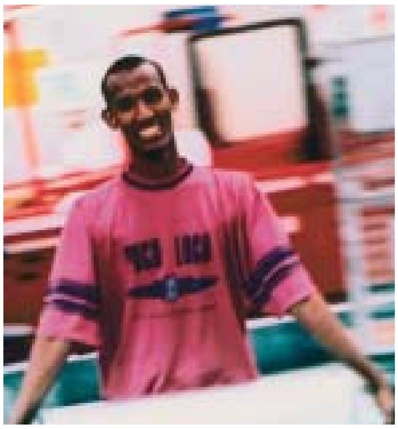
posten

– between you and me

yesterday

today

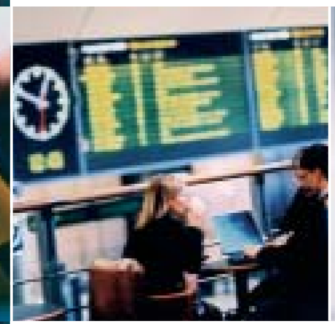


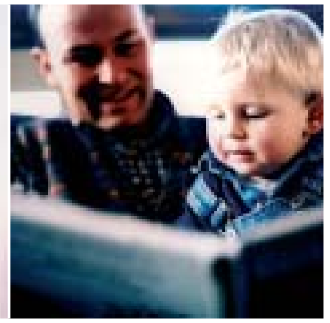
annual report

NORWAY POST 2002

tomorrow

Contents





contents

Long-term value creation is Norway Post's key challenge in a rapidly changing and highly competitive European postal market that is being increasingly affected by globalisation, technology and liberalisation.

Sustainable value creation

«Our goal is to be ready for full competition from 2007»

Creating long-term value for its owner, the Norwegian state, is Norway Post's number one priority. In addition to this the company must meet the social objective stipulated in its licence.

Other main strategy elements are:

- Norway Post will be a logistics and communications enterprise
- The company will be streamlined to increase its competitiveness
- The quality of the company's services will be improved
- New sources of income will be identified, particularly at the interface between physical and electronic services.

In 2002, some aspects of the strategy were further elaborated:

- Norway Post aims to streamline its organisation to ensure cost-efficient and competitive operations.
- Norway Post's IT initiatives through ErgoGroup are important because they allow integration of electronic services with physical services, in order to respond to the increasing demand in this field.
- Norway Post aims to become a market leader in its core business in Norway. The company will also seek to assume leading positions in niche activities in other Nordic countries, while its engagement in activities outside the Nordic region will be through alliances.

The three main factors affecting the development of Norway Post are the globalisation of the logistics and communications market, the replacement of traditional postal services by electronic products and services, and the liberalisation of the European postal market.

These three key drivers will generate strong competitive pressures and a rapidly changing business environment in which companies with a rigid structure and content will struggle, while enterprises that are successful in adapting their organisations, services and products will see new opportunities.

The EU has decided that the postal market should be further liberated from 2006, with full liberalisation from 2009. Norway Post believes the process will be faster in Norway, and the company's own objective is to be ready for full competition from 2007.

Some 85 per cent of Norway Post's revenues come from the corporate market. The company's financial success, therefore, depends on its performance in this market segment. Norway Post's reputation, however, is largely formed by the private market's opinion of its services. This paradox obviously influences Norway Post's marketing, which is largely directed towards the private market, but it also affects the development of the company's products and services, which are directed towards the corporate market.

Naturally, the various elements of Norway Post's strategy are met with different degrees of attention when implemented. »

tomorrow

Norway Post aims to increase the integration of traditional postal services with electronic solutions. Today, IT represents 12 per cent of the group's turnover. In a few years, more than half of it will come from IT and electronic services.

«Increased accessibility is an important trend. As a supplier, Norway Post must take the consequences of this»

The change from company-operated post offices to a combination of company-operated outlets and Post in Shops is the event that has attracted most attention.

The company now has a sales network consisting of 1146 Post in Shops and 304 company-operated outlets/Post Offices. The experience to date has been positive, with improved customer satisfaction. Especially Post in Shop scores high on accessibility and opening hours. No doubt, accessibility is becoming increasingly important in today's society, and being a products and services provider, Norway Post must ensure high accessibility by focusing on technology, extended opening hours and flexible customer agreements.

Another element of Norway Post's ongoing restructuring process that has attracted considerable attention, is the substantial workforce reductions implemented over the last years. The cut from 25,000 to 19,000 full time equivalent positions from 1999 until the end of 2002 is one of the biggest reductions that have been made in Norwegian business and industry. Decreasing volumes of letters, new technology and increased pressures on efficiency are the drivers behind the reduction. Further workforce reductions will still be necessary, but not on the same scale. The number of Post Offices, however, will not decline. On the contrary, the number of Post in Shops will grow and the opening hours of company-operated outlets will be adapted to the demand for increased accessibility to Norway Post's products and services.

Norway Post is continuously exploring new areas of business, which has resulted in a slight increase in the number of employees in its subsidiaries and a marked growth in turnover per employee both in the parent company and in the Norway Post Group.

One of the new opportunities for growth resulting from the liberalisation of the postal market in Europe is the acquisition of CityMail in Sweden. The company distributes addressed letters in major Swedish towns and is active in a niche that has all the right conditions for profitability. The acquisition also means that Norway Post will be able to offer high-quality services to customers operating in both the Swedish and Norwegian markets.

The restructuring of Norway Post reduced costs by NOK 2 billion from 2000 to 2002. A negative result before tax of NOK 106 million for 2002 , however, reflects plummeting letter volumes as well as pay settlements in Norway in recent years that have not been in accordance with the country's real economy.

Two European postal companies have been listed on the stock exchange in recent years. The Dutch TPG company was listed in 1998, and 34.8 per cent of its shares are now held by the Dutch state. Deutsche Post was listed in 2000, and the German state now owns 68 per cent of the shares in this company. In the future, the number of listed companies will clearly increase, while government ownership in European postal companies will decline.

In July 2002, Norway Post became a limited company, but is not listed on the stock exchange. The Norwegian Ministry of Transport and Communications commissions external analysts to carry out regular valuations of the company. In 2000, its estimated value was NOK 4.8 billion, compared with NOK 6.3 billion in 2002 and NOK 5.5 billion in 2003. In other words, the value of Norway Post increased by 13 per cent from 2000 to 2003, during which period the main index on the Oslo Stock Exchange fell by 47 per cent. In 2002, the value of Norway Post decreased by 13 per cent, compared with a drop in the stock exchange index of 30 per cent. Thus the development in the value of Norway Post must be said to be relatively satisfactory compared with the development of other companies. Norway Post's management and employees will do their utmost to ensure that this will also be the case in the future.

Kaare Frydenberg

Kaare Frydenberg
Chief Executive Officer

«The development of the value of Norway Post must be said to be relatively satisfactory compared with the development of other companies»

Norway Post's vision

The world's most future-oriented postal enterprise

The vision expresses Norway Post´s long term ambition. Our vision represents a picture of how we want Norway Post to be perceived. The vision must create a common understanding of Norway Post's choice of direction, at the same time providing an ideal for all of us who work with Norway Post and particularly something to strive for.
«World» expresses the idea that we shall be a world leader in our sector. No other postal company should be better in its market than Norway Post is in Norway. We shall draw inspiration from the best performers in our industry, regardless of where in the world they are active.
The interpretation of «most» is that we shall be best. We shall be the ones winning profitable competitions in the market frequently.
«Future-oriented» means that we want to be at the front edge of development at all times. We offer solutions adapted to present and future requirements, where the customer's needs are central. We operate in a dynamic industry and are experiencing a market that is undergoing rapid development. The vision underlines the fact that change and development will be ongoing.
The concept of a «postal company» is not static. We ourselves decide what is to be incorporated into the concept «post» in the future. At the same time, we shall build on our history and the trust we have gained in the market. Norway Post is a concept charged with positive values. We must make good use of this.

Business concept

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

Norway Post shall develop holistic, value-adding communications and logistics solutions. This means that we not only transport items from A to B, but also offer total value adding solutions based on the customers' needs.
We develop solutions, which are supplied through physical and electronic networks. This means that we shall continue to transport physical consignments, but will also offer electronic services, such as payment services, secure ID and secure e-mail. These can be supplied by our own production system and through alliance partners.
Our network serves both private individuals and companies. The main focus is still on customers in Norway, but the network offered to our customers must cover the whole world.

Principal goals

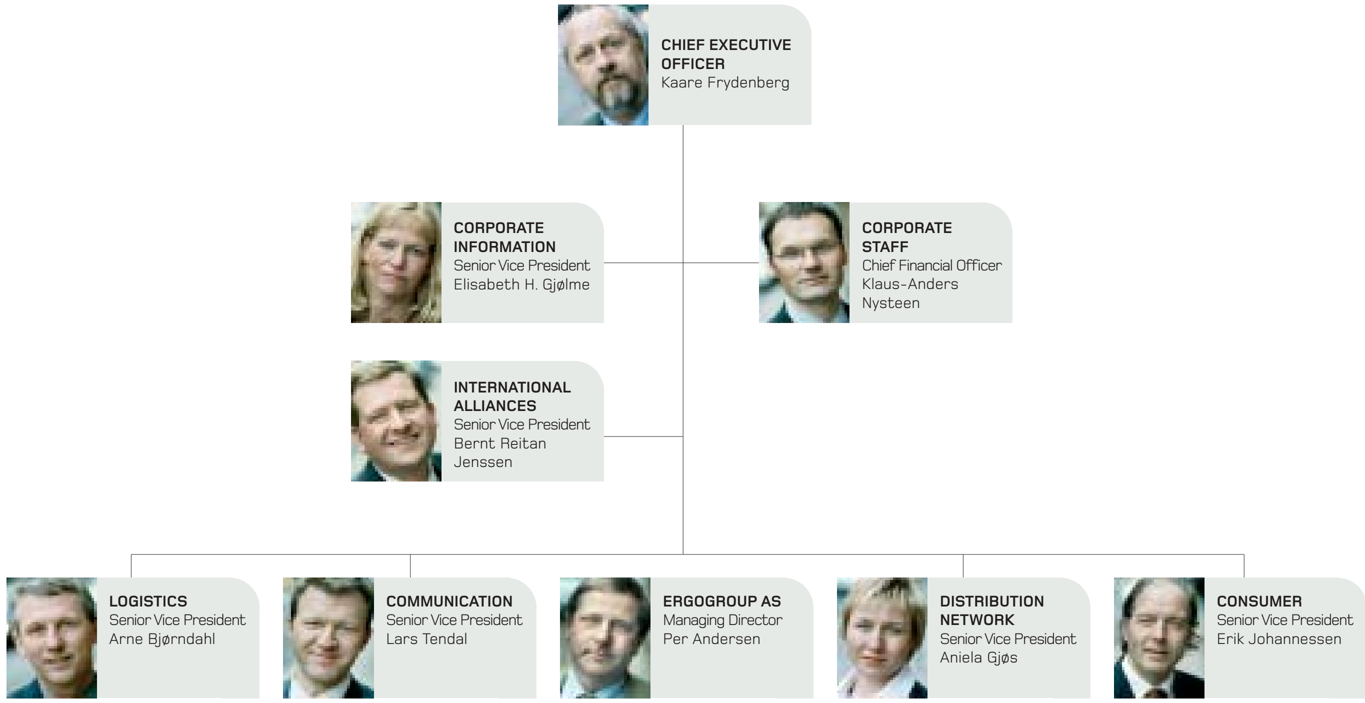
Using our business concept, vision, values and future challenges as a basis, Norway Post has defined the following principal goals for its business operations:

Satisfied customers
These will be measured through the development of customer satisfaction, which over time will reflect our customers' overall perception of Norway Post.

Strong market position
Our market position will be measured as market share, both in existing and new areas. We must be leaders in Norway and in niche markets in the Nordic region. We must enter into international alliances.

Attractive workplaces
This will be measured by the development of workplace attractiveness, where employee satisfaction is a central factor.

Competitive value creation
This will be measured through the development of Norway Post's shareholder value. The owners must be offered better value creation by investing in our company than through alternative investments.



Market-oriented group structure

Norway Post has organised the group into five market-oriented divisions and three corporate staffs. The structure will help to strengthen Norway Post's value creation.

The establishment of Norway Post as a limited company on 1 July 2002 did not involve any changes in the company's structure, but helped establishing the company external conditions on level with competitors and the business community in general. Norway Post's organisation now corresponds to that of public limited companies that are fully owned by the government.

Norway Post is an organisation that prioritizes most of its resources externally to develop and satisfy the market and customers' needs. The group consists of five divisions, which are focused on the market and results, and three development-oriented staffs.

The five divisions are responsible for developing and supplying competitive solutions to meet existing and new customer needs, both separately and jointly.

The group structure is an aid to achieving goals and realising strategies, which helps to strengthen value creation in the group. The heads of divisions and staffs are part of the group management, which is the group's highest management team. The fact that the group management is operative helps the focus on overall market solutions. The group structure is not static and both the structure and boundaries between the different units must be constantly evaluated in order to implement the group's strategies as effectively as possible.

In 2002, Corporate Staff Development and Corporate Staff Finance merged to become Corporate Staff. The change contributes towards increased distribution skills and better utilisation of resources in the staff functions. In addition, a separate staff has been formed, focusing specially on international relations.

«By restructuring Norway Post's sales network we now have 101 more sales outlets than in the previous year»

Towards a future-oriented postal company

Norway Post's vision, business concept and strategies were developed and adopted in 2000. In 2002 the Board of Directors decided that work will continue on the same lines in the next few years. Norway Post's business concept is to be a logistics and communications company.

The main strategy for strengthening the company in an increasingly competitive market is to make all parts of the business more efficient, while improving service and quality. In its core business, Norway Post will be the market leader in Norway. In the Nordic region, Norway Post is concentrating on taking a leading position in niche sectors, while international ventures will take place through alliances.

Norway Post became a state-owned limited company on 1 July 2002. It is important that Norway Post has the same competitive conditions as its competitors. To establish Norway Post as a limited company is a step in the right direction.

The restructuring of the company, in relation to the competitive conditions given by the owner, helps Norway Post to fulfil its vision of becoming «the world's most future-oriented postal enterprise». Both individually and as a whole, all the main activities in 2002 moved the group in this direction.

The following points illustrate important development trends for Norway Post:

• The restructuring of Norway Post's sales network in 2002 resulted in 101 more sales outlets than the previous year. At the end of 2002, the sales network comprised 1,146 Post in Shops,
24 Business Centres and 304 Post Shops/Post Offices. Service and accessibility are critical success factors for Norway Post.

• In 2002 the delivery quality for overnight A-post (first class/priority) was 86.7%, which was an improvement on the 86.3% of the previous year and 1.7 percentage points above the licence requirement. This means the quality has never been better. A high level of regularity in A-post deliveries is essential to achieve satisfied customers and a good reputation.

• The prices of addressed mail remains unchanged for the second year running. Market trends do not allow for postage increases on these products. In 2002, prices for new services, such as storing and temporary redirection of post, was introduced. In 2003, charging was introduced for «redirecting post to permanent new addresses». In the future, Norway Post also wants to continue to introduce value-adding products and services alongside its traditional products.

• In 2002, Norway Post made a breakthrough in secure electronic post with eCourier, which important target groups has started using. Norway Post's eInvoice for companies was launched and was well received in the market. The solution is based on secure electronic signature with secure online payment. In Oppdal, Norway Post initiated a pilot project with its Smart Card, which provides secure electronic reporting to the local authority.

• In 2002 revenues from international activities increased by NOK 372 million or 51% and represents 7.2% of Norway Post's total operating revenues. Norway Post pursues a niche policy in the Nordic region, with its largest investments being CityMail Sweden, Transport Systems International (TSI) and Pan Nordic Logistics (PNL).

»

«Norway Post wants to introduce value-adding products and services alongside its traditional products»

In order to ensure that Norway Post develops into a competitive and profitable company, all parts of the operations must be streamlined. Major restructuring projects were carried out in 2002 and this work has produced considerable effects:

• Restructuring and streamlining measures produced annual cost reductions of NOK 1,022 million in 2002. Total cost reductions for 2001 and 2002 amounted to NOK 2.0 billion. Restructuring is continuing in 2003 and will give lasting cost level reductions comparable with previous years. The decline in addressed mail continues and emphasize the need for cost reductions.

• As the efficiency improvement processes continue, government expenditure on purchasing unprofitable postal services has almost halved over five years, from NOK 570 million to 305 million.

• Restructuring in 2002 resulted in workforce reductions of 1804 man labour-years in the parent company. Between 2000 and 2002, the number of man-hours has been reduced by 6,000 or approximately 25%.

• A new NAVO tariff agreement was negotiated with the trade unions in 2002. This replaces the government's tariff agreement and gives Norway Post considerable influence in salary development in the company.

• Land-based heavy goods transport was put out to tender in 2002. 40% of transport assignments is currently carried out by external carriers.

• The move from privately owned vans to leased vans for post delivery began in 2001 and continued in 2002. The past financial year gave a total cost reduction of NOK 115 million.

• Posten Servicepartner AS, which provides Norway Post with in canteen operations, cleaning and building services, was sold to ISS in 2002.

• The companies Netaxept AS and Nettlast Helgeland AS, which were not strategic businesses in Norway Post, were sold in 2002.

It is the Board's opinion, large-scale improvement measures are necessary to secure and develop Norway Post's position as the leading communications and logistics company in Norway.

At the request of the Ministry of Transport and Communications, DnB Markets carried out a valuation of the group in the first quarter of 2003. This placed a total equity value of NOK 5.5 billion on the group. The corresponding valuation in 2000 put the value of Norway Post at NOK 4.8 billion and in 2002 NOK 6.3 billion. This means that Norway Post's value has increased by 13% between 2000 and 2003, while the main index on the Oslo Stock Exchange fell by 47% in the same period. Taking the period 2002-2003 on its own, Norway Post's value fell by 13%, with index falling 30% in the same period. The Board of Directors is satisfied that Norway Post's value development has been more positive than market development during these years.

Finance and profit trends: In 2002, Norway Post had a operating revenues totalled NOK 15,166 million, an increase of 1.1% from 2001. The parent company's revenues was 3.5% down on the previous year and represents 79.4 percent of the group's 2002 revenues, compared with 83.2 percent the previous year. The subsidiaries' revenues showed an increase of 11%.

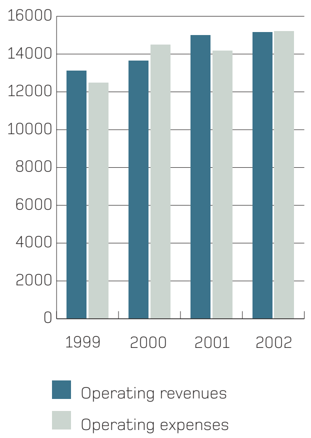
Operating result before tax amounted to NOK -106 million in 2002. Operating profit (EBIT) amounted to NOK -33 million, which is NOK 876 million lower than the previous year when the sale of property made a large contribution to revenues. Provisions of NOK 105 million for restructuring lowered the group's profit in 2002. The Board considers profit to be too weak to cover Norway Post's need for further development. For this reason, measures to strengthen Norway Post's financial development have been given top priority in future work.

The development has been influenced by the fall in revenues from addressed mail. The move to electronic alternatives is progressing more quickly in Norway than in the rest of Europe. Industries at the forefront in the transition to electronic services are banking and finance and public administration. The total volume in the Communication division increased by 1.5%, as a result of growth in advertising mail and marketing communication and also the acquisition of CityMail. The sales network in the Consumer division has experienced a reduction in income of 4%, with the biggest decline being related to bank transactions and sale of Norway Post Bank's services. Parcels and logistics operations made a positive contribution, with an revenues growth of 11%. ErgoGroup has a growth by 21% and is reporting good results in a difficult market.

Income from IT and Logistics represents an increasing proportion of Norway Post's turnover. The IT area represented 12% of revenues in 2002, compared with 10% in 2001 and logistics operations represented 23% of income in 2002, compared with 21% the previous year. Communications products accounted for 54% of income, compared with 57% the previous year and the consumer area was unchanged with 9%.

OPERATING REVENUES AND EXPENSES

NOK mill



Capital: Total capital amounted to NOK 9,561 million at 31 December 2002. This is an increase of NOK 395 million on the previous year.

When Norway Post was established as a limited company on 1 July, the parent company received NOK 1,660 million in additional new capital. A subordinated loan of NOK 400 million was converted to equity. At the same time, the company was required to take over the financing of a particular redundancy payment system, applicable until 1 January 2005.

Book equity in Norway Post at 31 December 2002 amounted to NOK 4,045 million. The parent company's pension costs are reported in accordance with Norwegian and international accounting practice. High wage growth, large disability pension withdrawals and various scheme changes in recent years all contributed towards a significant increase in net pension commitments. The increase is not included in the balance sheet, but is listed as a non-balance-sheet commitment. At year-end, the total non-balance-sheet commitments for the parent company amounted to NOK 1,183 million, cf. note 2 to the annual accounts. Equity taking into account the non-balance-sheet pension commitment would have been NOK 2,862 million.

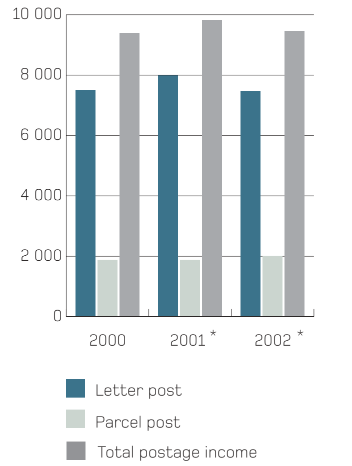
In November, Parliament decided that Norway Post would have to pay the calculated underabsorption of NOK 1,475 million into the Public Service Pension Fund in 2003. The non-balance-sheet commitment is not affected by this payment. At the same time, Parliament decided to invest NOK 600 million in new equity into Norway Post to compensate for the negative effect.

Return on capital employed in the group amounted to 1.7% in 2002, compared with 24.6% in 2001. After adjusting for non recurring items, the return amounted to 1.2%, compared with 11.0% the previous year. The return is not satisfactory and is the consequence of a negative change in profitability with an increase in capital employed. At 31 December 2002, capital employed amounted to NOK 5,184 million, an increase of NOK 1,017 million on last year. The increase is largely attributable to investments in the new sales network and acquisitions.

Cash flow from operations amounted to NOK 488 million in 2002, which represents an improvement of NOK 305 million compared with 2001.

REVENUE DEVELOPMENT

NOK mill

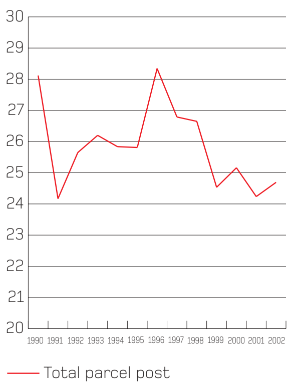


* Incl. Postreklame Helg. 2001 volume has been estimated

«To ensure a proper changeover process, Norway Post is working on the basis that Norway will follow the EU's schedule for liberalisation»

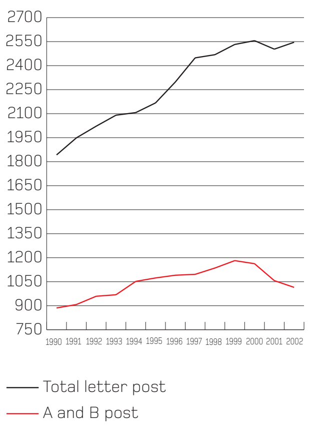
VOLUME DEVELOPMENT, PARCEL POST

volume in million



VOLUME COMPARISON TOTAL VOLUME AGAINST A AND B POST

volume in million



Norway Post's operations are such that the financial risks are relatively small. Financial instruments are used to reduce the risks involved in changes in interest rates, exchange rates and the price of energy. The Board of Directors confirms that the annual accounts have been prepared on the going concern basis and that the conditions for this are in place.

Allocations: In 2002, Norway Post reported net profit for the year of NOK -43 million.

The Board proposes to the annual general assembly that the loss for the year be transferred to other equity. The company had NOK -35 million in negative other equity at year-end, which means it has no unrestricted equity. In accordance with the Public Limited Companies Act, the Board therefore proposes that no dividend be paid for 2002.

Organisation and environment: At the end of 2002, there were 23,509 full-time jobs in Norway Post, 19,407 of which were in the parent company. The major restructuring resulted in 1,804 full-time jobs being cut in the parent company in 2002, while the subsidiaries' workforce increased by 807 full-time jobs.

50% of the parent company's total number of permanent employees at the end of 2002 were women. 41% of full-time employees and 65% of part-time employees were women. 40% of the Board members are women. The executive management team consists of nine people, two of whom are women, i.e. 22%. 29% of the 412 middle managers and 33% of the 1,230 junior managers are women.

Norway Post uses moderate gender discrimination to increase the number of female managers and employees in male-dominated job categories. This is incorporated into Norway Post's recruitment policy and tariff agreements. When taking on management trainees and during management evaluation and development, there is an active focus on finding and developing female managers and management candidates.

Norway Post attaches great importance to skills development. A large-scale management development programme was implemented in 2002. During 2003, 96 managers will have undergone Norway Post's senior management programme and 126 managers its middle management programme.

A total of 75 nationalities are represented among Norway Post's employees. Our zero tolerance approach to racism has continued in all parts of operations and the employees have wholeheartedly supported this.

The Board would like to thank employees for their active contributions and shared responsibility in what has been a demanding process of change.

There is still concern over the high incidence of sick leave. Total sick leave in 2002 was 11.3%, against 11.2% the previous year. Ongoing measures to reduce absence are being applied, using the Post model and focusing on health-promoting work throughout the organisation. In June, Norway Post and the trade unions entered into an agreement to achieve a more inclusive working life (IA)

with the National Office for Social Insurance. The goals of the agreement are to reduce sickness absence by 20% over a three-year period, increase the average retirement age and include more people with disabilities in working life. Concrete IA action plans for all parts of the organization were formulated in autumn.

The last three years have seen a marked decline in the number of postal robberies. Norway Post has placed emphasis on systematic development of effective security measures. In 2002, there were six postal robberies in Norway, compared with eight in 2001, 20 in 2000 and 32 in 1999. This represents better development for Norway Post than other criminal trends in society. When robberies do take place, a main priority is to follow up and support affected employees.

Operational related injuries leading to sick leave totalled 297 in 2002. The corresponding figure in 2001 was 357 and in 2000 362. The injury frequency rate, i.e. the number of injuries involving absence per million working hours, was 8.7 in 2002, against 9.8 in 2001 and 9.2 in 2000.

During the 2002 wage settlements, a new tariff agreement was negotiated with NAVO, which replaces the state tariff agreement. The agreement paves the way for a simplification of the payroll system in Norway Post and the parties formed a committee to draw up a new payroll system for Norway Post. The parties also selected a committee to formulate future pension schemes and affiliation. In this work the focus is on securing competitive returns and conditions for members in the scheme at the current level. The company has pledged not to change the affiliation to the Public Service Pension before 1 March 2004, unless otherwise agreed by the parties.

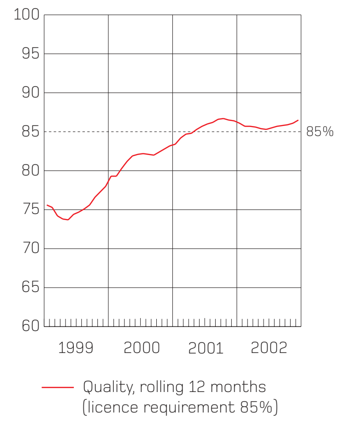
The Board: At the Norway Post Annual General Assembly in 2002, Arvid Moss was elected as the new Chairman of the Board, succeeding Magnus Stangeland. In addition, Terje Christoffersen was elected as a new Board member after Bjørn Kaldhol's resignation from the Board.

In 2002, a new Board instruction was adopted, which specifies the Board's work, authority and work processes. The Board considers it important for the company to have expedient and efficient management and control systems that satisfactorily deal with administration of the group for the owner and other interested parties. Continuous reporting and following up of important investments and measures is a main priority. Any possible conflicts of interest in the handling and resolutions of matters are evaluated by the Board for the individual board member and the Chief Executive Officer. There were no such matters in 2002. Company information is made available on Norway Post's web site. The Board will formally review its work annually and, if required, the content of the board instruction.

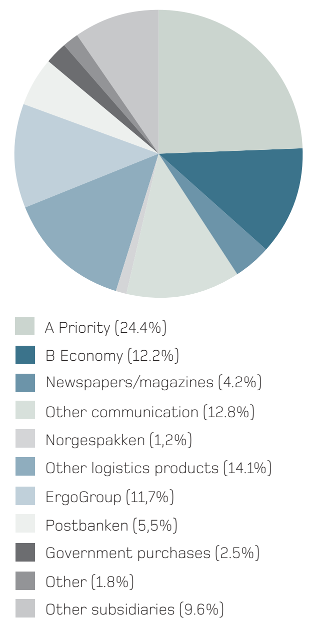
The external environment: Norway Post influences the external environment through its transport operations, management of buildings, waste and recycling and environmentally sound purchasing. »

TOTAL PRIORITY MAIL DELIVERED NEXT DAY IN NORWAY

in %

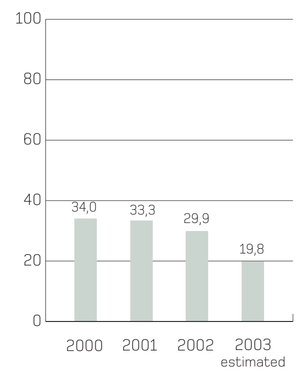


INCOME DISTRIBUTION, GROUP



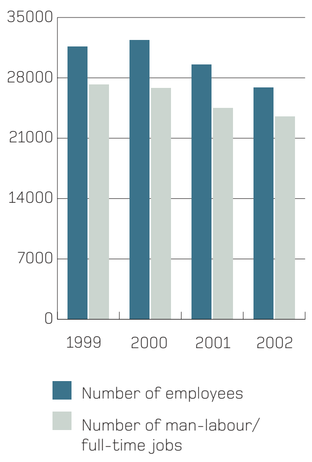
PROPORTION OF NORWAY POST'S INCOME FROM RESERVED AREA

in %



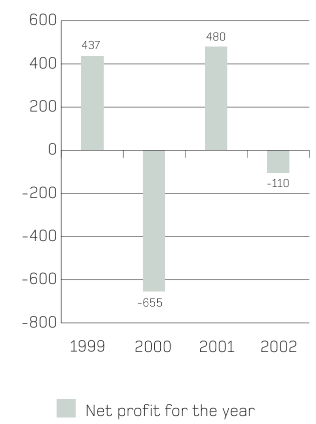
«With ErgoGroup as an integrated part of Norway Post's business, the group can develop and offer total solutions»

STAFF DEVELOPMENT



NET PROFIT FOR THE YEAR

NOK mill



The most serious impact on the environment comes from transport and the management of buildings. Improvement processes to reduce the impact on the external environment are constantly being worked on, particularly with regard to energy consumption and emissions. Energy requirements in Norway Post's buildings are mainly covered by electricity and fuel oil. In 2001, an energy efficiency project was initiated, with the aim of reducing energy consumption by 20% in the period 2002-2005 and increasing the use of renewable sources of energy. In 2002, energy consumption in the buildings owned by Norway Post fell by 4.5%, while there was an increase in the percentage of remote heating, which amounted to 13% of total energy consumption.

The pilot project «Drive Right» was launched in Trondheim and Bergen with drivers' computers for fuel savings. Norway Post has 39 electric vehicles and has taken part in a joint European electric vehicle project which evaluated the effectiveness and environment effects of electric vehicles in transportation. Norway Post is also part of Bellona's hydrogen car project.

In 2002, Norway Post decided to introduce environment management, which will include an environmental action programme with concrete goals, and electronic environmental reporting. This will give an overview of resource utilisation and emissions into the external environment. The environment management tool will be developed and implemented in 2003.

Prospects: Liberalisation in the European post market continues. The Government has decided to reduce Norway Post's reserved area for addressed letters from 350 to 100 grams from 1 July 2003. This means that Norway Post's reserved area is down to less than 20% of total revenues. To ensure a proper change-over process, Norway Post is working on the basis that Norway will follow the EU's scheduling for liberalisation, which in the long term will allow free competition from 2006 when the reserved area is reduced to letters under 50 grams.

The communications market will be subject to continuous change in the coming years, which will place high demands on Norway Post's ability to adapt to change. With ErgoGroup as an integrated part of Norway Post's business, the group can develop and offer services that meet the customers demands for total communication and logistics solutions, both physical and electronic. The logistics market tends to be influenced more by periods of economic recession. Norway Post is well positioned for additional activity in logistics solutions, physical distribution and express services and the offer is being developed towards increased flexibility and customized tailoring.

The Board wants to emphasise that Norway Post must improve its financial results substantially in the future, both to increase the return on capital in the company and to ensure freedom of action to implement the formulated strategies.

The ongoing improvement work must continue.

Norway Post's Board of Directors, back row, left to right: Asbjørn Birkeland, Erik Døvle and Hans Fredrik Danielsen. Middle, left to right: Ingrid Svensen (deputy for Terje Christoffersen), Gerd Øiahals (deputy for Ingeborg Anne Sætre) and Inger Marie Gulvik Holten. Front, left to right: Vice Chairman Liv Stette, Chairman Arvid Moss, Wenche Pedersen and Odd Christian Øverland.

In the future, Norway Post will focus on:

• implementing measures to achieve cost-effectiveness and continuing professionalisation in all parts of the organisation
• developing service and quality at all levels in Norway Post
• developing new integrated services based on the group as a whole
• adapting and optimising the production structure (networks, terminals etc.) and utilising scale benefits

The postal business is becoming increasingly skills driven. In order to succeed, Norway Post must be able to satisfy its employees' needs for development and challenging assignments. The group's restructuring programmes must be balanced between efficiency improvement processes and skills development.

In the short term, the group's profitability will be affected by the continuing major restructuring work. At the same time, the difficult market situation is expected to continue in IT, the courier and express sector and banking/finance in 2003. To ensure positive, long-term development, the company needs to achieve constant result improvements in the future.

Oslo, 27 March 2003

Arvid Moss
(Chairman)

Liv Stette
(Vice Chairman)

Terje Christoffersen

Asbjørn Birkeland

Inger Marie Gulvik Holten

Wenche Pedersen

Odd Chr. Øverland

Hans Fredrik Danielsen

Ingeborg Anne Sætre

Erik Døvle

Kaare Frydenberg
(Chief Executive Officer)

KEY FIGURES

Amounts in NOK mill

NORWAY POST GROUP

		2002	2001	2000
INCOME STATEMENT				
Operating revenues	NOK mill	15 166	15 008	13 659
Operating profit/(loss) (EBIT)	NOK mill	(33)	843	(848)
Operating result before tax	NOK mill	(106)	718	(886)
PROFITABILITY AND RETURNS				
Calculated key figures incl. non recurring effects 2):				
Net operating margin 3)	%	(0,2)	5,6	1)
Net operating margin before tax 4)	%	(0,7)	4,8	1)
Return on capital employed 5)	%	1,7	24,6	1)
Return on equity 6)	%	(3,5)	22,8	1)
Calculated key figures excl. non recurring effects 2):				
Net operating margin 3)	%	(0,4)	2,1	1,6
Net operating margin before tax 4)	%	(0,9)	1,3	1,3
Return on capital employed 5)	%	1,2	11,0	8,5
CAPITAL AND LIQUIDITY				
Cash flow from operations	NOK mill	488	183	843
Investments	NOK mill	1441	2 033	1 359
Equity ratio 7)	%	42,2	23,9	24,8
Net debt ratio 8)	%	0,1	0,5	0,4
PERSONNEL				
No. of employees at 31 December		26 886	29 563	32 365
No. of man-labour years		23 509	24 506	25 684

Adjustments made to the base figures for calculation of key figures:

1) One-off effects in 2000 relating to the allocation for restructuring and disability pensions amount to NOK 1.2 billion.

2) Calculated figures without non recurring effects take into account sale of real estate and operations in 2001 and 2002 and allocation for restructuring in 2002.

Definitions

3) Operating profit/(loss)/operating revenues
4) Operating result before tax/operating revenues
5) (Operating result before tax + financial income)/average of capital employed
6) Net profit/(loss) for the year/average equity
7) Equity/total capital
8) (Interest-bearing liabilities - liquid assets)/equity

INCOME STATEMENT

Amounts in NOK mill

NORWAY POST					NORWAY POST GROUP		
2000	**2001**	**2002**		**Note**	**2002**	**2001**	**2000**
12 024	**12 486**	**12 042**	**Operating revenues**	1	**15 166**	**15 008**	**13 659**
992	984	1 465	Cost of goods and services		3 193	2 578	2 029
7 416	7 326	6 906	Payroll expenses	2	8 485	8 628	8 331
499	549	461	Depreciation	7, 8	903	805	625
25	62	19	Write-downs	7, 8	22	71	26
2 936	3 343	3 237	Other operating expenses	3	2 620	2 608	2 434
1 062	(458)		Other income and expenses	4	(24)	(525)	1 062
(906)	**680**	**(46)**	**Operating profit/(loss) (EBIT)**		**(33)**	**843**	**(848)**
97	174	194	Financial income	5	114	105	104
128	215	209	Financial expenses	5	187	230	142
(937)	**639**	**(61)**	**Operating result before tax**		**(106)**	**718**	**(886)**
(257)	178	(18)	Taxes	6	4	238	(231)
(680)	**461**	**(43)**	**Net profit/(loss) for the year**		**(110)**	**480**	**(655)**
			Minority interests' share of net profit/(loss) for the year		(17)	17	7
			Transfers and allocations				
	(300)		Allocated for dividend				
680	(161)	43	Transferred (to)/from other equity				
680	**(461)**	**43**	**Total transfers and allocations**	15			

BALANCE SHEET

Amounts in NOK mill

NORWAY POST					NORWAY POST GROUP		
2000	**2001**	**2002**		**Note**	**2002**	**2001**	**2000**
			Assets				
536	370	185	Intangible assets	7	1 639	1 301	944
3 823	3 560	3 468	Tangible fixed assets	8	4 034	3 938	4 148
674	821	951	Investments in shares	9	150	135	83
49	38	259	Interest-free long-term receivables	10	236	60	58
106	721	1 184	Interest-bearing long-term receivables	11	58		
5 188	**5 510**	**6 047**	**Fixed assets**		**6 117**	**5 434**	**5 233**
47	49	64	Inventories	12	65	51	50
1 610	2 182	2 086	Interest-free current receivables	13	2 526	2 721	2 002
647	720	701	Cash and cash equivalents	14	853	960	823
2 304	**2 951**	**2 851**	**Current assets**		**3 444**	**3 732**	**2 875**
7 492	**8 461**	**8 898**	**Total assets**		**9 561**	**9 166**	**8 108**
			Equity and liabilities				
1 515	1 515	3 060	Share capital		3 060	1 515	1 515
505	505	1 020	Share premium reserve		1 020	505	505
(32)	129	(35)	Other equity		(94)	138	(33)
			Minority interests		48	35	25
1 988	**2 149**	**4 045**	**Equity**	15	**4 034**	**2 193**	**2 012**
1 242	**702**	**403**	**Provisions**	16	**446**	**796**	**1 279**
979	**1 048**	**751**	**Interest-bearing long-term liabilities**	17	**846**	**1 133**	**1 119**
400	**832**	**300**	**Interest-bearing current liabilities**	17	**304**	**841**	**416**
2 883	**3 730**	**3 399**	**Interest-free current liabilities**	18	**3 931**	**4 203**	**3 282**
7 492	**8 461**	**8 898**	**Total equity and liabilities**		**9 561**	**9 166**	**8 108**
			Guarantee liability/mortgages	19			

Oslo, 27 March 2003

Arvid Moss
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Ingeborg Anne Sætre

Erik Døvle

Kaare Frydenberg
(Chief Executive Officer)

CASH FLOW STATEMENT

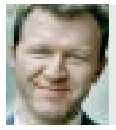
Amounts in NOK mill

NORWAY POST				NORWAY POST GROUP		
2000	**2001**	**2002**		**2002**	**2001**	**2000**
			Cash flow from operational activities			
(294)	613	370	Generated from the year's operations *)	692	855	(142)
(4)	(2)	(15)	Change in inventories	(14)	(2)	(6)
(160)	(572)	68	Change in interest-free current receivables, excl. group contribution	116	(713)	(157)
168	588	(31)	Change in interest-free current liabilities, excl. dividends	44	637	177
964	(566)	(327)	Change in provisions	(350)	(594)	971
674	**61**	**65**	**Net cash flow from operational activities**	**488**	**183**	**843**
			Cash flow from investment activities			
(904)	(1 186)	(654)	Investments in tangible fixed assets/IT development etc.	(1 441)	(2 033)	(1 359)
333	1 248	601	Sales of tangible fixed assets	258	1 384	342
(638)	(551)	(869)	Changes in other fixed assets	(225)	86	(419)
(1 209)	**(489)**	**(922)**	**Net cash flow from investment activities**	**(1 408)**	**(563)**	**(1 436)**
			Cash flow from financing activities			
	80	139	Payments, new long-term loans	139	80	4
400	432		Payments, new current loans		442	416
		28	Payments of group contributions/dividends			
(226)	(11)	(436)	Repayment of long-term loans	(461)	(18)	(236)
		(532)	Repayment of current loans	(532)		
(131)		(300)	Group contribution/dividends paid	(300)		(131)
		1 939	Additional equity payment	1 939		
43	**501**	**838**	**Net cash flow from financing activities**	**785**	**504**	**53**
(492)	**73**	**(19)**	**Total change in liquid assets**	**(135)**	**124**	**(540)**
1 139	647	720	Cash and cash equivalents at start of period	960	823	1 333
			Cash and cash equivalents at acquisition of subsidiaries	28	12	30
647	**720**	**701**	**Cash and cash equivalents at end of period**	**853**	**960**	**823**
			*) This figure breaks down as follows:			
(680)	461	(43)	Net profit/(loss) for the year	(110)	480	(655)
524	634	489	+ Depreciation and write-downs	934	928	651
(138)	(482)	(76)	- Gain on disposal of fixed assets	(132)	(553)	(138)
(294)	**613**	**370**	= **Generated from the year's operations**	**692**	**855**	**(142)**

Depreciation and write-downs plus gain from sale of fixed assets in cash flow statement also include shares etc., in addition to assets.

NOTES

The notes are an integral part of the annual accounts and can be found on pages 40-56.



LARS TENDAL
Senior Vice President,
Communication Division

Norway Post offers letter post and market communication via physical and electronic channels.

EMPLOYEES	
2002	429
2001	403
2000	429
REVENUES IN NOK MILL.	
2002	8 356
2001	8 508
2000	8 184
PHYSICAL POSTAL ITEMS IN MILL.	
2002	2 546
2001	2 503
2000	2 556

SUBSIDIARIES

The distribution company City Mail Sweden, which distributes mail in the largest towns and cities in Sweden, and Posten Forbruker-kontakt, which distributes direct mail in the four largest cities in Norway.

«We shall satisfy our customers with new products and solutions»

Offer total communication solutions

«We shall consolidate our market position through acquisitions and the development of new services», says Lars Tendal, Senior Vice President, Communication Division.

New electronic communication channels, increased competition and a general recession both at home and internationally, were the main challenges for the Communication Division in 2002.

«We have seen a bigger income decline than expected in A post (first class mail), which is falling more rapidly than in the rest of Europe, largely due to internet use in Norway. However, we have been pleasantly surprised by the growth in addressed and unaddressed advertisements,» says Senior Vice President, Lars Tendal.

The acquisition of the Swedish distribution company CityMail Sweden has given Norway Post a foothold in the Scandinavian market. The company delivers post to 1.8 million households, mainly in the cities of Stockholm, Gothenburg and Malmö, covering 40 percent of Swedish households. In 2002, CityMail Sweden had revenues totalling of SEK 430 million.

«With CityMail Sweden on our side, we can offer better solutions to major Scandinavian customers. This acquisition is a niche investment but means we have doubled our market,» explains Lars Tendal.

The Communication division has gained useful experience in relation to the market situation for electronic communication solutions.

«We have chosen to concentrate much more of our attention on the business to business market,» says Lars Tendal. He singles out eInvoice as the most important innovation for business customers in 2002. eInvoice is Norway Post's service for electronic transfer of invoices.

The offer is part of a larger concept, whereby Norway Post assumes the role of trusted third party and simplifies the customers' communication through hybrid solutions, such as scanning and printing of electronic information. Major customers such as Europay, Creno, Adviso and Scribona have entered into eInvoice agreements.

While the electronic focus is important to Norway Post, Lars Tendal also points out that physical items have clear advantages.

«Paper doesn't require any computer systems at the recipient's end for it to be received, whether it's a bill or a letter that arrives through the letter box. By sending the traditional letter, a postcard, newspaper or samples, products can be presented in a way that can't be matched by electronic media,» says Lars Tendal. Norway Post's sample boxes represent a new initiative for the company. Delivery of samples directly to the doorstep of 20,000 households in Oslo was introduced before Christmas.

«Sample boxes is an exciting service that has been well received by consumers and advertisers alike. During 2003 we shall undertake a number of new types of dispatches across the entire country,» says Lars Tendal.

In 2002, Norway Post established a key accounts centre, which gives the biggest customers one contact point with Norway Post.

«Norway Post has a very broad product portfolio and can offer everything from pallets to web design. The challenge consists in making our major customers aware of this, so that we can take on larger parts of their value chain and offer a broader range of products and services through one point of contact,» explains Mr. Tendal. The customer list includes motor group Bertel O. Steen, which has transferred large parts of its physical and electronic communication services, package exchange and IT operations to Norway Post.

Norway Post is keen to establish itself as a key player in newspaper distribution. Co-operation with the newspapers' own distribution companies is vital to success.

«By combining Norway Post's distribution apparatus and the newspapers' own distribution companies, we can deliver a solution where quality and price are favourable to both parties,» says the Senior Vice President. Negotiations with Adresseavisen on joint newspaper and post distribution have not been productive, but discussions are ongoing with several other newspapers. Norway Post launched a new profile programme in summer 2002. The new profile marks Norway Post's transition from a letter distributor to a communications and logistics company.
As far as future prospects are concerned, the EU plans to introduce free competition for all addressed letters from 2009 will certainly present big challenges for Norway Post.
The forecasts indicate that the sharp decline in addressed letter products will continue.
The Senior Vice President explains that the Communication division will face the future with strategic acquisitions and by increasing the rate of innovation even more. The development of new products and solutions will take place with the customer at the centre.

«We didn't pay enough attention to the customers' needs when previously developing new solutions. If we are to succeed with our future initiatives, we must always keep focus on the customer,» says Lars Tendal.

In 2002 prices for temporary redirection and storing of post was introduced, and in 2003 Norway Post also charges for redirecting post to new, permanent addresses in excess of one month.

Norway Post distributes 2.5 billion letters and 25 million parcels each year. De norske Bokklubbene is one of Norway Post's biggest customers.

The major customers now have one contact point with Norway Post.

tomorrow

«As the market gradually becomes fully exposed to competition, we shall and must offer total solutions that are not dependent on channels and that benefit the customers along the entire value chain. This calls for a sales and market oriented organisation with a high level of expertise,» concludes the Senior Vice President Lars Tendal.

ARNE BJØRNDAHL
Senior Vice President,
Logistics Division

The Logistics division is responsible for the sale and distribution of packaging products, express services and general goods, combined with information and payment solutions.

EMPLOYEES	
2002	1 227
2001	1 357
2000	1 595

REVENUES IN NOK MILL.	
2002	3 225
2001	2 840
2000	2 821

TOTAL NUMBER OF PARCELS IN MILL.	
2002	24.7
2001	24.5
2000	25.4

SUBSIDIARIES

Oslo Container Stevedor AS (OCS), Wajens AS, Transport Systems International AS (TSI), KortProsess AS, Pan Nordic Logistics (PNL) AB, 1to1 Factory AS and Nettlast AS.

Many people want their goods delivered to the door, which prompted Norway Post to enter into a home delivery agreement with IKEA in 2002.

Seamless
logistics

«Our goal is for everything that arrives at the doorstep of Norwegian households to be delivered by Norway Post»

For the Logistics division, 2002 ended with volume growth and positive results. «With a good network and integrated logistics solutions, we are well equipped in the competition for new customers,» says Senior Vice President Arne Bjørndahl.

Customers want integrated logistics solutions and Norway Post is the only company in Norway that is able to offer seamless and concurrent physical transportation, information exchange and payment solutions. In 2002, Norway Post launched several new services. The development of value-added services, such as payment solutions, SMS tracing and alerts, is a prioritised initiative in 2003. Innovations include active alerts, which enable Norway Post to work with customers to reduce parcel returns.

In November, Norway Post introduced a service enabling customers to receive an SMS alert when their parcel has arrived. The service is available to customers who use EDI-based communication with Norway Post. The Logistics division has introduced a new pricing system for general goods, which means that the customer can send several packages to the same recipient at the same time, at a more favourable price than before.

Arne Bjørndahl says that the interest in home delivery has increased significantly. During 2002 the Logistics division entered into two large home delivery agreements, with IKEA and Vinmonopolet. The number of delivery areas has grown from 48 to 51 towns. This means that Norway Post can offer evening home delivery to about half the population.

«We are increasing accessibility and freedom of choice for our customers. Our goal is for everything that arrives at the doorstep of Norwegian households to be delivered by Norway Post», says Arne Bjørndahl. The Logistics division has also extended the time window for home delivery. In the long term it will be possible for the customer to choose the time and place for delivery of parcels.

In 2002, the Logistics division implemented several cost-cutting projects, which resulted in improved profitability. During the year the division also identified new areas for efficiency improvement.

«For instance, we discovered that 25 percent of all business packages has the wrong adresses. We therefore want to work with our customers to improve the quality of addressing. Production and less returns will bring the costs down for both parties,» says Arne Bjørndahl.

Norway Post improved the efficiency of customs handling and clearance during the year. This is now concentrated in three places rather than the previous ten.

«By centralising customs handling and clearance to Oslo, Gardermoen and Tromsø, we have increased the service and reduced costs,» explains Arne Bjørndahl.

Norway Post has also worked actively to increase customs boundaries for private consignments, making it easier for users to buy goods from abroad. Norway Post wants the maximum value for clearance of private consignments from abroad to be raised from NOK 200 to 1,000 at least, but the Ministry of Finance appears reluctant to raise the maximum value.

Norway Post has had EDI production, or electronic data interchange, since 1998. In 2002, the number of EDI packages increased by 20 percent. This means that well over half the 25 million packages sent every year with Norway Post are connected with this form of communication, enabling Norway Post to offer services such as SMS package arrival alerts and electronic payment solutions.

Last year was also used to prepare the introduction of a new pricing system for packages from 1 January 2003. The price is now determined by weight and volume.

«We are making these changes because they represent a more businesslike system. The price is now a better reflection of what it actually costs to transport the packages. The vans are filled by the volume of the packages, not the weight,» explains the Senior Vice President.

Norway Post has 35 bicycle couriers in the biggest towns and cities.

A new service enables customers to receive an SMS alert when their parcel has arrived.

In 2002, Norway Post sold its shares in Netaxept, a company which provides on-line logistics and payment solutions. Netaxept supplies payment solutions to Norway Post and Norway Post's logistics solutions continue to be part of Netaxept's solutions for distribution of goods.

«Norway Post does not need an ownership in Netaxept to achieve its goal to provide integrated logistics and payment solutions,» says Arne Bjørndahl.

There is tough competition in transport and logistics. As far as the international activities are concerned, Norway Post will continue its co-operation together with Post Denmark in the joint venture PNL (Pan Nordic Logistics). PNL has built up a network in the Nordic region through the acquisition of Expressgods in Sweden and an alliance with Finland Post. Further efforts are being made to find an international logistics partner, in order to provide customers with competitive logistics solutions outside the Nordic region.

«With more international players represented in Norway, competition is getting tougher all the time. The tendency is towards fewer, but bigger companies. We are ready for international alliances,» says Arne Bjørndahl.

tomorrow

We are seeing an increasing tendency for customers to prefer one supplier that can supply several services. In the competition for customers, this means that it is crucial that we are capable of putting together integrated logistics solutions that combine the best of physical and electronic services in physical transport, information development and payment,» says Senior Vice President Arne Bjørndahl.

Norway Post's Business Centres provide basic postal services and value-increasing solutions for business customers.

Norway Post is more accessible, with 1,500 points of sale.

Five Call Centres take care of customer service.

«We must keep the focus on the customer in everything we do»

ERIK JOHANNESSEN
Senior Vice President, Consumer Division

The Consumer division is responsible for Norway Post's nationwide sales network with physical, electronic and telephonic contact points for customers through the Post Shop, Post in Shop, Business Centre and Call Centre chains.

EMPLOYEES	
2002	4 800
2001	5 775
2000	8 963

REVENUES IN NOK MILLION	
2002	2 705
2001	2 698
2000	3 224

Better service and increased accessibility

In 2002, the Consumer division completed the large-scale restructuring of Norway Post's sales network. The establishment of Post in Shops and Post Shops means that Norway Post has almost 1,500 points of sale across the country.

At the end of 2002, there were 1,146 Post in Shops, 304 Post Shops, 24 Business Centres and five Call Centres in operation. This means that the number of points of sale has increased by more than 200 compared with the status before the restructuring process which began on 1 March 2001.

Post in Shops offering postal and bank services to private customers have been established in co-operation with retail chains such as NorgesGruppen, COOP and Hakon Gruppen. Norway Post's improvement in custumer satisfaction and the fact that we where awarded the 2002 Consumer Prize both show that the concept has been well received.

«Norway Post has become very skilled at not staying in the same old rut, but finding non-traditional solutions instead. The group has also skilfully adapted products to the major restructuring that has been implemented,» says Handelsbladet FK, which awards the annual prize.

The service and product range in the Post Shops chain, which is replacing the post office of today, has been expanded with new financial services, insurance products and sale of goods. The Consumer division has on a trial bases sold different products such as mobile phones, CDs, video films and PC games. The product categories will be reviewed during 2003, on the basis of the experience gained in 2002.

The goal is to have a product range that will support Norway Post's value chain and business concept communication and logistics solutions.

The product range in Post in Shops must be developed and extended.

«For instance, we are moving towards offering ticket sales in the Post in Shops. This will be introduced during 2003,» says Erik Johannessen.

Five Call Centres have been set up in Haugesund, Kristiansand, Larvik, Sarpsborg and Steinkjer. The Call Centres take care of customer service, complaint management and sales and provide a central switchboard for Norway Post. With their 283 employees, the Call Centres processed a total of 1.5 million incoming calls in 2002, with an average waiting time of 30 seconds. There were also 500,000 outgoing customer calls. In addition, the Call Centres answered 110,000 e-mails, redirected 800,000 postal items and dealt with 60,000 written complaints. In a customer satisfaction measurement conducted in September 2002, the Call Centres scored 88 out of a possible 100. This shows that customers are very satisfied with all Call Centre services. In 2003, the call-centre chain is planning to offer customer service for external companies.

«Our challenge is to obtain a return on the investments made and utilise capacity. One way to do so is to offer services to other companies outside Norway Post,» says Erik Johannessen.

19 Business Centres were established during 2002. This means there is now a total of 24 of these points of sales across the country. Norway Post's Business Centres provide basic postal services and value-added solutions for business customers. The centres are adapted to the needs of business customers and are located in areas with a high density of commerce and industry, where the customer base is sufficiently large.

In 2002, two surveys were carried out to measure customer satisfaction with Norway Post's new sales channels. Almost 10,000 post customers were interviewed about Post in Shops, Post Shops, Business Centres and Call Centres. All channels scored highly on service approach and willingness to help. The surveys conclude that customers are most satisfied with Norway Post's geographical accessibility and opening hours. Both Post in Shops and Post Shops now have considerably longer opening hours than previously. Customers also showed an increasing degree of satisfaction with the competence of Post in Shop employees. With regard to waiting times in Post Shops and Post in Shops, the surveys showed that Norway Post needs to work even harder to serve customers more quickly.

«Queues are first and foremost a big city problem. We shall be applying various measures to reduce waiting times. For example, it may be appropriate to increase the number of staff during the busiest periods and install more Cash Points/ATMs at our premises,» explains Erik Johannessen.

«We have now moved into an operating phase, in which I am totally committed to placing the focus on the customer. With this in mind, we want to develop our sales channels, introduce simpler procedures and evaluate an increased level of self-service,» he continues.

tomorrow

«The future will see physical and electronic services becoming integrated and supporting each other to a much greater extent than at present,» says Erik Johannessen.

PER ANDERSEN
Managing Director,
ErgoGroup

ErgoGroup develops and supplies IT services and electronic communication solutions and supports Norway Post's role as a trusted third party for eBusiness.

EMPLOYEES	
2002	2 123
2001	1 836
2000	1 362

REVENUES IN NOK MILLION	
2002	2 907
2001	2 454
2000	1 678

SUBSIDIARIES

ErgoBluegarden, ErgoEnet, ErgoEphorma, ErgoIntegration, ErgoPeople, ErgoRunit, ErgoSensia, ErgoSolutions, ePartner, ElectricFarm, Buypass, Medix, TransWare, ZebSign and ErgoIDP (International Data Post). ErgoGroup also has shareholdings in Atento, Adviso and Interprise Consulting.

«It is becoming increasingly evident that ErgoGroup is an essential part of Norway Post's strategy and future»

Norway Post's smart card can be used for secure online identification, signature and payment. The card has also been used as a medical record for pregnant women in a pilot project.

Pushing into new markets

In 2002, Norway Post's IT company ErgoGroup grew by 15 percent, which is more than the growth in the rest of the market. «Our aspiration is to capture new market shares in 2003,» says Managing Director Per Andersen.

The IT company can look back on a year in which it won a large number of contracts. Despite a tough market and smaller volumes than expected, revenues increased by NOK 0.5 billion – from NOK 2.4 billion to NOK 2.9 billion. The company is now the second largest IT company in Norway. The sizeable growth is due to acquisitions and growth in the company's own business area.

«Over several years we have developed an extensive IT community. Size is important if we are to be competitive in the market. We have also been in the market for a long time and some customers probably prefer us because of our solid expertise and good relationships», says Per Andersen. To adapt capacity, ErgoGroup made a number of workforce reductions in parts of its operations during the year.

«If our positive growth is to continue, we must continue to work on skills development and adaptation of organisation to the market. This means that we must always ensure that we have the right skills in the right place,» he continues.

In 2003, the company will focus on streamlining, new sales and acquisitions. The target is to double turnover over a period of three to four years, particularly by means of acquisitions at home and abroad.

At ErgoGroup, computer operations are monitored round the clock.

«Our challenge is to identify the right companies that fit in with our three areas of concentration: infrastructure, electronic services and administrative support systems,» explains Per Andersen.

The concentration on communications and logistics solutions has elevated ErgoGroup to a central player in the Nordic IT market. ErgoGroup's goal is to simplify and streamline eBusiness and IT operations for its customers in the public and private sectors. By making eBusiness simpler, ErgoGroup will help customers to improve their competitiveness.

The public sector and in particular streamlining of the health service is one of the areas in which ErgoGroup is investing heavily. ErgoGroup's spearhead to the public sector, ErgoEphorma, was for instance commissioned to supply a common financial system to Helse Nord.

Streamlining of the health service is one of ErgoGroup's major investment areas.

The company Buypass AS, which is owned by ErgoGroup and Norsk Tipping, has developed smart cards, which can be used for secure online identification, signature and payment. This solution is also the central feature of the agreement with Trygdeetaten, which was signed in January 2003 for delivery of solutions for signature and encryption of information sent over the Internet.

In 2002, the contract with Bertel O. Steen was extended. This means that ErgoGroup is now responsible for all operation of IT systems, as well as maintenance and development of the automotive company´s business applications.

ErgoGroup has increased its ownership in the Swedish logistics company TransWare AB, which is a market leader in developing electronic services in logistics and transportation. The purchase is an important step forward in ErgoGroup's strategy to adopt a leading role as an IT supplier in transportation and logistics.

One year after Runit became part of ErgoGroup, the Trondheim-based company has played a central role in ErgoGroup's industry and building/plant undertakings and won customers, such as Bautas and SN Power.

In September, ErgoGroup held the 19th IT Conference in Lillehammer. Customers, competitors and partners were assembled at the conference, which covered topics such as electronic signature, eAdministration and information security.

In 2002, ErgoGroup conducted an external customer survey, in which as many as 85 percent of customers declared themselves satisfied with the company's services.

«The result was very satisfactory. It shows that we have done a solid job in our customer orientation process,» says Per Andersen.

When the Post in Shops were being established, ErgoGroup took care of all the installation of IT and data solutions.

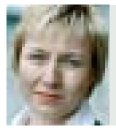
«ErgoGroup plays an important role in developing integrated solutions to help achieve Norway Post's vision of being the world's most future-oriented postal enterprise,» says Per Andersen.

He goes on to say that the company's cooperation with the other divisions in Norway Post strengthened during 2002. When Norway Post purchased ErgoGroup (then Statens Datasentral) in 1995, there were two clear strategies behind the acquisition. The IT company would be able to help develop new products to compensate for the falling revenues in the letter business. In addition, Norway Post was in great need of IT expertise to restructure its internal operations.

«It is becoming ever clearer that we are an important part of Norway Post's strategy and future and that Norway Post and ErgoGroup are a great combination,» says Per Andersen.

tomorrow

«New internet solutions will evolve. We want to utilise the technology in a way that makes us more effective and profitable. The new data solutions will organise data – content – in a different way and will become even more user-friendly,» says Managing Director Per Andersen.



ANIELA GJØS
Senior Vice President, Distribution Network Division

The Distribution Network division develops and runs Norway Post's physical network, which covers collection, sorting and distribution of letters and parcels.

EMPLOYEES	
2002	16 083
2001	17 277
2000	17 968

REVENUES IN NOK MILLION	
2002	6 744
2001	6 537
2000	6 326

Postal network of the future

2002 was characterised by improved quality and increased efficiency in the Distribution Network division. «We will create the most efficient distribution network in the country,» says Senior Vice President Aniela Gjøs.

At present, the main focus of the division, which develops and runs Norway Post's physical networks, is on Norway Post's future national logistics.

«We must have fewer and larger production facilities. Expectations of smaller volumes of letter post and larger volumes of heavy goods mean a new approach is required in order to adapt to future technology and infrastructure needs. Liberalisation of the postal market means we have to be as prepared as possible to meet the future and we shall do so by choosing the right terminal structure,» explains Aniela Gjøs.

The division is Norway Post's largest unit, with 16,000 people employed in the transportation, sorting and distribution of post. In the new distribution system, the knowledge of the delivery personnel must be put to better use, so that the operational processes are improved.

One example could be to enter knowledge of address changes into the systems, which would improve addressing quality and reduce the percentage of wrongly sent post, making delivery times shorter.

«Our goal is to create an efficient, streamlined network, in which we co-ordinate the distribution of letters and parcels in the most cost-efficient manner. To achieve this goal, we must put into operation better IT technology and equipment and improve production processes, so that we don't handle post more than necessary. We must also adapt a more modern management style, a flatter organization structure and shorter decision lines,» says Aniela Gjøs. As part of the distribution improvement process, Norway Post is establishing a new distribution organization from 1 June 2003. «Norway Post will become the best distributor reaching all households in the country six days a week,» continues the Senior Vice President.

The Distribution Network division concentrates its efforts on maintaining good quality and kept this goal in sharp focus throughout the year.

The quality of A-Post has been better than ever. In the fourth quarter, 88.3 percent of this priority mail was delivered overnight, while the total result for 2002 was 86.7 percent of A-post delivered next day. This is well over the licence requirement, which requires 85 percent of priority mail to arrive at its destination next day. The 2001 result was 86.3 percent.

«This shows that the work on quality has produced good results. Our goal is to stabilise the quality at a steady, high level, so that the postal service becomes predictable and our customers are satisfied,» says Aniela Gjøs.

The level of machine-sorted post also increased during the year. The machine-sorting level for small letters at Norway Post's machine terminals was an average of 75 percent in 2002, compared with 71 percent in 2001.

In September 2001, Norway Post introduced new guidelines for post delivery, whereby customers can decide where their letterbox shall be situated. Since the new strategy was introduced, some 93,000 letterboxes have been moved from joint stands to entrances to customers' homes.

Norway Post has 16,000 employees in transportation, sorting and distribution.

«It is our ambition to develop a market-oriented and efficient distribution network of international class»

As much as 87.6 percent of A-post was delivered overnight in 2002. This is well over the licence requirement, which requires 85 percent of priority mail to arrive at its destination by the next day.

Norway Post must operate profitably and effectively. With this in mind, Norway Post put out for tender all post transportation with heavy goods vehicles south of Saltfjellet in March 2002. This means that from September 2002, 40 percent of transportation in the main postal service went to external transportation companies, while Norway Post Transport remains a large supplier. The biggest external carriers are Sognefjord Spedisjon og Transport AS.

In March 2002, Norway Post also called for tenders for air-freight transportation of post and a principal agreement was signed with SAS Cargo.

Distribution Network transports approximately seven million letters and 80,000 parcels every day. Norway Post experienced a growth in total volume of one percent compared with 2001. At the same time, the division has succeeded in cutting costs by streamlining operations.

«We managed to do so by changing our working methods and improving planning,» explains the Senior Vice President.

One of Norway Post's most important future tasks will be to continue making the postal network more efficient.

Distribution of letters and parcels is co-ordinated in the new postal network.

The level of machine-sorted post also increased during 2002.

tomorrow

«Norway Post will become the best distributor reaching all households in the country six days a week,» says Senior Vice President Aniela Gjøs.

«The rapid development places new requirements on how Norway Post meets its customers»

Competition
brings new opportunities

Norway Post's most important task in the future will be to meet the market changes offensively by taking the opportunities to create the best possible solutions for its customers – both nationally and internationally.

Rapid development means that Norway Post has to deal with its customers in new ways. Norway Post's most important future task will be to meet the development offensively by taking every opportunity to create the best possible solutions for our customers – both nationally and internationally.

There has been a trend towards falling letter revenues, as electronic communication replaces physical letter post in the sales and distribution network. Industries that have been quick to move to electronic services are in particular banking and finance and public administration. High PC concentration and extensive use of online banking is helping to accelerate the transfer to electronic communication in Norway more than in the rest of Europe. Unaddressed direct mail has grown by 4-6 percent, preventing an even more rapid fall in total letter volumes. The traditional letter volume will increasingly be replaced by electronic alternatives, while the growth in unaddressed post will slow down.

Norway Post is experiencing increased challenges and pressure from several areas – from the government as the owner, from the authorities that regulate and control some of Norway Post's operations and from customers. Norway Post's business customers are becoming increasingly internationalised.

Structural changes in trade and industry affect Norway Post's market as customers merge and form alliances with competitors or other sections of the value chain, often internationally.

Liberalisation of the post market will result in tougher competition and interesting opportunities for Norway Post. The EU has adopted a time schedule for liberalisation of the European post market. The monopoly limit for letters falls to 100 grams in 2003 (in Norway from 1 July) and to 50 grams in 2006.

The market for outbound cross border mail will be opened up completely in 2003 and the EU commission is aiming for a fully liberalised post market in 2009.

To date, the liberalised section of the Nordic market has not lost large market shares. Norway Post believes that this will change in time. New competitors will focus on the most profitable letter and parcel segments, such as business letters in densely populated urban areas. Norway Post's »

«Liberalisation of the post market will result in tougher competition and interesting opportunities»

acquisition of City Mail Sweden is one example of this. The big international companies are already established in the Nordic region through their local co-operation partners and subsidiaries, for example Danzas (Deutsche Post) in transport. Individual markets (Sweden and the UK) already face competition from other companies. The largest postal players are now focusing on the Nordic market, which collectively is the largest in Europe.

The development of new electronic communication solutions has erased sector and traditional industry differences. Information exchange, physical transportation and payment solutions are merging into common and standardized solutions. Players with access to physical and electronic distribution networks, both nationally and internationally, and access to IT expertise, electronic databases and warehousing, want to develop their competitive edges. Technological developments have helped to remove the distinction between sectors, enabling players with access to physical and electronic distribution networks to take shares in new markets.

Technology also plays a central role in traditional letter operations, for example in the form of automated sorting centres. By introducing automation, postal players reduce costs and make letter product-ion more efficient.

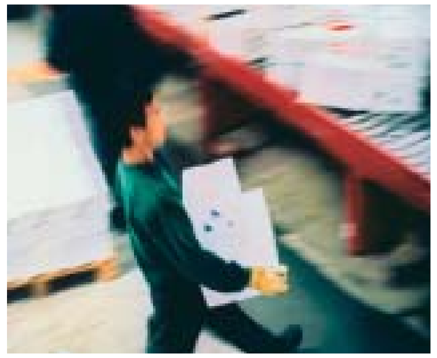
In recent years, the major players in Europe have worked to diversify income flows and have consolidated in the domestic market,

in order to be less dependent on income from letter operations. The focus is directed towards operations that are exposed to competition, particularly express delivery, logistics, international services/networks and financial services. This particularly applies to the «big four» postal companies: Deutsche Post World Net (Germ-any), TPG (the Netherlands), La Poste (France) and Royal Mail (the UK).

With liberalisation now a reality, postal companies in the Nordic region and Europe are moving to consolidate and restructure within their areas of attention. Efforts will be concentrated on reducing fixed costs and the potential for price growth in traditional letter operations is expected to be limited. The major players aim to become global logistics companies with integrated solutions and networks for letters, express delivery, logistics and financial services. In order to strengthen all their business areas, the companies have made large-scale acquisitions and have focused on the international market. Deutsche Post World Net (Germany), TPG (the Netherlands) are companies listed on the respective stock-exchanges with access to very large financial resources.

As is the case with the European market, Norway Post is facing challenges on several fronts. Norway Post is experiencing the same changes in its market in the form of falling letter volumes. This trend presents huge challenges to Norway Post, in terms of product and service development, improvement of service level and continuing internal processes to improve cost-effectiveness. The use of electronic solutions represents new opportunities for Norway Post in information development, physical distribution and provision of payment solutions. The expected liberalisation in letter distribution will increase long-term competition. Norway Post wants to continue and consolidate its work to achieve improved cost effectiveness and improved profitability.

Norway Post has been at the forefront in responding to changes in the market by restructuring traditional letter operations, implementing new initiatives anchored in the group's core business and exploiting its competitive advantages. Norway Post has also benefited from the fact that entry barriers still exist.



«Use of electronic solutions represents new opportunities for Norway Post»

ErgoGroup plays a central strategic role for Norway Post in terms of putting into operation and developing new technology to strengthen the products Norway Post offers in its markets. IT expertise is playing a progressively more important role in logistics, where a large part of the information flow is electronic. Customers are more demanding in terms of expertise and expect seamless service and products that supply solutions which relate to the customer's total value chain and needs. Norway Post has gained a competitive advantage from its increased access to infrastructure and customer relations and by exploiting its IT expertise and position.

The labour market will continue to be characterised by diminishing growth in the workforce, combined with a rising level of education and increased demand for specialist competence. Employees are becoming more demanding in terms of job content, training and personal development opportunities and are less loyal to employers. The challenge is to meet the workforce needs in labour-intensive jobs with lower requirements for formal training.

The ethnic and cultural diversity in the labour market will increase. This means that companies and managers will have employees who require a greater degree of individual handling in relation to skills and cultural/-ethnic background.

Norway Post reaching more people

Development in recent years shows that Norway Post has increased its accessibility and improved the content and quality of its services.

Norway Post's owner, the government, has decided that Norway Post will attend to some matters relating to the community. These include the desire to ensure a nationwide provision of high-quality postal services at a reasonable price. Where community-related matters are concerned, Norway Post operates by means of licence requirements.

The main community-related matters in the licence are requirements relating to product provision, accessibility of delivery-based services and delivery times.

Every year Norway Post reports on how the licence requirements have been fulfilled. Recent years have seen an expansion in the range of services offered. The accessibility of Norway Post's services has increased, particularly through the establishment of Post in Shops. Requirements relating to delivery times have been met and quality has improved significantly in the last few years.

Norway Post was granted a new licence on 1 October 2001, which is valid until 31 December 2005. The reserved area covers the distribution of sealed and addressed letter post with weight and price limits respectively. In return for the reserved area, the licence requires Norway Post to attend to a number of matters relating to the community, in the form of a universal service obligation.

The licence also puts upon Norway Post an obligation to apply cost-oriented prices on the services required by the licence. The same applies to discounts. In addition, geographically uniform tariffs is required in the reserved area. The reserved area services and community services must be offered on conditions that are clear and non-discriminatory.

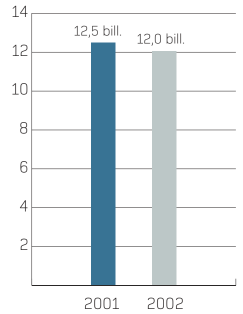
Norway Post's extra costs relating to community services are assumed covered by the surplus from the reserved area and government purchase of postal services. As Norway Post has streamlined its operations, the government has more than halved its purchase of unprofitable postal services over five years, with the reduction in 2002 amounting to NOK 168 million.

Government purchases

1999	NOK 570 million
2000	NOK 540 million
2001	NOK 540 million
2002	NOK 372 million
2003	NOK 305 million

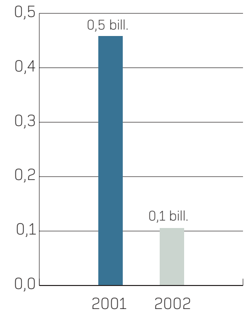
Delivery times: For 2002, 86.7% of prioritised letter post arrived on the following day. This is 1.7%-points better than the licence requirements and an improvement from 86.3 the previous year.

CUSTOMERS:



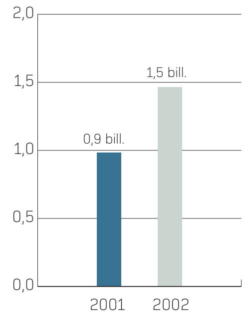
Sale of products and services

BUSINESS CONNECTIONS:



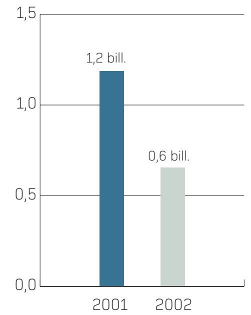
Sale of operations, property

SUPPLIERS:



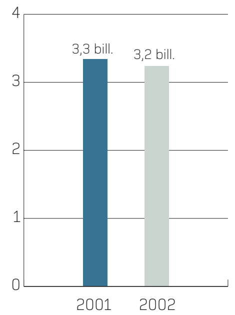
Purchase of transport services and other products and services

SUPPLIERS:



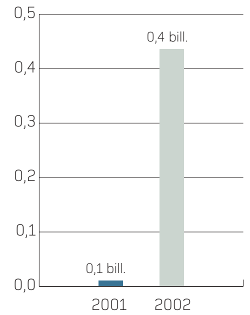
Investments

SUPPLIERS:



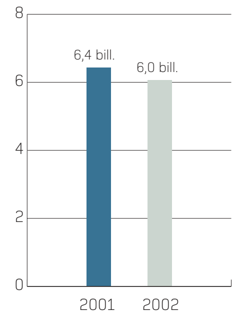
Purchase of other products and services

LENDERS:



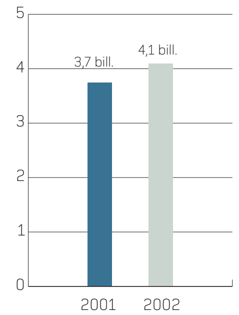
Loan repayments

EMPLOYEES:



Payroll and social services

LOCAL AUTHORITIES :



Taxes and fees

Accessibility of postal services: Norway Post extended its sales network in 2002, with 101 more points of sale than the previous year. At the end of 2002 the sales network was as follows:

- 304 Post Offices/Post Shops
- 1146 Post in Shop outlets
- 24 Business Centres

In addition, 484,298 households and 27,875 businesses were served with rural postal deliveries. The licence requires there to be a point of sale in each municipality. This requirement has been met.

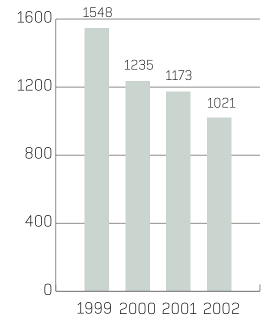
Opening hours: According to the licence, the opening hours must be adapted to the needs of the individual place. Norway Post considers extension of opening hours as an important service improvement. In 2002, 75% of points of sale were open more than 8 hours a day from Monday to Friday and 47% were open more than 8 hours on a Saturday.

Points of posting: At the end of 2002 there were 31,238 points where mail can be posted. Posting points include all points of sale, post boxes, rural post delivery and terminals where contract customers can deliver post.

Delivery frequency: Norway Post is working to ensure that more and more households and businesses have a daily postal delivery and does not have any plans to reduce post delivery to five days, as is the case in Sweden. In line with this, the number of households and businesses without a daily postal delivery is constantly decreasing. During the last four years 527 fewer households and businesses have not had a postal delivery on every working day, six days a week. In 2002, 152 more households and businesses received their post six days a week.

For the remaining 1,021 households and businesses, geographical conditions made it unreasonably expensive to deliver post every day. This represents 0.05% of all post recipients. This means that 99.95 percent of the households in the country have their post delivered six days a week. However, this development shows that the offer has improved and more households now receive deliveries of post six days a week.

DELIVERY DISTRIBUTION



Number of households not receiving deliveries six days a week

Managing the environment

In 2002 Norway Post decided to introduce an environmental management system. An important element in this work will be to establish an environmental action programme for the group.

Norway Post contributes to the environmental burden throughout its value chain, both directly and indirectly.

Purchasing of products, energy and services has an indirect environmental impact. Consumption of products and energy in Norway Post's buildings and in transportation has a direct impact on the environment in the form of emissions to air and water and generation of noise and waste.

Norway Post actively seeks to reduce resource consumption and work to reduce and prevent emissions and waste.

Taking legislation and regulations as a starting point, Norway Post must help to fulfil national environmental targets in the areas where our activities have an effect. A good environmental profile is important in an increasingly competitive market and is vital to a company that wants to be at the forefront of development. Customers are becoming more and more demanding in terms of environmental management and performance. By taking environmental work seriously, Norway Post is showing a responsible attitude to its employees, owner, customers and the community at large.

Norway Post's environmental object:
Norway Post shall promote economically sound development in environmentally effective operations. Environmentally effective means an increase in value creation with reduced environmental load. The main principles on which the environmental work is based:
• Environmental work is a line and management responsibility
• Environmental work must be part of day-to-day operations in the company and be integrated in important decisionmaking processes in all parts of the organisation.
• Environmental work must be systematic, preventive and long-term.
• Environmental work must be documented

by means of an environmental management system.
• Environmental work must help to reduce the burden on the environment, lower resource consumption, increase earnings and develop environmentally sound services.

In 2002 Norway Post's group management team decided to introduce an environmental management system. Important elements in the environmental management system are a group-wide Environmental Action Programme, with concrete goals for Norway Post's main areas, and an electronic environmental reporting system. The defined areas of concentration in Norway Post's environmental work are transportation, waste, energy consumption in buildings, environmental management, environment control, environmental training, environmentally effective purchasing, «green» workplaces, product development and communication.

Norway Post's main environmental activities in 2002:
• Continuation of the Norway Post Energy programme. The aim of the project, which was initiated in autumn 2001, is to reduce energy consumption in Norway Post's large, owned buildings by 20% before 2005 and increase consumption of renewable sources of energy.
The programme covers 22 buildings, approx. 25% of Norway Post's owned properties.

The total energy consumption in these buildings fell by 4.5% in 2002. The percentage of remote heating has increased and is now 13% of total energy consumption.
• Environmental work in the Head Office Project (Norway Post's co-location project) is focused on a high level of space optimisation and resource-saving solutions. The co-location will result in large quantities of surplus materials. Arrangements have been made for internal and external re-use of equipment, special furniture and IT equipment, as well as large-scale waste sorting. Working methods and technology will be introduced, which will have resource-saving and waste-reducing effects in operations. The project has imposed environmental requirements on building proprietors and those responsible for purchasing products and services.
• Participation in Bellona's Hydrogen car project. The project includes testing of the

Nordic region's first hydrogen vehicles and building its first hydrogen filling station.
• Conclusion of the ELCIDIS project. Norway Post has taken part in the joint European electric vehicle project for 2 years. The project involved testing goods transportation with electric vehicles in five European cities.
• Introduction of the «Drive Right» pilot project – a driving control system for fuel saving. The pilot project is underway in Bergen and Trondheim.
• Mapping of waste categories and quantities in Norway Post's terminals.
• Start-up of the «Introducing Environmental Management in Norway Post» project. The project includes development of a group-wide Environmental Action Programme and an electronic environmental reporting system.

In 2003 Norway Post will focus on environmental work in the following areas:
• Continuation of the Norway Post Energy programme. Total energy consumption is expected to be reduced by 6% in 2003.
• Mapping of quantities, categories and processing of waste.
• Space optimisation.
• Logistics optimisation.
• Completion of Norway Post's Environmental Action Programme.
• Completion and introduction of an electronic environmental accounting system as a tool for Norway Post's environmental management.
• Development of a management environment training programme.
• Development of procedures for environmentally effective purchasing as part of Norway Post's purchasing guidelines.

FACTS AND FIGURES

ENERGY CONSUMPTION	UNIT	QUANTITY
Electricity	kWh	176 253 405
District heating	kWh	10 059 352
Fuel oil	kWh	11 359 096
Estimated energy consumption*	kWh	14 582 586
NORWAY POST'S OWNED VEHICLES		
Vehicles (trucks + delivery vans)	Number	5700
Percentage of trucks ≥ Euro2	%	70
Driven kilometres	Km	101 179 142
LEASED TRANSPORT SERVICES		
Vehicles	Tonkm	32 126 164
Planes	Tonkm	10 579 121
Trains	Tonkm	80 902 283
BUSINESS JOURNEYS **		
Cars	Km	12 049 769
Flights (return)	Number	3219
CONSUMPTION OF RAW MATERIALS		
Petrol	Litres	4 107 273
Diesel	Litres	14 202 890
Fuel oil	Litres	1 124 663
Copying paper **	Ton	326

* Estimated energy consumption in rented buildings
**Does not include figures from ErgoGroup

WASTE

CATEGORY	UNIT	QUANTITY*
Residual waste	Ton	4160
Paper	Ton	987
Cardboard	Ton	161
Cardboard and paper mix	Ton	2187
Plastic	Ton	64
Wood	Ton	840
Wastepaper	Ton	92
Metal	Ton	97
Food	Ton	38
Tyres	Ton	35
EE waste	Ton	31
Special waste	Ton	105
Vehicle batteries	Ton	7
TOTAL WASTE	**TON**	**8699**

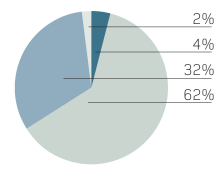
* Quantities for rented buildings are estimated

EMISSIONS INTO THE AIR

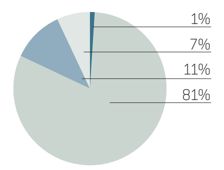
FOSSIL FUEL	CO_2	SO_2	NO_x
TOTAL EMISSIONS (TONS)	85467	6	283
Norway Post's percentage of emissions from vehicle traffic in Norway*	0,6%	0,3%	0,4%

* Based on the last available figures from SSB (1999)

DISTRIBUTION OF CO_2 EMISSIONS



DISTRIBUTION OF NO_x EMISSIONS



Fuel oil Vehicles Planes Trains

General
Norway Post became a limited company on 1 July 2002, with the government represented by the Ministry of Transport and Communication as the sole shareholder. The company was formed as a public corporation with limited liability on 1 December 1996. Continuity in accounting and taxation was maintained during the transition to limited company. The company ceased as a public corporation with limited liability as a result of, and at the same time as, the registration of the newly formed limited company, without following the standard rules for winding-up and discontinuance accounting. This means that the annual accounts cover the total activities for the two companies in 2002. The accounts have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles.

Historical development
Since its establishment in 1996, the Norway Post Group has carried out the following major transactions:

1996
Norway Post was established at the end of 1996 with the subsidiary Posten SDS AS (100%) and Billettservice AS (50 %) as an associated company. Subsidiaries of Posten SDS AS include Computas AS, DeltaPro AS and Enet AS.

1997
The remaining shares in Billettservice AS and Forbruker-Kontakt AS were acquired, while a 25% share was acquired in NordPack AB, with the other Nordic postal companies holding a corresponding share. Posten SDS AS hived off the school administrative systems in the wholly owned company IPOS AS.

1998
At the end of 1998, Norway Post's cleaning services were transferred to Posten Renhold AS (85 %). The ownership share in Billettservice AS was reduced to 77%. NordPack AB changed its name to Pan Nordic Logistics AB (PNL). Posten SDS AS divested some smaller subsidiaries, including Computas AS.

1999
Norway Post established Posten Escape AS (100%) and acquired 40% of Transport Systems International AS, the latter being treated as a joint venture company together with PNL.
At the end of 1999, the financial services division was hived off from Norway Post and transferred to Postens Økonomitjenester AS, a wholly-owned subsidiary of Posten SDS AS. At the beginning of 1999, part of the Professional Services Division in Posten SDS AS was hived off to form the company Ephorma AS and merged with Telenor Allianse AS. Posten SDS AS owns 50 % of Ephorma. In autumn 1999, Posten SDS AS established the companies Mondex Norge AS and Mondex Norge Originator AS.

2000
As from 1 January 2000, canteen services in Norway Post were transferred to Posten Renhold AS, which changed its name to Postens Servicepartner AS. Norway Post retained an 85% ownership share. Norway Post acquired Oslo Container Stevedor AS (100%), Wajens AS (100%), Kort Prosess AS (51%), Nettlast AS (100%), Nettlast Hadeland AS (100%), Nettlast Helgeland AS (100 %) and Netaxept AS (48%). Posten SDS AS hived off its payroll systems and personal administration services to form a separate company, ErgoBluegarden AS. Similar operations in Merkantildata and IBM were acquired and placed under Bluegarden. Posten SDS AS acquired 40% of transport solutions provider TransWare AB in Gothenburg, securing a majority of seats on the board of directors and an option to purchase additional shares.

2001
With effect from 1 January 2001, Posten SDS AS and its subsidiaries changed name to ErgoGroup AS. Norway Post acquired 95 % of the shares in 1to1 Factory AS, a subsidiary of the listed company E-Line Group ASA. At the same time, E-Line Group ASA acquired 100% of the shares in Posten Escape AS. Billettservice was sold to Ticketmaster UK Ltd. Together with Telenor, ErgoGroup established a separate company, ZebSign AS, to offer the market electronic ID solutions. Each party has an equal share in the company. Together with Telenor, DNB and Accenture, ErgoGroup established a company to offer electronic procurement services to their parent companies and the market in general. In partnership with Norsk Tipping AS, ErgoGroup established the company Buypass AS. ErgoGroup took over the operation of IT services in Gjensidige NOR Forsikring and Gjensidige NOR Spareforsikring. ErgoGroup acquired 50% of the shares in Ephorma AS, increasing its ownership share to 100%. In addition, the content of Ergo Business AS was sold to Adviso AS, in which Ergo Business AS has a 27% ownership share. Norway Post acquired the Danish courier company «De Grønne Bude » through its subsidiary Transport Systems International AS (TSI).

2002
Norway Post became a limited company on 1 July 2002, with the government represented by the Ministry of Transport and Communications as the sole shareholder. In this connection, existing paid-in capital in Norway Post was converted to share capital. When Norway Post was established as a limited company, a subordinated loan of NOK 400 million from the government was converted to equity. An additional NOK 1660 million was also injected as new equity. When the company became a limited company, it was decided to transfer the waiting pay commitment from the government to Norway Post, which meant that NOK 121 million was charged to other equity and allocated as a commitment. Continuity in accounting and taxation was maintained during the transition to limited company. In 2002, Posten Sverige AB decided to sell its shareholding of 33.3% in Pan Nordic Logistics (PNL) and Post Denmark and Norway Post increased their ownership share to 50%.
PNL purchased 99.78 % of ABE, 24-hour express goods. The shares in Postens servicepartner AS were sold to ISS Norge AS. Norway Post further enhanced its market position in Sweden by acquiring 57% of the shares in CityMail Sweden AB. Norway Post increased its ownership in TSI from 79.47% to 100%. The shares in Netaxept AS and the content of Nettlast Helgeland AS were sold in 2002. ErgoGroup purchased operations in Runit AS, which were continued in a new company, ErgoRunit AS. ErgoGroup increased its ownership in Objectware AB from 40% to 70%, while ErgoConnect AS was sold to Adviso AS.

2003
In view of the EU's postal directive, the government has submitted a proposal for changes to the Postal Services Act with regard to the size of Norway Post's reserved area. The proposal reduces the weight limit for the reserved area from 350 grams to 100 grams and reduces the price limit from five times the basic rate to three times the rate (the basic rate is the price for domestic priority mail in the first weight category, which is 20 grams), with effect from 1 July 2003. From the same date, foreign mail will be open to full competition. ErgoGroup has acquired 25% of the shares in Helsekomponenter AS through its subsidiary ErgoSolution AS.

ACCOUNTING PRINCIPLES
Consolidation
The consolidated accounts show the total financial results and overall financial position when the parent company and companies in which Norway Post has a controlling interest are presented as one financial unit. All company accounts consolidated in the group accounts have been prepared in accordance with standard accounting and valuation principles and items in the income statement and balance sheet have been classified using uniform definitions. All major transactions and intercompany accounts have been eliminated.
Shares in subsidiaries have been eliminated in accordance with the acquisition method of accounting. The difference between the purchase price paid and the book value of net assets at the time of purchase is analysed and allocated to the individual balance sheet items according to the actual value. Any excess value that cannot be linked to specific balance-sheet items is recorded as goodwill in the balance sheet and depreciated using the straight-line method over the estimated economic life. Companies acquired during the year are incorporated in the accounts from the date of purchase, while companies sold are included in the accounts up to the date of sale. Subsidiaries are consolidated from the date on which effective control is transferred to the Group.

Jointly-controlled companies are defined as companies for which the Group has agreements with the other owners regarding joint control of the enterprise. Owner interests in jointly-controlled companies are valued using the proportionate consolidation method, i.e. the share of income, expenses, assets and liabilities are entered on separate lines in the accounts.

Associated companies are defined as companies in which Norway Post has a significant influence. Owner interests in associated companies are valued using the equity method and the company's share of the year's profit/loss in the associated company is offset against the cost price of the owner interest and included under financial income or financial expenses.

In the income statement, the minority interests' share of net profit is shown after taxes. This means that all income statement items include the minority share. The minority share of equity is shown as a separate item under group equity.

Foreign companies have been translated in the balance sheet at the closing exchange rate, while average exchange rates for the year have been applied in the income statement. Translation differences are adjusted directly against equity.

Accrual, classification and valuation principles
The accounts are prepared in accordance with generally accepted accounting principles and Norwegian law.
Items are classified in the accounts on the basis that all assets connected with the product cycle, receivables due for repayment within one year and assets that are not for the company's permanent ownership or use are current assets. Other assets are fixed assets. All liabilities directly connected with the product cycle are considered as current liabilities, even if some are due for repayment after one year.

Current assets are valued at whichever is lower of acquisition cost and actual value. Fixed assets are valued at the acquisition cost minus any depreciation. If the actual value of a fixed asset is lower than the book value and the fall in value is not considered to be temporary, the asset is written down. If the basis for the write-down is no longer applicable, it is reversed.

Revenues
Revenues are entered as and when services are performed. The sale of postage stamps is classified as advance payment for the sale of postal services. Otherwise, revenues are entered continuously as and when services are performed. Revenues from long-term projects are entered on the basis of continuous settlement based on completion.

Pensions
Net pension costs comprise pension contributions for the period, including future wage growth and interest on commitments, with deductions for employee contributions and expected pension fund yield.
Prepaid pensions are the difference between the actual value of the pension funds and the present value of the calculated pension commitments minus changes in estimates and pension schemes. Prepaid pensions are entered as a long-term asset in the balance sheet if it is likely that the over-financing can be utilised or paid back. In a similar way, a long-term liability appears in the accounts when the pension commitment is greater than the pension funds. Net pension costs are classified in their entirety as payroll and related costs in the income statement. Changes in the pension commitment that are due to changes in pension schemes are accrued over the estimated remaining earning period. Changes in pension commitments and pension funds due to variations from estimates and changes to assumptions (estimate changes) are spread over the estimated average remaining accrual period if they exceed 10% of whichever is greater of pension commitments and pension funds at the beginning of the year (corridor). Non-amortised estimate changes and changes in pension schemes are shown in note 2

Other income and expenses
The item other income and expenses includes restructuring costs, gain and loss on the sale of fixed assets and gain and loss on the sale of subsidiaries in the group. See note 4.

Taxes
Tax costs comprise payable tax for the period and changes in deferred tax/tax asset. Payable tax is calculated on the basis of the results for the year in terms of taxation. Net deferred tax/tax asset is calculated at 28% of the temporary differences between the financial reporting basis and the tax basis, as well as any tax carried forward at the end of the accounting year. Temporary differences which either increase or reduce the amount of tax and which are reversed or may be reversed in the same period are equalised. Deferred tax asset on net tax-reducing differences that are not equalised and loss brought forward is entered on the basis of expected future earnings. Deferred tax and tax asset that can be carried forward is entered net in the balance sheet.

Tangible fixed assets and depreciation
Tangible fixed assets are entered at acquisition cost after deductions for 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 whichever is the lower of acquisition cost and actual value. The assets are written down to actual value if the actual value is the lower of the two values and the fall in value is not of a temporary nature. An individual valuation of the individual asset is made with regard to any write-down.
If the basis for the write-down is no longer applicable, it is reversed. New provisional Norwegian Accounting Standards relating to the writing down of fixed assets were not taken into use in 2002. Tangible fixed assets are depreciated using the straight-line method over the estimated economic life. Ordinary depreciation starts from the time when the asset is put into normal

operation. This means that depreciation does not apply to construction in progress.
Normal maintenance and repair costs are expensed immediately. Costs of replacements and renewals that appreciably increase the standard of the assets are capitalised.

Development costs
Costs relating to the development of IT systems are capitalised and depreciated using the straight-line method over the expected life of the systems. Costs relating to ongoing modifications and development of existing systems are expensed as maintenance.
Other development costs incurred by the group for the development or further development of existing and new products, production processes etc, in order to secure future earnings are expensed as they arise. These are capitalised from the time a product is developed and a customer base is established that guarantees future earnings.

Shares and long-term investments
Share investments in subsidiaries and associated companies where the investment is of a long-term and strategic nature are valued as fixed assets. The same valuation applies to other strategic share investments. Shares that are not valued as an investment in an associated company are entered at the cost price. The cost price also includes transaction costs connected with the acquisition. Write-downs are done on an individual basis provided the fall in value is not due to temporary causes. In Norway Post's accounts the cost method is used for all ownership shares in limited companies, including subsidiaries.

Inventories
Inventories consist mainly of postage stamps and other goods sold through the sales network. Inventories are entered in the balance sheet at whichever is the lower of acquisition value and expected net sales value.

Accounts receivable
Accounts receivable are entered in the balance sheet at the nominal value after deduction for expected bad debt.

Uncertain liabilities
Uncertain liabilities are entered if there is a high probability that they will be settled and the value can be reliably estimated. The best estimate is used when calculating the settlement value. Other important matters are discussed in note 21.

Restructuring costs and redundancy payment
Restructuring is a planned programme involving major changes to the size of the company or the way it is run. Provisions for restructuring are expensed when the programme is decided and the costs are identifiable, quantifiable and not covered by corresponding revenues (matching principle).
Employees who have been made redundant have a right to redundancy payment, which is paid for a period until they obtain new employment. When Norway Post became a limited company on 1 July 2002, the government decided that the company itself would cover the expenses relating to redundancies between 1 July 2002 and 31 December 2004. The redundancy payment commitment is calculated on a best estimate basis.

Leasing
Leasing agreements are registered either as ordinary leases or as a form of financing based on a review of the actual substance of the individual agreements.
In financial leasing the asset is entered at the acquisition cost when the asset was taken over. The asset is depreciated according to rules governing corresponding tangible fixed assets. The interest part of financial expenses is treated as an ordinary financial expense.

Foreign exchange
Current receivables and liabilities in foreign currency are valued at the exchange rate on the balance sheet date. Currency changes affecting income are entered under financial income and financial expenses, apart from the effects of individual transactions in international postal development, which are entered under operating revenues and operating expenses.
Translation differences relating to financial instruments that have been designated and proved to be effective in hedging net investment in foreign companies are entered as translation differences under group equity. In the company accounts, loans in foreign currency that are used for hedging are entered at the historical rate of exchange. Hedging is taken into account by capitalising the realised currency gains and losses.
Goodwill from the acquisition of foreign companies is entered at transaction rate of exchange.

Cash flow statement
The cash flow statement has been prepared in accordance with the indirect model. Holdings of cash and cash equivalents consist of liquid assets, including the sales network's liquidity requirements.

NOTE 1 – OPERATING REVENUES

NORWAY POST				NORWAY POST GROUP		
2000	2001	2002		2002	2001	2000
8 171	8 490	8 049	Communication products	8 244	8 482	8 202
2 143	2 096	2 297	Logistics operations	3 464	3 133	2 762
1 032	1 364	1 336	Consumer	1 333	1 387	1 073
			IT services	1 769	1 460	977
678	536	360	Other, including eliminations	356	546	645
12 024	**12 486**	**12 042**	**Operating revenues**	**15 166**	**15 008**	**13 659**

The proportion of the group's operating revenues generated by business abroad was 2.5 % in 2000, 4.8 % in 2001 and 7.2 % in 2002.

NOTE 2 – PAYROLL EXPENSES

NORWAY POST				NORWAY POST GROUP		
2000	2001	2002		2002	2001	2000
5 882	5 854	5 596	Salaries	6 825	6 952	6 643
820	803	755	National Insurance contributions	968	957	933
328	359	348	Pension costs	446	420	377
386	310	207	Other benefits	246	299	378
7 416	**7 326**	**6 906**	**Payroll expenses**	**8 485**	**8 628**	**8 331**
801 252	1 056 920	1 246 428	Board of Directors			
351 444	225 982		Corporate assembly			
1 250 000	1 300 000	1 350 000	Auditor's fees for annual accounts	6 389 485	4 440 510	3 111 000
4 074 890	1 715 750	1 388 050	Auditor's fees for other financial audit	4 711 923	6 379 589	5 546 500
937 500	518 000	138 624	Auditor's consultancy fees	3 671 454	518 000	937 500
23 389	21 211	19 407	No. of full-time jobs/man-labour years	23 509	24 506	25 684
27 178	25 126	22 807	No. of employees at 31.12	26 886	29 563	32 365
23 281	26 861	27 198	No. in pension scheme at 31.12	29 442	29 643	25 630

Remuneration
The Board of Directors has no pension scheme or any other arrangements other than remuneration.

The Chief Executive Officer has an annual salary of NOK 2 million. The retirement agreement of the Chief Executive Officer stipulates a retirement age of 65 years, but he is entitled to resign at 60 years and receive a supplementary pension amounting to 66% of his salary at the time of retirement.

In 2002, Norway Post introduced a bonus scheme for the Chief Executive Officer and executive management. The scheme allows for a bonus payment of up to 25% of salary. The primary requirement for a bonus payment is a pre-tax profit. If a bonus is paid out following positive results, a similar bonus may be paid based on individual targets. The final bonus decision is made by the chairman of the board (by the chief executive officer for the executive management). No bonus will be paid out if an employee has ceased to work for the company on the bonus payment date. On the basis of the specified criteria, no bonus will be paid out for 2002.

The Chief Executive Officer's salary and other remuneration for 2002 amounted to NOK 2,240,415, including Board fees of NOK 100,000 in ErgoGroup.
His pension premium payments amounted to NOK 1,437,894.

Remuneration of the Board of Directors and the corporate assembly refers to amounts recorded in the accounts. The corporate assembly ceased to exist in 2001, therefore no payment was made in 2002.

Of the total auditor's fees of NOK 14.7 million in 2002, NOK 8.5 million were fees to the group auditor. This figure breaks down to NOK 5.2 million in auditing fees, 3.1 million other financial auditing and 0.2 million in consultancy fees.

Pension commitments
Norway Post and its subsidiaries have pension schemes under which most employees are entitled to specific future pension benefits (benefits plan). The pension benefits are normally based on the number of pension-earning years and the wage level on reaching retirement age. Norway Post has a group pension scheme for its employees in the Norwegian Public Service Pension (SPK), a scheme that comprises benefits in accordance with the Act governing the Public Service Pension Fund.
The calculation of pension costs and commitments is based on the Norwegian Accounting Standards for Pension Expenses. However, the public service pension fund scheme is not funds-based, but management of such a fund is simulated (a «fictive fund»), as if the funds were invested in long-term government bonds. Yield on the starting fund was 6.46% from 1 December 1996, while the yield on the change in pension funds follows the yield on government bonds.
Payment of pension benefits is guaranteed by the Government. The pension commitments include pension schemes for executive personnel.
In addition, the group has collective pension schemes in life assurance companies.

Calculation of pension costs and commitments is based on the following financial and actuarial assumptions for the group:

	2002
Discount rate	6.0%
Wage adjustment	3.3%
N. Ins. base rate adjustment	2.9%
Pension adjustment	2.9%
Yield	6.1 – 6.5%
Vol. redundancy (> 50 years)	0.0 – 8.0%
Vol. redundancy (< 50 years)	0.0 – 2.5%

There were no changes in the financial assumptions that were used as a basis in 2002 compared with 2001 and 2000.

On account of the large staff cutbacks planned for the coming years, it has been decided to change the voluntary redundancy to 8% up to 50 years and 2.5% above 50 years. There has been a considerable increase in disability withdrawals in recent years and the tariff in the actuarial calculations for 2002 has changed from 50% to 140%. The changes to voluntary redundancy and disability tariff increase the gross pension commitments and the annual pension cost.

NOTE 2 CONT. – PAYROLL EXPENSES

NORWAY POST				NORWAY POST GROUP		
2000	2001	2002		2002	2001	2000
			Net pension costs			
487	480	461	Present value of pension earnings for the year	532	537	530
488	560	606	Interest cost of pension commitment	625	583	507
(485)	(528)	(567)	Return on pension funds	(585)	(552)	(504)
(116)	(116)	(116)	Employees' 2% contribution	(117)	(116)	(117)
		2	Estimate changes	5		
	10	10	Changes in pension schemes	9	12	
374	**406**	**396**	**Net pension costs**	**469**	**464**	**416**
			Net pension commitment			
(9 070)	(10 243)	(11 064)	Estimated accrued commitment	(11 445)	(10 720)	(9 463)
8 559	9 365	10 114	Estimated value of pension funds	10 433	9 807	8 917
(511)	(878)	(950)	Net estimated pension commitment	(1 012)	(913)	(546)
	147	136	Unrecorded changes in pension schemes	118	146	
186	609	1 047	Unrecorded estimate changes	1 095	626	204
(325)	**(122)**	**233**	**Book pension commitment**	**201**	**(141)**	**(342)**

The unrecorded estimate change (corridor) for Norway Post increased by NOK 438 million from 2001 to 2002. The increase is attributable to higher wage growth and more withdrawals from the disability pension than the long-term assumptions. In accordance with Norwegian accounting standards for pension costs, the estimate changes are entered under «corridor» and excess amounts are entered over the average remaining earning period of 15 years. Changes to pension commitment that are due to changes in pension schemes are spread over the remaining expected pension-earning period. Employer's National Insurance contributions are included in the individual figures above. Subsidiaries also have supplementary plans on top of the benefit plans arrangement. For these companies premiums are expensed.
The above specification of capitalised pension commitments for 2000 includes a provision of NOK 200 million for disability pensions. The provision is classified in the income statement as other revenues and expenses, cf. note 4.

Net pension funds are included in interest-free long-term receivables in note 10.
The government budget for 2003 stipulated that Norway Post would have to make extraordinary payment of NOK 1,475 million into the Public Service Pension Fund.
NOK 600 million of the amount will be compensated by the added new equity.

NOTE 3 – OTHER OPERATING EXPENSES

NORWAY POST				NORWAY POST GROUP		
2000	2001	2002		2002	2001	2000
909	943	988	Cost of premises	1 129	845	835
825	1 198	1 288	Misc. external services	380	340	340
299	225	118	Travelling expenses	199	303	354
137	90	126	Marketing	162	119	162
766	887	717	Other costs	750	1 001	743
2 936	**3 343**	**3 237**	**Total other operating expenses**	**2 620**	**2 608**	**2 434**

Miscellaneous external services includes internal group purchases of NOK 529 million in 2000, NOK 902 million in 2001 and NOK 945 million in 2002.

Most research and development costs relate to IT development.
In 2002, NOK 26.2 million was expensed and an addition NOK 380 million was capitalised. See note 7.

NOTE 4 – OTHER INCOME AND EXPENSES

NORWAY POST				NORWAY POST GROUP		
2000	2001	2002		2002	2001	2000
1 200		105	Restructuring	110		1 200
(138)	(458)	(105)	Net gain on fixed assets	(116)	(447)	(138)
			Gain on disposal of subsidiaries	(18)	(78)	
1 062	**(458)**	**0**	**Total other income and expenses**	**(24)**	**(525)**	**1 062**

Restructuring/provision for disability payments
In 2000, provisions of NOK 1,000 million for restructuring and NOK 200 million to cover disability pension payments were made. The provision for restructuring was increased by NOK 105 million in 2002. This increase is to cover personnel-related measures and lease rental for vacated premises.

Sale of fixed assets
In 2001 Norway Post sold most of its post buildings and its future main post office, Posthuset.
In connection with the sale of Posthuset, an agreement was signed whereby the buyer would pay an additional fee per square metre for an approved arrangement on enlargement of the property. This additional fee was paid in 2002.

In 2002, Norway Post sold five post buildings, three post terminals, two studio apartments and two plots of land.
The sale of fixed assets in 2002 recorded a net gain of NOK 105 million. This amount includes the additional fee of NOK 46 million relating to Posthuset.

NOTE 5 – FINANCIAL INCOME AND FINANCIAL EXPENSES

Norway Post 2000	Norway Post 2001	Norway Post 2002		Norway Post Group 2002	Norway Post Group 2001	Norway Post Group 2000
10	44	90	Interest income from group companies			
75	68	68	Other interest income	88	93	98
	24	5	Gain on disposal of subsidiaries			
4	6	9	Exchange gains etc. from financial investments	3	8	4
8	32	22	Other financial income	23	4	2
97	**174**	**194**	**Financial income**	**114**	**105**	**104**
1	4	2	Interest expenses from group companies			
114	164	137	Other interest expenses	158	181	118
	5	33	Loss from sale of subsidiaries			
11	15	5	Exchange losses from financial investments	6	37	24
2	27	32	Other financial expenses	23	12	
128	**215**	**209**	**Financial expenses**	**187**	**230**	**142**

NOTE 6 – TAXES

Norway Post 2000	Norway Post 2001	Norway Post 2002		Norway Post Group 2002	Norway Post Group 2001	Norway Post Group 2000
(42)	(145)	(198)	Diff. rel. to current balance sheet items	(225)	(208)	(50)
(805)	(226)	38	Diff. rel. to long-term balance sheet items	(37)	(199)	(799)
	(20)	(647)	Tax loss carried forward	(975)	(157)	(69)
(274)	(86)	265	Net pension commitment	231	(109)	(283)
			No basis for capitalisation	270	82	
(1 121)	**(477)**	**(542)**	**Basis for deferred tax/(tax asset)**	**(736)**	**(591)**	**(1 201)**
(314)	(134)	(152)	Deferred tax/(tax asset)	(206)	(165)	(336)
	(2)	(2)	Payment on dividend/other	(2)	12	
(314)	**(136)**	**(154)**	**Deferred tax/(tax asset)**	**(208)**	**(153)**	**(336)**
(937)	639	(61)	Operating result before tax			
1 206	(639)	61	Differences in accounts/tax			
269	0	0	Basis for tax payable			
75	**0**	**0**	**Tax payable**			
75	0		Tax payable	62	42	115
(332)	178	(18)	Change in deferred tax/(tax asset)	(58)	196	(346)
(257)	**178**	**(18)**	**Taxes**	**4**	**238**	**(231)**

Net deferred tax asset are capitalised, as the asset can be utilised in connection with expected future earnings. The tax losses to be carried forward arose in the period 2000-2002.

The classification of deferred tax and deferred tax assets in the accounts is presented in notes 16 and 7, while tax payable is presented in note 18.

NOTE 7 – INTANGIBLE ASSETS

Norway Post 2000	Norway Post 2001	Norway Post 2002		Norway Post Group 2002	Norway Post Group 2001	Norway Post Group 2000
222	234	22	IT development, rights etc.	474	330	279
314	136	154	Deferred tax asset	208	153	336
		9	Goodwill	957	818	329
536	**370**	**185**	**Intangible assets**	**1 639**	**1 301**	**944**

Most research and development costs relate to IT development. In 2002, NOK 26.2 million was expensed and an addition NOK 380 million was capitalised. See note 3. In 2002, Norway Post sold IT systems to ErgoGroup with a total market value of NOK 257 million. See note 21.

NORWAY POST	Accumulated cost price at 01.01	Depreciated at 01. 01	Book value at 01.01	Additions in 2002	Transfers 2002	Reductions 2002	Depr/write -downs 2002	Book value at 31.12	Depreciation period
IT development, rights etc.	359	184	176	5	7	170	6	12	2-6 years
Goodwill				11			2	9	5 years
Construction in progress.	59		59	52	(7)	93		10	
Total IT development, rights etc.	**418**	**184**	**234**	**68**	**0**	**262**	**8**	**31**	
GROUP									
IT development, rights etc.	513	248	265	223	7	8	117	371	2-6 years
Construction in progress.	65		65	46	(7)			103	
Goodwill									
Subsidiaries:									
TSI AS	103	19	84	30			9	105	10 years
Wajens AS	28	5	23				3	20	10 years
Oslo Container Stevedor AS	92	16	76				9	67	10 years
KortProsess AS	1		1					1	4-5 years
1to1 Factory AS	24	24							
CityMail AB				71			6	65	10 years
Other goodwill:									
Norway Post				11			2	9	5 years
ErgoGroup	505	45	460	100	(5)		64	491	10 years
TSI Group	196	21	175		(15)		17	143	10 years
PNL				14			2	12	5 years
Wajens AS				4				4	
CityMail AB				54			9	45	6 years
Group adjustment						6	(1)	(5)	
Total goodwill group	**949**	**130**	**818**	**284**	**(20)**	**6**	**120**	**957**	

Goodwill
Acquired goodwill in Norway Post in 2002 relates to two operating units and their content, which were taken over from ErgoGroup. One unit consists of an output data unit, including printers and folder/inserters, and the other is a COMCDR, which includes computer and microfilm equipment. These will be depreciated over 5 years.

Goodwill from the acquisition of 57% of the shares in CityMail Sweden AB amounts to NOK 71 million. On the basis of the profitability assessments made at the time of acquisition, earnings are expected to span a minimum of 10 years. Goodwill will be depreciated on a straight-line basis over this period.

Goodwill from the acquisition of 100% of the shares in Transport Systems International AS will be depreciated over an expected economic lifetime of 10 years. In conjunction with the purchase of 20% of shares in the company in 2001, the depreciation period for the acquired goodwill was reassessed and changed from 12 to 10 years. The company's position as leading courier company in the Nordic countries makes it highly profitable and Norway Post will be able to benefit from its strong market position for a long time to come. TSI AS's operating concept forms the basis for a positive transfer of know-

how and experience to other parts of Norway Post's business and, in the long term, for increased value creation for the group.
In 2001, the TSI group acquired operations in Sweden and Denmark. Acquired goodwill, which at 31 December 2001 amounted to NOK 175 million, will be depreciated over 10 years on the basis of anticipated earnings.

Acquired goodwill in ErgoGroup AS totalling NOK 460 million is due to the acquisition of operations in the companies ErgoBluegarden AS and ErgoIntegration AS in 2000 and Gjensidige NOR's computer operations in 2001. Anticipated earnings from the acquisitions are expected to span a minimum of 10 years and depreciation will take place on a straight-line basis throughout this period.

Oslo Container Stevedor AS and Wajens AS are financially sound companies achieving earnings that are among the best in their business areas. Both companies are recognised as having strong brand names in their respective fields (third-party logistics and distribution/pick-up and delivery operations). Norway Post therefore expects to achieve a commercial return in these investments over a long period of time and for this reason has chosen to depreciate goodwill in these companies over a 10-year period.

IT development, rights etc.
The depreciation period is 2 – 6 years, depending on the lifetime of the individual system. The systems have been individually assessed.

NOTE 8 – TANGIBLE FIXED ASSETS

NORWAY POST	Machinery	Vehicles FF&E	Buildings, real estate	Construction in progress Machinery and plant	Construction in progress Buildings	Total
Acquisition cost 01.01	972	2 180	2 848	132	20	6 152
Additions	46	83		397	60	586
Transfers	27	434	14	(432)	(43)	0
Disposals	(99)	(344)	(151)			(594)
Acc. depr/write-downs 31.12	(521)	(1 364)	(791)			(2 676)
Book value at 31.12.2002	**425**	**989**	**1 920**	**97**	**37**	**3 468**
Depreciation for the year	95	274	84			453
Write-downs for the year	1	16	2			19
Useful life	4 - 8 år	4 - 8 år	30 - 40 år			

NORWAY POST GROUP	Machinery	Vehicles FF&E	Buildings, real estate	Construction in progress Machinery and plant	Construction in progress Buildings	Total
Acquisition cost 01.01	972	3 046	2 934	132	20	7 104
Additions	46	385	6	397	60	894
Transfers	27	434	14	(432)	(43)	0
Disposals	(99)	(417)	(146)			(662)
Acc. depr/write-downs 31.12	(521)	(1 963)	(818)			(3 302)
Book value at 31.12.2002	**425**	**1 485**	**1 990**	**97**	**37**	**4 034**
Depreciation for the year	95	476	88			659
Write-downs for the year	1	18	3			22
Useful life	4 - 8 years	3 - 8 years	25 - 40 years			

Ordinary depreciation and write-downs for the year in Norway Post, including depreciation on IT development costs amounts to NOK 480 million, while depreciation in the group amounts to NOK 903 million. Capitalised IT development costs are shown in note 7. There is a difference between depreciation for the year in notes 7 and 8 and the actual depreciation in the accounts. This is because the accounts include a company that was sold in 2002 and therefore not included in the note.
In 2002, Norway Post transferred EDP equipment to ErgoGroup with a total market value of NOK 162 million. See note 21.

NOTE 9 – INVESTMENTS IN SHARES

Subsidiaries/ Jointly controlled companies	Acquired	Address	Ownership/ voting share at 31.12.2002	Book value 2002
ErgoGroup AS	01.12.96	Oslo	100 %	431
Oslo Container Stevedor AS	12.04.00	Oslo	100 %	107
Transport Systems International AS (TSI)	01.01.99	Oslo	100 %	167
Wajens AS	12.04.00	Oslo	100 %	36
Nettlast AS	15.11.00	Oslo	100 %	30
Pan Nordic Logistics AB (PNL)	15.08.97	Sweden	50 %	28
Nettlast Hadeland AS	15.11.00	Jaren	100 %	5
Nettlast Helgeland AS	15.11.00	Mosjøen	100 %	3
Posten Forbruker-Kontakt AS	01.10.97	Oslo	100 %	3
Kort Prosess AS	26.06.00	Oslo	51 %	3
1 to 1 Factory AS	30.06.01	Oslo	100 %	0
CityMail Sweden AB	01.05.02	Sweden	57 %	138
Book value				**951**

Share investments, group

	Address	Ownership	Book value
Transportinvest AS	Oslo	9 %	54
Adviso AS	Oslo	27 %	68
Axiti AS	Oslo	1 %	1
Atento AS	Oslo	29 %	4
Epartner AS	Sandvika	50 %	5
Gecko AS	Kristiansand	34 %	2
ITC DK	Denmark	34 %	3
OptiMail AB	Sweden	12 %	12
Other owner interests			1
Book value			**150**

Jointly controlled companies	**PNL**	**Netaxept**	**Zebsign**	**Buypass**	**NITS**	**Medix**
Share of operating revenues	372	1	46	7	0	0
Share of operating expenses	393	8	41	22	3	4
Share of net financial income	1	1	0	1	0	0
Share of taxes	(2)	0	1	0	1	0
Share of net profit/(loss) for the year	**(18)**	**(6)**	**4**	**(14)**	**(4)**	**(4)**
Share of fixed assets	28	0	22	23	2	0
Share of current assets	110	0	23	22	0	1
Total assets	**138**	**0**	**45**	**45**	**2**	**1**
Share of long-term liabilities	13	0	20	8	3	0
Share of current liabilities	121	0	10	23	5	1
Total liabilities	**134**	**0**	**30**	**31**	**8**	**1**

At 31 December 2002 Norway Post owned 50% of the shares in Pan Nordic Logistics AB. The other 50% is owned by Post Denmark.

NOTE 10 – INTEREST-FREE LONG-TERM RECEIVABLES

NORWAY POST				NORWAY POST GROUP		
2000	**2001**	**2002**		**2002**	**2001**	**2000**
		233	Pension funds	201		
12	10	12	Receivables from employees	14	12	13
37	28	14	Other long-term receivables	21	48	45
49	**38**	**259**	**Interest-free long-term receivables**	**236**	**60**	**58**

See note 2.

NOTE 11 – INTEREST-BEARING LONG-TERM RECEIVABLES

NORWAY POST				NORWAY POST GROUP		
2000	**2001**	**2002**		**2002**	**2001**	**2000**
		10	Other long-term receivables	58		
106	721	1 174	Loans to subsidiaries			
106	**721**	**1 184**	**Interest-bearing long-term receivables**	**58**		
		142	Repayments 2003			
		194	Repayments 2004			
		193	Repayments 2005			
		419	Repayments 2006			
		202	Repayments 2007			
		24	2007+			
		1 174	**Loans to subsidiaries**			

NOTE 12 – INVENTORIES

NORWAY POST				NORWAY POST GROUP		
2000	**2001**	**2002**		**2002**	**2001**	**2000**
56	58	80	Acquisition cost	81	60	60
(9)	(9)	(16)	Write-downs	(16)	(9)	(10)
47	**49**	**64**	**Inventories**	**65**	**51**	**50**

NOTE 13 – INTEREST-FREE CURRENT RECEIVABLES

NORWAY POST				NORWAY POST GROUP		
2000	**2001**	**2002**		**2002**	**2001**	**2000**
1 493	1 885	1 707	Accounts receivable	2 178	2 319	1 831
4	3	2	Receivables from employees	6	8	10
20	44	164	Receivables from subsidiaries			
47	57	57	Prepaid expenses	136	114	83
46	193	156	Other receivables	206	280	78
1 610	**2 182**	**2 086**	**Interest-free current receivables**	**2 526**	**2 721**	**2 002**
9	11	17	Provision for bad debt	40	36	19
15	4	25	Actual bad debt	30	9	17

Deductions have been made in accounts receivable for provision for bad debt.

NOTE 14 – LIQUID ASSETS

NORWAY POST				NORWAY POST GROUP		
2000	**2001**	**2002**		**2002**	**2001**	**2000**
60	126	131	Bank/cash deposits	262	334	203
10			Bonds	8	11	10
577	594	570	Restricted assets	583	615	610
647	**720**	**701**	**Liquid assets**	**853**	**960**	**823**

A considerable part of cash and cash equivalents relates to the sales network's liquidity requirements. Norway Post's restricted assets are the cash holding for Postbanken. Remuneration for these services is included in operating revenues, while interest on the cash holding is recorded as financial income.

Norway Post has provided a bank guarantee of NOK 350 million as security for employees' withholding tax.

The group has established a group accounts system whereby Norway Post is the group account holder. The bank may offset withdrawals and deposits so that the net position represents the amount outstanding between the bank and the account holder.

For 2001, the group account holding is included in Postbanken holding, while the holdings of the individual companies are treated as inter-company with the parent company. Comparative figures have not changed.

NOTE 15 – EQUITY

NORWAY POST	Share capital	Share premium reserve	Other equity	Equity Parent company	Group reserve	Group equity
Equity at 01.01.2000	1 515	505	648	2 668	(9)	2 659
Net profit for the year, parent company after dividend			(680)	(680)	680	
Net profit for the year consolidated after dividend					(655)	(655)
Translation differences etc.					8	8
Equity at 31.12.2000	**1 515**	**505**	**(32)**	**1 988**	**24**	**2 012**
Profit for the year, parent company after dividend			161	161	(161)	
Profit consolidated after dividend					180	180
Translation differences etc.						1
Equity at 31.12.2001	**1 515**	**505**	**129**	**2 149**	**43**	**2 193**
Capital contribution	1 545	515	(121)	1 939		1 939
Equity after capital contribution	3 060	1 020	8	4 088	43	4 132
Profit for the year, parent company after dividend			(43)	(43)	43	
Profit consolidated after dividend					(110)	(110)
Translation differences etc.					12	12
Equity at 31.12.2002	**3 060**	**1 020**	**(35)**	**4 045**	**(12)**	**4 034**

The minority share of equity at 31 December amounted to NOK 48 million (2002), NOK 35 million (2001) and NOK 25 million (2000).

When Norway Post became a limited company on 1 July 2002, the Government, represented by the Ministry of Transport and Communications paid in NOK 2,060 million, in addition to the equity at 31 December 2001. At the same time, Norway Post took over an estimated NOK 121 million in redundancy payment commitments, which was charged to other equity.
This meant that total equity for Norway Post amounted to NOK 4,088 million, distributed as follows;

Share capital	NOK 3,060 million
Share premium reserve	NOK 1,020 million
Other equity	NOK 8 million

Share capital consists of 3,060,000 shares with a nominal value of NOK 1,000. All the company's shares are owned by the government's Ministry of Transport and Communications.

NOTE 16 – PROVISIONS

NORWAY POST 2000	2001	2002		NORWAY POST GROUP 2002	2001	2000
325	122		Net pension commitment		141	342
914	578	282	Restructuring commitment	294	578	915
		121	Redundancy payment commitment	121		
3	2		Other commitments	31	77	22
1 242	**702**	**403**	**Provisions**	**446**	**796**	**1 279**

See note 2.

Specifications of restructuring commitments

2000	2001	2002		2002	2001	2000
154	914	578	Restructuring 01.01	578	915	158
1 000		105	Provision	119		1 000
(240)	(336)	(401)	Accrued expenses	(403)	(337)	(243)
914	**578**	**282**	**Restructuring 31.12**	**294**	**578**	**915**

See note 4.

Restructuring
Provisions at 31 December 2002 amounted to NOK 282 million, which corresponds with the estimated remaining commitment. This figure breaks down as follows:
- Personnel-related measures NOK 187 million
- Lease rental for vacated premises NOK 95 million

The majority of the payments will be made in the period 2003 – 2005.

Redundancy payment
Government employees who have been made redundant have a right to redundancy payment, which is paid for a period until they obtain new employment. For Norway Post employees, the redundancy arrangement is valid up to and including 31 December 2004. When Posten Norge BA was established in 1996, the government took on the commitments relating to redundancy payment for company employees made redundant. When Norway Post became a limited company on 1 July 2002, the government decided that the company itself would cover the expenses relating to redundancies between 1 July 2002 and 31 December 2004. The redundancy payment commitment was unchanged in 2002.

NOTE 17 – INTEREST-BEARING LONG-TERM AND CURRENT LIABILITIES

NORWAY POST				NORWAY POST GROUP		
2000	**2001**	**2002**		**2002**	**2001**	**2000**
400	481	403	Liabilities to credit institutions	409	490	443
		193	Currency loans	189		
179	167	155	Other long-term liabilities	248	243	260
400	400		Subordinated loans		400	416
979	**1 048**	**751**	**Interest-bearing long-term liabilities**	**846**	**1 133**	**1 119**
400			Liabilities to credit institutions	6		401
120	105	68	Other long-term liabilities	118	159	177
400			Subordinated loans			400
920	**105**	**68**	**Loans maturing after 5 years**	**124**	**159**	**978**
		57	Repayments 2003	71		
		14	Repayments 2004	24		
		594	Repayments 2005	600		
		9	Repayments 2006	14		
		9	Repayments 2007	13		
		68	2007+	124		
		751	**Long-term liabilities**	**846**		
400	600	300	Loan certificates	300	600	400
	232		Liabilities to credit institutions	4	241	16
400	**832**	**300**	**Interest-bearing current liabilities**	**304**	**841**	**416**

Total unutilised drawing facilities amounted to NOK 1,620 million at 31 December 2002 and these are valid until 1 December 2005.

When Norway Post became a limited company on 1 July 2002, a government subordinated loan of NOK 400 million was converted to equity. The average interest rate was 8.2% up to 30 June 2002. Other long-term liabilities comprise financial leasing commitments and will be reduced as instalments are paid. See note 20.

Norway Post has taken out currency loans to safeguard investments in foreign subsidiaries. The currency loans are entered at the current exchange rate in the group and at the historic rate of exchange in the company accounts.
The weighted average interest for total liabilities was 7.2% in 2002.
There were no fixed-interest agreements at 31 December 2002.

NOTE 18 – INTEREST-FREE CURRENT LIABILITIES

NORWAY POST				NORWAY POST GROUP		
2000	**2001**	**2002**		**2002**	**2001**	**2000**
1 479	1 751	1 629	Provision for wages/public fees	1 896	2 002	1 652
194	345	496	Provision for accrued expenses	605	437	222
	300		Allocated dividend	1	307	
75			Tax payable	65	41	118
381	442	418	Deferred income	445	489	400
569	581	614	Accounts payable	799	799	662
121	243	215	Debt to subsidiaries			
64	68	27	Other liabilities	120	128	228
2 883	**3 730**	**3 399**	**Interest-free current liabilities**	**3 931**	**4 203**	**3 282**

For further details regarding tax payable see note 6.

NOTE 19 – GUARANTEE LIABILITY/MORTGAGES AND SIMILAR COMMITMENTS

Norway Post has provided a parent-company guarantee to Den norske Bank ASA of 37% of the annual contractual amount for the provision of IT services.
The guarantee amounted to NOK 29 million in 2002. A parent-company guarantee has also been provided for contracts with Aetat, the Norwegian employment service, and the Oslo Kemnerkontoret, as well as a further one for rental costs. These guarantees have been provided on behalf of ErgoGroup AS.

In addition, the company has provided a guarantee to Den norske Bank ASA for loans to employees for the purchase of vehicles for use in service.
At 31 December 2002, loans totalled NOK 17.7 million (NOK 31 million in 2001). Norway Post is also guarantor for the subsidiary Transport Systems International AS for DKK 5 million.

The total guarantee level at 31 December 2002 was NOK 117 million, compared with NOK 141 million at 31 December 2001.
Some of Norway Post's loan agreements contain negative pledge clauses and commit the group to maintaining defined levels for financial key ratios. The group was well within these limits at year-end 2002.

NOTE 20 – RENTAL COMMITMENTS

NORWAY POST				NORWAY POST GROUP		
2000	**2001**	**2002**		**2002**	**2001**	**2000**
			Financial leasing			
167	160	152	Book value, buildings	212	223	233
70	78	86	Acculated depreciation	89	81	73
174	163	151	Commitments, buildings	217	232	246
			Book value, computer equipment	4		
			Commitments, computer equipment	4		
			Operational leasing			
495	518	550	Annual rental costs	682	625	580
	100	109	Annual rental costs, vehicles	109	100	
			Annual rental costs, computer equipment	52	58	39
			Number			
5	5	5	Financial leasing buildings 31.12	6	6	6
1 228	1 192	1 071	Operational leasing buildings 31.12	1 215	1 258	1 244
	4 243	4 348	Operational leasing vehicles 31.12	4 348	4 243	

Financial leasing
The buildings are classified as buildings and other real estate, while corresponding commitments are classified as interest-bearing long-term liabilities and are included in note 17.

ErgoRunit AS has entered into a leasing agreement for computer equipment, with the commitments lasting until 31 December 2006. The commitments are listed in note 17.

Operational leasing
Norway Post has signed rental agreements for most of its offices. The overview above shows how many buildings are rented and related rental costs.

In June 2001 a new agreement was signed with LeasePlan Norge AS for the leasing of delivery vans. The agreement is valid until 26 June 2004 for entering into new individual contracts. The contract for each individual vehicle will normally be of 2 to 5 years' duration.

ErgoIntegration AS has a leasing agreement for computer equipment. The leasing agreements are valid until 31 December 2005.

NOTE 21 – OTHER MATTERS

Disputes
ESA has considered a complaint regarding alleged illegal cross-subsidisation relating to transfers from Norway Post's licensed reserved area to its parcels business. The complaint did not contain specific claims and no provision was therefore made in the accounts. ESA has now completed its investigation into this matter and has fully acquitted Norway Post as a result. With regard to other allegations in the complaint, Norway Post has made submissions to the complaint in which it denies that there are grounds for the claim.

Norway Post has received compensation claims from suppliers of equipment and furnishings. The claims are based on the fact that deliveries to Post Shops have been lower than originally projected. Norway Post is currently in dialogue with a supplier about the amount of compensation.

Norway Post and Den norske Bank ASA have not come to an agreement about the financial settlement covered by the business agreements between the parties. Norway Post is considering taking the case to arbitration.

Financial matters
Norway Post uses financial instruments for managing exposure relating to exchange rate fluctuations and changes in energy prices to a limited extent. Various financial instruments are employed in connection with major purchases from foreign suppliers, mainly forward exchange contracts. Options and forward contracts are employed to manage the price risk for expected future energy consumption. Agreements on financial instruments reduce the risk of financial exposure and these are therefore treated as hedging in the accounts when there is a clear connection with underlying assets and liabilities. Forward contracts and options have been employed to cover part of energy consumption. At 31 December 2002, contracts had been entered into covering 68 % of the expected consumption in 2003. At 31 December 2002, unrealised gains amounted to NOK 19.2 million. No further contracts have been entered into in 2003. Interest-bearing liabilities were loaned at floating interest rates, which means that at 31 December 2002 Norway Post was exposed to interest risk.
No currency hedging agreements were entered beyond 2002, which means there were no outstanding hedging amounts at 31 December 2002.
There was therefore no unrealised loss or gain on any such contracts at 31 December 2002. Foreign currency loans have been taken out in connection with the acquisition of companies abroad.
This will help to neutralise the currency effects of these investments.
At 31 December 2002, total interest-bearing liabilities in foreign currency amounted to SEK 220 million and DKK 18 million.

Major transactions
In 2002, Norway Post sold systems and EDP equipment to ErgoGroup with a total market value of NOK 419 million. Agreements relating to the sale were signed, based on the normal business conditions with ErgoGroup regarding repurchase of services for a three-year period with an option to extend for one year. See notes 7 and 8.

Norway Post further enhanced its market position in Sweden by the acquisition of 57% of the shares in CityMail Sweden AB. Norway Post is required to purchase the remaining 43 % from the other two owners by the end of the first quarter 2006.

The Government
The Government is sole owner of Norway Post. The Government, represented by the Ministry of Transport and Communications, granted Norway Post a licence for a more restricted reserved area for letter post up to and including 31 December 2005. This also requires Norway Post to provide efficient national distribution of mail and ensure that the entire population has good and equal access to the basic services and fundamental banking services.
The licence regulations will involve additional expense to enable Norway Post to achieve a commercially profitable adaptation. Financing of the extra expense involved will be covered by any profits from the reserved area and government purchasing of commercially unprofitable postal services. Government purchases in 2002 amounted to NOK 372 million and have been fixed at NOK 305 million in the government budget for 2003.
The licence conditions also require Norway Post to document that there is no illegal cross-subsidisation between the reserved area and the services exposed to competition. This documentation is submitted to the Norwegian Post and Telecommunications Authority in the form of special product accounts. The auditor provides annual control statements in accordance with the licence. In accordance with the licensing terms, the product accounts for 2002 shall be presented no later than three months after the financial accounts for 2002 have been approved.
Norway Post became a limited company on 1 July 2002, with the government represented by the Ministry of Transport and Communications as the sole shareholder. In this connection, existing paid-in capital in Norway Post was converted to share capital. When Norway Post was established as a limited company, a subordinated loan of NOK 400 million from the government was converted to equity and an additional NOK 1,660 million was injected as new equity. The government budget for 2003 stipulated that Norway Post would have to make extraordinary payment of NOK 1,475 million into the Public Service Pension Fund. NOK 600 million of the amount will be compensated by the new equity.

Den norske Bank ASA
Until the merger with Den norske Bank ASA on 1 December 1999, Postbanken was obliged and had the sole right under the Post Bank Act to supply its basic services through Norway Post's network. After the merger this legally-defined obligation and sole right no longer applied.
The obligation now lies with Norway Post through a separate act and through the licence, valid until 31 December 2005, which requires Norway Post to offer basic bank services throughout the company's entire sales network.
The sales network is owned and run by Norway Post. A cooperation agreement has been signed with Den norske Bank ASA, which gives the bank sole right and obligation to offer basic bank services, and which also relates to the sale of other products and services and development of the network. The present agreement, a continuation of that with Postbanken, runs until 31 December 2005 and is based on commercial principles.

Post in Shop
In autumn 2000 Norway Post signed a five-year agreement with Norgesgruppen ASA and AS Norske Shell as principal cooperation partner for the development of the Post in Shop concept. Agreements were also signed with Coop and Hakon. There are plans to establish a total of 1,175 outlets in the Post in Shop chain before 31 December 2003. At 31 December 2002 there were 1,146 outlets. In autumn 2002, Post in Shops won the Consumer Prize.

ERNST & YOUNG

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To the Annual Shareholders' Meeting of
Posten Norge AS

Auditor's report for 2002

We have audited the annual financial statements of Posten Norge AS as of 31 December 2002, showing a loss of NOK 43 millions for the parent company and a loss of NOK 110 millions for the Group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the coverage of loss. The financial statements comprise the balance sheet, the statements of income and cash flows, the accompanying notes and the consolidated accounts. These financial statements are the responsibility of the Company's Board of Directors and Chief Executive Officer. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and auditing standards and practices generally accepted in Norway. Those standards and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards, an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements have been prepared in accordance with law and regulations and present the financial position of the Company and of the Group as of 31 December 2002, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted In Norway
- the Company's management has fulfilled its duty to properly register and document the accounting information as required by law and accounting standards, principles and practices generally accepted in Norway
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the appropriation of the loss is consistent with the financial statements and comply with law and regulations.

Oslo, 27 March 2003
ERNST & YOUNG AS

Jan Wellum Svensen (sign.)
State Authorised Public Accountant (Norway)

Note: The translation to English has been prepared for information purposes only.

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

Highlights

JANUARY:
Norway Post decides to replace a further 40 post offices with 50 Post in Shops.

ErgoGroup takes over IT company Runit with 180 employees and an expected turnover of NOK 200 million in 2002.

Løvenskiold Vækerø chooses Ergo as a new IT partner.

FEBRUARY:
Norway Post reports provisional net income for 2001 in excess of NOK 314 million from ordinary postal business.

The agreement to purchase of 49.9 percent of the shares in Linjegods AS is cancelled.

MARCH:
A valuation conducted by DnB and Price Waterhouse Coopers puts Norway Post at NOK 6.3 billion. This is an increase of 31 percent on the 2000 valuation.

Norway Post acquires 57 percent of CityMail Sweden, enabling it to compete with Sweden Post in the most attractive sections of the Swedish postal market.

B and C Post join to become B Economy, while A Post changes its name to A Priority.

The EU parliament adopts a schedule for liberalisation of the EU post market, which will mean full competition in postal services by 2009.

Norway Post acquires Swedish Expressgods.

APRIL:
Norway Post's subsidiary Wajens acquires Mork & Nohre AS, a leader in bulk transportation in the Oslo area.

Prices for renting P.O. boxes go up.

Norway Post issues circular stamps to mark the 100-year jubilee of the Norwegian Football Association.

New uniforms to be worn by sales network employees are introduced.

MAY:
Online gaming gets underway after Buypass AS, owned by Norway Post and the Norwegian National Lottery, develops a smart-card solution allowing players to register their sports and lottery coupons directly from their own computer.

Parliament paves the way for new bank cooperation, which means Norway Post can work with other players as well as Postbanken.

82,109 vote when Norway Post, VG, Nitimen and the Norwegian F.A. ask Norwegians to choose the greatest moments in Norwegian football.

On the night of Thursday 14 May, Norway Post and the Norwegian Postal and Communications Union reach an agreement on the spring wage settlements. This is the first NAVO tariff agreement.

JUNE:
To mark the establishment as a limited company on 1 July, Parliament decides to add a further NOK 1 billion in equity. This now gives the company a total of NOK 2.06 billion.

Norway Post's new profile programme is unveiled.

The first issue of Norway Post's new magazine «Oss» is sent to every household.

Norway Post enters into an agreement for a more inclusive working life. One of the aims is to reduce sickness absence by 20 percent over three years.

Arvid Moss is elected as Norway Post's new Chairman of the Board.

JULY:
On 1 July Norway Post becomes a limited company.

Gjensidige Nor chooses ErgoBluegarden's payroll and human resources systems for its 10,000 employees.

Nettlast Helgeland is sold to Saltens Bilruter AS.

AUGUST:
Norway Post puts out parts of its heavy-goods transport in the main postal service to external carriers. The biggest external carrier is Sognefjord Spedisjon og Transport AS.

Norway Post wins a furniture delivery contract with IKEA.

SEPTEMBER:
Norway Post launches eInvoice for companies.

A new survey reveals that shops that are Post in Shop outlets have reported increased sales.

SAS Cargo wins the air transport contract with Norway Post.

It is decided to establish Post network (later renamed Distribution) to enchance the efficiency of operations.

Norway Post is awarded the Consumer Prize for its Post in Shops.

OCTOBER:
A customer survey confirms that Norway Post's new sales network has been positively received. Customers are increasingly more satisfied with Norway Post's offer and services.

Norway Post introduces general goods and freight up to one tonne in 16 European countries.

A survey reveals a rising level of satisfaction among Norway Post's employees.

NOVEMBER:
The quality of letter distribution has never been better. Statistics show 87.9 percent overnight delivery in the third quarter.

ErgoEphorma will be providing radio, TV and newspapers with results and forecasts during the next elections.

The new government budget stipulates that Norway Post has to pay NOK 1.5 billion in pension commitments into the Public Service Pension Fund.

DECEMBER:
Norway Post takes the initiative in trying to raise the maximum value for private consignments to Norway. The company wants to increase the maximum value for customs clearance of private consignments from abroad from NOK 200 to 1,000 or more.

The Arbeidslivssenteret in Oslo awards Norway Post the «Dialogbenken 2002» prize for its initiatives in the area of inclusive working life.

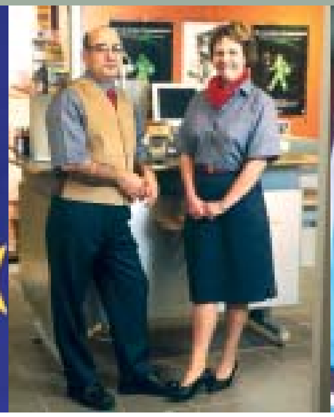
Norway Post sells its holding in Netaxept, which supplies payment solutions. The business agreements between Norway Post and Netaxept continue.

It is decided that Norway Post will have to reduce expenditure by NOK 1 billion between 2002 and 2004.

» JANUARY » FEBRUARY » MARCH » APRIL » MAY » JUNE » JULY » AUGUST » SEPTEMBER » OCTOBER » NOVEMBER » DECEMBER

Norway Post decides to replace a further 40 post offices with 50 Post in Shops.

The EU adopts a schedule for liberalisation of the European post market. The target is full competition during 2009.



New uniforms for sales network employees are ready.

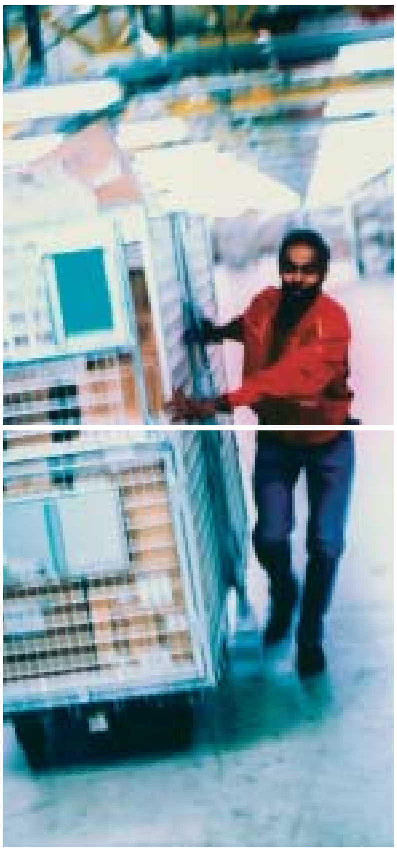
Using the smart card from Buypass, which is owned by Norway Post and the Norwegian National Lottery, players can now register sports and lottery coupons directly from their own computer.

Minister of Transport and Communications Torild Skogsholm is delighted that Norway Post became a limited company on 1 July.

Norway Post wins a furniture delivery contract with IKEA.

The results of an employee survey show a rising level of satisfaction among Norway Post employees.

Increased focus on costs. Norway Post will have to reduce expenditure by one billion between now and 2004.



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