autumn of 2002, Norway Post announced its «Quantum Leap» project designed to save NOK 1 billion each year. This goal has now been achieved.
Norway Post buys a 7.8 per cent of the shares in the listed, Swedish company OptiMail AB. Norway Post's subsidiary CityMail Sweden AB already has an 11.7 per cent shareholding in OptiMail AB.

To secure improved levels of delivery quality and more satisfied customers, Norway Post offers free nameplates to customers whose mailboxes are poorly labelled.

Norway Post and the two newspaper publishers' organisations the Norwegian Media Businesses' Association (MBL) and the National Association of Local Newspapers (LLA) reach agreement on prices, quality and distribution.

Postage on regular A-priority and B-economy letters will remain unchanged next year, with an ordinary letter costing NOK 6.

NOVEMBER:

Photo: Nils Midtbøen

A major customer satisfaction survey shows that customers are particularly pleased with shorter waiting times at post offices, call centres and Post in Shops.
At the end of the third quarter, Norway Post's revenues reach NOK 12.8 billion – an increase of NOK 1.4 billion compared with the same period in 2003.

To sharpen its competitive edge and present a more uniform presence in the market, Norway Post's IT company ErgoGroup merges three of its subsidiaries, with effect from 1 January 2005.

Norway Post's agreement with Postbanken/DnB NOR expires on 31 December 2005. Norway Post invites banks to participate in an open competition for future banking cooperation.

DECEMBER:

Crown Princess Mette-Marit heads the panel of judges that announce the two winners of the stamp design contest from among 45 000 entries.

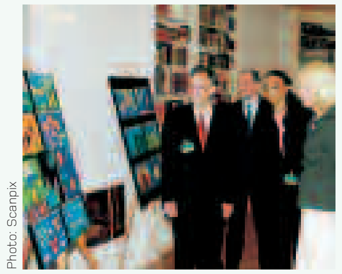

Photo: Scanpix

A recent survey of postal employees shows that the staff satisfaction rose from 75 per cent to 81 per cent from 2001 to 2004.

Norway Post acquires Nor-Cargo Tromsø AS from TFDS for NOK 87.5 million.

In addition to the Stubberud site in Oslo, Norway Post considers Robsrud in Lørenskog as a site for a future sorting terminal for south-eastern Norway.

Simple energy efficiency measures have reduced energy consumption at Norway Post's terminals by 24 per cent in three years, yielding savings of NOK 5 million.

Photo: Bo Mathisen

Ecommerce produces record-breaking numbers of Christmas parcels. More than 200 000 extra parcels are delivered this Christmas, an increase of around nine per cent on the preceding year.

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