

The best response to  
challenges is solutions  
for our customers.



## Annual Report 2010

**SWISS POST** 



We move people,  
goods, money  
and information.

We move people, goods, money and information. Today and tomorrow. The whole company embodies this vision. In so doing, we rely on our core business. This is how we have grown, and this is how we intend to remain strong and continue to improve.

Swiss Post faces a wide variety of challenges. Markets, technologies and society are all changing, constantly and profoundly. These changes entail risks, but also harbour opportunities that we want to exploit – in the communication, retail financial, logistics and public passenger transport markets.

So we are strengthening our ability to use these over-arching trends in order to develop intelligent, useful solutions for our customers. These solutions supplement our core business, generate added value and increase our competitive edge, giving us sufficient freedom and flexibility to shape our long-term future.

## > Where we operate

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### Communication market

Letters, newspapers, promotional mailings, information solutions and data management in Switzerland, in neighbouring countries and internationally.

### Retail financial market

Payments, investments, retirement planning and financing in Switzerland and international payments.

### Logistics market

Parcels, express services and logistics solutions within Switzerland and abroad.

### Public passenger transport market

Regional, municipal and urban transport plus system management in Switzerland and in selected countries abroad.

## > Our achievements in 2010

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# 910 million

Group profit hits new high

# +66 percent

Economic value added increased to CHF 452 million

# Sustainable

Reduced impact on climate and the environment in general

# Leading market positions

Market share in Swiss Post's markets expanded or maintained

# High level of customer satisfaction

Customer satisfaction figures remain high

# Strong employee commitment

Index value for employee commitment still at its highest-ever level

# High-quality basic service

Continued high quality of basic service – one of the best in Europe

## > What we aim to achieve in the next few years

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Swiss Post aims to

- generate an annual profit of CHF 700 to 800 million, increase its equity and finance investments itself,
- achieve leading market positions in its businesses in Switzerland,
- have a consistent customer satisfaction rate of 75 points (on a scale of 0 to 100),
- maintain employee commitment at the high level of 80 points (on a scale of 0 to 100),
- provide a basic service of an outstanding quality, and
- reduce its annual CO<sub>2</sub> emissions by 15,000 tonnes by the end of 2013.

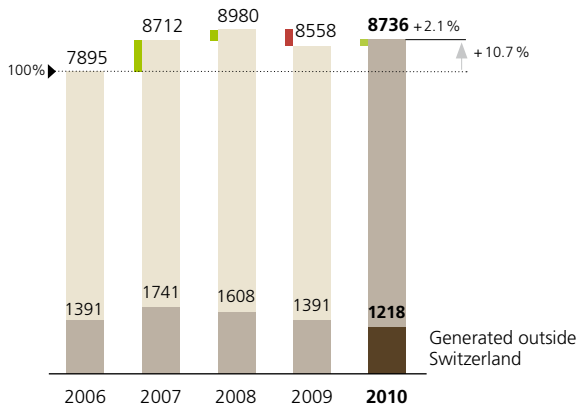
In this way, we will generate added value for the owner as an investor, for customers, for our employees and for Switzerland.

# Key figures

2006 to 2010 with variation compared with previous year and five years ago, 2006 and 2009 = 100%

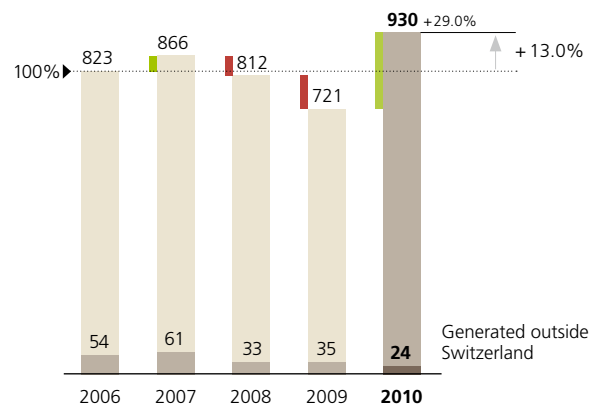
## Operating income

CHF million



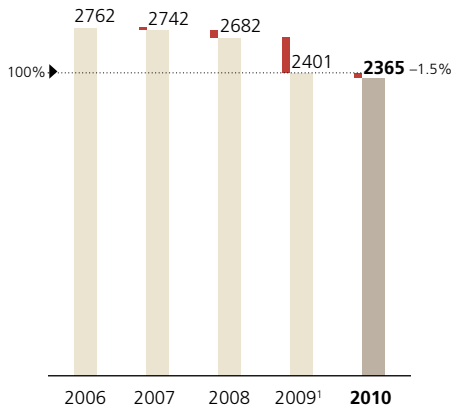
## Operating result

CHF million



## Addressed letters

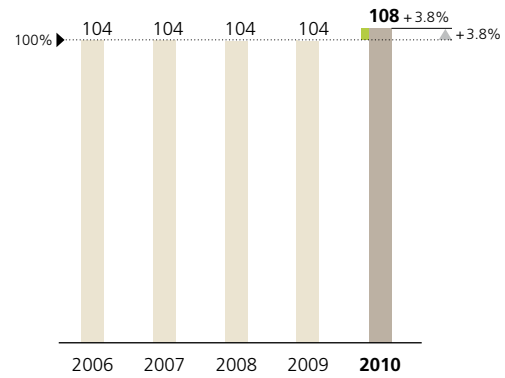
Volume in millions



<sup>1</sup> A new method of recording letter volumes is being used as of 2010. For the purposes of comparison, the previous year's figure has been adjusted and the 2009 value defined as the new baseline. Only limited comparisons can be made for 2006 to 2008.

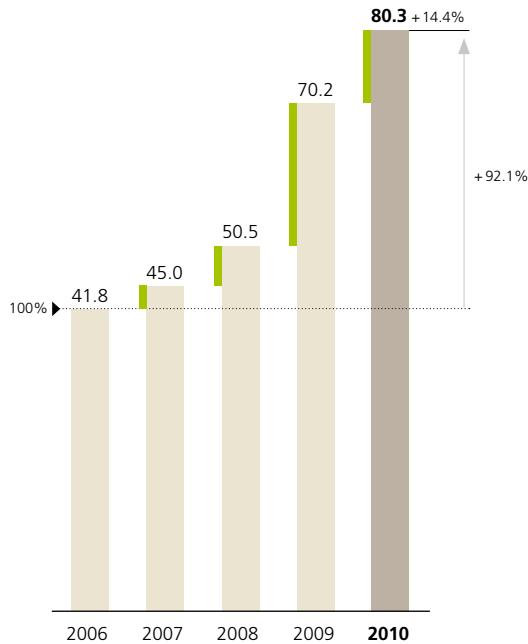
## Parcels

Volume in millions



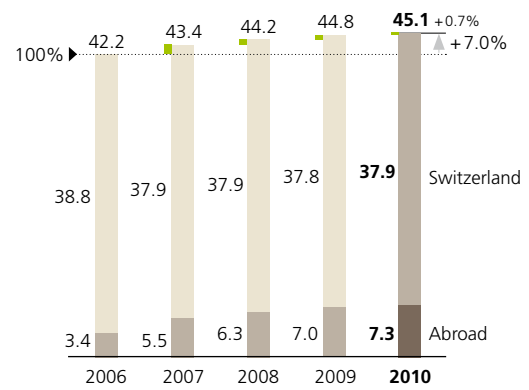
## Average customer deposits (PostFinance)

CHF billion



## Jobs

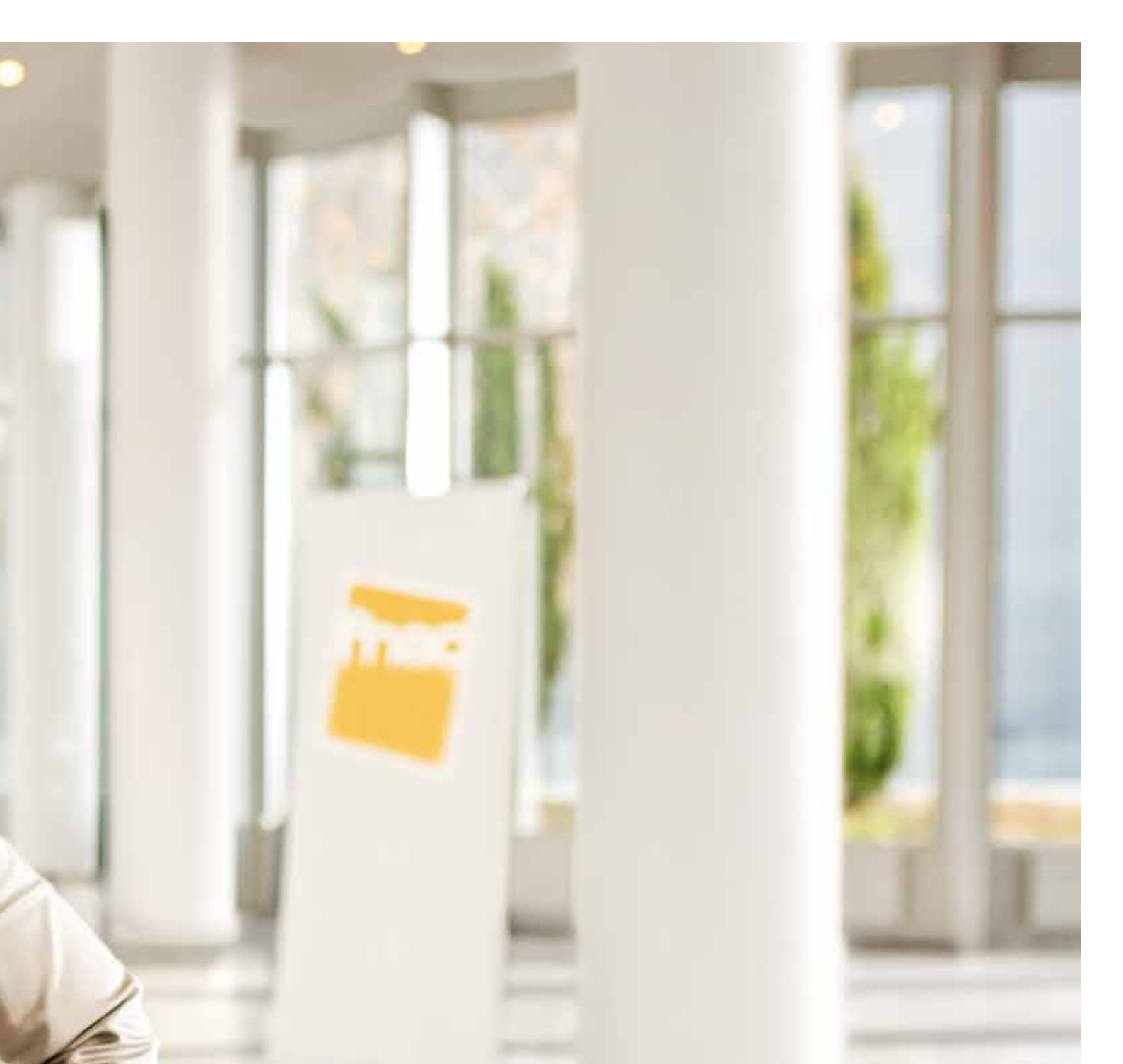
Thousands of FTEs





“The most effective approach will be to judiciously combine the opportunities that physical and digital communications offer.”

**Aurélie Penot**  
Customer Loyalty Manager, FNAC Suisse SA

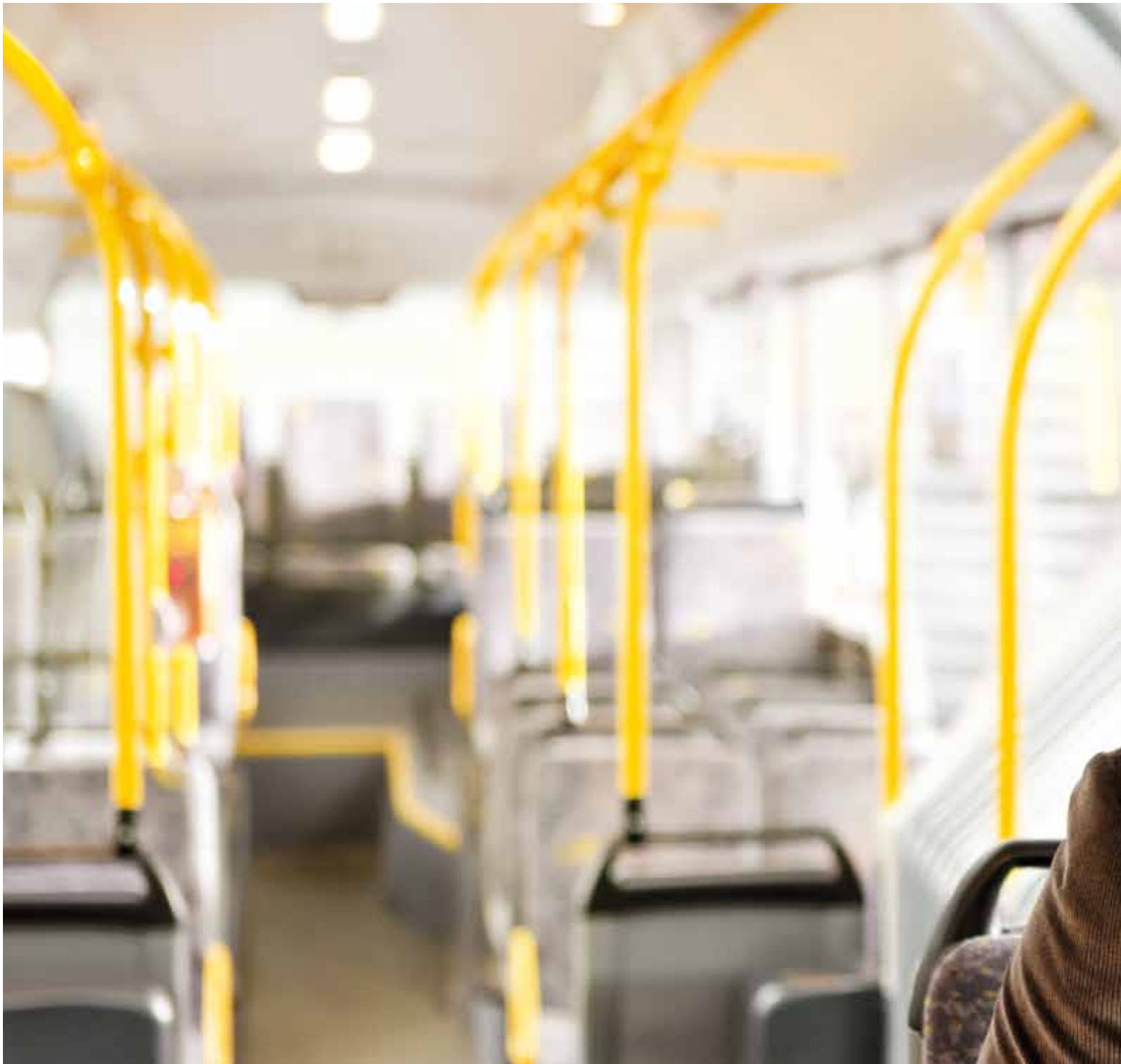


## Communication market

### From the physical world to the digital world and back again

Swiss Post commands a leading position in the Swiss **communication market**. For many years, we have been transporting letters, newspapers and promotional mailings, and providing all the necessary associated services. And this will remain a key aspect of our earning power in the future. To supplement and underpin this core business, we are increasingly offering our customers information, document and dialogue solutions. These enable them to communicate easily and securely between the physical and digital worlds, and within the digital world itself.

For more on the communication market, see page 57 onwards and also [www.swisspost.ch](http://www.swisspost.ch)



## Public passenger transport market

### From bus company to mobility partner

With around 120 million passengers per year, PostBus is Switzerland's leading **public transport** bus company. We are increasingly positioning ourselves as a supplier of system management functionality for transport networks and companies. These services range from establishing and operating complex sales systems, automatic passenger counting and passenger information systems through to ticket inspection and payment collection. Our core business is regional road-based passenger transport. Here, we want to set ourselves apart from the competition by providing the best value for money. We also want to strengthen our market position in cities and conurbations, and continue to grow abroad.

For more on the public passenger transport market, see pages 22 and 71 onwards and also [www.postbus.ch](http://www.postbus.ch)






“Only by efficiently managing the entire transport system and all its offerings can we meet the growing demand for mobility.”

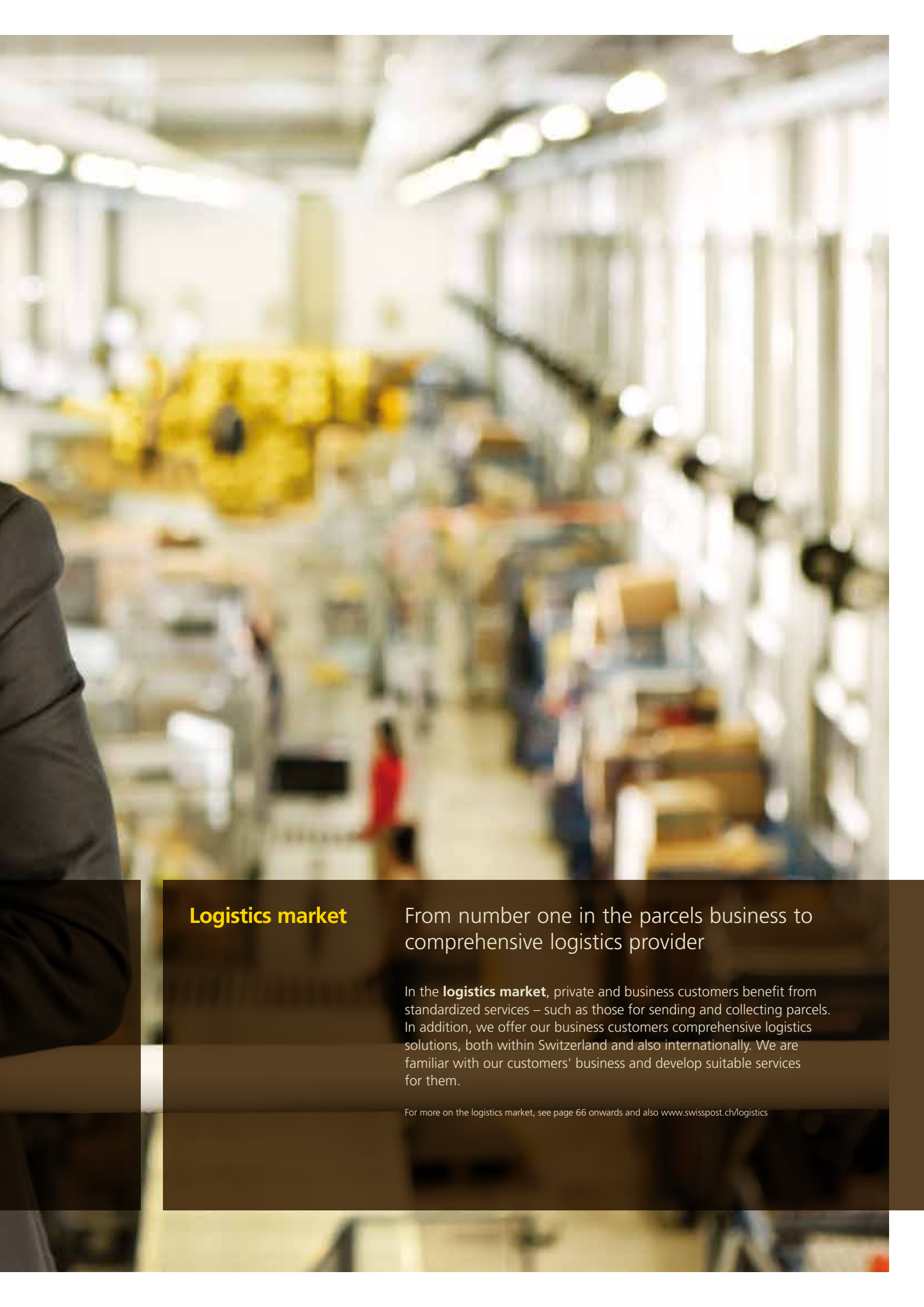
**Prof. Vincent Kaufmann**

Professor of urban sociology and mobility analysis, Head of Urban Sociology Laboratory, EPFL Lausanne

A portrait of Urs Zeller, a middle-aged man with short brown hair and glasses, wearing a dark suit, light blue shirt, and a striped tie. He is leaning on a white railing in a factory setting with blurred machinery and lights in the background.

“In a complex and rapidly accelerating world based on a highly refined division of labour, logistics experts need to have an in-depth understanding of their customers' business.”

**Urs Zeller**  
Member of Executive Board of WASER + Co AG



## Logistics market

From number one in the parcels business to comprehensive logistics provider

In the **logistics market**, private and business customers benefit from standardized services – such as those for sending and collecting parcels. In addition, we offer our business customers comprehensive logistics solutions, both within Switzerland and also internationally. We are familiar with our customers' business and develop suitable services for them.

For more on the logistics market, see page 66 onwards and also [www.swisspost.ch/logistics](http://www.swisspost.ch/logistics)

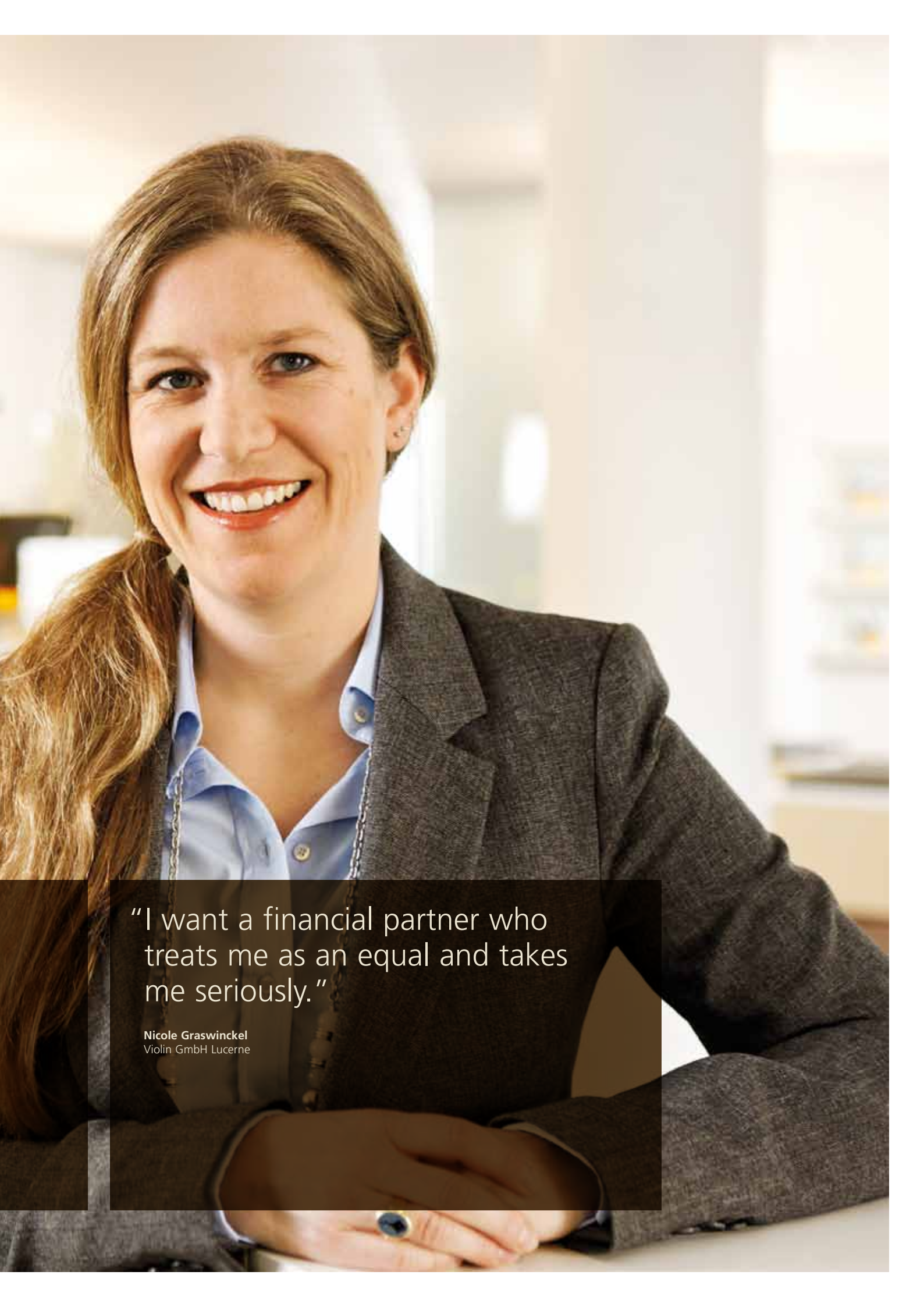


## Retail financial market

From number one in payment transactions to fully fledged financial service provider

In the **retail financial market**, PostFinance offers its customers straightforward, attractively priced services, and impresses them by providing outstanding service. Comprehensive solutions for payments and setting money aside are complemented by attractive basic services for finance, investment and retirement planning. Customers have access to PostFinance at any time and from anywhere. We can provide them with personal advice if necessary.

For more on the retail financial market, see page 69 onwards and also [www.postfinance.ch](http://www.postfinance.ch)

A professional portrait of Nicole Graswinckel, a woman with long brown hair, smiling warmly. She is wearing a grey blazer over a light blue button-down shirt. Her hands are clasped in front of her, and she is wearing a blue ring on her left hand. The background is a bright, out-of-focus office environment.

“I want a financial partner who treats me as an equal and takes me seriously.”

**Nicole Graswinckel**  
Violin GmbH Lucerne



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Letter from the Chairman of the Board and Chief Executive Officer

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“The Board of Directors and Executive Management have geared the **strategy** even more closely to four areas of activity: **communication, logistics, retail finance** and **public passenger transport.**”

Dear Sir or Madam,

Swiss Post is making good progress. With the adoption of postal legislation by Parliament, the future regulatory framework within which Swiss Post can continue to develop successfully as a modern enterprise has been clearly defined. On 1 January 2012, the public institution of Swiss Post is being transformed by special statutory regulations into a public company in which the Confederation holds a majority stake. The PostFinance Group unit will become PostFinance Ltd, and will be owned by the future company Swiss Post Ltd.

#### Commercial flexibility

These measures will provide legal and planning certainty and will also ensure that Swiss Post gains more freedom and flexibility. This will help us to focus even more closely on our customers' needs and provide them with an excellent level of service, benefiting both business and private customers.

#### Excellent result

The success of our constant market focus and the investments we have made to increase efficiency is apparent in last year's encouraging figures. In 2010, Swiss Post generated the best operating result and highest Group profit since it was founded. At CHF 8,736 million, operating income was up CHF 178 million compared with the previous year. Group profit came to CHF 910 million – an increase of 25 percent.

#### Digitization as an opportunity

Looking ahead, the next few years will continue to be marked by the fundamental economic and social upheaval that is the result of globalization and widespread digitization. For Swiss

Post, this will bring risks, but also huge opportunities.

#### Focused on four markets

The Board of Directors and Executive Management have reviewed the strategy and geared it even more rigorously to the four areas of activity: communication, logistics, retail finance and public passenger transport. Our current core business will continue to represent an important source of income, which we intend to maintain.

#### Combining physical and electronic worlds

At the same time, we are constantly adapting to the way our customers behave, and developing innovative services for them that link the physical and electronic worlds in our four markets.

#### Five strategic thrusts

Swiss Post's strategy consists of five strategic thrusts. We aim to provide our private and business customers with services of a consistently high quality, ensure our prices are competitive, achieve sustainable and profitable growth, guarantee socially responsible cost efficiency and make optimum use of the regulatory framework provided by postal legislation.

#### Quantifiable targets

Swiss Post needs to generate a result of between CHF 700 and 800 million in future. We will achieve this with a high level of customer satisfaction and an above-average level of employee commitment. These quantitative targets are challenging but necessary. Only in this way can Swiss Post meet the targets of the Federal Council: build up the necessary equity, finance the pension fund and pay an appropriate share of the profit to the Swiss

Confederation. In addition, a strong and financially sound Swiss Post can continue to guarantee the high quality of the basic service. But we also want to live up to our social responsibility and reduce our annual CO<sub>2</sub> emissions by 15,000 tonnes by 2013. We will be measured by these verifiable figures.

#### Professional commitment

Flexibility and innovation will ensure that Swiss Post makes use of technological and social change in order to move forward successfully. We aim to continue inspiring our customers with an outstanding service mentality. This will be possible thanks to the huge effort made by all our employees in Switzerland and around the world. We would like to thank them all most sincerely – both for last year and for the challenging years to come.



**Peter Hasler**

Chairman of the Board of Directors



**Jürg Bucher**

Chief Executive Officer

“Swiss Post needs to generate a result of between CHF 700 and 800 million in future.”

## Conventions in this report

### ■ Presentation of values

The amounts shown in the Annual Report are rounded. 0 is a rounded amount indicating that the original figure was less than half of the unit used. A dash (–) in place of a figure indicates that the value is zero.

### ■ Graphics and tables

Colours in graphics and tables signify the following:

■ Current year

■ Previous year

■ Positive effect on Group result

■ Negative effect on Group result

All the graphics are shown to scale to present a true and fair view.

15 mm is equivalent to CHF 1 billion.

Percentages in graphics are standardized as follows:

Horizontal: 75 mm is equivalent to 100 percent.

Vertical: 40 mm is equivalent to 100 percent.

### ■ Links to further information online

The symbol (E+) in the text refers the reader to further information on the Internet. This information can be accessed via the complete list of links at [www.swisspost.ch/ar2010links](http://www.swisspost.ch/ar2010links). Click the link number on this web page to access the respective information.

### ■ GRI index

Swiss Post bases the content of this report on version G3 of the Global Reporting Initiative (GRI) guidelines on sustainability reporting. The GRI index provides a standardized, subject-based approach to reporting. It contains a link to the relevant pages in the report for each subject. The GRI index can therefore be used as an alternative to the usual table of contents. For space reasons we have not listed the whole index. It can be downloaded from the Internet (E+ 98) at the above address.

### ■ Languages

The 2010 Swiss Post Annual Report is available in German, French, Italian and English. The printed German version is authoritative.

### ■ Forward-looking statements

The 2010 Swiss Post Annual Report contains forward-looking statements. These are based on assumptions and estimates and on information available at the time of going to press. Unforeseeable events may result in actual trends and results deviating from these statements. Swiss Post is not obliged to update the statements contained in the Annual Report.



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**Jürg Bucher**

Chief Executive Officer, Head of PostFinance

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Date of birth 2 August 1947, Switzerland,  
Lic. rer. pol., Business administration and  
economics.

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**Peter Hasler**

Chairman of the Board of Directors

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Date of birth 25 April 1946, Switzerland,  
Dr. iur.

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**Interview** – Chairman of the Board of Directors and Chief Executive Officer

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## “Swiss Post has excellent prospects for the future.”

### **Where does Swiss Post stand today?**

Hasler: Having posted excellent results for 2010, Swiss Post is ready to meet the coming challenges. This is substantiated by the trust placed in Swiss Post and its high level of customer satisfaction.

Bucher: Financially, Swiss Post is extremely healthy. Our successful performance in 2010 is no mere coincidence but rather is the product of our strengths. Chief among these I would cite the solutions expertise that enables us to meet the needs of our pri-

vate and business customers, the proven know-how in our core business areas, the dedication of our employees and the fact that we continue to build on these strengths day by day.

### **Where do you think the key opportunities for Swiss Post lie in the future?**

Hasler: All in all, the prospects for Swiss Post are excellent. It is well placed for the future in all four markets in which it operates – communication, logistics, retail finance and public passenger transport. Swiss Post is already providing an efficient inter-

face for physical and digital communication. Our innovativeness is driving the further convergence of the physical world and the electronic world in all four markets.

### **What do you mean by that?**

Bucher: For example, the conversion of physical letters into electronic documents, along with their distribution and archiving. A product like Swiss Post Box allows people to receive their physical mail on smartphones and laptops. Swiss Post delivers goods ordered online, simultaneously debiting and crediting the respective custo-

“Thanks to our innovative strength, we are continuing to push ahead to link the physical and electronic worlds in all four markets.”

mers' accounts. PostBus is developing computerized operation and passenger counting systems. And the practical apps provided by Swiss Post and PostFinance are being downloaded and used thousands of times a day.

**What goals has Swiss Post set itself for the future?**

Hasler: Swiss Post is aiming to generate earnings of between CHF 700 and 800 million. We will only succeed in this aim if we ensure a high level of customer satisfaction and dedicated commitment from our employees.

Naturally we also intend to guarantee a high-quality basic service. We also take our responsibilities to society very seriously and are endeavouring to reduce our carbon footprint.

**What would you say are the biggest challenges facing Swiss Post in realizing its goals?**

Bucher: The principal challenge for Swiss Post is to keep on turning in good results. We are feeling the effects of fiercer competition in all areas. Strategically speaking, any abolition of the remaining monopoly is not actually the biggest challenge facing us. What is more worrying is the continued fall in the volume of letters, in direct competition with new electronic communication media such as e-mails and text messages. Given

clear positioning of letter mail in the communication market, Swiss Post will continue to earn a return.

**What are the consequences of the new postal legislation for the future of Swiss Post?**

Hasler: With the revision of the postal legislation, Swiss Post has taken a big step forward. We again have a clear framework within which to work and we have gained the entrepreneurial freedom we need to tackle the many challenges in our diverse business areas.

**What strategy does Swiss Post intend to adopt to meet these challenges?**

Hasler: Swiss Post is pursuing five strategic thrusts: we must provide our customers with first-class and innovative services. We must offer our services at competitive prices. We are therefore keeping a tight rein on costs, although we always endeavour to increase cost efficiency in a socially responsible way. Finally, we must seek to optimally exploit the business framework created by the revised postal legislation.

**How does Swiss Post plan to develop abroad?**

Bucher: Swiss Post is and will remain a Swiss company. We are cautiously and

very gradually expanding our business abroad. The risk is always manageable. About 15 percent of our earnings are currently generated outside Switzerland.

**Do you have a particular wish for 2011?**

Hasler: We want to build on the excellent basis we created in 2010 and grasp the opportunities presented to ensure that Swiss Post remains a healthy, adaptable and innovative company.

Bucher: To succeed in that, we really only have to do three things – impress our customers, impress our customers, impress our customers.

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## Business areas

### Markets

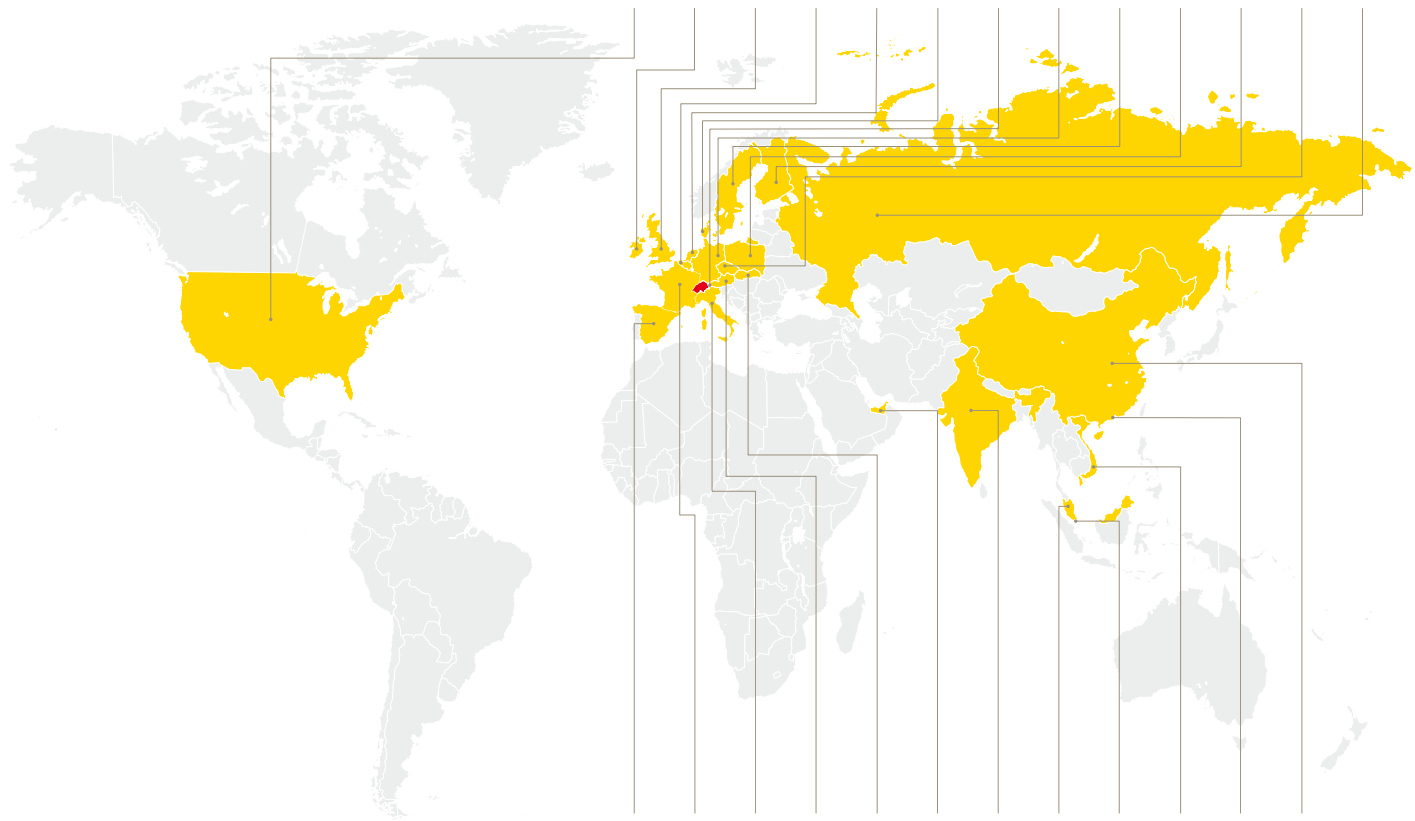
Swiss Post operates in four different markets:

- the communication market (letters, newspapers, promotional mailings, information solutions and data management) within Switzerland and internationally
- the Swiss and cross-border logistics markets (parcels, express services and logistics solutions)
- the Swiss retail financial market (payments, investments, retirement planning and financing)
- public passenger transport (regional, municipal and urban transport, and systems management), in Switzerland and selected countries abroad.

Swiss Post is represented by subsidiaries, franchise partners and sales agents in Europe, North America and Asia. Through cooperation with partners it also has access to a global logistics network. PostBus operates eight bus networks in France via its own subsidiaries as well as the entire regional transport network in Liechtenstein.

**Group | Swiss Post abroad**  
2010

	US	IE	UK	BE	NL	DK	FL	DE	SE	PL	FI	CZ	RU
International letters	■		■	■	■	■		■	■		■		
Dialogue solutions								■		■		■	■
Document solutions	■	■	■				■	■		■			
Passenger transport							■						
E-business solutions			■					■					



	ES	FR	IT	AT	SK	AE	IN	MY	SG	VN	HK	CN
International letters	■	■	■	■			■	■	■		■	■
Dialogue solutions		■								■		
Document solutions	■	■	■	■	■	■			■			
Passenger transport		■										
E-business solutions									■			

## Network Swiss sales network

### Physical

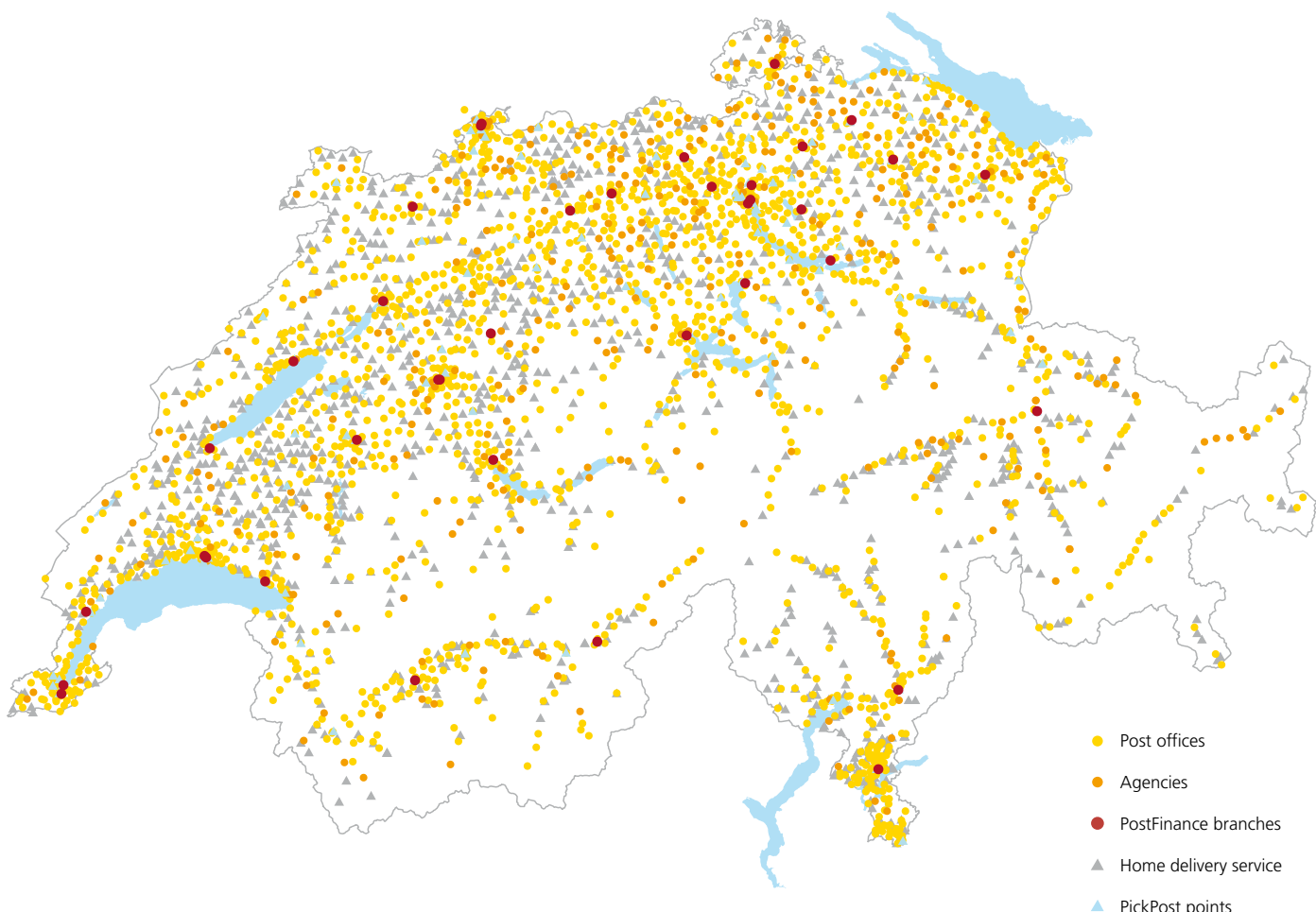
Swiss Post generates around 80 percent of its turnover in the competitive market. The remaining 20 percent is monopoly business (E→ 1), where Swiss Post is in competition with electronic services. Domestic business accounts for 86.1 percent of turnover, with business abroad accounting for 13.9 percent.

Swiss Post's diverse sales network covers the communication, logistics and retail financial markets.

Swiss Post provides its customers with an efficient and dense network of 3,612 access points (including 2,313 post offices and agencies and 1,192 home delivery service points). In selected post offices (at ten locations by the end of 2012), Swiss Post is offering customers a fresh new look with open counters, a shop for brand-name items and consulting areas for Swiss Post products and financial products from PostFinance.

In addition, Swiss Post operates a network of 39 PostFinance branches, 17 of which also handle payment transactions, plus 861 Postomats. 168 PostFinance employees advise small and medium-sized business customers on customer premises, while mobile advisors visit private customers at home on request. Parcels and letters can be collected from 360 PickPost points, sometimes well outside post office opening hours. Customers also have access to over 15,000 postboxes throughout Switzerland. An additional 48 acceptance points are available, primarily for business customers. For more on the further development of the basic service, see page 104.

Group (Switzerland) | Sales network  
 2010



Swiss Post is continuing to develop its sales network to meet customer needs. It serves all customers at the access point best suited to their requirements. By using agencies, Swiss Post has a presence at attractive locations with generous opening hours (sometimes even at week-ends). Thanks to the home delivery service, customers can carry out key transactions right on their doorsteps. In urban districts where a large number of businesses are located, Swiss Post now provides counters exclusively for business customers, where packages and letters can be handed in for mailing. In conurbations, Swiss Post relies on a variety of customer-oriented solutions such as agencies, integrated post offices, conventional post offices and post offices in retail zones.

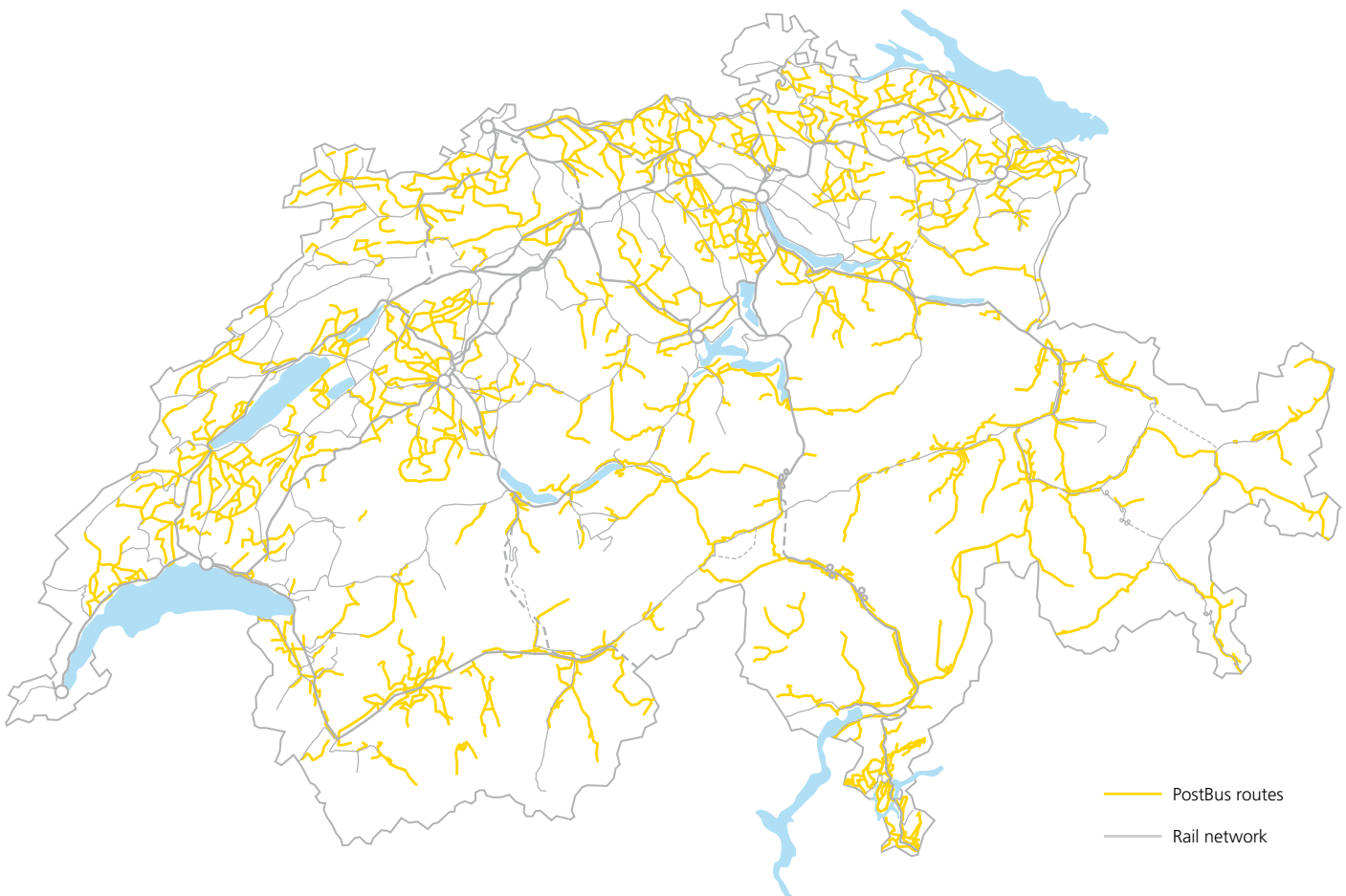
Virtual

In addition, private and business customers can access a variety of services online (virtual post office counter at [www.swisspost.ch](http://www.swisspost.ch) and e-finance at [www.postfinance.ch](http://www.postfinance.ch)).

**PostBus network**

In the Swiss public passenger transport market, PostBus offers 798 PostBus routes covering 11,007 kilometres and 14,124 stops, as well as additional tourist routes, excursions, ScolaCar school buses and PubliCar dial- a-ride services. In 2010, PostBus expanded its service offering to cover an additional 5.3 million kilometres, and introduced ten new PostBus routes.

**PostBus (Switzerland) | Route network**  
2010





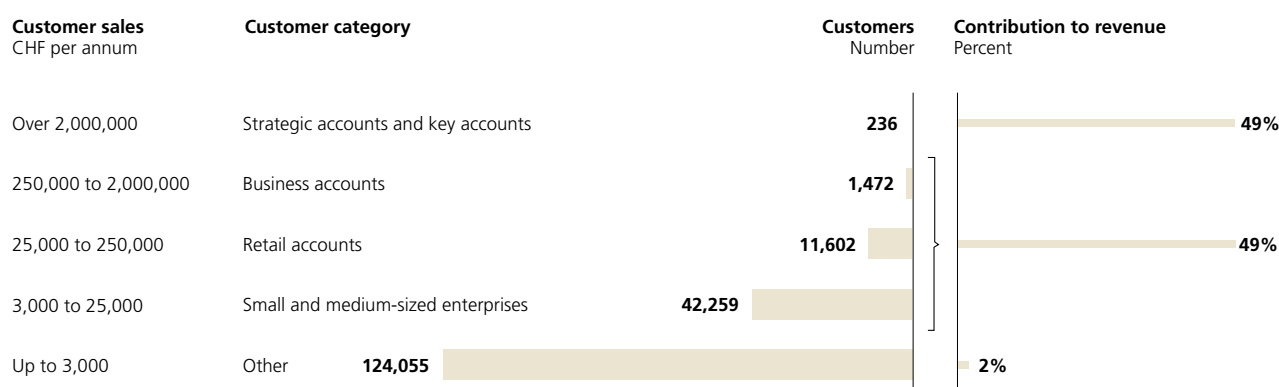
## Customers

Swiss Post's communication and logistics customer base comprises several million individuals plus around 200,000 companies ranging from small businesses through to large multinationals.

The majority of Swiss Post's logistics revenue comes from its business customers. Its 236 key accounts are particularly important, generating just under 50 percent of business customer revenue. The Group's business customers also include 1,472 business customers with annual sales of between 250,000 and 2,000,000 francs, 11,600 retail customers (sales between 25,000 and 250,000 francs), and 42,000 SMEs (sales between 3,000 and 25,000 francs). The remaining 124,000 or so communication and logistics business customers are small companies with sales of up to 3,000 francs.

The customer base of PostFinance presents a similar picture, being divided between companies and individuals. 0.3 percent of its business customers are banks, for which PostFinance primarily handles payment transactions.

**Group | Revenue from communication and logistics business customers**  
 2009, customer structure and contribution to revenue



## Products

### Private customers

Services provided for private customers and SMEs include letters, parcels, express deliveries, financial services (payments, investments, retirement planning and financing) and public passenger transport. In addition, Swiss Post offers customers a wide range of third-party products in 1,955 post offices. These products include vehicle tax discs, stationery, mobile phones and computers.

### Business customers

The **offering** for business customers can be broken down into five service packages:

– Letters

Various mailing options to Switzerland and abroad for individual letters and bulk mail (urgent items, priority items, non time-critical items, and letters with delivery tracking), collections and deliveries, automated franking solutions, address management and online tools

– Logistics

National and international goods, freight and warehouse logistics (parcels, express, courier, small consignments and overnight deliveries), international shipments (up to 500 kg) to over 200 countries with additional services such as customs clearance, security logistics (ATM replenishment, transporting cash and valuables) and e-logistics (combining physical logistics with integrated IT solutions)

– Direct marketing

Addressed and unaddressed promotional mailings in Switzerland and abroad, individually tailored direct marketing solutions, ancillary services, knowledge transfer, address verification and response management

– Print media

National and worldwide deliveries of subscription newspapers and magazines, daily newspapers and monthly periodicals, local and regional newspapers plus early-morning and special deliveries, publishing logistics, subscription management, lettershop tasks, newsstand distribution and delivery services

– Document and dialogue solutions

Mailroom services, document and information processing, document output processing, marketing solutions and campaign management, e-commerce, billing & payment solutions, customer relationship management (CRM) and loyalty programme management, charge cards and security cards, security products and combined solutions for specific sectors such as healthcare

**Financial services** for small, medium-sized and large companies, public bodies and associations include business accounts, e-Deposito accounts, national and international payment transactions, custom financing of liquidity, current and fixed assets, as well as solutions for accounts receivable and payable. Payment transaction solutions for banks and other financial institutions in Switzerland and Liechtenstein should also be mentioned. In a product partnership with Valiant, PostFinance has been offering loans to small and medium-sized enterprises (SMEs) since November 2009.

In the field of **passenger transport**, PostBus is Switzerland's leading public transport bus company. As a leading public transport company, PostBus provides over half of its services via private PostBus contractors. PostBus also provides system management and other management services such as managing projects relating to the rollout of operations and passenger information systems as well as sales systems, including the entire IT infrastructure.

**Carbon offsetting  
for mailings**

Customers can offset the CO<sub>2</sub> emissions generated by their mailings by means of a "pro-clima" surcharge (€ 12). The surcharge for each item is equivalent to a tiny percentage of the selected domestic or international postal service. Swiss Post offsets these CO<sub>2</sub> emissions every year by investing the funds raised by these climate surcharges in selected Gold-standard climate protection projects and buying high-quality CO<sub>2</sub> emission certificates. For more information on climate-neutral products, see page 114.

**Brands**

The Swiss Post brand is one of the best known in Switzerland. Both business customers and the population at large perceive it as distinctly friendly and trustworthy. Swiss Post views its brand as a valuable asset to be cherished and carefully nurtured. With the innovation, flexibility and dynamism it symbolizes, the strong Swiss Post brand enables the company to stand out from its competitors.

The Group appears outwardly to its customers under the core "Swiss Post" brand and the "PostFinance" and "PostBus" flagship brands. Subsidiaries with their own identities also exist for a few selected services. Within Switzerland, the core brand appears as "Die Post", "La Poste", "La Posta", and abroad as "Swiss Post". PostBus also appears in Switzerland under a German, French, Italian or Romansh name. "PostFinance" is used throughout Switzerland.

## Organization

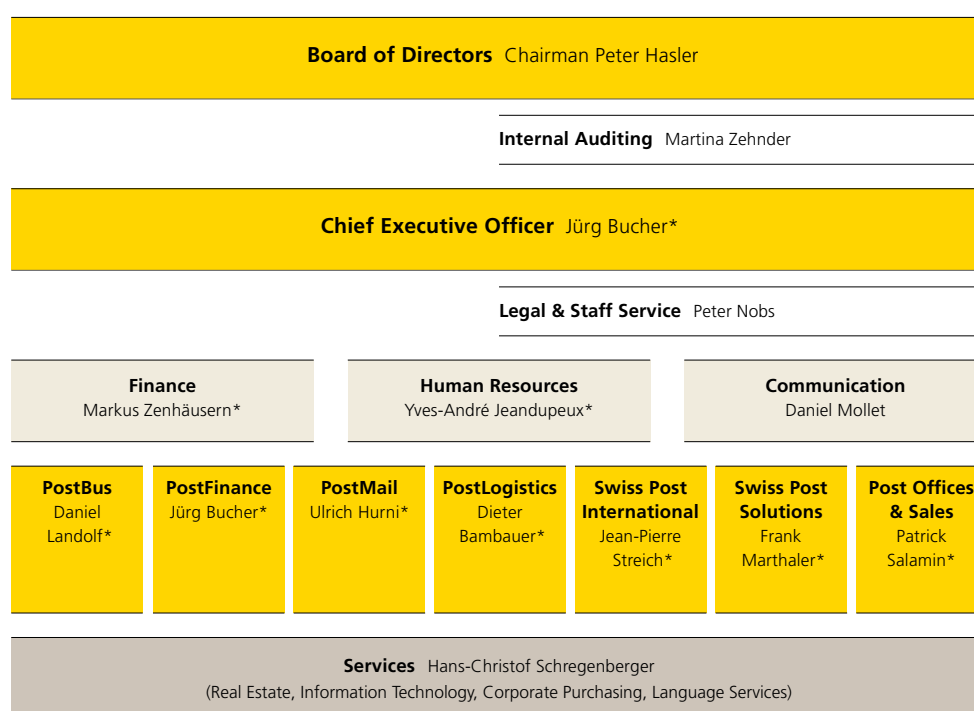
### Units

Swiss Post is divided into seven Group units: PostMail, Swiss Post International, Swiss Post Solutions and Post Offices & Sales operate in the communication market. PostLogistics focuses on the logistics market, PostFinance specializes in retail finance, and PostBus operates in the public passenger transport market. They are presented in the annual financial statements as individual segments.

The Services unit comprises the central Real Estate, InfraPost Ltd, Information Technology, Corporate Purchasing, and Language Services functions. In the annual financial statements, the results for this unit are included in the Other segment.

### Organization chart

Group | Organization chart  
 31.12.2010



\* Member of Executive Management



## Peter Hasler

Date of birth 25 April 1946, Switzerland  
Dr. iur.

### New

#### Function

Chairman of the Board of Directors

#### On the Board of Directors since

20 January 2010

#### Professional background

- Corporate lawyer and Assistant to the Chairman of the Board of Flug- und Fahrzeugwerken Altenrhein AG (FFA)
- Secretary of ASM (Association of Swiss Engineering Employers)
- Director of ASM
- Director of the Swiss Employers Union
- Vice-Chairman of the Swiss National Accident Insurance Fund
- Member of various federal commissions

#### Key posts

- Zurich University Hospital (Chairman of the Board)
- Reka Swiss Travel Fund (Chairman of the Board)
- Elips Life (Chairman of the Board of Directors)
- SIZ AG – Swiss Certificate in Computer Science (Vice-Chairman of the Board of Directors)

# The Board of Directors

On the cut-off date (31.12.2010), the Swiss Post Board of Directors comprised nine members, each elected by the Federal Council for a term of four years. New members appointed during a term of office are elected to serve until the end of the standard term of office. The current term of office ends in spring 2014. The Federal Council appoints the Chairman of the Board of Directors and takes into account gender, culture and an appropriate representation of the regions when making appointments to the Board.

In accordance with the principle of separation of powers between the Board of Directors and Executive Management, in addition to performing a control and monitoring function in strategic matters, the Board of Directors also exercises a steering function as stipulated in the Postal Organization Act (E→ 2).

The Board of Directors approves the principles of corporate and communication policy, corporate strategy (including strategic financial planning), the prices for reserved business (for submission to DETEC), accounting standards, the budget, reports to the owner and to the postal regulator, as well as large and strategic projects. In addition, it appoints the members of Executive Management and approves the collective employment contracts and the remuneration of members of Executive Management.

For more on Corporate Governance, see page 128.



## Dominique Freymond

Date of birth 1 May 1954, Switzerland  
 Lic. ès natural sciences

### Incumbent

#### Function

Vice-Chairman,  
 Head of "Organization, Nomination &  
 Remuneration" Committee

**On the Board of Directors since**  
 2002

#### Professional background

- IBM Switzerland and IBM Europe (positions in sales, marketing and management)
- Unisys Switzerland and Austria (Member of the Executive Board, Head of Customer Services)
- Canton Vaud (Secretary)
- Unisys Central Europe (Vice-President and Country Manager Switzerland)
- Groupe TKS-Teknosoft SA (CEO)
- Management & Advisory Services MAS AG (co-owner and partner)

#### Key posts

- Allianz (Suisse) AG (Member of the Board of Directors)
- Corti AG (Member of the Board of Directors)
- MAS AG (Member of the Board of Directors)
- SolvAxis SA (Chairman of the Board)
- STERCI SA (Member of the Board of Directors)
- Swiss Institute for Company Directors and Senior Managers – sig (Board member)



## Nicola Thibaudeau

Date of birth 6 November 1960,  
 Switzerland/Canada  
 Dipl. Ing. Mech.  
 Ecole Polytechnique de Montréal

### Incumbent

#### Function

Member of the Board of Directors,  
 Head of "Audit & Risk" Committee  
 (until 1 July 2010)

**On the Board of Directors since**  
 2006

#### Professional background

- IBM Canada (research assistant)
- Cicorel SA (business manager)
- Mecanex SA (owner, CEO)
- Independent consultant
- MPS Micro Precision Systems AG (CEO, Delegate of the Board of Directors)

#### Key posts

- CSS Krankenversicherung (Board member)
- CSS Personalstiftung (Board member)
- Micro Precision Systems AG (Delegate of the Board of Directors)
- SLS-TT, Paul Scherrer Institute, Würenlingen (Board member)



## Susanne Blank

Date of birth 11 January 1972,  
 Switzerland Lic. rer. pol.

### Incumbent

#### Function

Member of the Board of Directors,  
 Human Resources representative

**On the Board of Directors since**  
 2008

#### Professional background

- Federal Statistical Office (audits, national index of consumer prices)
- "Travail Suisse" umbrella organization for employees (Head of Business Policy and Member of the Executive Board)

#### Key posts

- Swiss National Accident Insurance Fund SNAIF (Member of the Board of Directors)
- Member of Federal Tripartite Commission for Ancillary Measures relating to Freedom of Movement of Persons
- Member of Supervision Commission for the Compensation Fund for Unemployment Insurance
- Member of Federal Commission for Federal Statistics



## Andreas Schläpfer

Date of birth 26 September 1947, Switzerland  
Lic. oec. University of St. Gallen

**Incumbent**

### Function

Vice-Chairman,  
Head of "Investment, Mergers,  
Acquisitions & Alliances" Committee

**On the Board of Directors since**  
2009

### Professional background

- International Trade Centre UNCTAD/ GATT (Marketing Consultant)
- Nestlé (General Manager in France, Russia, Thailand/Indochina, Zimbabwe, and Global Business Head/Senior Vice-President for Children's Food)

### Key posts

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## Marco Durrer

Date of birth 13 February 1952, Switzerland Dr. ès sc. pol. (international relations), MALD Fletcher School, Tufts University, USA

**Incumbent**

### Function

Member of the Board of Directors,  
Head of the "PostFinance" Committee

**On the Board of Directors since**  
2009

### Professional background

- Schweizerische Kreditanstalt Lausanne/ New York/Zurich (Assistant to Josef Ackermann/ Investment Banking)
- Deutsche Bank (Schweiz) AG Geneva (Head of Sales and Trading)
- Lombard Odier Darier Hentsch & Cie Geneva/Zurich (Group Management, Branch Manager Zurich)
- Valiant Privatbank AG Berne (CEO and member of Executive Management Valiant Holding)
- Independent financial advisor

### Key posts

- Picard Angst Asset Management AG (Vice-Chairman of the Board of Directors)
- Banque Piguet Galland & Cie SA (Member of the Board of Directors)
- DGM Immobilien AG (Chairman of the Board of Directors)



## Adriano P. Vassalli

Date of birth 3 April 1954, Switzerland  
Federal diploma in auditing

**New**

### Function

Member of the Board of Directors,  
Head of "Audit & Risk" Committee  
(from 1 July 2010)

**On the Board of Directors since**  
1 June 2010

### Professional background

- Revisuisse AG (auditor and management consultant in Berne and founder of the Lugano branch)
- Arthur Andersen (founder and head of the Lugano and Berne branches, worldwide partner)
- Studio di consulenza e di revisione (founder and owner)

### Key posts

- ATTEST audit & consulting SA (Chairman of the Board of Directors)
- Cassa pensioni dei dipendenti dello Stato del Cantone Ticino (Board member)
- Croce Rossa Svizzera, Sezione del Luganese (Chairman)
- FONDAZIONE ELSA VASSALLI-COMIZZOLI (President of the Foundation)
- Swiss Chamber of Technical and Scientific Forensic Experts (member)
- Criminal and civil court (court expert)



## Philippe Milliet

Date of birth 18 January 1963, Switzerland  
 Degree in pharmacy, University of Lausanne, MBA, Faculty of Business and Economics, University of Lausanne

**New**

### Function

Member of the Board of Directors

### On the Board of Directors since

1 June 2010

### Professional background

- Galenica Holding AG (analyst/programmer and Assistant to the Chairman of the Corporate Executive Committee)
- Pharmatic AG (analyst/programmer and project manager)
- McKinsey (associate, engagement manager)
- Galenica AG (responsible for distribution centres, responsible for operations and CEO of Galexis AG)
- Unicable (CEO)
- Galenica AG (Head of Health Division, Member of the Corporate Executive Committee)

### Key posts

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## Michel Gobet

Date of birth 14 May 1954, Switzerland  
 Lic. phil. hist.

**New**

### Function

Member of the Board of Directors,  
 Human Resources representative

### On the Board of Directors since

1 June 2010

### Professional background

- Archaeological Service of the Canton of Fribourg (Head of Archaeological Sites)
- PTT Union (Central Secretary and Deputy Secretary General)
- Swiss communication workers union Kommunikation (Central Secretary)

### Key posts

- Swisscom (Schweiz) AG (Member of the Board of Directors)
- UNI Global Union (Treasurer, Member of World Executive Committee, Member of European ICTS Steering Committee)



## Kerstin Büchel

Date of birth 21 January 1970, Swiss/  
 German/Swedish citizen)  
 Lic. rer. pol.

**Incumbent**

### Function

General Secretary

### General Secretary since

2009

### Professional background

- UBS AG Switzerland/ Basel and Zurich, and UBS AG Italy/ Rome (Junior Key People, product management, client advisory services, events, business development & strategic marketing, asset and liability management, international client reporting)
- Valiant Privatbank AG (Head of Market Development and Sales Services)

### Key posts

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## Jürg Bucher

Date of birth 2 August 1947, Switzerland  
Lic. rer. pol., business administration and  
economics

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### Incumbent

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#### Function

CEO, Head of PostFinance

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#### Member of Executive Management since

2003

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#### Professional background

- Business and administration (journalist, research assistant)
- PTT (Deputy Finance Director, Head of Controlling, Head of Corporate Development)
- Swiss Post (PostFinance: Deputy Head, Head of Marketing, Head of PostFinance, Chief Executive Officer of Swiss Post)

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#### Key posts

- Swiss Euro Clearing Bank GmbH  
Member of the Board of Directors  
(until January 2010)
- SIX Interbank Clearing AG  
Member of the Board of Directors  
(until January 2010)
- innoBE AG  
Member of the Board of Directors
- Bern Arena Stadion AG  
Member of the Board of Directors

# Executive Management

Executive Management consists of the CEO and eight additional members, with at least one member deputizing for the CEO. All members of Executive Management are appointed by the Board of Directors.

In addition to operational management, Executive Management is tasked specifically with drawing up the financial and human resource plans for approval by the Board of Directors. The members of Executive Management are responsible for the operational management of the organizational unit(s) assigned to them and represent the related areas and subsidiaries. The CEO represents Executive Management to the Board of Directors.

For more on Corporate Governance, see page 128.





## Jean-Pierre Streich

Date of birth 22 September 1946, Switzerland  
 Lic. oec. University of St. Gallen, business administration

### Incumbent

#### Function

Head of Swiss Post International

#### Member of Executive Management since 1999

#### Professional background

- Migros (Head of Software Development Migros Industry, Head of Finance and IT, Konservenfabrik Bischofszell AG, Head of IT Migros Community)
- Mövenpick (Member of Executive Management, Head of Marketing & communication, Human Resources, IT and Environment)
- Swiss Post (Head of Corporate Development, IT and International Strategy, Head of Swiss Post International)

#### Key posts

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## Daniel Landolf

Date of birth 31 December 1959, Switzerland  
 Degree in business administration (univ. of applied sciences)

### Incumbent

#### Function

Head of PostBus

#### Member of Executive Management since 2001

#### Professional background

- Credit Suisse AG (foreign exchange trader, international payment transactions)
- PTT General Management (Business Administration, Central Marketing and Strategies & Analyses Department)
- Swiss Post (management assistant for automobile services, Head of Business Development at PostBus, Deputy Manager of PostBus, Head of PostBus / PostBus Switzerland Ltd.)

#### Key posts

- Reka Swiss Travel Fund (Member of the Board of Directors)
- Association of Public Transport (Board member)
- LITRA public transport information service (Board member)
- Sensetalbahn AG (Vice-Chairman of the Board of Directors)
- Mobility Solutions AG (Member of the Board of Directors)



## Yves-André Jeandupeux

Date of birth 26 April 1958, Switzerland  
 Lic. phil., University of Lausanne

### Incumbent

#### Function

Head of Human Resources

#### Member of Executive Management since 2005

#### Professional background

- Careers Advisory Service for Canton Jura (careers advisor)
- GastroSuisse, Lausanne (Head of office for western Switzerland)
- Posalux SA, machine tools factory (Head of Human Resources)
- Canton Neuchâtel (Head of Human Resources)
- CC&T SA, management consultants (associate partner, responsible for skills management)
- skyguide (Head of Human Resources)
- Swiss Post (Head of Human Resources)

#### Key posts

- Swiss Post Pension Fund (Chairman of Foundation Board)
- Pensimo Management AG (Member of the Board of Directors)



## Frank Marthaler

Date of birth 9 September 1964, Switzerland  
Lic. oec. University of St. Gallen, business administration

**Incumbent**

### Function

Head of Swiss Post Solutions

**Member of Executive Management since**  
2007

### Professional background

- IBM (Sales Executive, Key Account Manager)
- EDS (Sales & Marketing Director)
- Swiss Post (Head of Strategic Customer Management, Head of Strategic Customers & Solutions)

### Key posts

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## Patrick Salamin

Date of birth 17 July 1958, Switzerland/Ireland, Lic. oec. in business administration from University of St. Gallen, lic. sc. pol. in political science

**Incumbent**

### Function

Head of Post Offices & Sales

**Member of Executive Management since**  
2007

### Professional background

- Colgate-Palmolive AG (Senior Product Manager)
- Cartier Suisse SA (Marketing Director)
- Zweifel Pomy-Chips AG (Head of Export)
- Cruspi SA (Managing Director)
- Swiss Post (Head of Marketing and Sales Post Office Network, Head of Post Offices & Sales)

### Key posts

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## Markus Zenhäusern

Date of birth 22 January 1962, Switzerland  
Lic. oec. University of St. Gallen  
Dr. rer. pol. University of Fribourg

**Incumbent**

### Function

Head of Finance, Deputy CEO

**Member of Executive Management since**  
2008

### Professional background

- Coopers & Lybrand Group (auditing)
- Prognos AG (management consulting)
- Hero (Head of Group Controlling)
- Habarit (Chief Financial Officer and Member of Group Management)
- Ciba (Regional Finance Director East Asia)
- Sika (Chief Financial Officer and Member of Executive Management)
- Swiss Post (Head of Finance)

### Key posts

- Schaffner Holding AG (Member of the Board of Directors)
- Liechtenstein Post Ltd (Member of the Board of Directors)



## Ulrich Hurni

Date of birth 21 February 1958, Switzerland  
 Commercial employee and business  
 secretary at Swiss Post,  
 EMBA University of Zurich

### Incumbent

#### Function

Head of PostMail,  
 Deputy CEO

#### Member of Executive Management since

2009

#### Professional background

- Swiss Post (PostFinance: IT systems development, telecoms: unit/project controller, Swiss Post International: Managing Director, PostMail: Deputy Head and Head)

#### Key posts

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## Dieter Bambauer

Date of birth 6 May 1958, Switzerland/  
 Germany  
 Dr. oec. WWU, JLU

### Incumbent

#### Function

Head of PostLogistics

#### Member of Executive Management since

2009

#### Professional background

- DWP (management consulting, logistics consulting)
- AGRAVIS (Head of Logistics Unit)
- MD Papier (Member of the Executive Board, logistics, IT)
- Kühne + Nagel Management AG (Member of the Executive Board)
- Deutsche Bahn AG (EVP freight logistics)
- Schenker Schweiz AG (CEO)
- Hangartner AG (CEO)
- Swiss Post (Head of PostLogistics)

#### Key posts

- Member of the Management Committee of the Chair for Logistics Management at the University of St Gallen

## Strategy

Swiss Post's vision, together with its core values and strategy, are derived from postal legislation (E→ 1–2) and the directives of its owner. These directives are set out in the strategic objectives of the Federal Council (E→ 3), which are revised every four years. Swiss Post's six strategic objectives are, in turn, derived from the Federal Council's objectives. Swiss Post seeks to create added value for Switzerland, for its customers, its employees and its owner by safeguarding the quality of its basic service, operating in a sustainable manner, increasing customer satisfaction and employee commitment, and meeting its owner's objectives by achieving a stable market position. It plans to ensure these objectives are met by means of five strategic thrusts.

Group | Strategy  
2010

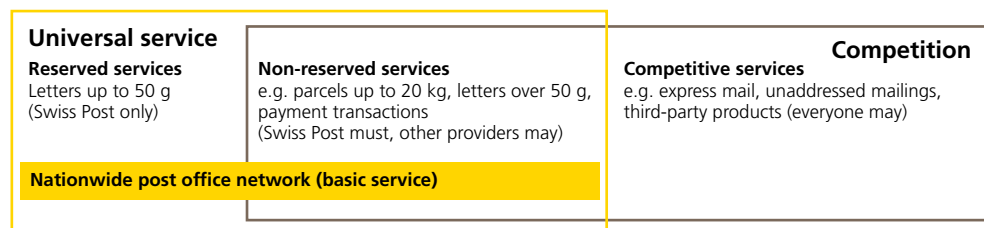
### Statutory mandate and strategic objectives set by the Federal Council



## Regulatory framework Mandate

Swiss Post has a legal mandate in Switzerland (E→ 1): it must provide an adequate universal service (postal and payment services) throughout the country on an equal basis, of a good quality and at reasonable prices.

Group | Statutory mandate  
2010



With respect to the universal service (E→ 1), the legislation makes a distinction between reserved services that only Swiss Post is permitted to offer (letters up to 50 grams), and non-reserved services that it must offer, but for which it competes with the private sector. Swiss Post is additionally permitted, to a limited degree, to offer so-called competitive services. These services are also subject to free competition. Swiss Post is also obliged to operate a nationwide post office network. It must ensure that the universal service is available in all regions and to all sections of the population within a reasonable distance. Swiss Post generates 83.2 percent of its operating income in the free competitive market, with reserved (monopoly) services accounting for 16.8 percent.

## Directives

As the owner of Swiss Post, the Federal Council makes further stipulations in the form of its strategic objectives (E→ 3). It expects Swiss Post to offer the universal service in every part of Switzerland according to the same principles, to a high standard of quality and at reasonable prices, compete in the marketplace as a customer-oriented, self-financing and innovative enterprise, and prepare for the forthcoming comprehensive revision of postal legislation.

Swiss Post is expected to develop new offerings, services and solutions, enter into joint ventures, create profitable growth, safeguard its earning power and exploit its potential to increase efficiency. The Federal Council also stipulates that Swiss Post must develop its core business in the communication (especially letters, dialogue marketing and document solutions), logistics, retail financial and passenger transport markets, as well as ensuring a high standard of services.

Swiss Post must build on its leading position in Switzerland. Over and above the basic service, it is also mandated to seek growth opportunities abroad.

The Federal Council expects Swiss Post to maintain and if possible increase the company's value in the long term, achieve an industry-standard result within universal and competitive services, and finance its investments from the cash flow it generates. The profits it makes should be used to build up the necessary equity, finance the pension fund and make payments to the Confederation.

In addition, Swiss Post must, within its operating confines, pursue a corporate strategy that is committed to ethical and sustainable principles and take account of regional concerns in the various parts of Switzerland in its organizational structure. As a progressive employer, Swiss Post must pursue a socially responsible human resources policy, and offer fair employment conditions that not only ensure it remains competitive, but also enable its employees to achieve a healthy work-life balance.

## Vision

Swiss Post's actions are guided by its vision and its core values:

**We move people, goods, money and information – in a reliable, value-enhancing and sustainable way.**

For more details on the Swiss Post vision, see page 126.

## Background

### The economy

#### Global economy

The global economy gradually started to recover from the global financial crisis in mid-2009, assisted by an extremely expansive monetary and fiscal policy, but the pace of recovery slowed during the last months of 2010. This deceleration is set to continue in most countries in 2011 due to the aftermath of the financial crisis. Consumption and investment will slow as private households and financial institutions reduce their debts. Currency pressure may well continue to affect foreign trade in 2011.

The United States was still suffering from its economic downturn in 2010, and the labour market was in poor shape despite the stimulus programme. Although the US economy is unlikely to take a double dip, it will probably recover only sluggishly in 2011. Consumer spending is unlikely to play its usual role as the key economic driver, because private households are increasingly having to pay off debts and save after their excessive level of debt in previous

years. Japan and the strongly growing emerging economies of Asia are also showing increasing signs of waning.

Contrary to the international trend, the economic situation in the eurozone developed somewhat more favourably than anticipated in 2010. Recovery was initially sluggish but then improved, and the uncertainty caused by the debt crisis in some member states does not yet appear to have had a detrimental effect on business. However, despite positive trends, the European economic outlook also remains relatively restrained against the background of a hesitant global economy. If recovery in the eurozone overall continues to be slow, increasing differences in growth levels between countries can be expected. While economies with high levels of exports, such as Germany, are likely to grow disproportionately thanks to a more favourable Euro exchange rate, the prognosis for peripheral countries is much less promising, and may be even recessionary for some, such as Greece.

The risks for international economic growth remain significant. The global economy is still a long way away from being back on a long-term, stable growth trajectory. Many countries lack the foundations for a broad-based upturn supported by the private sector.

Switzerland

In Switzerland, the economic recovery that started in mid-2009 continued through 2010 with increasing GDP growth. The downturn in economic performance caused by the recession had been overcome by mid-2010. Nevertheless, exports suffered from an economic slowdown in the second half of 2010, and grew less strongly than in the first half of the year. Business expectations in the export industry fell slightly overall. In contrast, consumer confidence – an important economic indicator for domestic demand – continues to present a positive picture. GDP growth of 2.7 percent was expected for 2010 as a whole. The prospects for 2011 are somewhat more restrained, with an anticipated growth in GDP of 1.5 percent. Exports are set to slow down further, with exports of goods and services expected to increase by only 2.6 percent in 2011, compared with 7.0 percent in 2010. In addition to the sluggish economic stimulus from Europe and the US, exchange rates are likely to slow down the economy. The franc continued to increase in value during the last few months of 2010, primarily against the euro but also against numerous other currencies. The real exchange rate index for the franc was at its highest level since the mid-1990s. Domestic demand will not be able to compensate for weaker exports. Although the construction industry and consumer-related sectors have performed very well in recent years and have supported the economy to a considerable extent during the recession, further acceleration in these areas seems unlikely.

Jobs

Since the beginning of 2010, the economic recovery has also included the labour market, with employment increasing again. In 2010, the unemployment rate fell slightly from 4.1 percent at the beginning of the year to 3.8 percent at the end of November. However, the continued fall in unemployment is set to slow in 2011. It can be assumed that the economic downturn during 2011 will also slow down the recovery of the labour market somewhat. Moreover, many companies could well cover increasing work volumes by using existing staff for a while, for example by cutting down on short-time working, before taking on new employees in larger numbers. The average unemployment rate for 2011 is expected to be 3.4 percent.

Trends

Legal and political: deregulation

Generally speaking, network industries are being increasingly deregulated. At the same time, these changes are increasingly prompting critical examinations to ascertain whether the original objectives of this deregulation have been achieved. The majority of European postal markets are being opened up on 1 January 2011 in line with the third European postal directive. Previous experience in the EU has shown that, even in fully deregulated letter markets, competition develops only slowly and in selected market segments. In contrast, competition in the express market is working well. In Switzerland, the legislator has decided against hastily opening up the entire letter market. Three years after the new postal legislation (E 1) comes into force at the latest, the Federal Council must present Parliament with an evaluation report on how to proceed. Swiss Post is prepared for the complete removal of the residual monopoly on domestic letters up to 50 grammes, and already generates over 80 percent of its turnover in the free competitive market. The remaining 20 percent is generated in competition with electronic forms of communication. It is conceivable that the residual monopoly will be insufficient to finance the basic postal service in the medium to long term, due to falling letter volumes.

The major challenge faced by Swiss Post is therefore not the abolition of the residual monopoly, but rather technological and social change and associated changes in customer requirements.

Social:  
 urbanization and  
 customer needs

Urbanization is leading to increased levels of traffic. This is affecting Swiss Post in several different areas – efficient city logistics, mobility solutions for commuters and making networks cost-effective. Increasing complexity is strengthening demand for simple solutions. There is also a growing focus on traditional values such as quality, reliability and security. “Digital natives” (people born in or after 1984 who have grown up with digital technology) are increasingly characterizing business models, communication channels and the features included in service offerings.

Technological:  
 digitization

The digitization of people's lives is being driven by the exponential development of technology (processor and memory capacity, bandwidth, wireless communications and mobile devices). These are continually leading to increased efficiency, new applications and a reduction in the threshold for substituting physical data media with electronic counterparts. The convergence of services is enabling companies to tap into new markets. For example, Swiss Post has the opportunity to network both physical and digital solutions, and also to develop as an end-to-end communications provider.

Economic:  
 globalization

The globalization of competition is increasing pressure on Swiss Post to exploit comparative locational advantages in order to optimize costs. At the same time, disadvantages resulting from size or geographical coverage can be countered by joint initiatives. An increased demand for local/regional services and products based on emotional and economic factors provides opportunities for Swiss Post, which has a uniquely strong local presence.

Environmental:  
 sustainability

The scarcity of natural resources is increasing the awareness of customers, investors and legislators when it comes to environmental sustainability. Demand for “green” products is on the increase. An optimum mix of energy efficiency and renewable energy is becoming a critical factor for companies seeking to combat escalating costs or, in certain cases, gain new competitive advantages.

## Markets

Communication market

In the letters market, Swiss Post continues to provide Switzerland's basic postal service (E+ 1). It is still able to fulfil this mandate in the medium term with the protection of a residual monopoly on letters up to 50 grammes. Over half of all mail is already deregulated. This includes newspapers, unaddressed mail and addressed mail over 50 grammes. However, the primary challenge for PostMail and Post Offices & Sales remains digitization. Customers are increasingly switching from physical letters and newspapers to electronic media. This is causing a long-term drop in letter volumes, particularly addressed letters, and a falling demand for conventional post office services. Combined with increasing competition in the letters market, overall competition is becoming more intense and pressure on margins is rising, increasing the need for cost and price flexibility within the industry and a targeted expansion of the postal network. The international letters market is also fiercely competitive. Further mergers and partnerships can be expected in order to secure market positions. Driven by what is technologically possible, major corporations are increasingly outsourcing their document and customer information processing, since this does not necessarily form part of their core business. There is still great potential for growth in this area, which Swiss Post Solutions is gradually tapping into with innovative, tailor-made customer solutions.

Logistics market

Competition in the logistics market continues to grow. It is characterized by an increasing level of internationally targeted, aggressive competition and growing pressure on prices. This is increasingly spreading to parcels and express deliveries as well. Customers, particularly business customers, are sensitive to prices, but continue to expect a high level of quality. Marked increases in HR costs cannot therefore be offset by pricing measures. The logistics market overall has huge potential for growth, driven by a meteoric rise in cross-border e-commerce business. The challenge for logistics is to convert customers' global procurement requirements into new, profitable business models. At the same time, the boundaries between parcel logistics and goods logistics are becoming increasingly blurred, since more and more business customers are wanting a single solution provider for all their logistics requirements. With digitization and the increased transparency of business processes, customers want electronic

data links along the entire length of the transport chain, right through to inside companies, to accompany the actual transportation of goods. In goods logistics, Switzerland is unable to escape from the regular-interval timetables that are becoming increasingly common on international routes. The introduction of environmental and incentive taxes such as CO<sub>2</sub> taxes and the heavy goods vehicle tax are having a direct impact on the logistics margins that can be achieved.

### Retail financial market

The financial crisis has had a marked impact on the financial sector in recent years. The financial and fiscal interventions that the European Union and the International Monetary Fund had to make in 2010 in order to support national budgets and the global currency interventions to strengthen foreign trade are clear signs of the continuing instability of the financial system. However, it is anticipated that the financial market regulations that have been introduced relating to equity capital and liquidity requirements will have a gradual stabilizing effect. The continuing high level of customer demand in these circumstances is a clear sign of the considerable trust enjoyed by PostFinance. The national retail financial market will become increasingly saturated – a situation that will favour the major banks even more. Pressure on margins will consequently remain high. PostFinance must therefore continue to demonstrate to its customers that it is different from these banks. It can do this by expanding its pioneering role in e-finance and developing its businesses via online and mobile platforms. It can also make even greater use of its extensive physical network of access points.

### Public passenger transport

As purchasers of regional public transport services, the Confederation and cantons will be less able to pay compensation to transport companies owing to scarcer financial resources as a result of the economic crisis. But public transport mobility requirements are constantly increasing, so a reduction in services is out of the question, and services will have to be provided at lower costs and with less public-sector compensation. From 2011 onwards, this will have a significant impact on PostBus margins, and an increase in service tenders can also be expected. The Swiss market is not particularly attractive to foreign companies, since growth is quite small and the local transport market is largely controlled by the public sector. Competitors in the international market are becoming significantly larger, not least due to company mergers. PostBus will have to maintain its position on an increasingly competitive national and international stage.

## Strategic framework

Swiss Post's guidelines and its overall understanding of key strategic issues are embedded in its strategic framework. Within these guidelines, its operating units have the opportunity to respond promptly to current market requirements.

In particular, the strategic framework contains statements on understanding customers, the core business, market positions, competitive strategies, geographic focus, profitability, sustainability, innovation and management style.



## Strategic objectives

Swiss Post sets its priorities in the form of six strategic objectives, and determines how it intends to meet the challenges of its operating environment and achieve its top-level directives.

Added value for its owner (see page 41):

- Swiss Post aims to make an annual profit of 700 to 800 million francs, increase its equity and finance investments itself.
- It will seek to achieve leading market positions in its businesses in Switzerland.

Added value for its customers (see page 79):

- Swiss Post will have a consistently high customer satisfaction rate of 75 points (on a scale of 0 to 100).

Added value for its employees (see page 91):

- Employee commitment will remain high, at a level of 80 points (on a scale of 0 to 100).

Added value for Switzerland (see page 102):

- Swiss Post will provide a basic service of an outstanding quality.
- It will reduce its annual CO<sub>2</sub> emissions by 15,000 tonnes by the end of 2013.

## Strategic thrusts

In order to achieve its objectives, Swiss Post is pursuing five strategic thrusts:

- Offering high-quality services

Swiss Post offers its private and business customers high-quality services right across the board, from product development through to daily contact with its customers. It therefore strives to achieve a high level of customer focus, ongoing improvements in services and processes as well as new, innovative products and superior quality assurance and control.

- Ensuring fair market prices

In order to provide superior services, Swiss Post has been and will remain dependent on setting fair market prices. In particular, it also aims to finance a smoothly functioning basic service.

- Securing long-term profitable growth

Swiss Post orientates its growth towards sustainability and profitability. In Switzerland and abroad, it pursues a growth plan that consistently focuses on the long term, and proceeds step by step. This enables it to regulate and safeguard the profitability of its growth.

- Ensuring socially-responsible cost efficiency

In an increasingly dynamic market environment, it is essential for Swiss Post to consolidate and develop its efficiency in line with the marketplace. It is being affected by far-reaching changes, particularly in the communication market. It will continue to confront these changes with balanced, socially responsible solutions.

- Optimally exploiting operating conditions

The new operating conditions resulting from postal legislation (E→ 1) will play a decisive role in how Swiss Post develops in its markets and sectors. Swiss Post is ready to be transformed by special statutory regulations into a public company subject to public law, and is also ready for PostFinance to be subject to FINMA legislation.

## Conventions in this section

### ■ Presentation of values

The amounts shown in the Annual Report are rounded. 0 is a rounded amount indicating that the original figure was less than half of the unit used. A dash (-) in place of a figure indicates that the value is zero.

### ■ Graphics and tables

Colours in graphics and tables signify the following:

■ Current year

■ Previous year

■ Positive effect on the Group result

■ Negative effect on the Group result

All graphics are shown to scale to present a true and fair view.

15 mm is equivalent to CHF 1 billion.

Percentages in graphics are standardized as follows:

Horizontal: 75 mm is equivalent to 100 percent.

Vertical: 40 mm is equivalent to 100 percent.

### ■ Links to further information online

The symbol (E→) in the text refers the reader to further information on the Internet. This information can be accessed via the complete list of links at [www.swisspost.ch/ar2010links](http://www.swisspost.ch/ar2010links). Click the link number on this web page to access the respective information.

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## Added value for the owner as an investor

### Group

#### Strategic thrusts and objectives of Swiss Post

To create added value for the **owner as an investor**, Swiss Post is aiming to achieve an annual profit in the region of 700 to 800 million francs, to strengthen its equity base, and to finance its own investments. It is seeking to assert its market leadership in Switzerland.

In terms of the sustainable development of its business, however, this added value for the owner can only be created if Swiss Post also creates added value for its **customers**, for its **employees** and for **Switzerland**. Customer satisfaction should therefore be at least 75 out of a possible 100 points (see the section "Added value for customers", page 79). Employee commitment should be maintained at at least 80 to 100 points ("Added value for employees", page 91). In addition, Swiss Post is committed to providing a high-quality basic service and is planning to reduce its annual CO<sub>2</sub> emissions by 15,000 tonnes by the end of 2013 ("Added value for Switzerland", page 102).

Swiss Post intends to achieve these goals by pursuing five strategic thrusts: first-rate services for private and business customers, competitive prices, sustainable and profitable growth, socially responsible cost efficiency, and optimum use of the regulatory framework now in force.

Both the operating result (CHF 930 million) and Group profit (CHF 910 million) reached an all-time high. Operating income rose by 178 million francs year on year. The increase is primarily due to higher operating income in the retail financial market (PostFinance) and the positive trend in the logistics market. Operating expenses were down to 7,806 million francs, chiefly as a result of the lower compensation paid for international postal traffic and to transport companies.

#### Group | Key figures

2010 with previous year for comparison

		2010	2009
<b>Results</b>			
Operating income	CHF million	8,736	8,558
generated abroad	CHF million <sup>1</sup>	1,218	1,391
	% of operating income	13.9	16.3
reserved services	CHF million <sup>2</sup>	1,469	1,641
	% of operating income	16.8	19.2
Operating result	CHF million	930	721
as a share of operating income	%	10.7	8.4
generated abroad	CHF million <sup>1</sup>	24	35
	% of operating result	2.6	4.9
Group profit	CHF million	910	728
Value added	CHF million <sup>3</sup>	5,268	4,983
<b>Employees</b>			
Headcount at Swiss Post Group	Full-time equivalents	45,129	44,803
abroad	Full-time equivalents	7,255	6,986
<b>Financing</b>			
Total assets	CHF million	93,310	84,676
customer deposits (PostFinance)	CHF million	85,725	77,272
Equity	CHF million	4,224	3,534
<b>Investments</b>			
Investments	CHF million	364	431
other property, plant and equipment, intangible assets	CHF million	176	270
operating property	CHF million	163	109
shareholdings	CHF million	25	52
Investment funded out of its own income	%	100	100
<b>Value generation</b>			
Net cash from/used in operating activities	CHF million	-2,297	-357
Economic value added	CHF million	452	272

1 Definition of "abroad" in accordance with secondary segmentation in the Financial Report.

2 Letters up to 100 grams, from 1 July 2009 up to 50 grams.

3 Value added = operating result + staff costs + depreciation - gain/loss on the sale of property, plant and equipment, intangible assets and investments.

Additional key figures and explanations can be found in the table of figures (E\* 99).

## Background

### The economy

Following the gradual recovery of the global economy under the influence of a highly expansionary monetary and fiscal policy since mid-2009, the latter months of 2010 saw the pace of recovery slow somewhat. The United States of America had not yet emerged from its economic downturn in 2010, while Asia showed increasing signs of a loss of momentum. Bucking the international trend, the euro zone economy rallied better than expected in 2010. Despite this positive trend, however, prospects for economic growth in Europe remain relatively muted. Switzerland, too, has seen its economic recovery continue with increasing GDP growth. This has had a positive effect on the labour market, with a further decline in both short-time working and unemployment.

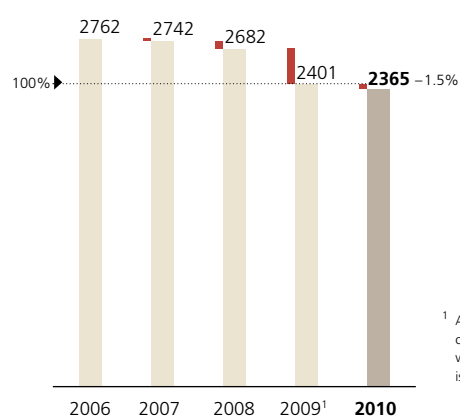
### Customers and markets

#### ■ Communication market

Different trends for products in the communication market emerged in 2010. Unaddressed mail at PostMail followed the general economy. In this segment Swiss Post benefited from the improved economic situation and increased advertising activities in the retail sector. The volume of delivered newspapers was negatively impacted by the success of free commuter newspapers and changes in customers' habits. Following last year's acquisition of early newspaper delivery business for its delivery organizations, Swiss Post succeeded in counteracting this market situation. The volume of newspapers delivered rose year on year by 10 percent. However, in the case of addressed mail at PostMail and Post Offices & Sales, 2010 saw a year-on-year decline of 1.5 percent. This was due to substitution (the use of electronic information media instead of physical mail), as well as mailing optimization by business customers. Primarily as a result of the integration of Philately and the assumption of responsibility for products for private customers, the Post Offices & Sales Group unit saw an increase in volumes. In comparison with the previous year, import and export volumes at Swiss Post International fell. This is chiefly attributable to the transfer of private customer products to Post Offices & Sales. Moreover, the difficult economic climate had a negative effect on letter and parcel volumes in some countries. Swiss Post Solutions succeeded in expanding its services, particularly in its E-Business Solutions and Document Solutions units.

#### Group | Addressed letters

2006 to 2010 showing change from previous year/over five years  
 2009 = 100%<sup>1</sup>, figures expressed in millions



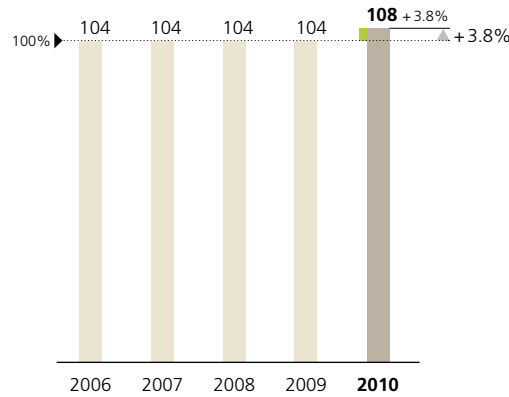
<sup>1</sup> A new method has been used to calculate letter volumes since 2010. For the purposes of comparison, the prior-year figures were adjusted accordingly and the figure for 2009 was defined as the new base value. Comparability with earlier results from 2006 to 2008 is therefore limited.

#### ■ Logistics market

The logistics sector continues to be dominated by increasing competition and price pressure, both nationally and internationally. Customers are price-sensitive and have high expectations with regard to quality. As a result of deregulation and changing customer needs, the courier, express and parcels segment is coming to overlap more and more with traditional freight forwarding. Logistics customers are increasingly seeking providers who can offer a one-stop shop for all the services they require. Over the past year Swiss Post has benefited from both the economic upturn and the positive developments in online retailing (e-commerce).

**Group | Parcels**

2006 to 2010 showing change from previous year/over five years  
2006 = 100%, figures expressed in millions

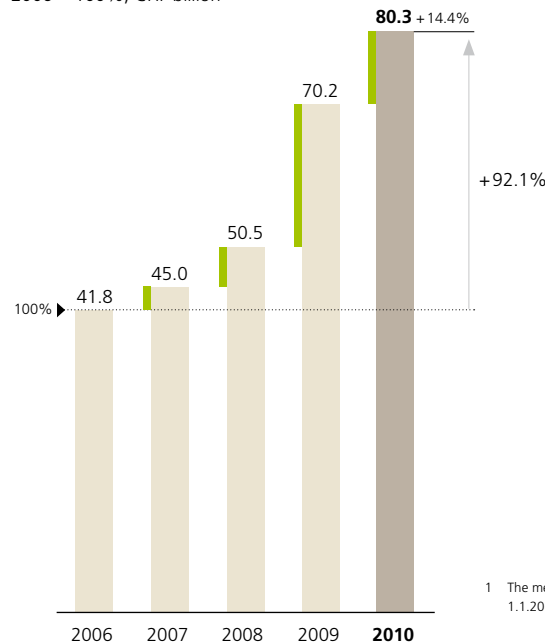


**■ Retail financial market**

Although the financial markets are now gradually settling down, and customers are consequently becoming less wary of internationally focused banks, PostFinance recorded a further year-on-year inflow of customer deposits. The financial arm of Swiss Post continues to enjoy the trust of customers who manage their own finances and who appreciate a simple and inexpensive range of services. In 2010, average customer deposits totalled 80,335 million francs, a rise of 14.4 percent compared with the prior-year period.

**Group | Average customer deposits (PostFinance)<sup>1</sup>**

2006 to 2010 showing change over five years  
2006 = 100%, CHF billion



<sup>1</sup> The method of calculating average customer deposits was changed from 1.1.2009. The prior-year amounts were adjusted accordingly.

■ Public passenger transport market

The national public passenger transport market is growing steadily. However, since the budgets of public sector organizations that act as contracting bodies for transport services are being squeezed, the pressure on prices is set to increase. In 2010, some cantons and cities announced or issued invitations to tender for bus services. Major foreign providers submitted bids for some contracts in Switzerland, but to date have been unable to gain a foothold in the predominantly locally organized and densely integrated Swiss public transport network. By contrast, PostBus operates urban bus networks and bus routes in France and in the Principality of Liechtenstein.

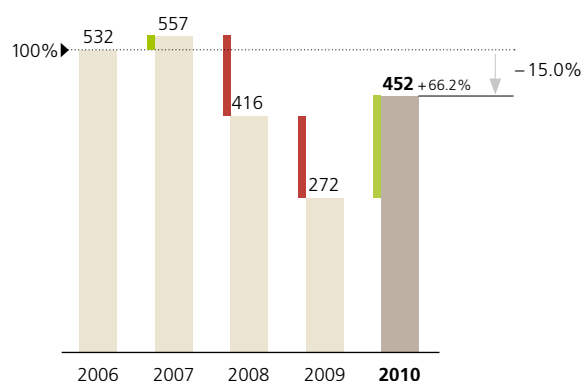
**Finance**

Economic value added

In accordance with the Federal Council's financial targets (E+ 3), Swiss Post is expected to maintain, and if possible increase, the company's value in the long term. Value added is created when the adjusted operating result exceeds the cost of average invested capital. In addition to the overall result, this approach also factors in the risks and the capital employed. For the retail financial market, the calculation is based not on average invested capital, but on the minimum capital requirements according to Basel II that are standard in the banking sector, and a 10 percent cost of capital. Swiss Post's economic value added is included as a key indicator in the calculation of the variable performance component of management remuneration.

**Group | Economic value added**

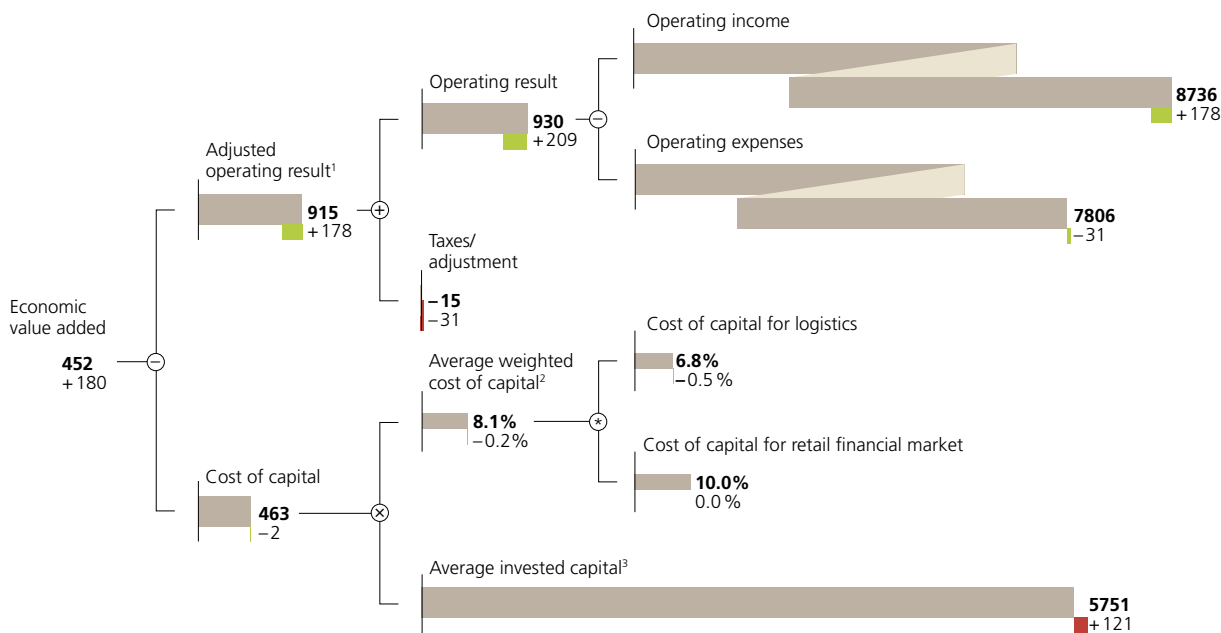
2006 to 2010 showing change from previous year  
 2006 = 100%, CHF million



As at 31 December 2010, Swiss Post met the financial expectations of the Federal Council and generated economic value added of 452 million francs. This is around 66 percent more than in the previous year (272 million francs). The added value is due to the higher adjusted operating result which stems principally from its success in the retail financial market. Despite the higher average cost of invested capital, capital costs have fallen. This is attributable to the lower cost of capital for logistics which was adjusted in some units following changes in risk assessment.

**Group | Economic value added**

2010 showing change from previous year  
CHF million, percent



⊗ Weighted with the average invested capital in the logistics units and in the retail financial market (PostFinance).

<sup>1</sup> Net operating profit after tax (NOPAT).

<sup>2</sup> Corresponds to weighted average cost of capital after taxes (WACC) for logistics units and equity cost of capital for the retail financial market (PostFinance).

<sup>3</sup> At PostFinance corresponds to average equity in accordance with Basel II (CHF 2,212 m) and at logistics units to the average net operating assets (NOA) of CHF 3,539 m.

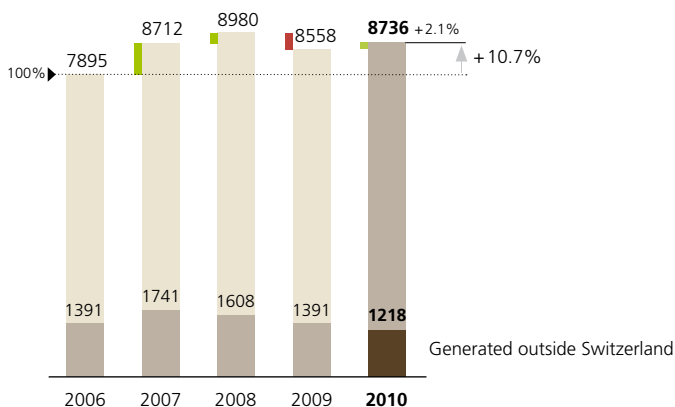
Statement of comprehensive income

**■ Operating income**

In 2010, operating income stood at 8,736 million francs (previous year: 8,558 million francs). This represents an increase of 2.1 percent.

**Group | Operating income**

2006 to 2010 showing change over five years  
2006 = 100%, CHF million



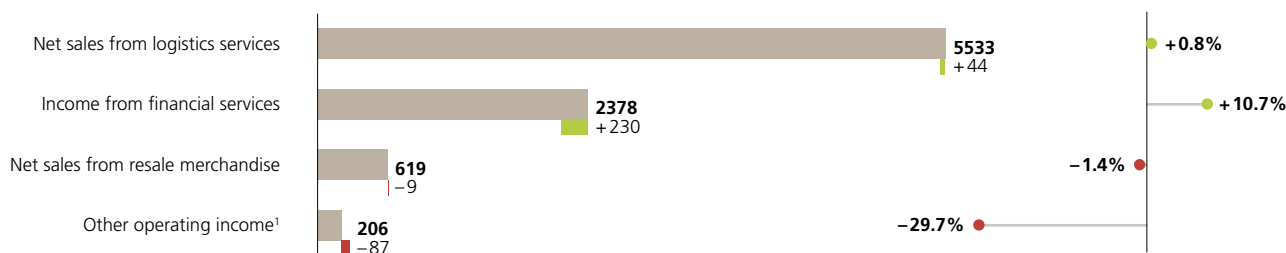
Despite substitution by electronic media, price cuts and the assumption of VAT for letters, net sales from logistics services showed positive growth. This is chiefly due to higher sales in the public passenger transport market and in the logistics market. In the public transport market, this is mainly as a result of the expansion of services, while the logistics market benefited, among other things, from the economic upswing. Owing to negative currency effects, the



proportion of sales abroad fell by around 10 percent. Net sales from resale merchandise declined primarily in the logistics market. This decrease is mainly due to a change in the way the figures are calculated. The rise in income from financial services is attributable to higher interest gains in the retail financial market. By contrast, other operating income was down. Owing to non-recurring effects arising from the sale of property, other operating income was higher in 2009 than in 2010.

#### Group | Operating income

2010 showing change from previous year  
 CHF million, percent



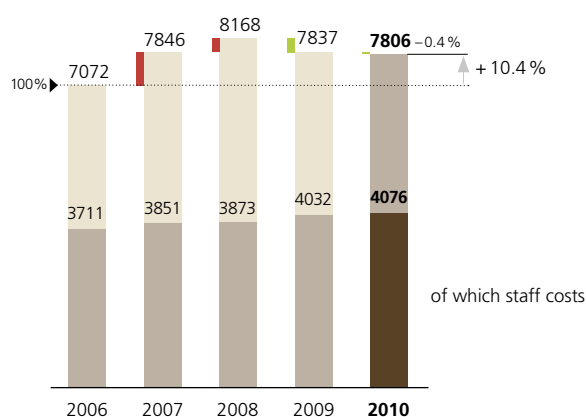
<sup>1</sup> Previous year's figures adjusted for restatements (see Notes, Accounting changes).

#### ■ Operating expenditure

Wage inflation and an increased headcount resulted in higher staff costs. Resale merchandise and service expenses fell mainly because of the lower compensation paid for international postal traffic and to transport companies. The increase in expenditure for financial services is due to capital inflows in the retail financial market. Other operating expenses remained virtually unchanged over the previous year. Depreciation and amortization expenses fell year on year by around 5 percent. This decrease is predominantly due to the curtailment of investment activities.

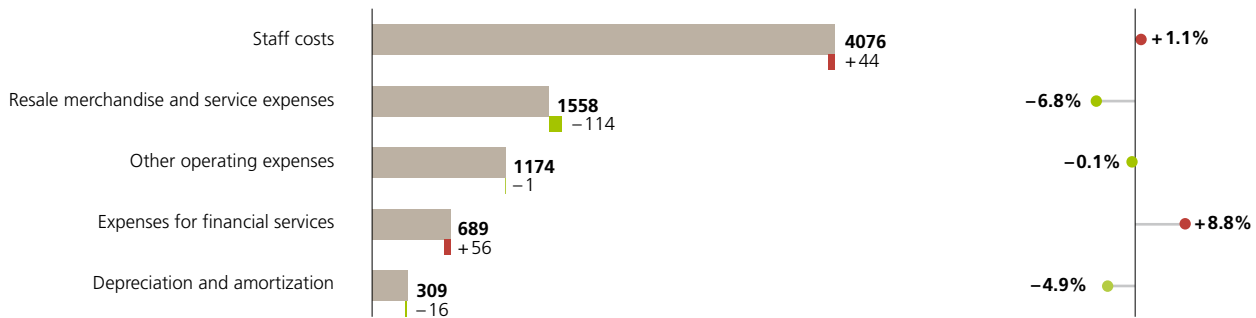
#### Group | Operating expenses

2006 to 2010 showing change over five years  
 2006 = 100%, CHF million



**Group | Operating expenses**

2010 showing change from previous year  
CHF million, percent

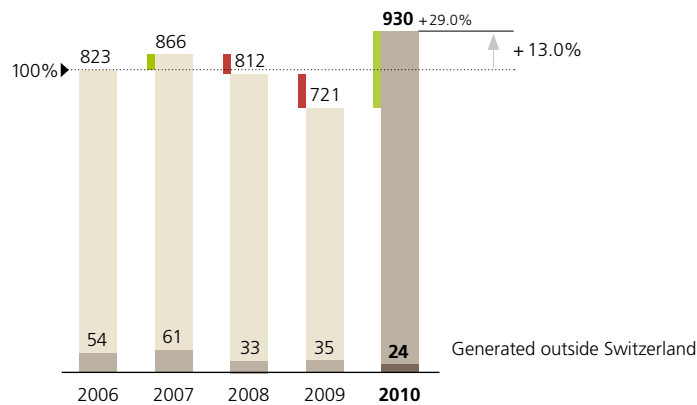


**Operating result**

Success in the logistics and retail financial markets contributed to the positive operating result. The success in retail finance is attributable to the rise in the number of customers and increased customer deposits. The resulting interest income was therefore significantly higher than in the previous year. In addition to the optimization measures implemented, the economic upswing has also resulted in a gratifying positive boost in the logistics market. As a consequence of the above-mentioned changes in expenditure and the higher operating income, the operating result totalled 209 million francs. This represents an increase of around 29 percent over the previous year. The proportion of the operating result attributable to business abroad fell year on year by around 11 million francs. Along with currency effects, this was mainly caused by the difficult economic climate.

**Group | Operating result**

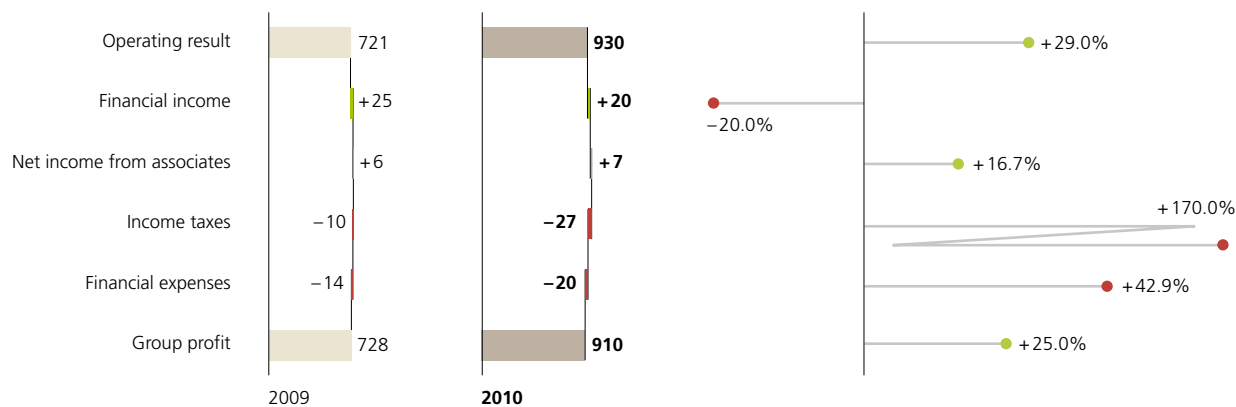
2006 to 2010 showing change from previous year  
2006 = 100%, CHF million



**Group profit**

The improved economic climate had a positive effect on income from associates. In contrast, financial expenses were negatively impacted by foreign currency effects and rose to 20 million francs. Owing to lower profits from the disposal of financial assets, financial income fell by 5 million to 20 million francs. Principally as a result of the change in deferred taxes, income taxes went up by 17 million francs. This is due to the offsetting of loss carryforwards.

**Group | Reconciliation of operating result and Group profit**  
 2009 and 2010 showing change from previous year  
 CHF million, percent



Segment results

■ Overview

All segments contributed to the positive operating result. Compared with the previous year, the Post Offices & Sales unit was able to reduce the size of its negative operating result.

Group   Segment results 1.1. to 31.12.2010 with prior-year period CHF million, percent	Operating income <sup>1</sup>		Operating result <sup>2</sup>		Margin <sup>1,3</sup>	
	2010	2009	2010	2009	2010	2009
<b>Communication market</b>						
PostMail	2,619	2,808	199	198	7.6	7.1
Swiss Post International	788	877	49	53	6.2	6.0
Swiss Post Solutions	665	696	7	-25	1.1	
Post Offices & Sales	1,769	1,359	-108	-113		
<b>Logistics market</b>						
PostLogistics	1,478	1,488	164	45	11.1	3.0
<b>Retail financial market</b>						
PostFinance	2,389	2,160	571	441		
<b>Public passenger transport market</b>						
PostBus <sup>4</sup>	702	640	28	27	4.0	4.2
<b>Other<sup>5</sup></b>	968	1,030	20	95		
<b>Consolidation</b>	-2,642	-2,500				
	<b>8,736</b>	<b>8,558</b>	<b>930</b>	<b>721</b>		

1 Previous year's figures for SPI adjusted as a result of restatement (see Notes, Accounting changes).  
 2 Operating result corresponds to earnings before net non-operating financial income/expense and taxes (EBIT).  
 3 The retail financial market (PostFinance) uses the indicator return on equity; no margin is calculated for "Other"; negative margins are not reported.  
 4 In the field of regional public transport, PostBus is subject to the DETEC ordinance on the accounting of licensed companies (REVO). There are differences between REVO and IFRS.  
 5 Includes management and service units such as Real Estate, Information Technology, Corporate Purchasing and the central Group functions.

■ Communication market

■ PostMail: operating result on a par with previous year

In 2010, PostMail achieved an operating result of 199 million francs. Despite the negative effect in the order of 54 million francs arising from the transfer of private customer products, the operating result was up one million francs over that of the previous year.

In 2010, PostMail generated operating income of 2,619 million francs (2009: 2,808 million francs). The fall in income is chiefly attributable to the above-mentioned transfer of the responsibility for private customer products to Post Offices & Sales (reduction of 174 million francs) at the beginning of 2010. Moreover, substitution by electronic media and cost-cutting by customers also led to a drop in sales, as did the price cuts introduced on 1 July 2009 and the full application of value added tax which came into force at the same time. By contrast, sales in the newspaper segment rose as a result of takeovers of early-delivery firms. Turnover from unaddressed mail saw positive growth too.

The transfer of private customer business also had an impact on the expenditure side (down by 120 million francs). Along with declining volumes, optimization of delivery processes and efficiency gains in the new letter centres also contributed to a reduction in expenses. By contrast, expenditure at subsidiary Presto Presse-Vertriebs AG rose in the wake of the takeover and integration of early-delivery organizations.

Despite these acquisitions, following further process optimization the headcount went up by only 96, taking the total to 17,092 full-time equivalents.

■ Swiss Post International: operating result impacted by one-off effects

Compared with the previous year, the operating result of Swiss Post International fell by 4 million to 49 million francs. The operating profit margin, on the other hand, rose by 0.2 percent to 6.2 percent. The operating result was influenced by one-off effects, however. The result was positively influenced to the tune of around 5 million francs by the transfer of private customer products to Post Offices & Sales. Deutsche Post's decision to have customs clearance and delivery of its parcels handled by DHL Switzerland led to the loss of 72 jobs at Swiss Post International. The reduction in personnel and infrastructure required one-off restructuring costs of around 9 million francs. Swiss Post International also posted write-downs on intangible assets of around 3 million francs. Positive foreign currency effects of around 5 million francs offset these lower results to some extent.

At 788 million francs, operating income was around 10 percent down on the previous year. This was due to foreign currency losses on receivables from foreign postal administrations as well as the effects of converting the annual results into foreign currencies.

The consequences of the strong franc were also evident in operating expenditure. Amounting to 739 million francs, this was around 10 percent lower than in the previous year as a result of foreign currency gains on liabilities with foreign postal administrations as well as the effects of converting the annual results of foreign subsidiaries. Since 1 January 2010, the income and expenditure from collecting VAT and customs duties is stated net (see also Notes, Accounting changes). The prior-year amounts were adjusted accordingly.

■ Swiss Post Solutions: improved operating result

Swiss Post Solutions generated an operating result of 7 million francs. This significant improvement (2009: –25 million francs) was due to a positive operating performance plus the cessation of one-off costs.

Operating income rose thanks to gratifying operating growth, as well as the integration of new companies. The focus on profitable customers and customer groups enabled unprofitable customers to be shed. At the same time, operating income fell as a result of exchange rates. Overall, operating income came to 665 million francs (previous year: 696 million francs).

At 658 million francs, operating expenses were significantly down on the previous year (721 million francs). The situation with regard to operating expenses and the result greatly improved, while at the same time non-recurring costs for integrating and restructuring individual companies ceased. Owing to exchange rate movements and the cessation of one-off effects, staff costs fell to 339 million francs (2009: 379 million francs). Expenditure

for resale merchandise and services rose in line with operating growth to 138 million francs (2009: 120 million francs). Other operating expenses fell to 152 million francs (previous year: 173 million francs), in particular as a consequence of restructuring at Dialogue Solutions. Depreciation declined as a result of lower investment levels. In addition, depreciation from acquisitions fell substantially.

The headcount increased to 6,992 full-time equivalents (previous year: 6,878 full-time equivalents). Workforce reductions at Dialogue Solutions were more than offset by the number of jobs created at Document Solutions and E-Business Solutions.

On 31 December 2010, Swiss Post Solutions merged its Direct Mail division into a joint venture with Austrian Post. This affects six companies and one section of a company. The joint venture will not be fully consolidated, but will operate as an associate.

#### ■ Post Offices & Sales: responsible for private customer segment from 2010

Post Offices & Sales succeeded in improving its operating result by 5 million francs year on year. The operating loss is now 108 million francs. This improvement is due to generally favourable business trends. The integration of Philately also had a positive effect (approximately 15 million francs), as did the assumption of responsibility for logistics products for private customers (17 million francs). Set against this, the compensation paid for the additional costs arising from the basic service obligation fell by 41 million francs.

Operating income rose by 410 million francs to 1,769 million francs. Net sales revenue from logistics services came to 1,240 million francs. Sales of logistics products to private customers contributed a good 390 million francs to the result. The gratifying trend in net sales of non-postal brand-name articles also persisted, with growth continuing unabated. Amounting to 482 million francs, sales are 20 million francs up on the previous year. Among other things, special mention should be made here of gift cards plus concert and festival tickets, the sale of which contributed significantly to sales growth. Sales of philately products came to 45 million francs.

Operating expenses now total 1,877 million francs. The jump of 405 million francs is primarily due to the process services (sorting, delivery and transport) which Post Offices & Sales buys in from the PostMail, PostLogistics and Swiss Post International units for logistics products for private customers. Compared with the previous year, resale merchandise and service expenses almost doubled and now amount to 813 million francs. The increase of 411 million francs is largely due to buying in process services for logistics services for private customers. At 711 million francs, staff costs are 3 million francs down on the previous year as a result of a lower headcount. Despite the integration of Philately, it fell by 45 to 6,928 full-time equivalents. Thanks to rigorous cost management, other operating expenses of 348 million francs are 7 million francs less than in the prior-year period.

#### ■ Logistics market

##### ■ PostLogistics: improved operating results

Compared with 2009, PostLogistics saw its operating result rise by 119 million to 164 million francs. This increase is attributable to cost savings and high parcel volumes, as well as the transfer of private customer products to Post Offices & Sales (32 million francs).

Compared with the previous year, operating income fell by 10 million to 1,478 million francs. This was due to the decline in income from resale merchandise of 25 million francs arising from changes to the method of calculation. This did not influence the operating result, however. A drop in catalogue volumes and the transport of postal items also contributed to the decrease. These declining figures were offset to some extent by the rise in parcel volumes and the sales generated by companies acquired in 2009.

At 1,314 million francs, operating expenses were down 129 million francs on the previous year. As a result of the lower headcount and the release of reserves, staff costs fell by 23 million francs. Streamlining measures produced savings of 29 million francs in office and administrative expenses as well as compensation paid to transport companies. For the same reasons, resale merchandise expenses were 25 million francs less than the previous year. 2010 saw the transfer of responsibility for private customers to the Post Offices & Sales Group unit. Among other things, this meant that Post Offices & Sales no longer had to be

compensated for accepting parcels from private customers at post office counters. Overall, the transfer of private customer products reduced expenses at PostLogistics by 37 million francs.

Following various reorganizations, the average headcount decreased by 170 to 5,319 full-time equivalents.

■ Retail financial market

■ PostFinance: another record result

PostFinance again ended 2010 with a record result. The operating result totalled 571 million francs, which represents an increase of 130 million francs, or 29.5 percent, over the previous year. The financial services provider is steadily growing while keeping costs under control.

Operating income rose by 2,389 million francs (10.6 percent). Even during the lengthy period of low interest rates, PostFinance succeeded in further increasing interest income to 1,044 million francs (15.3 percent). The financial arm of Swiss Post continues to enjoy the trust of customers. New money totalling 10.7 billion francs (previous year: 20.1 billion) flowed into over four million customer accounts. The increased customer deposits offset the negative market effects. Despite the higher volumes, writedowns on financial assets fell back to around 22 million francs.

Even during the phase of strong growth, operating expenditure (1,818 million francs) remained moderate. Overall, operating expenses rose by 99 million francs (5.8 percent) compared with 2009. Of this, staff costs accounted for 24 million francs (6 percent), interest expenses made up 72 million francs (18 percent), and commission expenses came to 36 million francs (9 percent).

The headcount grew by 223 to 3,265 full-time equivalents (7.3 percent).

■ Public passenger transport market

■ PostBus: operating result on a par with previous year

Totalling 28 million francs, the operating result was one million francs up on the previous year.

Following further expansion of PostBus services, operating income rose by 62 million francs year on year.

Operating expenses increased by 61 million francs to 674 million francs. Additional services in Switzerland led to an increase in staff costs and higher compensation paid to Postbus operators of around 10 million francs in each case. The 14 centime hike in the price of a litre of fuel since 2009 also contributed to the higher operating costs.

PostBus was only able to run the additional services with extra personnel. As a consequence, PostBus increased the overall headcount by 15.9 percent to 2,012 full-time equivalents.

■ Other

Lower operating result due to one-off effects in 2009

In 2010, Swiss Post's other units posted an operating result of 20 million francs (previous year: 95 million francs). The operating result fell by 75 million francs.

Totalling 968 million francs (2009: 1,030 million francs), operating income fell by 62 million francs year on year. The main reason for the lower figure was the drop to 45 million francs in the profits from real estate disposals (previous year: approximately 88 million francs). This is primarily explained by the one-off effects of last year's sales of the Schönburg headquarters in Berne and the main post office building in St. Gallen 1. Operating expenses increased by 13 million francs to 948 million francs. This was mainly due to premises costs (rental and running costs) rising by 69 million francs to 199 million francs, to other expenses falling by 43 million francs to 180 million francs, and to the decrease in resale merchandise and service expenses by 14 million francs to 33 million francs.

The headcount fell by 147 over the previous year to 2,270 full-time equivalents.

## Cash flow and investments

In comparison with the prior-year period, cash flow improved by 107 million francs. This increase is primarily due to the 182 million francs increase in Group profit. By contrast, the higher payments from reserves had a negative impact on cash flow.

Overall, investments in property, plant and equipment (321 million francs), intangible assets (18 million francs) and equity investments (25 million francs) were 67 million francs less than in the previous year. In 2010 the investment volume was again financed entirely from Swiss Post's own resources.

### Group | Internal financing

2010 showing change from previous year  
 CHF million, percent



<sup>1</sup> Before appropriation of profit

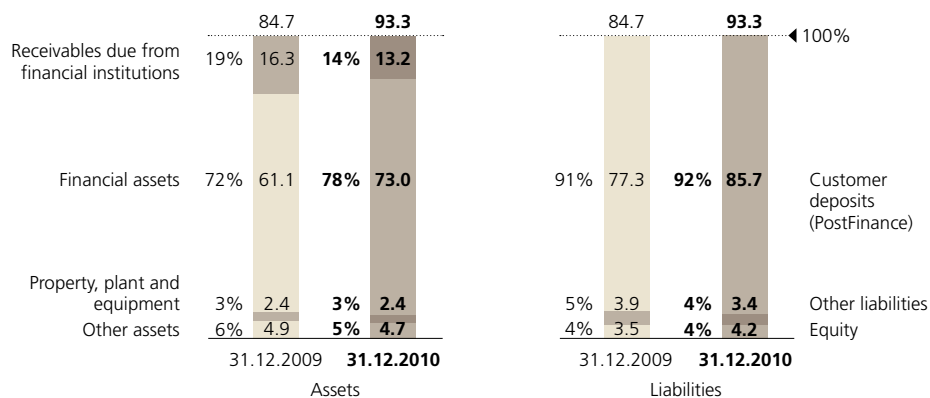
## Consolidated balance sheet

### Financial assets

Financial assets rose by around 11.9 billion francs compared with the end of 2009. This change was mainly attributable to the increase in customer deposits.

### Group | Balance sheet structure

As at 31.12.2009 and 31.12.2010  
 CHF billion



### Property, plant and equipment

The carrying amount of property, plant and equipment fell by 59 million francs compared with 31 December 2009. Depreciation declined by 16 million francs, totalling around 309 million francs in 2010.

### Customer deposits (PostFinance)

As at the reporting date of 31 December 2010, customer deposits at PostFinance had risen by 8,453 million francs to 85,725 million francs. On 31 December 2010, customer deposits accounted for around 92 percent of the Group's total assets.

### Other liabilities (provisions)

Provisions including employee benefit obligations fell by 527 million francs. This was due primarily to the reduction in employee benefit obligations of 514 million francs stemming from injections into the employer's contribution reserve of the Swiss Post pension fund. The remaining decrease in provisions was around 13 million francs.

Appropriation of profit

■ Equity

Consolidated equity as at 31 December 2010 was calculated net of the appropriation of profit for 2009. Reported equity is still below the equity base desirable for a logistics and financial services group. The forthcoming conversion of Swiss Post into a public company subject to special legal provisions and of PostFinance into a public company subject to supervision by the Swiss Financial Market Supervisory Authority (FINMA) will require an increase in equity.

The Federal Council expects Swiss Post to finance the pension fund out of the profit it generates and to gradually build up the necessary equity base. In addition, as the owner, the Confederation expects an adequate dividend on the endowment capital it provides. Given the existing shortfall in the Swiss Post pension fund and the Group's insufficient equity base, a request will be submitted to the Federal Council to use the profit of Swiss Post (parent) of 603 million francs as follows:

- Employer's contribution reserve for Swiss Post pension fund: 100 million francs
- Profit distribution to the owner: 200 million francs
- Reserves for Swiss Post (parent): 303 million francs

In accordance with generally accepted commercial accounting principles, the equity of the parent company amounts to 4,944 million francs before appropriation of profit.

The consolidated financial statements are authoritative from a commercial point of view. The consolidated financial statements are drawn up on the basis of the Postal Organization Act in accordance with International Financial Reporting Standards (IFRS). Swiss Post Group reports equity of 4,224 million francs. (For details, see the table "Consolidated statement of changes in equity" on page 144).

**Strategy**

Strategic objectives for the owner as an investor

In order to fulfil its legal mandate and the specifications of the owner as an investor, Swiss Post aims to create added value for Switzerland, for its customers, for its employees and for the owner by ensuring the quality of the basic service, operating sustainably, strengthening customer satisfaction and employee commitment, and meeting the financial targets of its owner through stable market positions (see also the section "Strategy", page 34).

To create added value for the owner as an investor, Swiss Post has set itself the following objectives:

- Swiss Post is aiming to achieve an annual profit in the region of 700 to 800 million francs, to strengthen its equity base, and to finance its own investments.
- It is seeking to assert its market leadership in Switzerland.

All the strategic objectives are set out in the section "Strategic objectives", page 39.

Strategic thrusts

It intends to achieve these goals by pursuing the following five strategic thrusts:

- Provide high-quality services  
Swiss Post offers its private and business customers services of a consistently high quality, from the development of products through to day to day contact with customers. It therefore ensures a high level of customer focus, continuous improvement of services and processes, new innovative products, and first-rate quality control and quality assurance.
- Charge competitive prices  
In the future as in the past, Swiss Post is dependent on its ability to charge competitive prices in order to provide high-quality services. As a consequence, in particular it also seeks to finance a well-functioning basic service.
- Secure long-term profitable growth  
Swiss Post aims to ensure its growth is sustainable and profitable. In Switzerland and abroad, it purposefully follows a growth plan that takes the long view and proceeds step by step. This enables it to monitor and secure profitable growth (see also the next section "Growth through acquisitions").



## Growth through acquisitions

### – Ensure socially responsible cost efficiency

In an increasingly dynamic marketplace, it is imperative that Swiss Post ensures and improves efficiency. In the communication market in particular, it is facing far-reaching changes. It intends to continue to meet these challenges in future with balanced and socially responsible solutions.

### – Optimally exploit operating conditions

The new regulatory framework resulting from the postal legislation is key for the future development of Swiss Post in its markets and segments. Swiss Post is prepared for its forthcoming conversion into a public company subject to special legal provisions and also for PostFinance to be subject to supervision by the Swiss Financial Market Supervisory Authority (FINMA).

### ■ Spain

On 1 February 2010, Swiss Post International Holding Ltd acquired all shares in the two Spanish companies Allied Business Company of Mail Servicios Postales Internacionales España S.L. (ABC Mail S.L.) and Mail Partners Spain S.L. based in Madrid. With around 30 employees, ABC Mail S.L. and Mail Partners Spain operate primarily in the cross-border letter business to and from Spain.

### ■ Germany

At the end of March 2010, Swiss Post Solutions GmbH, Bamberg, acquired all shares in Swiss Post Solutions GmbH (formerly Billing & Loyalty Systems GmbH) headquartered in Oberhausen, Germany. This company offers its customers billing management, loyalty management, billing monitoring and test automation solutions, in some cases using internally developed components and systems, and in some cases with input from partners. The company has 53 employees.

### ■ United Kingdom

In early April 2010, Swiss Post International Holding Ltd acquired all the shares in MCM Direct Limited based in Southampton in the south of England. With a workforce numbering 32, MCM Direct provides a range of postal services for local business customers in the Southampton area involving the preparation, dispatch and delivery of mailings, catalogues and small goods.

### ■ Switzerland, Belgium and France

On 1 July 2010, Swiss Post International Holding Ltd acquired Edigroup SA, headquartered in Chêne-Bourg (Canton Geneva), which operates in the subscription sales and subscription management segment. The group specializes in marketing and mailing French-language press publications. Edigroup SA includes subsidiaries R & M Routage & Mailing SA in Chêne-Bourg (packaging and dispatch), Edigroup Belgique SPRL in Brussels (subscription marketing in Belgium) and G.P.A. Gestion & Promotion d'Abonnements SARL in Gaillard, France (subscription management in France). The Edigroup (Group) currently has 22 employees.

On 1 October 2010, SCI S.A.T. based in Huningue, France was taken over. 99 percent of the shares are held by Société d'Affrètement et de Transit S.A.T. SAS, and 1 percent by Swiss Post SAT Holding AG. SCI S.A.T. is purely a real estate company whose properties are utilized internally by the Swiss Post Group. SCI S.A.T. does not currently have any employees.

### Group | Effects of acquisitions

2010, CHF million	Operating income	Operating expenses	Operating result
ABC Mail S.L., Madrid	7	8	-1
Mail Partners Spain S.L., Madrid	1	1	0
Swiss Post Solutions GmbH, Oberhausen	8	7	1
MCM Direct Limited, Southampton	3	3	0
Edigroup, Chêne-Bourg (Group)	4	3	1
SCI S.A.T., Huningue	0	0	0
<b>Total</b>	<b>23</b>	<b>22</b>	<b>1</b>

For detailed information on the scope of consolidation, see page 191 of the Financial Report.

**Outlook**

Following the gradual recovery of the global economy under the influence of a highly expansionary monetary and fiscal policy since mid 2009, the latter months of 2010 saw the pace of recovery slow somewhat. This slowdown is expected to persist in 2011 as the after-effects of the financial crisis continue to ripple out in most countries. The risks for international economic recovery remain significant. In Switzerland, the prospects for 2011 are rather muted. In addition to weak economic stimuli from Europe and the USA, unfavourable exchange rates are also likely to exert a braking effect. Domestic demand will not be strong enough to compensate for weaker exports. Against this backdrop, Swiss Post continues to face a difficult economic climate in 2011. This outlook, coupled with increasingly fierce competition, ongoing substitution effects, mailing optimization by business customers, and a still-inadequate equity base, strengthens Swiss Post's conviction that it is right to implement the defined strategy.

**Communication market**  
**PostMail**  
 Background

Today, already over half of all mail is sent on the open competitive market: newspapers, unaddressed mail and 24.2 percent of the 2.4 billion addressed letters sent annually (of which business customers account for 1.989 billion). The volume of addressed letters has been declining by an average of around 1–2 percent per year since 2000. This is because business customers are increasingly consolidating mail and using alternative means of communication such as e-mail and text messaging. The needs of private customers and business customers are also becoming more and more divergent. The latter expect greater flexibility and choice in terms of the times at which they send or receive items.

If they meet certain media policy criteria, Swiss Post currently transports regional and local newspapers and publications from non-profit organizations at special rates. For this Swiss Post receives a payment of 30 million francs a year from the Confederation.

Finance

Operating result on a par with previous year  
 In 2010, PostMail achieved an operating result of 199 million francs. Despite the negative effect in the order of 54 million francs arising from the transfer of private customer products, the operating result was one million francs above that of the previous year.

In 2010, PostMail generated operating income of 2,619 million francs (2009: 2,808 million francs). The fall in income is chiefly attributable to the above-mentioned transfer of the responsibility for private customer products to Post Offices & Sales (reduction of 174 million francs) at the beginning of 2010. Moreover, substitution by electronic media and cost-cutting by customers also led to a drop in sales, as did the price cuts introduced on 1 July 2009 and the full application of value added tax which came into force at the same time. By contrast, sales in the newspaper segment rose as a result of takeovers of early-delivery firms. Turnover from unaddressed mail saw positive growth too.

The transfer of private customer business also had an impact on the expenditure side (down by 120 million francs). Along with declining volumes, optimization of delivery processes and efficiency gains in the new letter centres also contributed to a reduction in expenses. By contrast, expenditure at subsidiary Presto Presse-Vertriebs AG rose in the wake of the takeover and integration of early-delivery organizations.

Despite these acquisitions, following further process optimization the headcount went up by only 96, taking the total to 17,092 full-time equivalents.

Strategy

The core business of PostMail is the acceptance, sorting and delivery of letters, newspapers and promotional mailings for all customers in Switzerland. Through ongoing optimization of its logistics and information technology, PostMail is streamlining its processes and cutting costs. By deploying the latest technology, PostMail is striving to attain maximum reliability and quality at an excellent price/performance ratio. PostMail's offering focuses on meeting the needs of business customers in the belief that it must be simple to do even complex business with Swiss Post.

## Strategy implementation

### ■ Develop letter delivery service

Swiss Post's Distrinova project is designed to better utilize the technologies available today in order to drive down costs. PostMail is consequently reviewing all mail delivery processes, right the way through from delivery round preparations to placing the items in the recipient's letterbox. The aim is to automatically sort all mail into the correct order for the delivery round (pre-sequencing). This is currently done manually by postal carriers before their morning rounds. During 2010, PostMail trialled various delivery variants for this in eastern and central Switzerland and Lausanne. At the same time, PostMail tried out alternative vehicles and new manual sorting racks in the test regions.

### ■ More automated letter processing

In future, large-format mail items that in the past had to be sorted by hand in the logistics centres will be automatically sorted in the letter centres. This optimization measure is based on a review of the processes introduced two years ago and the interaction between the letter and logistics centres.

### ■ Quality barcode to identify causes of delay

Since September 2010, a barcode has been applied to some A Mail items handed in at post office counters. This can be used in future to record the times taken in the individual process steps (acceptance, sorting, delivery) more precisely, and improve them if necessary.

### ■ Record and clean addresses

Delivery personnel checked around four million domestic letterboxes in Switzerland and cleaned up over eight million addresses. As these are now constantly updated in a central system, Swiss Post has the most comprehensive and up-to-date address database in Switzerland. Customers will benefit from improved address quality and fewer returns in future. In addition, the data will be useful to PostMail for pre-sequencing purposes (automatic sorting of individual delivery rounds).

### ■ Develop services

With DirectFactory, customers can design their own postcard mailshots online. Following further development in 2010, additional options were added to this web application. DirectFactory now also allows users to design the text and images on the packaging of its premium chocolate bars individually. At DirectPoint, the Internet platform for direct marketing, a new online course on online shopping is available.

### ■ Early delivery in German-speaking Switzerland

The establishment of new subsidiary Presto Presse-Vertriebs AG in November 2009 created a strong early-delivery organization for large parts of German-speaking Switzerland. By the end of March 2010, over 10,000 individual employment contracts had been migrated. PostMail is now in a position to offer publishers a comprehensive range of services for daily and Sunday newspaper delivery solutions in German-speaking Switzerland. Through Presto Presse-Vertriebs AG, Swiss Post delivered some 309 million newspapers and magazines in 2010.

## Outlook

In 2011, too, PostMail also aims to be one of the strongest pillars of the Group. It plans to further optimize mail processing and exploit any potential cost efficiencies. In addition, PostMail will extend mail tracking options and improve access to online tools via its business customer portal "My Post Business". For major accounts with a contractual relationship, PostMail will introduce a new pricing system to replace the current sales discount. This will enable customers to exert a greater influence on prices.

**PostMail | Key figures**2010 with previous year for comparison<sup>1</sup>

		2010	2009
<b>Results</b>			
Operating income	CHF million	2,619	2,808
reserved services	%	39.1	53.5
Operating result	CHF million	199	198
<b>Quantities</b>			
Addressed letters	Millions of items sent	1,989	2,401
priority items	Millions of items sent	414	627
non-priority items	Millions of items sent	452	643
non-priority bulk items	Millions of items sent	1,102	1,097
Unaddressed items	Millions of items sent	1,300	1,232
Newspapers	Millions of items sent	1,372	1,249
<b>Employees</b>			
Headcount	Full-time equivalents	17,092	16,996
<b>Quality</b>			
Adherence to delivery time: A Mail	% of items sent	97.2	97.7
Adherence to delivery time: B Mail	% of items sent	98.5	98.4
Customer satisfaction: business customers	Index	78	76

<sup>1</sup> In 2010, Post Offices & Sales assumed responsibility for products for private customers of PostLogistics, Swiss Post International and PostMail. The result and the quantities are therefore not comparable with the previous year.

Additional key figures and explanations can be found in the table of figures (E+ 99).

## Swiss Post International

### Background

In Switzerland, Swiss Post International is the market leader for the import and export of letters, parcels and courier consignments. Outside Switzerland, Swiss Post International enters niche markets for the provision of cross-border mail services as a competitor to national and private postal organizations.

Swiss Post International utilizes the infrastructure of PostMail and PostLogistics in Switzerland to deliver letters and parcels from abroad. In conjunction with its partners Swiss Post GLS and TNT Swiss Post, Swiss Post International sends parcels and express consignments posted in Switzerland all over the world. Including subsidiaries, franchise partners and sales agents, Swiss Post International has over 29 branches abroad.

The international market was also highly volatile in 2010. Customers decide on a provider on the basis of various criteria. Swiss Post International therefore offers more than 50 different products. In addition, Swiss Post International also offers tailor-made solutions.

Deutsche Post has now decided that its delivery subsidiary DHL will handle customs clearance and delivery of all its parcels to Switzerland. As a consequence, the Exchange Office (EO) Basel lost 4,600 of 6,300 parcels daily, and thus its principal raison d'être. In the middle of 2010, Swiss Post was therefore forced to cut 72 jobs in the EO Basel. Swiss Post International had to close EO Basel down completely on 31 January 2011. The business was transferred to Urdorf.

Furthermore, Swiss Post International continues to feel the effects of the difficult economic climate in some countries. In the price-driven wholesale markets in the USA and UK, Swiss Post International took measures to slim down during 2010.

### Finance

#### Operating result impacted by one-off effects

Compared with the previous year, the operating result of Swiss Post International fell by 4 million to 49 million francs. The operating profit margin, on the other hand, rose by 0.2 percent to 6.2 percent. The operating result was influenced by one-off effects, however. The result was positively influenced to the tune of around 5 million francs by the transfer of private customer products to Post Offices & Sales. Deutsche Post's decision to have customs clearance and delivery of its parcels handled by DHL Switzerland led to the loss of 72 jobs at Swiss Post International. The reduction in personnel and infrastructure required one-off restructuring costs of

around 9 million francs. Swiss Post International also posted writedowns on intangible assets of around 3 million francs. Positive foreign currency effects of around 5 million francs offset these lower results to some extent.

At 788 million francs, operating income was around 10 percent down on the previous year. This was due to foreign currency losses on receivables from foreign postal administrations as well as the effects of converting the annual results into foreign currencies.

The consequences of the strong franc were also evident in operating expenditure. Amounting to 739 million francs, this was around 10 percent lower than in the previous year as a result of foreign currency gains on liabilities with foreign postal administrations as well as the effects of converting the annual results of foreign subsidiaries. Since 1 January 2010, the income and expenditure from collecting VAT and customs duties is stated net (see also Notes, Accounting changes). The prior-year amounts were adjusted accordingly.

## Strategy

Swiss Post International intends to consolidate its market leadership and defend its market share in the Swiss import/export business at a high level through its own efficient companies and alliance partners. Abroad, Swiss Post International has a presence in the major mail markets and is aiming to achieve even better penetration of the European market as well as exploit specific growth opportunities in various countries overseas.

Swiss Post International intends to further expand its sales strategy by systematically focusing on the needs of customers. It will concentrate its efforts on small and medium-sized enterprises, and on serving business customers in the mail order, international press and publishing, finance and tourism sectors, as well as national postal organizations, by providing a tailored offering and value added services. With solutions for specific industries, Swiss Post International also aims to help companies retain their customers.

## Strategy implementation

### ■ Press segment expanded

With the acquisition of Swiss press specialist Edigroup headquartered in Chêne-Bourg in the canton of Geneva, Swiss Post International extended its offering for French publishers in Switzerland and abroad. Edigroup has branches in France and Belgium. In Belgium, the company is number two in subscriber acquisition and subscription management. In this way Swiss Post International aims to retain customers and safeguard its domestic market. With Media Data Service, Export & Distribution Services AG, Edigroup and Press Shop International, Swiss Post International now boasts a unique all-round offering for publishers.

### ■ Celebration of ten years' cooperation

In 2010, Swiss Post International and TNT celebrated the tenth anniversary of their joint venture. TNT Swiss Post provides high-quality express services and urgent courier services for business customers in over 200 countries.

### ■ Cooperation with partners

In the UK, Swiss Post International is now a direct provider of cross-border letter mail and press dispatch services. In the spring it took over MCM Direct Limited, a local mailing provider with 32 employees based in the south of England.

Swiss Post International (UK) Ltd also expanded its activities in the retail market in collaboration with an additional premium partner: Direct Entry Services based at London Heathrow is a proven expert in international mail management and has contacts to leading British direct marketing agencies.

In Spain, Swiss Post International took over two long-term sales partners ABC Mail and Mail Partners Spain. With around 30 employees, both companies are headquartered in Madrid and operate primarily in the cross-border letter business to and from Spain.

In Finland, Swiss Post International has now appointed a sales agent. Under the management of Swiss Post International Scandinavia AB, this addition implements its strategy of penetrating regional markets.

### ■ Development of new industry solutions

Based on the global sales strategy and the industry focus of its products and services, Swiss Post International developed two new solutions to help businesses retain their end customers: with the returns solution for international distance sellers, customers of mail order companies can return merchandise free of charge from 18 countries in Europe. "holiday-infoshop" is an online platform on which tourism operators can present their brochures free of charge.

Specifically for tourism operators in German-speaking countries, Swiss Post International developed "VACATIONews" as a customer loyalty tool. This multi-page newsheet contains personalized information for customers based on their chosen holiday and specific booking details. This enables people to "get in the mood" for their holiday destination already a few days beforehand.

Swiss Post International expanded its mailing services for international distance sellers. In the cross-border business-to-consumer sector, parcels up to 30 kilograms can now be sent anywhere in Europe courtesy of Swiss Post. For mailings in Switzerland, Swiss Post International also handles all customs clearance formalities and advises companies about VAT issues.

### Outlook

In 2011, Swiss Post International is again aiming to assert its position as one of the top three cross-border mail providers. In order to do so, it will continue to develop its cross-border letter and small goods shipment business, and seek even greater penetration in countries where Swiss Post International already has a presence. In particular, Swiss Post International wants to increase its added value by expanding services through meshing its distribution and logistics processes with those of its customers.

### Swiss Post International | Key figures

2010 with previous year for comparison<sup>1</sup>

		2010	2009
<b>Results</b>			
Operating income	CHF million	788	877
reserved services	%	8.1	10.0
Operating result	CHF million	49	53
<b>Quantities (Swiss exports and imports)</b>			
Letter exports <sup>2,3</sup>	Millions of items sent	74.4	170.0
Parcel exports	Millions of items sent	0.9	1.1
GLS	Millions of items sent	0.5	0.5
Courier exports (TNT Swiss Post AG)	Millions of items sent	1.5	1.5
Newspaper exports <sup>2</sup>	Millions of items sent	11.8	n.a.
Letter imports <sup>2,3</sup>	Millions of items sent	198.2	220.3
Parcel imports <sup>3</sup>	Millions of items sent	3.8	4.5
GLS	Millions of items sent	1	1
Courier imports (EMS)	Millions of items sent	0.4	0.4
Newspaper imports <sup>2</sup>	Millions of items sent	24.1	n.a.
<b>Employees</b>			
Headcount	Full-time equivalents	1,251	1,272
in Switzerland	Full-time equivalents	644	669
<b>Quality</b>			
Adherence to delivery time: international letters (imports)	% of items sent	93.4	94.0
Adherence to delivery time: international letters (exports)	% of items sent	91.9	94.5
Customer satisfaction: business customers – total	Index	72	75
Customer satisfaction: letters	Index	n.a.	75
Customer satisfaction: parcels	Index	n.a.	73
<b>Market share</b>			
Import and export Switzerland – mail <sup>4</sup>	As % of sales	85	85
Import and export – courier, express and parcels <sup>4</sup>	As % of sales	45	46

<sup>1</sup> In 2010, Post Offices & Sales assumed responsibility for products for private customers of PostLogistics, Swiss Post International and PostMail. The result and the quantities are therefore not comparable with the previous year.

<sup>2</sup> In 2009, the newspaper import and export figures were included in letter imports and exports respectively.

<sup>3</sup> The method of calculating was modified slightly since the previous year, so the values are only comparable to a limited extent.

<sup>4</sup> In 2010 inclusive of private customer products under Post Offices & Sales.

Additional key figures and explanations can be found in the table of figures (E+ 99).

## Swiss Post Solutions

### Background

Swiss Post Solutions is active at the interface between physical and electronic postal services. In Switzerland and abroad, the unit operates in the three business areas of document and information management, customer relationship management and secure electronic communication.

The Group unit supports business customers with traditional internal postal services and uses efficient document hubs to convert physical documents into digital information and vice versa.

This enables seamless business processes, and consequently cuts throughput times. Swiss Post Solutions also offers solutions for improving the relations between businesses and their end customers, e.g. for billing & payment, customer relationship management (CRM) and loyalty programme management, along with charge cards and security cards. In addition, Swiss Post Solutions invests in ePost solutions (SuisseID, secure data transfer, E-Health etc.) and in sector-specific combined solutions. The solutions provided by Swiss Post Solutions are based on the use of advanced information technologies and IT platforms. Swiss Post Solutions operates in 17 countries. The most important markets are Switzerland, Germany, UK and the USA. While the dialogue solutions segment, and especially direct marketing and campaign management, were negatively impacted by the difficult economic climate in Germany in particular, thanks to efficiency improvements and cost savings, the environment for e-business and document solutions was more favourable for companies.

### Finance

#### Improved operating result

Swiss Post Solutions generated an operating result of 7 million francs. This significant improvement (2009: –25 million francs) was due to a positive operating performance plus the cessation of one-off costs.

Operating income rose thanks to gratifying operating growth, and the integration of new companies. The focus on profitable customers and customer groups enabled unprofitable customers to be shed. At the same time, operating income fell as a result of exchange rates. Overall, operating income came to 665 million francs (previous year: 696 million francs).

At 658 million francs, operating expenses were significantly down on the previous year (721 million francs). The situation with regard to operating expenses and the result greatly improved, while at the same time non-recurring costs for integrating and restructuring individual companies ceased. Owing to exchange rate movements and the cessation of one-off effects, staff costs fell to 339 million francs (2009: 379 million francs). Expenditure for resale merchandise and services rose in line with operating growth to 138 million francs (2009: 120 million francs). Other operating expenses fell to 152 million francs (previous year: 173 million francs), in particular as a consequence of restructuring at Dialogue Solutions. Depreciation declined as a result of lower investment levels. In addition, depreciation from acquisitions fell substantially.

The headcount increased to 6,992 full-time equivalents (previous year: 6,878 full-time equivalents). Workforce reductions at Dialogue Solutions were more than offset by the number of jobs created at Document Solutions and E-Business Solutions.

On 21 December 2010, Swiss Post Solutions merged its Direct Mail division into a joint venture with Austrian Post. This affects six companies and one section of a company. The joint venture will not be fully consolidated, but will operate as an associate.

### Strategy

Swiss Post Solutions provides business customers with innovative, IT-based document management solutions along with solutions that enable them to communicate with their customers. The aim is to perform selected management processes more efficiently and help companies grow by supporting customer acquisition and retention. Swiss Post Solutions is concentrating in particular on the interface between electronic and physical information processing. Swiss Post Solutions delivers solutions for corporate information management, customer interaction management, ePost services and cards, primarily in the geographical core markets of Switzerland, Germany, the United Kingdom and the United States of America.

### Strategy implementation

#### ■ Innovation

Swiss Post Solutions launched a range of innovative services and products in 2010: Post SuisseID is a solution for secure electronic proof of identity, while TransPromo is a white space marketing solution that enables customers to print their own or third-party promotional messages on documents such as invoices and policies. In addition, Swiss Post Box and IncaMail were further developed in line with their respective business plans.

Swiss Post is now using new technology behind the scenes for its Swiss Post Box electronic mailbox. In partnership with Siemens, it has created the Trust-Ebox™, an important step forward in digitization and the electronic delivery of letters. Trust-Ebox™ enables processing of physical letters to be automated to a large extent, making the process of opening, scanning and digitally transmitting letters much more efficient. Following a successful pilot in Constance, the Trust-Ebox™ will be used in the production of the Swiss Post Box offering from 2011. With this solution, Swiss Post is the only company in the world to offer digital delivery of physical letters across the board for private customers as well as corporate clients. Swiss Post markets both the customer interface and the functions of the Swiss Post Box as well as the Trust-Ebox™ automation solution to other organizations in the postal sector worldwide.

#### ■ E-health: "e-toile"

Swiss Post Solutions is playing a key role in the internationally acclaimed "e-toile" pilot project. From the autumn of 2010, the first electronic patient dossiers were opened in the canton of Geneva. These place extremely high demands on data protection, functionality and user friendliness. Patients, clinicians and other healthcare professionals are able to access patient data via the e-toile network. The insurance cards produced by Swiss Post for Helsana are used for this. They are equipped with authentication mechanisms and serve as a key for accessing e-toile.

#### ■ EWID

The EWID project, a service solution for cantons and municipalities in connection with the national census, will end in April 2011. With its register harmonization legislation, the Confederation has standardized the structure of residents registers across the whole of Switzerland. This laid down the foundations for a simplified electronic registration system and for a redesign of the national census. Swiss Post has provided the government with invaluable assistance throughout implementation.

Work for the cantons of Basel-Stadt, Lucerne, Zurich and participating municipalities in the cantons of Aargau, Basel-Landschaft, Berne, Graubünden, Vaud and Valais has been completed. Letters were written to over 110,000 householders and property management firms, and data for some 450,000 buildings, 1.1 million apartments and 2.5 million people were processed. This represents a third of the Swiss population.

#### ■ Cooperation with Austrian Post

Austrian Post and Swiss Post merged their international activities in the field of addressed promotional mailings into meiller GHP GmbH. As part of this process, Swiss Post Solutions brought in its direct mail activities from various countries. Austrian Post owns 65 percent of the new company, while Swiss Post owns 35 percent. The merger represents the two postal companies' response to the structural changes in the industry. They aim to reposition themselves in the production of direct promotional mailings in Central Europe and exploit opportunities for growth in Eastern Europe.

#### ■ Expansion of business activities

Swiss Post Solutions launched operations in Austria and Singapore, and opened further offices in Chicago, Washington and other locations. Swiss Post Solutions entered into a strategic partnership with the Dubai-based firm GAC. In this way Swiss Post Solutions is opening up new business opportunities in the Middle East, where tried and tested solutions can multiply in new markets.

#### ■ Acquisitions

Swiss Post Solutions in the UK took over the Billing Services division of Microgen plc with 45 employees. Swiss Post Solutions thus added further services to strengthen its document solutions business, and enabled its customers to access an e-billing system. In addition, in Germany Swiss Post Solutions acquired Billing & Loyalty Systems GmbH, a software solutions specialist with a workforce of 50.



## Outlook

In 2011, Swiss Post Solutions intends to further focus its strategy and target the interface between physical and digital communication more closely. To this end, it plans to further strengthen its core business with product developments and acquisitions. Swiss Post Solutions will concentrate primarily on the geographical markets of Switzerland, Germany, the United Kingdom and the United States of America.

From 2011, Swiss Post Solutions will be responsible for the “e-Post” product house. The organizational unit is tasked with driving forward the development of products and services that link up electronic and physical communication for the whole Group. The individual Group units will handle marketing and sales.

### Swiss Post Solutions | Key figures

2010 with previous year for comparison

		2010	2009
<b>Results</b>			
Operating income	CHF million	665	696
in Switzerland	CHF million	198	175
abroad	CHF million	467	521
Operating result	CHF million	7	-25
<b>Quantities</b>			
Sales of major accounts	CHF million	n.a.	n.a.
<b>Employees</b>			
Headcount	Full-time equivalents	6,992	6,878
abroad	%	87.5	87.9
<b>Quality</b>			
Customer satisfaction	Index	81	78

Additional key figures and explanations can be found in the table of figures (E+ 99).

## Post Offices & Sales

### Background

Today many customers are using Postomats, PickPost points and online shops, while others prefer to use electronic media (e-mail, text messaging) or social media platforms (Facebook, Twitter) to communicate. Business customers have their mail picked up directly from their premises or use the services of Swiss Post's competitors. The figures clearly show that the post office counter is now only one of many ways of performing postal transactions: compared to the year 2000, 54.9 percent fewer letters and 42.5 percent fewer parcels were handed over for mailing at the post office counter. Inpayments and withdrawals at the counter fell by 22.2 percent. On the other hand, sales of third-party products such as computers or mobile phones showed a year-on-year rise of 4.2 percent. This figure now also includes sales of the former extraBoutique articles.

### Finance

From 2010 responsible for private customer segment

Post Offices & Sales succeeded in improving its operating result by 5 million francs year on year. The operating loss is now only 108 million francs. This improvement is due to generally favourable business trends. The integration of Philately also had a positive effect (approximately 15 million francs), as did the assumption of responsibility for logistics products for private customers (17 million francs). Set against this, the compensation paid for the additional costs arising from the basic service obligation fell by 41 million francs.

Operating income rose by 410 million to 1,769 million francs. Net sales revenue from logistics services came to 1,240 million francs. Sales of logistics products to private customers contributed a good 390 million francs to the result. The gratifying trend in net sales of non-postal brand-name articles also persisted, with growth continuing unabated. Amounting to 482 million francs, sales are 20 million francs up on the previous year. Among other things, special mention should be made here of gift cards plus concert and festival tickets, the sale of which contributed significantly to sales growth. Sales of philately products came to 45 million francs.

Operating expenses now total 1,877 million francs. The jump of 405 million francs is primarily due to the process services (sorting, delivery and transport) which Post Offices & Sales buys in from the PostMail, PostLogistics and Swiss Post International Group units for logistics products

for private customers. Compared with the previous year, resale merchandise and service expenses almost doubled and now amount to 813 million francs. The increase of 411 million francs is largely due to buying in process services for logistics services for private customers. At 711 million francs, staff costs are 3 million francs down on the previous year as a result of a lower headcount. Despite the integration of Philately, it fell by 45 to 6,928 full-time equivalents. Thanks to rigorous cost management, other operating expenses of 348 million francs are 7 million francs less than in the prior-year period.

Strategy

Post Offices & Sales is seeking to make its services even more customer-friendly and cost-effective. The unit is therefore constantly developing its sales network in line with customer behaviour, while keeping a close eye on costs. The range of logistics products for private customers will be further simplified.

Strategy implementation

■ Develop post office network

During 2010, Swiss Post looked into alternatives for 134 post offices where demand was low. 24 post offices continued operating as before, 71 access points were converted into postal agencies ("post office partners"), 36 were replaced by the home delivery service, and 3 were closed entirely. Swiss Post is reviewing a total of 421 post offices over three years; 114 offices were looked at in 2009 and a further 173 will be reviewed during 2011. In view of changing customer behaviour, the further development of the sales network is an ongoing imperative: the sales network must become even more customer-friendly and cost-effective. In the course of the past year Post Offices & Sales invested over 25 million francs in the existing post office network. For instance, the infrastructure for payment by Maestro card was installed in 349 agencies and 79 PostShops, along with modernization of the post office counters and technical systems. Moreover, Post Offices & Sales continually strives to identify opportunities to improve its sales network in order to tailor postal service access points even more closely to what customers now want, particularly in larger municipalities and conurbations.

■ Stamps & Philately now transferred to Post Offices & Sales

From 1 January 2010, the Stamps & Philately unit will be gradually transferred over to Post Offices & Sales. The integration consolidates competencies and leverages synergies: for instance the logistics responsibility for delivering sales products to customers and post offices has now been concentrated organizationally, and sales have been strengthened as a result of harmonizing the product ranges and sales channels. The six philatelic salespoints have been integrated in the respective post office regions, and the entire range of stamps is now available in all PostShops. It was also possible to exploit synergies with partner brands: around 150 former extraBoutique articles are now offered in the partner brand range of Post Offices & Sales.

Post Offices & Sales issued 49 new stamps during the past year. The following subjects proved particularly popular with the public: the series of three special stamps commemorating the centenary of the Basel Carnival Committee, the peacock goat marking the International Year of Biodiversity, the two stamps for the centenaries of the Bernina route and the Niesen funicular railway, the portrait of Jeanne Hersch to mark the 100th anniversary of her birth, and the four-stamp series on Swiss customs. Each of the four stamps in this series boasts a special technical feature: either the surface is slightly embossed, or a hole has been cut into them, or they have a silver-foil finish.

■ Replacement of stamp vending machines

As at the end of 2010, Swiss Post still operated around 660 mechanical coin-operated stamp vending machines. However, the technology from the 1970s is outdated and has become increasingly unreliable. Replacement parts and consumables such as ink ribbons and rollers are no longer available. There are no alternatives to be found in either the Swiss or international markets. Swiss Post is therefore seeking new ways of selling stamps outside its own sales channels. Since December, leading western Swiss newsagents Naville have also sold stamps in their outlets. Customers have been able to buy stamps from Valora newsstands for a number of years already.

■ Short queuing times at post office counters

In 2010, 72 percent of customers waited three minutes at most to be served. Around 96 percent were served within zero to seven minutes. Only approximately 1 percent had to wait longer than 10 minutes for a counter to become free. Post Offices & Sales attaches great importance to keeping queuing time for customers as short as possible so it pays careful attention to waiting time statistics in all post offices. Larger post offices have electronic means to monitor and control queuing times.

■ Efficient customer service

Every month Customer Service receives over 96,000 phone calls, around 11,000 e-mail enquiries, and approximately 1,000 fax queries with all kinds of questions relating to Swiss Post and its postal business. Some 4,000 enquiries are concerned with complaints. Compared with the previous year, answered queries rose by 11 percent in 2010. Customers waited an average of 23 seconds for their calls to be answered. If necessary they are put through directly to the post office. In 2010 Post Offices & Sales ran a small advertising campaign to make the public more aware of Customer Service.

Outlook

Post Offices & Sales intends to gear its sales network of over 3,600 access points even more closely to the needs of customers using new operational forms. Together with PostFinance, Post Offices & Sales will expand selected post offices to form integrated Swiss Post centres. In addition to traditional postal services and branded products, in future customers will be able to obtain in-depth advice on PostFinance products.

**Post Offices & Sales | Key figures**

2010 with previous year for comparison<sup>1</sup>

		2010	2009
<b>Results</b>			
Operating income	CHF million	1,769	1,359
net sales of non-postal brand-name articles	CHF million	482	462
Operating result	CHF million	-108	-113
<b>Quantities</b>			
Addressed letters in Switzerland	Volume in millions	375	n.a.
Parcels Switzerland	Volume in millions	11	n.a.
Exported letters and parcels	Volume in millions	38	n.a.
Inpayments accepted	Volume in millions	201	207
<b>Employees</b>			
Headcount	Full-time equivalents	6,928	6,973
<b>Quality</b>			
Customer satisfaction: private customers	Index	87	87
Customer satisfaction: SMEs	Index	81	80
<b>Access points</b>			
Number of post offices and agencies	Number	2,313	2,348
post offices with payment transactions	Number	1,944	2,049
post offices without payment transactions	Number	6	11
agencies with payment transactions	Number	336	263
agencies without payment transactions	Number	22	20
PostMobil stops	Number	5	5
Home delivery service	Localities	1,192	1,154

<sup>1</sup> In 2010, Post Offices & Sales assumed responsibility for products for private customers of PostLogistics, Swiss Post International and PostMail. The result and the quantities are therefore not comparable with the previous year.

Additional key figures and explanations can be found in the table of figures (E+ 99).

## Logistics market

### PostLogistics

#### Background

Despite a perceivable upswing, the consequences of the global financial crisis can still be felt in the logistics industry, with prices in European warehousing and transport logistics remaining low. Overall, the logistics sector was and remains characterized by strong competition and price pressure, both nationally and internationally. Customers are price-sensitive and have high expectations with regard to quality.

As a result of deregulation and changing customer needs, the courier, express and parcels segment is coming to overlap more and more with traditional freight forwarding. Logistics customers are increasingly seeking providers who can offer a one-stop shop for all the services they require. This can range from straightforward shipments to highly complex logistics solutions.

The growing globalization of the market, as a result of online retailing for example, is also shaping developments in Switzerland. Retailers are optimizing their logistics, and are doing so across borders. Where today a single big central warehouse in Switzerland may be responsible for distributing merchandise, tomorrow this could be handled by decentralized structures, including ones in the rest of Europe. As a result, international networking is becoming a key competitive factor.

2010 saw parcel volumes for business customers grow because of the increasing significance of e-commerce. In the case of private customers, on the other hand, the downward trend continues.

#### Finance

##### Improved operating result

Compared with 2009, PostLogistics increased its operating result by 119 million to 164 million francs. This increase is attributable to cost savings and high parcel volumes, as well as the transfer of private customer products to Post Offices & Sales (32 million francs).

Compared with the previous year, operating income fell by 10 million to 1,478 million francs. This was due to the decline in income from resale merchandise of 25 million francs arising from changes to the method of calculation. This did not influence the operating result, however. A drop in catalogue volumes and the transport of postal items also contributed to the decrease. These declining figures were offset to some extent by the rise in parcel volumes and the sales generated by companies acquired in 2009.

At 1,314 million francs, operating expenses were down 129 million francs on the previous year. As a result of the lower headcount and the release of reserves, staff costs fell by 23 million francs. Streamlining measures produced savings of 29 million francs in office and administrative expenses as well as compensation paid to transport companies. For the same reasons, resale merchandise expenses were 25 million francs less than the previous year. 2010 saw the transfer of responsibility for private customers to the Post Offices & Sales unit. Among other things, this meant that Post Offices & Sales no longer had to be compensated for accepting parcels from private customers at post office counters. Overall, the transfer of private customer products reduced expenses at PostLogistics by 37 million francs.

Following various reorganizations, the average headcount decreased by 170 to 5,319 full-time equivalents.

#### Strategy

PostLogistics is aiming to position itself as the quality and cost leader in the four market segments of courier/express/parcels (CEP), small consignments and warehousing, international logistics and overnight logistics. Its core competency lies in the CEP segment. It intends to protect and further develop this area. In small consignment and warehousing logistics, as well as in overnight logistics, PostLogistics offers solid add-on services. In the international arena, PostLogistics plans to strengthen its presence and safeguard its connections to cross-border networks. In addition, PostLogistics will differentiate itself from its competitors by providing a uniformly high level of service for all.

#### Strategy implementation

##### ■ Develop logistics network

PostLogistics is further optimizing its logistics network. In Rothenburg in the canton of Lucerne, it is building a new logistics centre which will serve as the transshipment platform for letters and parcels in central Switzerland. The current distribution base in Lucerne, the transport hub in

Kriens and the distribution branches in Stans and Schwyz will all be merged in Rothenburg. In this way PostLogistics can save on costs and kilometres for transportation. Around 160 people will work in Rothenburg.

In the new logistics centre in Hinwil, PostLogistics merged the former facilities at Hinwil, Jona and Oetwil am See. Hinwil also serves as a transshipment platform for letters and parcels for the post offices and letter delivery offices in the Zurich Oberland. Around 120 people work for PostLogistics and 80 people work for PostMail at the new centre.

#### ■ Leaner structures are closer to markets

PostLogistics has simplified its organizational structure. Since 2010 it has had two product-carrying departments. One is responsible for CEP business, while the other takes care of small consignment, warehouse and overnight logistics. Management and support units were streamlined in order to create simpler workflows and make administrative savings.

PostLogistics' eight courier centres were integrated in their nearest distribution bases. This merger was necessary due to a significant drop in volumes and falling margins in the courier and express segment. Now only a single organizational unit – the distribution base – is responsible at all sites for transporting and delivering parcels, courier and express consignments, as well as evening and special deliveries.

For small consignments and warehousing logistics, PostLogistics introduced the traditional organizational model of transportation provider. Regional Managers lead autonomous profit centres, i.e. they are responsible for all entrepreneurial aspects in their region. PostLogistics can therefore get even closer to customers and can respond quickly and flexibly to their needs.

#### ■ Clothing management

In the area of clothing management, PostLogistics is concentrating on its core competencies in transportation and warehousing. It no longer offers additional services such as the procurement and maintenance of uniforms and workwear for third parties.

#### ■ Mobility Solutions Ltd

In its fifth year of business, Swiss Post's mobility management subsidiary continued to grow and succeeded in acquiring some notable customers. The company currently manages a portfolio that includes over 22,000 customer vehicles. Mobility Solutions Ltd also develops sustainable mobility solutions for its customers. In the business customer segment it introduced a full-service offering for electric vehicles. With its "eShare" project, it launched Switzerland's first ever electric car-sharing service for private customers in Basel and Ittigen in the canton of Berne.

#### ■ SecurePost Ltd

Competition in the valuable logistics market is intense, with prices for new contracts and contract renewals coming under further pressure. Despite falling margins, SecurePost Ltd was able to strengthen its position as number two in the fiercely competitive Swiss market and grow further. For small and medium-sized retailers, as well as for filling station operators, SecurePost Ltd developed a new service for minimizing cash risks: the SecureCube, which is based on a low-cost banknote deposit machine. Tests with prospective customers concluded successfully and led to the first contracts. In 2010, SecurePost Ltd invested mainly in electronic process support and in electronic links with customers to simplify data exchange. In order to be able to cope with increased production, SecurePost Ltd is adding a further production and office building to its facilities in Oensingen. This is scheduled to come on stream in the third quarter of 2011.

#### Outlook

PostLogistics intends to complement its core business with partnerships in neighbouring countries Germany, France and Italy. It plans to support delivery staff even better with the latest technology: in future they will be able to view information about delivery authorizations and agreements on their hand scanners. A new software program calculates the most efficient routes for rounds and from 2011 will help to reduce detours and lost time.

**PostLogistics | Key figures**

2010 with previous year for comparison

		2010	2009
<b>Results</b>			
Operating income	CHF million	1,478	1,488
Operating result	CHF million	164	45
<b>Quantities<sup>1</sup></b>			
Parcels (Prio and Eco)	Millions of items sent	108	104
of which for business customers (Prio and Eco)	Millions of items sent	97	n.a.
of which with private customers (Prio and Eco)	Millions of items sent	11	n.a.
Express items	Millions of items sent	2.4	2.9
Small consignments and transports	CHF million net sales	295	348
Warehouse logistics	CHF million net sales	73	88
Innight Express	CHF million net sales	34	30
<b>Employees</b>			
Headcount	Full-time equivalents	5,319	5,489
<b>Quality</b>			
Delivery time: PostPac Priority domestic parcels	% of items sent	97.7	97.8
Delivery time: PostPac Economy domestic parcels	% of items sent	97.5	98.1
Customer satisfaction: business customers	Index	79	79
<b>Market share</b>			
Parcels	%	75	74

<sup>1</sup> In 2010, Post Offices & Sales assumed responsibility for products for private customers of PostLogistics, Swiss Post International and PostMail. The quantities are therefore not comparable with the previous year.

Additional key figures and explanations can be found in the table of figures (E+ 99).

## Retail financial market

### PostFinance

Background

In December, the Swiss Parliament passed the new Postal Act (PA) (E+ 1) and the new Postal Organization Act (POA) (E+ 2). Parliament thus decided that PostFinance will be divested into a public company owned by Swiss Post and subject to supervision by the Swiss Financial Market Supervisory Authority (FINMA). However, Parliament did not vote in favour of allowing PostFinance to offer loans and mortgages under its own name. Its business activities will therefore continue to be constrained even under the new postal legislation. If a referendum is not called, the Federal Council could enact the new legislation, or parts of it, at the beginning of 2012.

PostFinance enjoys a high level of trust among the public and continued to grow strongly: in 2010 it attracted 119,000 new customers, raising the total number of customers to over 2.7 million. The average assets under management have risen by 10.7 billion to over 84 billion francs since the beginning of the year. PostFinance currently operates more than 4 million postal accounts. In western Switzerland, the millionth account was opened in August.

#### Finance

##### Another record result

PostFinance again ended 2010 with a record result. The operating result totalled 571.4 million francs, which represents an increase of 130.2 million francs (+29.5 percent) over the previous year. The financial services provider is steadily growing while keeping costs under control.

Operating income rose to 1,440 million francs (+12.4 percent). Even during the lengthy period of low interest rates, PostFinance succeeded in further increasing interest income to 1,044 million francs (+15.3 percent). The financial arm of Swiss Post continues to enjoy the trust of customers. New money totalling 10.7 billion francs (previous year: 20.1 billion) flowed into over four million customer accounts. This added capital offset the negative interest effects. Despite the higher volumes, writedowns on financial assets fell back to just 22.2 million francs.

Even during the phase of strong growth, operating expenses of 869 million francs remained moderate. Overall, operating expenses rose by 29 million francs (+3.5 percent) compared with 2009. Of this, staff costs accounted for 24 million francs (+6 percent) and non-staff costs made up 7 million francs (+1.6 percent), while depreciation fell by 1.5 million francs

(–10.6 percent). The headcount grew by 223 to 3,265 full-time equivalents (+7.3 percent). PostFinance continues to attach great importance to tight cost discipline.

## Strategy

PostFinance is seeking to meet the needs of Swiss private and business customers who for the most part want to manage their own financial affairs themselves. It aims to offer its customers a comprehensive range of simple, understandable and inexpensive products for payment transactions and deposit accounts. In the areas of investment, retirement provision and financing, PostFinance offers basic services. Customers can freely choose the channel they wish to use to contact PostFinance. PostFinance strives to provide the best possible service at all times. The financial service provider also develops tailored solutions for major corporations. PostFinance intends to hold on to its number one position for national payment transactions, to grow further in international payment transactions, and to become the leading financial institution by 2013.

## Strategy implementation

### ■ Customer focus

In order to support small and medium-sized enterprises (SMEs), in 2010 PostFinance opened nine further branches and created 110 new business customer advisor posts. A total of 168 mobile advisors tour the country providing customers with advice in their homes or at work. PostFinance wants to offer SMEs the best possible service. PostFinance is also striving to meet the needs of its private customers, opening five additional branches to strengthen its presence. PostFinance's telephone Customer Service is available around the clock on all seven days of the week.

Since May 2010, customers with a PostFinance Card have been able to withdraw cash free of charge in 71 Manor stores. This brings the total number of locations in Switzerland where free cash withdrawals can be obtained up to 4,500 (PostFinance branches, Postomats, post offices, Migros and Spar supermarkets, SBB ticket offices). Around 2.75 million PostFinance Cards in Swiss francs are currently in circulation. In 2010, these cards were used around 65.2 million times to withdraw cash amounting to approximately 20.5 billion francs.

### ■ Extended cooperation

PostFinance has provided mortgages for private customers since 2003. As it is not authorized to do this in its own name, however, it is already working together with the Münchner Hypothekbank. PostFinance has enjoyed a partnership for SME products with Valiant, the largest regional bank in Switzerland, since 2009. In addition, from 2011 PostFinance will also cooperate with Valiant to provide mortgage products.

### ■ New products and services

To complement its range of credit cards, PostFinance developed a new prepaid card – PostFinance MasterCard Value. In contrast to conventional credit cards, customers load money onto the card prior to use. PostFinance has extended its range of credit cards to include the Visa Platinum Card for wealthy customers.

It is now also possible to access account information online and by text message: post office account holders can use the automatic alert service to get notifications about their account balance, credits and when their balance goes above or falls below a specific amount.

As the first financial institution in Switzerland to do so, PostFinance offers a free iApp with a payment function. It is the only smartphone application in Switzerland that allows users to transfer small amounts from one postal account to another in either francs or euros. In addition, the iApp offers a balance and account transaction function and provides information about the location of the nearest Postomats and PostFinance branches, as well as the latest stock market data.

### ■ New subsidiary founded

In the autumn of 2010, Swiss Post founded a new subsidiary Debtors Service Ltd. Debtors Service Ltd will offer Swiss companies a new product which combines accounts receivable management, prefinancing and payment guarantees. The subsidiary is under the strategic management of PostFinance. Its partner is the leading credit management firm Intrum Justitia, which will handle creditworthiness checks and payment guarantees.

## Outlook

■ Top marks for range of mortgages and website  
2,300 homeowners rated the service quality and interest rates of 22 mortgage providers online at [www.comparis.ch](http://www.comparis.ch). Achieving a score of 5.4, not only did PostFinance come out top of the league, it also succeeded in increasing its rating by 0.3 percent over the previous year. PostFinance received the award for the best website of Swiss financial institutions from the PASS Consulting Group based in Frankfurt, Germany, competing against other banks in Switzerland such as Credit Suisse, UBS, Raiffeisen and Zürcher Kantonalbank.

In the coming year, PostFinance intends to further focus on growing sales to enable it to offer customers the best service. It will continue to gear its offering to the needs of customers who manage their own finances. At the same time, PostFinance will prepare for its conversion into a public company wholly owned by Swiss Post.

**PostFinance | Key figures**

2010 with previous year for comparison

		2010	2009
<b>Results</b>			
Operating income	CHF million	2,389	2,160
Operating result	CHF million	571	441
<b>Quantities</b>			
Net inflow of new money	CHF million	10,662	20,120
Number of customer accounts	Thousands	4,079	3,881
Average balance of customer deposits (PostFinance)	CHF million	80,335	70,249
Number of transactions	Millions	894	865
E-finance subscribers	Customers	1,219,539	1,101,593
Fund volume	CHF million	1,673	1,464
Volume of loans to business customers	CHF million	6,134	5,423
Volume of mortgages for private customers	CHF million	3,197	2,673
<b>Employees</b>			
Headcount	Full-time equivalents	3,265	3,042
<b>Quality</b>			
Same-day processing of payment slips at post offices	%	99.99	99.66
Same-day processing of payment slips arising from payment orders	%	99.98	99.81
Customer satisfaction: business customers	Index	83	83
Customer satisfaction: private customers	Index	85	84
<b>Market share</b>			
Lending business	%	11.35	10.59

Additional key figures and explanations can be found in the table of figures (E+ 99).



## Public passenger transport market

### PostBus

#### Background

Passenger numbers for public transport in Switzerland and abroad continue to grow steadily, especially in conurbations and business centres. The mobility market thus remains attractive for Swiss Post in future. For the first time since 2007, fares rose by an average of 5.9 percent when the new timetable came into force on 12 December 2010.

On 7 June 2010, the Federal Commission responsible for working hours legislation decided on amendments to the ordinance relating to working hours. As a consequence PostBus is no longer classified as a regional transport provider across the whole of Switzerland, but individual operating units can now be categorized as local and suburban service providers as well as regional transport providers. Since different working hours regulations apply to these categories, PostBus gains more flexibility when allocating shifts, and consequently has the same level playing field as other franchised transport businesses.

The Federal Council decided not to go ahead with increasing the minimum level of demand applicable to regional transport from 32 to 100 passengers per day. For the time being therefore, co-financing of 129 PostBus routes, mainly in peripheral regions and tourist areas, will continue. However, public sector budgets are being squeezed, and this is making itself felt in the public transport sector through increased pressure on costs and prices. At the same time, the industry is undergoing a technology spurt (e.g. guidance systems, passenger information systems, mobile services, etc.), which leads to higher investment.

As part of the second stage of railway reform, the legislation pertaining to tendering procedures for bus routes and the scope to set targets will be revised.

#### Finance

Operating result on a par with previous year

Totalling 28 million francs, the operating result was one million francs up on the previous year.

Following further expansion of PostBus services, operating income rose by 62 million francs year on year.

Operating expenses increased by 61 million to 674 million francs. Additional services in Switzerland led to an increase in staff costs and higher compensation paid to Postbus operators of around 10 million francs in each case. The 14 centime hike in the price of a litre of fuel since 2009 also contributed to the higher operating costs.

PostBus was only able to run the additional services with extra personnel. As a consequence, PostBus increased the overall headcount by 15.9 percent to 2,012 full-time equivalents.

#### Strategy

PostBus intends to continue building on its leadership in public bus transport, differentiate itself from the competition with the best price/performance ratio, and increasingly position itself as a provider of sustainable and combined transport services. In its core business, PostBus aims to remain the number one in regional transport in Switzerland, to strengthen its market position in towns and conurbations, and to seek targeted growth abroad.

#### Strategy implementation

##### ■ Expanded timetable

When the new timetable came into force in December 2010, PostBus added 1.6 million kilometres to its scheduled services. Ten new routes were added, while two were withdrawn owing to the lack of demand. With new local buses in Uzwil (St. Gallen) and Lyss (Berne), as well as the PubliCar dial-a-ride bus in Martigny (Valais), PostBus strengthened its presence in local and suburban transport.

##### ■ Tenders in Switzerland

PostBus won the public tender for the Uzwil local bus in the canton of St. Gallen. In a pilot scheduled to last for three years, as of December 2010 the municipality's districts are being served by two bus routes. Likewise in December, the local bus in Lyss in the canton of Berne commenced operation. Following a public tender for the Frauenfeld city bus, PostBus won the franchise in December and will operate the urban bus network for ten years from 11 December 2011. PostBus was unsuccessful in its tender for Berne-West.

■ PostBus abroad

In a WTO tender, Liechtenstein Bus Anstalt (LBA) awarded PostBus Switzerland the contract for all of its scheduled services across 14 routes for a duration of seven years, with an option to extend this term by a further three years. The order volume is worth around 16 million francs per year. Furthermore, four of the five lots for school transport over five years were awarded to PostBus Switzerland, which secured the business in cooperation with three transport companies from Liechtenstein.

Following significant growth the previous year, operation of regional transport networks in France was consolidated in 2010. At the end of 2010, PostBus participated in a further tender in Isère. The decision will be taken in spring 2011. PostBus now generates ten percent of its turnover abroad.

■ PostBus number one in public bus transport

PostBus further strengthened its leadership in the public bus transport sector. For instance, the company operates the backend sales system for the A-Welle and Ostwind integrated fare networks. PostBus also procures and installs ticket vending machines for other transport operators and connects them to its own backend system. As well as delivering user training, the services offered by PostBus include running instructor help desks. PostBus also opened a centre of excellence for sales systems which is primarily devoted to further developing this system leadership. It complements the existing centre of excellence for passenger counting systems and the centre of excellence for passenger information systems which in 2010 launched innovative services such as real-time bus-to-bus and bus-to-train connection information.

■ Ecological sustainability

Since April 2010, Switzerland's first hybrid Postbus has been operating in the Berne conurbation. Compared with a diesel-only bus, the hybrid uses up to 30 percent less fuel. However, because it is expensive to buy, it is not yet so attractive from an economic point of view. PostBus is planning to further renew its fleet and concluded framework agreements with the suppliers to purchase 175 new buses in 2011 and 2012. All new vehicles comply with the EEV (Enhanced Environmentally Friendly Vehicle) standard, currently the most stringent European emissions standard, and meet the requirements of the law on equal opportunities for people with disabilities. Following these purchases, the average age of the approximately 2,000 Postbuses on Swiss roads will be less than 6.5 years.

■ PostBus operators

PostBus operators provide a large number of services on behalf of PostBus. Moreover, as a service partner, they also play an important role in establishing a local presence for PostBus. In June, the PostBus operators met in Fribourg to discuss the theme of "Increasing competitiveness together". Taking advantage of the occasion, PostBus thanked the operators for their many years of cooperative partnership. As it had managed to exceed its financial targets the previous year, for the second time PostBus was once again able to pay the operators a share of the profits in 2010.

■ Cooperation in Federal Office of Transport quality programme

PostBus is actively participating in a working group to develop a quality measuring system for regional transport under the leadership of the Federal Office of Transport. The Federal Office of Transport is principally looking to PostBus to offer solutions in order to develop a quality standard that will be apply to all Swiss transport operators.

Outlook

PostBus will equip its buses with the latest customer information systems. Dual screens will be fitted in all new larger Postbuses to display passenger information and news. Video monitoring will also be provided in certain areas. In addition, PostBus will launch a multi-annual programme to recruit new drivers in order to meet the burgeoning demand for qualified driving personnel.

### PostBus | Key figures

2010 with previous year for comparison

		2010	2009
<b>Results</b>			
Operating income	CHF million	702	640
generated abroad	%	9.3	7.2
Operating result	CHF million	28	27
<b>Quantities<sup>1</sup></b>			
Number of passengers	Millions	121	118
Vehicle-kilometres	Millions of km	103	98
Vehicles	Number	2,103	2,066
PostBus network	km	11,007	10,429
<b>Employees</b>			
Headcount	Full-time equivalents	2,012	1,736
<b>Quality</b>			
Customer satisfaction: leisure travellers	Index	83	81
Customer satisfaction: commuters	Index	75	73
<b>Market share</b>			
Regional passenger transport (rail/road) <sup>2</sup>	%	16.0	15.7

<sup>1</sup> Figures refer to Switzerland.

<sup>2</sup> Regional passenger transport in accordance with Railways Act. Absolute market share, i.e. PostBus sales volume as percentage of market volume (turnover).

Additional key figures and explanations can be found in the table of figures (E+ 99).

## Services

The Services unit comprises Real Estate (including InfraPost Ltd), Information Technology, Corporate Purchasing (see also pages 109, 136 and 139), and Language Services. The Services unit delivers the best possible price/performance ratio on behalf of the Group. In order to meet this objective, the unit is currently optimizing its services and structures.

Thanks to improved processes, more efficient organization and the exploitation of synergies, performance and service quality remain consistently high despite significant cost cuts. The Services unit is thus helping to increase the competitiveness of the Group units through the optimal provision of the necessary infrastructure.

### Real Estate, InfraPost Ltd

Background

Space requirements in the Swiss Post Group are falling, while internal customers want flexible leases with short terms and the option to return some space if necessary. Cost pressures in the core business necessitate transparency in performance and competitive prices.

Owing to changing needs, a relatively large number of small and medium-sized spaces are becoming free. In some cases these will be difficult to re-let. Various projects for selling or developing such properties are underway.

Finance

Solid operating result for Real Estate and InfraPost Ltd

In 2010, the Real Estate Service unit generated an operating result of 179 million francs. This is around 49 million francs less than in the previous year.

Owing to the changing space requirements of the Group units, in 2010 rental expenses rose by 9 million year on year to 138 million francs.

Thanks to the synergy effects produced by optimizing cooperation between the two Service units Real Estate and InfraPost Ltd, the measures for cutting staff unit costs resulted in a fall in operating expenses.

In 2010, InfraPost Ltd posted an operating result of 3 million francs (previous year: 3 million francs) and operating income of 134 million francs (previous year: 138 million francs).

As a result of cutting its prices for maintenance cleaning (with the aim of moving closer to market prices), InfraPost Ltd's sales fell by around three percent. By virtue of lower operating

expenses following cost-saving measures, however, it was able to match the previous year's result.

At 190, the average headcount of the Real Estate Service unit was slightly below that for the previous year. At InfraPost Ltd, the average headcount fell slightly to 817 full-time equivalents.

Strategy

Together with the InfraPost Ltd subsidiary, the Real Estate Service unit specializes in the proactive provision and long-term management of operational property and premises (one-stop shop). It performs its services primarily for Swiss Post's Group units and subsidiaries in Switzerland, but increasingly also for units abroad. In addition, the Real Estate Service unit acts as the real estate administrator on behalf of the Group. It manages, controls and develops the corporate property stock with the aim of achieving a return on invested capital and creating added value.

Strategy implementation

In 2010 Swiss Post, one of the biggest property managers in Switzerland, reorganized its real estate business. The InfraPost Ltd subsidiary, which operates in the building cleaning and technical property management segment, now comes under the Real Estate Service unit. Consolidating facility management in one unit in this way will consequently enable synergies to be exploited.

Swiss Post sold 46 properties over the past year (2009: 41), including Lucerne Frohburg station parking, Lucerne Inselquai, Rorschach, Nyon, Wetzikon, Renens-Longemalle and Opfikon.

Swiss Post is now also increasingly a tenant itself: third-party rental expenses came to 138 million francs (2009: 129 million francs).

Over the past year Real Estate carried out some 1,000 construction projects (2009: 830). These included a number of minor projects to clear the maintenance backlog. The Real Estate Service unit additionally focused on several large-scale projects such as the PostParc in Berne (development and new build at the former Schanzenpost site), PostFinance's new headquarters in Berne (groundbreaking in September 2010), renovation in Geneva 2 (Rue de Montbrillant), Lausanne-Sebéillon (redevelopment project in cooperation with SBB), Le Locle (refurbishment of post office building delayed, new handover date is May 2011), and Dietikon 1 (conversion with opening in September).

Swiss Post will build its new headquarters in the new business development WankdorfCity in the northern part of Berne. The construction project is the result of an architecture competition held in 2009 and will offer space for around 1,700 employees from 2014. Construction is set to begin in mid-2012. The PostParc construction project at Berne station will go ahead as planned, and the space will be offered to third parties. PostFinance customers will still find a post office, a PostFinance branch and the PostBus station at this location.

Outlook

The new portfolio management will secure the professional and sustainable management of Swiss Post's real estate portfolio in the future. In addition, the long-term preservation of value, optimization and strategic space planning for the property portfolio will be better managed in order to provide optimum support to the Group units according to their location and space needs.

Added value will continue to be created for the Group through further development of locations, self-financing of future investments, and higher third-party revenues.

**Real Estate, InfraPost | Key figures**  
 2010 with previous year for comparison

		2010	2009
<b>Employees</b>			
Headcount	Full-time equivalents	1,007	1,025
<b>Quantities</b>			
Properties	Number	2,687	2,773
owned	Number	1,180	1,216
rented	Number	1,507	1,557
Managed space	Million m <sup>2</sup>	2.7	2.6
rented space	Million m <sup>2</sup>	0.8	0.8
rented space	CHF million	132	129
Investment value	CHF million	5,237	5,208
Rental income – internal	CHF million	398	402
Rental income – external	CHF million	56	57
Investment volume	CHF million	167	121
Maintenance volume	CHF million	44	49
Current projects	Number	Over 500	Over 500

Additional key figures and explanations can be found in the table of figures (E- 99).

## Information Technology

### Background

Given the rapid pace at which technology changes, the Information Technology (IT) Service unit is constantly facing new challenges. The predicted top trends include cloud computing, mobile applications and media tablets, along with social communications and collaboration. The challenge is to adapt these technologies and harness them for Swiss Post.

### Finance

#### Operating result up

The Information Technology unit posted an operating result of 4 million francs, an increase of one million francs over the previous year. This was mainly attributable to the disproportionate fall in operating expenses in comparison to operating income.

Compared with the previous year, operating income fell by 25 million to 219 million francs. For the most part this decrease is explained by a lower internal cross-charging figure.

Operating expenses saw a year-on-year fall of 26 million francs. This is predominantly due to a drop in resale merchandise and service expenses of 9 million francs and other expenses being down 15 million francs.

The average headcount in 2010 totalled 632 full-time equivalents. This represents a decrease of 20 full-time equivalents over the previous year.

### Strategy

IT is service-oriented and seeks to meet the needs of Swiss Post's units in every price segment as cost-effectively as possible. As an internal full-service provider within Swiss Post, IT advises on, designs and implements cross-unit and unit-specific information and communication technology (ICT) solutions in competition with external providers.

### Strategy implementation

The Information Technology Service unit continually strives to offer Group units the optimum balance between price and performance. Benchmarks are used to check the quality and cost-effectiveness of the service offering in comparison with the market. The focus in 2010 lay on measures to cut the unit costs of permanent services (IT infrastructure).

In 2010 the Information Technology Service unit installed an IP-based telephone infrastructure throughout the Group. Over 16,000 telephones were migrated at around 2,300 locations and significant cost savings were achieved. The new payment terminal was installed in all hitherto non-networked post offices (army post offices, philatelic salespoints). Swiss Post is thus deploying the latest technology for card cash transactions.

For employees abroad, IT designed new Yellow Services which support worldwide cooperation. In addition, IT integrated further smartphones (handsets and operating systems) into Swiss Post's ICT systems.

#### Outlook

The IT Service unit is constantly driving forward innovations in information technology, improving the price/performance ratio and ensuring its employees are fit to meet the coming challenges. For instance, the use of visualization technology is being systematically rolled out in computer centres. By designing new services such as "bring your own device" (BYOD) or the "virtual teleworking station" and introducing the new segmented offering (Swiss Post workstation), IT services will be expanded in line with users' needs. In 2011, the range of collaboration services (virtual meetings, videoconferences, shared documents) will be extended and will be rolled out as standard throughout Swiss Post in Switzerland and abroad. In this way, IT is helping to sustain Swiss Post's core business over the long term.

With respect to the "Futuro" programme (see page 134) in connection with the implementation of the new postal legislation, IT in the Group is also in a state of flux and must respond flexibly to the new challenges within Swiss Post.

#### Information Technology | Key figures

2010 with previous year for comparison

		2010	2009
<b>Results</b>			
Operating income	CHF million	219	244
Operating result	CHF million	4	3
<b>Employees</b>			
Headcount	Full-time equivalents	632	652
<b>Quantities</b>			
Contacts on user help desk	Avg. no. per month	21,935	24,000
Pieces of equipment served	Number	79,121	64,431
Number of different applications	Number	654	625
Volume of data saved per week	Gigabytes	434,675	261,000
First-level resolution rate	Share of cases in %	68.1	68.6
Support calls	Number per year	38,927	41,500

Additional key figures and explanations can be found in the table of figures (E- 99).

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## Conventions in this section

### ■ Presentation of values

The amounts shown in the Annual Report are rounded. 0 is a rounded amount indicating that the original figure was less than half of the unit used. A dash (-) in place of a figure indicates that the value is zero.

### ■ Graphics and tables

Colours in graphics and tables signify the following:

■ Current year

■ Previous year

■ Positive effect on the Group result

■ Negative effect on the Group result

All graphics are shown to scale to present a true and fair view.

15 mm is equivalent to CHF 1 billion.

Percentages in graphics are standardized as follows:

Horizontal: 75 mm is equivalent to 100 percent.

Vertical: 40 mm is equivalent to 100 percent.

### ■ Links to further information online

The symbol (E→) in the text refers the reader to further information on the Internet. This information can be accessed via the complete list of links at [www.swisspost.ch/ar2010links](http://www.swisspost.ch/ar2010links). Click the link number on this web page to access the respective information.



12	<b>Foreword</b>
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# Added value for customers

## Strategic thrusts and objectives of Swiss Post

To create added value for its **customers**, Swiss Post seeks to provide high-quality services at competitive prices. Its goal is to achieve a customer satisfaction rating of at least 75 points (on a scale of 0 to 100).

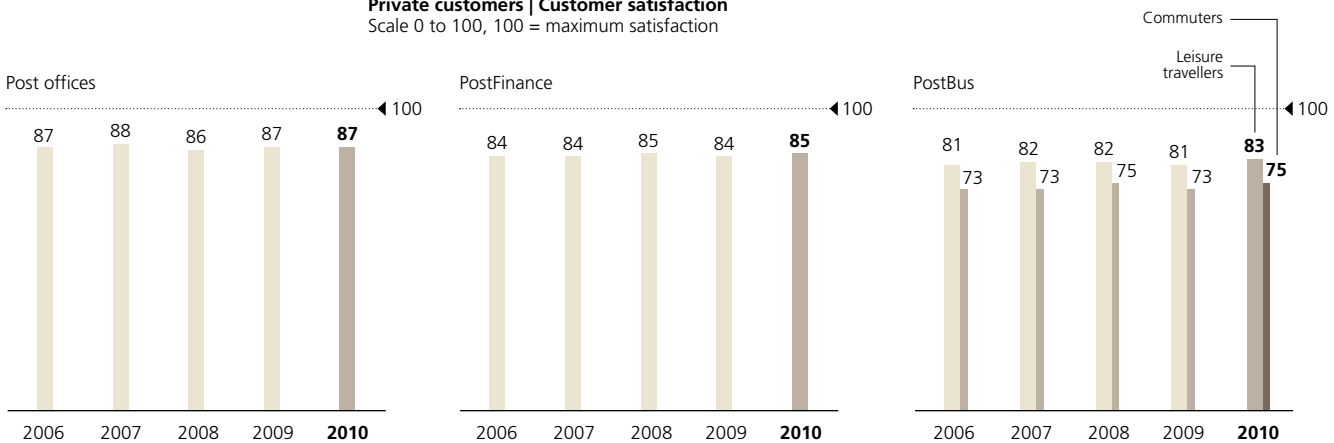
In terms of the sustainable development of its business, however, this added value for customers can only be created if Swiss Post also creates added value for **the owner as an investor**, for its **employees** and for **Switzerland**. Swiss Post is aiming to achieve an annual profit in the region of CHF 700 to 800 million, to strengthen its equity base, and to finance its own investments. It is seeking to assert its market leadership in Switzerland (see the section "Added value for the owner as an investor", page 41). Employee commitment should be maintained at at least 80 to 100 points ("Added value for employees", page 91). In addition, Swiss Post is committed to providing a high-quality basic service and is planning to reduce its annual CO<sub>2</sub> emissions by 15,000 tonnes by the end of 2013 ("Added value for Switzerland", page 102).

Swiss Post intends to achieve these goals by pursuing five strategic thrusts: first-rate services for private and business customers, competitive prices, sustainable and profitable growth, socially responsible cost efficiency, and optimum use of the regulatory framework now in force.

## Customer satisfaction Private customers

As in previous years, an independent market research institute surveyed around 20,000 private customers. The results showed that the Swiss are very satisfied with the quality of service they receive from Swiss Post. In comparison with the previous year, for the most part scores have remained at the same high level, or in some cases have even risen slightly. For instance, the offering and service at post office counters scored 87 points (2009: 87 points), the simplicity and reliability of PostFinance's services achieved a score of 85 points (2009: 84 points), while PostBus's leisure travel rating rose two points to 83 in 2010 as a result of the expansion of its tourist routes.

**Private customers | Customer satisfaction**  
Scale 0 to 100, 100 = maximum satisfaction



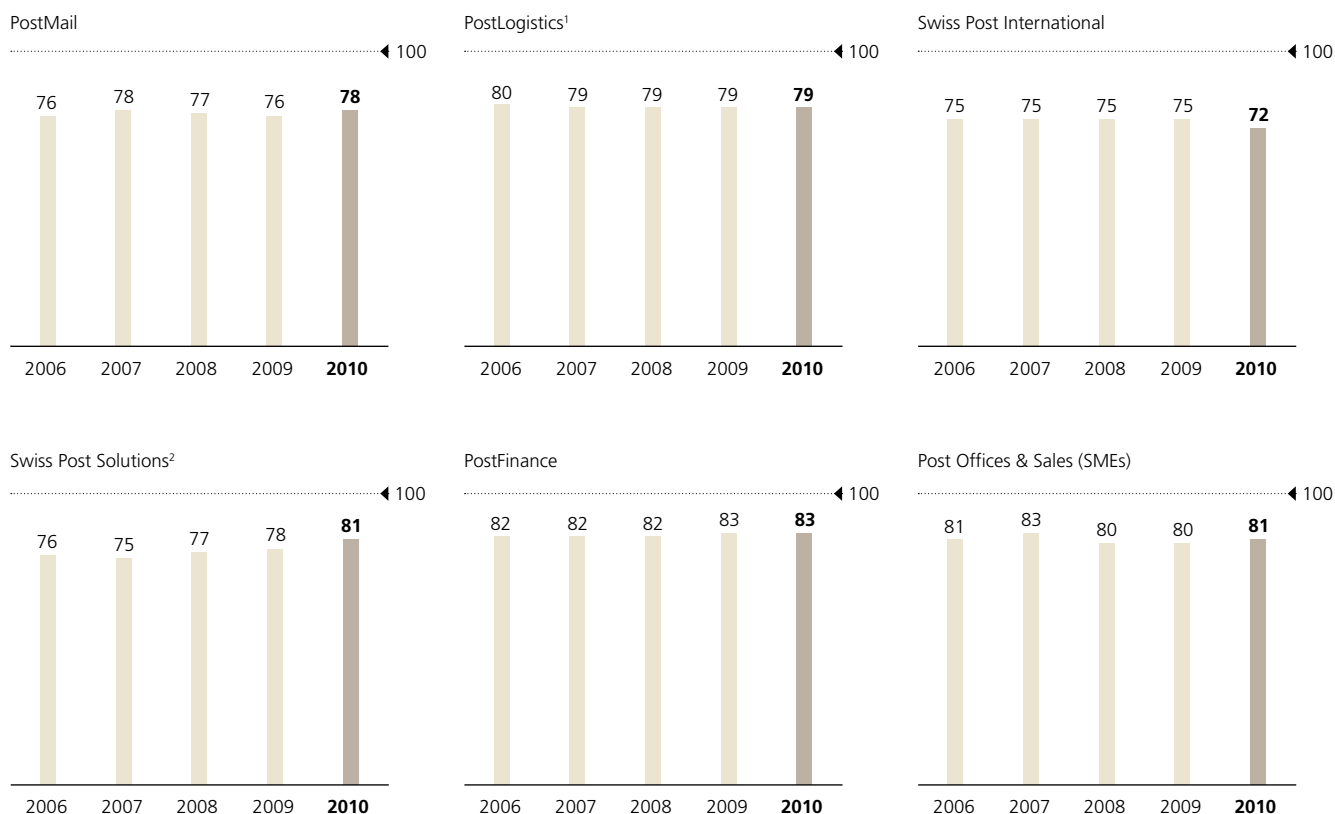
Private customers are also very satisfied with the service provided by delivery staff and the delivery quality of items which they receive either at home or in a P.O. box. Customers awarded letter deliveries a total of 92 out of a possible 100 points. Customer satisfaction was rated in three areas: postal carriers, delivery and P.O. boxes. Customers expressed particular satisfaction with customer friendliness (94 points), discretion (95 points) and the willingness of postal carriers to take time to answer questions (92 points). With a total score of 91, the marks for delivery quality also remained high. Customers were very satisfied, for instance, that delivered mail is placed completely in letterboxes (94 points) and P.O. boxes (94 points), and that written instructions are clearly legible (93 and 94 points respectively). Compared with 2009, the quality of P.O. box facilities moved up one point to 93. The fact that respondents felt safe around the P.O. boxes was an important factor here (95 points) and they also expressed satisfaction with P.O. box employees (94).

## Business customers

Business customers were also very satisfied with Swiss Post's services in 2010: In the case of PostMail, Post Offices & Sales and Swiss Post Solutions, satisfaction scores rose by up to three points; PostLogistics and PostFinance achieved the same high ratings as in previous years. Scoring 83 out of a possible 100 points, business customers also rated advisory services very highly.

### Business customers | Customer satisfaction

Scale 0 to 100, 100 = maximum satisfaction



1 Customer satisfaction for the PostLogistics Group unit was measured for the first time in 2007; the figures for previous years are those for the former PostParcels unit.  
 2 Customer satisfaction for the Swiss Post Solutions Group unit was measured for the first time in 2009; the figures for 2008 are those for the former Strategic Customers & Solutions unit, including the Strategic Customer Management department; while the figures for 2006–2007 relate only to the Strategic Customer Management department.

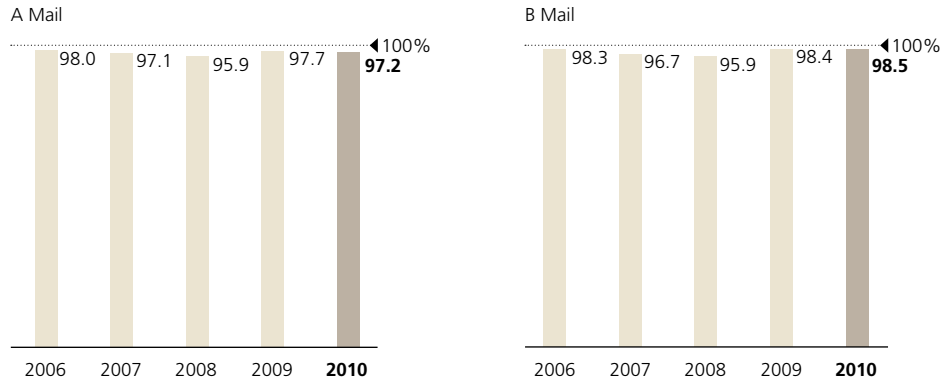
## Price/ performance ratio Letters

Performance

Last year, Swiss Post handled around 2.4 billion letters. 97.2 percent of A Mail letters were delivered punctually (2009: 97.7 percent). Individual B Mail items should be delivered on the third working day after posting at the latest. In 2010, Swiss Post succeeded in meeting this target in 98.5 percent of cases (previous year: 98.4 percent), thus achieving a high quality standard again and substantially exceeding the target of 97 percent set by the Federal Department of Environment, Transport, Energy and Communication (DETEC). Fluctuations – mainly attributable to external influences such as difficult weather conditions and the early onset of winter – are on a par with recent years. Over 80,000 letters are dispatched each year and are included in the delivery time measurement for domestic mail. Measurements are carried out by an independent market research institute in accordance with the EN standard also used in the EU. See page 43 for volume trends.

**Domestic letters | Delivery quality**

2006 to 2010, percentage of items punctually delivered\*



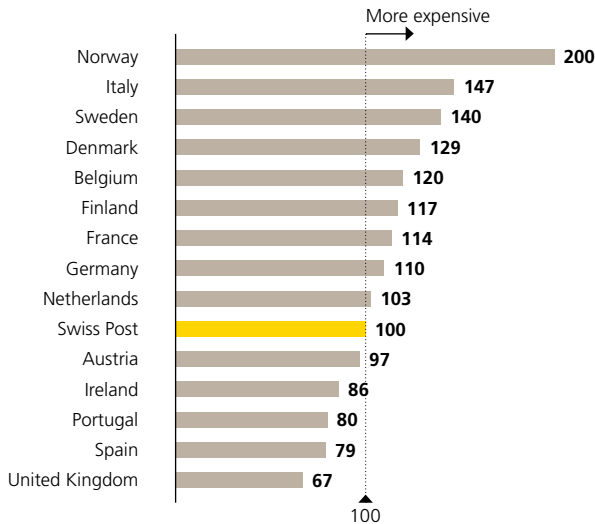
\* Punctual delivery means the next day for A Mail and no later than the third working day after mailing for B Mail. DETEC, the Federal department responsible for Swiss Post, has set a target of 97 percent.

Price

Selectively comparing only the prices of individual letter categories for various countries may produce a distorted picture, so in 2006 the University of Fribourg developed the letter post index. This is a basket that takes account of all the letter categories offered by postal services and weights them according to frequency of use. Swiss Post ranked sixth among the 15 most important European countries compared in the letter post index. For example, comparable letters in Germany cost 10 percent more, and 40 percent more in Sweden. The LPI shows that letter prices in Switzerland are relatively low in comparison to those of other countries.

**Letter post index\***

2010, indexed, Switzerland = 100

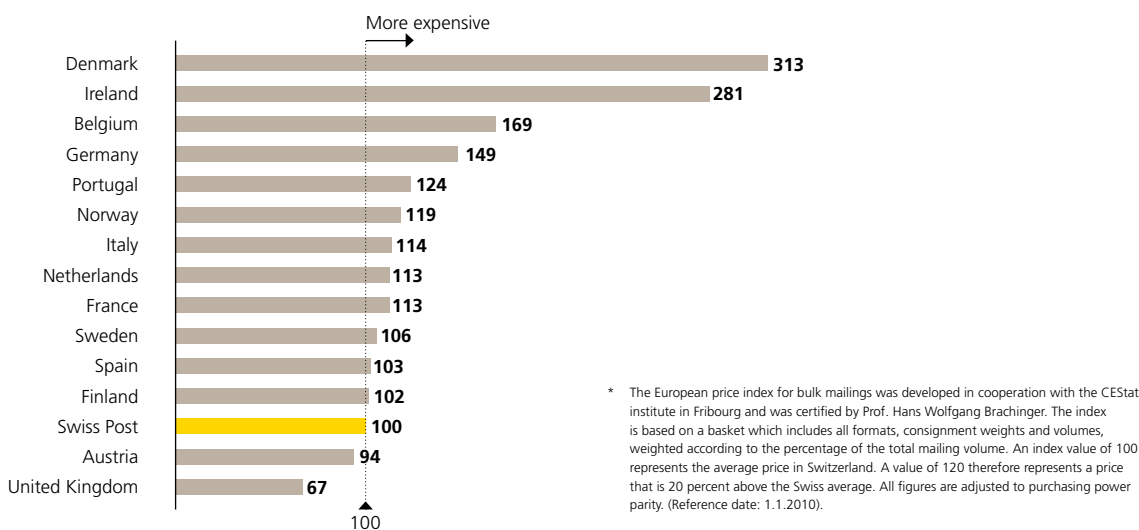


\* The letter post index is based on a basket of all the letter categories offered by Swiss Post which are weighted according to the frequency of use by Swiss consumers. For the purpose of comparison, the exchange-rate adjusted prices of the (former) state-run postal companies in the individual countries are used (reference date: 1 November 2010).

The prices for B Mail bulk mailings in Switzerland are well below the European average. This is confirmed by the price index for bulk mailings commissioned by Swiss Post in 2009. In comparison with the 15 most important countries in Europe, Swiss Post offered the third-lowest prices.

The price index shows that business customers in Switzerland pay much less for their mailshots than with other European postal service providers. In Germany, for instance, B Mail bulk mailings (over 500 letters) cost 49 percent more than at Swiss Post, in France they cost 13 percent more, and in Denmark they cost as much as 213 percent more. The only places where bulk mail is cheaper are Austria and the UK.

**Price index for bulk mailings\***  
 2010, indexed, Switzerland = 100

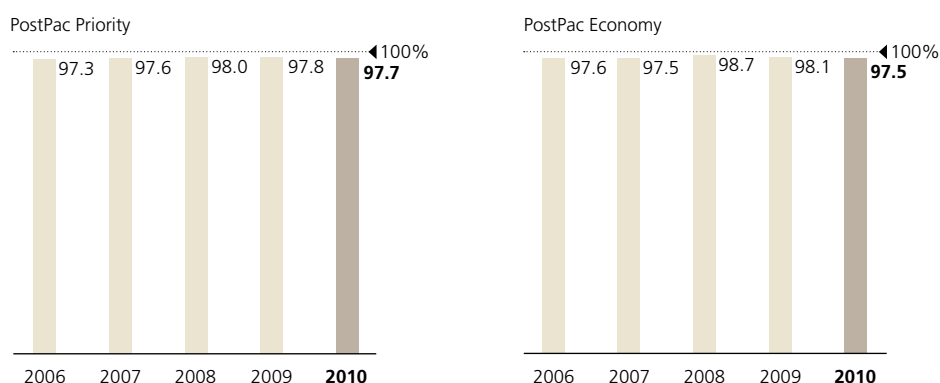


**Parcels**  
 Performance

In 2010, Swiss Post delivered over 100 million parcels. Quality standards were maintained at the same high levels as in 2009. In 2010, 97.7 percent of all PostPac Priority parcels reached recipients on time the following day (2009: 97.8 percent). 97.5 percent of PostPac Economy parcels were delivered punctually (previous year: 98.1 percent). These excellent values confirm that the technologies used in Swiss Post's parcel centres are among the most reliable and modern in the business. Unforeseen weather conditions and an increase in mail volumes resulted in slight fluctuations in punctuality. A scientifically recognized random sample procedure is used to measure parcel delivery times. The parcel delivery times are monitored by an independent body. See page 43 for volume trends.

**Domestic parcels | Delivery quality**

2006 to 2010, percentage of items punctually delivered\*



\* Punctual delivery means the next working day for PostPac Priority and the next-but-one working day for PostPac Economy.

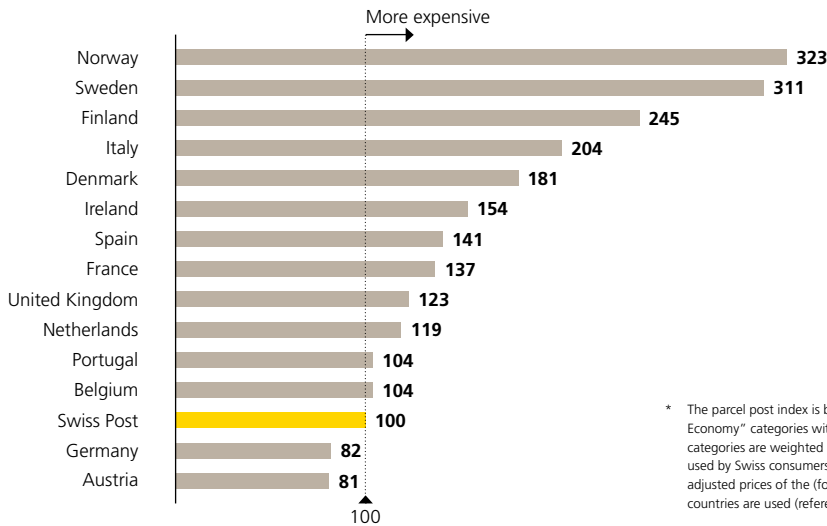
Price

The Center for Research in Economics at the University of Fribourg developed a price index for parcels on behalf of Swiss Post (parcel post index, PPI). This index is based on a given basket of postal products and the prices in other countries are converted into Swiss francs and compared to prices in Switzerland. The individual products are then weighted according to mail volumes in Switzerland. The PPI thus corresponds to a conventional international price index based on the Laspeyres concept. The most recent comparison of European countries reveals that Swiss Post ranks third in Europe for parcel prices. According to the index (aggregated quality levels),

only Austria and Germany deliver parcels more cheaply than Swiss Post. Belgium and Portugal are 4 percent, Denmark 81 percent, and Norway 223 percent more expensive.

**Parcel post index\***

2010, indexed, Switzerland = 100



\* The parcel post index is based on parcels in the "PostPac Priority" and "PostPac Economy" categories with weight classes of 1–20 kg. The individual parcel categories are weighted according to the frequency with which they are actually used by Swiss consumers. For the purpose of comparison, the exchange-rate adjusted prices of the (former) state-run postal companies in the individual countries are used (reference date: 1 November 2010).

**New products and services**

Customer behaviour is changing. Widespread digitization in business and society is creating new habits and new needs. In order to meet these needs, Swiss Post is creating innovative new products and services for its customers.

**Communication market**

Letters

■ **Electronic transmission of court documents**

Swiss Post simplified the process for sending court documents and also provided the courts with a new electronic transmission option. Following a one-year transition period, by the end of 2011 the old yellow court documents used since 1964 will have been phased out.

■ **Comprehensive up-to-the-minute address database**

Swiss Post's delivery personnel checked around four million domestic letterboxes in Switzerland and cleaned up over eight million addresses. As these are now constantly updated in a central system, Swiss Post has the most comprehensive and up-to-date address database in Switzerland. Customers will benefit from improved address quality and fewer returns in future.

■ **Stamps at newsstands**

Since December, leading western Swiss newsstand company Naville has also sold stamps in its outlets. Customers have been able to buy stamps from Valora newsstands already since 2002. Swiss Post is seeking alternative sales channels because for the last four years it has no longer been possible to guarantee the supply of replacement parts for its existing stamp vending machines. Consumables are also no longer available.

■ **Secure postboxes at well-chosen locations**

From 2007 to 2010, Swiss Post replaced over 15,000 postboxes throughout Switzerland with a standardized, modern and secure model in two sizes. At the same time, existing locations were also reviewed. The new postboxes are situated at well-frequented and easily visible locations in shopping malls, filling stations or public transport stops. Switzerland thus still has one of the densest postbox networks in Europe.

Print media

■ **Personalized daily newspaper**

During 2009, 1,200 test readers had their own personalized newspaper delivered to them each morning as an e-mail or as a printed copy in their letterboxes. Swiss Post ran these trials to test the technical feasibility of providing a personalized daily newspaper. Following evaluation in 2010, the results showed that while technically feasible, the logistics and economics still posed

Direct marketing

a challenge. Swiss Post now intends to run further marketability trials under the name "MyNewspaper" during a one-year pilot project commencing mid-2011.

■ Online postcard and chocolate mailings

With DirectFactory, customers can design their own postcard mailshots simply and quickly online. Following further development in 2010, additional options were added to this web application. The editors and readers of Internet publication anthrazit voted DirectFactory among the top 100 most useful web shops in Switzerland. DirectFactory now also allows users to design the text and images on the sleeves of its premium chocolate bars individually. Swiss Post then takes care of printing, packaging and dispatch. A Swiss Post direct advertising first, this service can be ordered from volumes as low as 24.

■ Online direct marketing aid

DirectCalendar is now available online. This free planning aid for direct marketing activities shows all vacation dates and public holidays in Switzerland as well as major events in Europe. Interested parties can enter their events in DirectCalendar and publish them online.

■ Online course for online shopping

At DirectPoint, Swiss Post's Internet platform for direct marketing, a new online course on online shopping is available. The five modules of this free course provide a wealth of information about designing and operating e-commerce solutions.

■ Awards for DirectNews and e-mail newsletter

Our customer magazine DirectNews impressed the jury of the prestigious Astrid Awards for design, receiving "Honors" in the customer publications (business to business) category. The jury particularly commended the design concept, the creative use of colour and the originality of the images. Aimed at people with an interest in direct marketing, DirectNews is published four times a year in German and French and has a print run of 47,000.

The free e-mail newsletter from DirectPoint also proved popular and won a prize at the Best of Corporate Publishing awards ceremony for the fourth time – this year taking silver. The newsletter is sent to around 20,000 recipients in the direct marketing sector each month.

■ Mailings on exact dates

Senders of promotional mailings can now specify the exact day on which their unaddressed mailshots (PromoPost) are to be delivered to customers. Until now, senders could only specify a two to three-day delivery window and they had no guarantee of exactly when their PromoPost mailings would be delivered in a particular locality. An improved online application (PromoPost tool) is now also available to assist with the planning and delivery of unaddressed promotional mailings. This enables customers to plan and submit PromoPost orders themselves as well as prepare and manage mailings.

■ Holiday brochure platform

Tourism operators can upload their brochures to Swiss Post's online platform [www.holiday-infoshop.com](http://www.holiday-infoshop.com) free of charge. Swiss Post then handles the activation and marketing of the brochures on the platform. Potential holidaymakers are alerted to the platform via social media networks and search engine optimization.

Document and dialogue solutions

■ Speedy and secure digital identity

Swiss Post has been offering its SuisseID since May 2010. This provides private customers and SMEs with speedy and secure access to a trustworthy digital identity to facilitate electronic business transactions between individuals, companies and public authorities. Swiss Post had already laid the foundations for this in 2009 with the development of the SwissStick which combined a digital identity with handy applications such as legally binding electronic signatures and electronic registered mail.

■ Effective white space advertising

People read bills and account statements carefully, so they make good vehicles for advertising. Swiss Post now offers its customers the opportunity to utilize free space on personally addressed bulk mail for customer-specific advertising. This service is known as TransPromo. Companies who do not want to use white space for their own advertising purposes can sell it on to third parties.

Post office network

■ From PC straight to letterbox

Swiss Post Solutions launched a new business solution that enables business customers to send documents as a printed letter directly from their PC. Following receipt via the Internet, Swiss Post then prints the letters digitally using a full colour process. The printing centre is able to cope with volumes ranging from just a single letter through to large bulk mailings.

■ Digital post on vacation

Swiss Post Box, the electronic letterbox from Swiss Post, is now geared up for vacation use. Customers can opt for temporary digitization of their letter mail while they are on holiday and have it sent to their electronic letterbox. They can then deal with it if necessary.

■ Payment with Maestro cards

As of 1 February 2010, Swiss Post has accepted banks' Maestro cards for cashless payments in all agencies. The wide circulation of Maestro cards – approx. 4.8 million throughout Switzerland – means that a significant proportion of the population will be able to make payments at postal agencies (post office partners) in future.

■ Rental guarantee without bank deposit

In collaboration with the insurance firm SwissCaution, post offices are now offering a “rental guarantee without bank deposit” service. Before tenants sign a lease for an apartment, landlords often require two or three months rent to be paid into a bank account as a deposit upfront. SwissCaution's rental guarantee without bank deposit service offers landlords the same security and the same value as a bank guarantee.

■ New prepaid providers

Since May 2010, customers have been able to buy prepaid cards for M-Budget Mobile in post offices. M-Budget Mobile is ideal for all occasional phone users who want to keep their call costs down. Since October 2010, prepaid and postpaid subscriptions for “20 Minuten Mobile” have been available in the German and French-speaking parts of Switzerland. The offering is designed to appeal to young people who want cheap mobile calls and Internet surfing.

■ iApp with comprehensive post office information

In 2010, Swiss Post launched a free iApp which enables smartphone users to find out about post office addresses, opening hours and prices while they are out and about. The iApp identifies the user's current location and indicates the nearest Swiss Post customer access point on a map, along with information about opening hours.

■ Mailshots for unplanned events

At selected post offices, Swiss Post can process local publications of an official nature. Items can be handed in the previous day and paid for in cash for delivery on the next working day (Monday to Friday). This service is ideal, for example, for publicizing last-minute unplanned events or for disseminating other municipal information.

Logistics market

■ Efficient product recalls

With its new recall service, Swiss Post helps companies working in the food, textiles, electronics, cosmetics, furniture and toy industries to efficiently manage any product recalls. The service covers all the logistical operations involved in recalling defective products already purchased by end customers. The recalled products are picked up swiftly from consumers and collected at a storage location. A product recall can be launched within 48 hours.

■ Free second delivery

Since 1 August 2010, any second deliveries of Swiss Express items are free. Previously, anyone who was not at home at the time of the first delivery attempt had to pay a 10 franc redelivery charge.

■ Tailored delivery for medical products

Many manufacturers of medical products offer to deliver pallets to customers' loading ramps. Alternatively, items can already be picked and placed directly in individual ward stores in hospitals. PostLogistics has the necessary know-how and trained personnel to provide these high-quality services.



## Retail financial market

### ■ International returns

With Swiss Post's returns solution for international distance selling, customers of mail order companies can return merchandise (up to 2 kg) free of charge from 18 countries in Europe. Mail order firms must enclose a prepaid reply label with items, or issue one on request via the Internet. Online retailers in particular will benefit from this new solution.

### ■ Payment by iApp

As the first financial institution in Switzerland, PostFinance offers a free iApp with a payment function. It is the only smartphone application in Switzerland that allows users to transfer small amounts from one postal account to another in either francs or euros. In addition, the iApp offers a balance and account transaction function and provides information about the location of the nearest Postomats and PostFinance branches, as well as the latest stock market data.

### ■ Paying by mobile phone

PostFinance customers can use their mobile phone to pay at Selecta vending machines and in many online shops, as well as in a number of different ski resorts and Swiss Alpine Club huts. The amount owed is automatically debited from the postal account. In addition, PostFinance is expanding its offering for topping up prepaid phone credit at Postomats. This requires a one-off registration, and the account must be in credit.

### ■ Free cash withdrawals at 4,500 locations

Since May 2010, customers with a PostFinance Card have been able to withdraw cash free of charge in 71 Manor stores. This brings the total number of locations in Switzerland where free cash withdrawals can be obtained up to 4,500 (PostFinance branches, Postomats, post offices, Migros and Spar supermarkets, SBB ticket offices). Currently around 2.75 million PostFinance Cards in Swiss francs are in circulation. During 2010, some 65.2 million cash withdrawals were made to the tune of around 20.5 billion francs.

### ■ PostFinance MasterCard Value

To complement its range of credit cards, PostFinance launched a new prepaid card – PostFinance MasterCard Value. In contrast to conventional credit cards, customers load money onto the card prior to use. If signed for by parents, prepaid cards can also be issued to children aged 12 or older.

### ■ Visa Platinum Card

PostFinance has extended its range of credit cards to include the Visa Platinum Card for wealthy customers. This card includes travel insurance, supplementary car rental insurance, plus a worldwide concierge service. This service helps customers search for hotels or organize event tickets.

### ■ Account balance by text

Account information can be accessed online and by text message: post office account holders can use the automatic alert service to obtain information about their account balance, credits and when their balance goes above or falls below a specific amount.

### ■ Prepaid card top-ups at Postomats

yallo customers can now also use a PostFinance Card to top up their mobile prepaid cards at Postomats. This service has been available for Swisscom, Orange and Sunrise cards for a number of years already.

### ■ Optimum service for SMEs

In order to support SMEs, in 2010 PostFinance opened nine further branches and created 110 new business customer advisor posts. PostFinance is thus strengthening its personal advice offering to provide the best possible service close to its customers.

### ■ Online payment processing

PostFinance now also processes payments for Nestlé's online coffee range in various countries, consolidating its leadership in e-payment services.

## Public passenger transport market

### ■ Expansion in peripheral regions

PostBus expanded the number of routes in rural areas and extended its timetable at the beginning and end of the main season. The main areas to benefit from this expansion are Upper Valais, Engadine and the Bernese Oberland.

### ■ Price calculator for Alpine Ticket

PostBus now provides an online price calculator for its Alpine Ticket. The Alpine Ticket is a supplement payable by flat-rate pass holders (e.g. those with a rail season ticket or a day ticket) on tourist routes because there is no public subsidy for these routes, although all public transport tickets are valid.

### ■ Self-service machines

Since October, PostBus has been trialling self-service ticket machines on articulated buses between St. Gallen and Lake Constance. The intention is for Postbus drivers to spend less time issuing tickets in future, which in turn will help them keep to the timetable. Over 20,000 tickets a month will be sold directly in buses on this route.

### ■ Cycle hire

Since October 2010, PostBus has been piloting six bike stations in Sion. If there is a demonstrable demand and it proves economically viable, the service will be rolled out to further Swiss cities.

### ■ Connection and real-time information

In Canton St. Gallen, PostBus ran a trial for passengers and staff with bus-to-bus and bus-to-train connection information. In eastern Switzerland, PostBus also launched its own application which enables passengers to access real-time information via their mobile phones.

### ■ Supersaver tickets

At the end of last year PostBus launched a quota of tickets discounted up to 40 percent for selected routes in Graubünden.

### ■ Dual screens

In Valais, PostBus equipped eight buses with dual screens. In addition to timetable and connection information, passengers can now also watch national and international news.

### ■ Real-time app for eastern Switzerland

One new development for PostBus is the free "EZI O-CH" application for real-time information in eastern Switzerland. It is available for iPhones and Android devices and as a Java application for mobiles running a Windows OS. Among other things, the application shows real-time departure information, or the current location and distance to the next stop.

### ■ Targeting young people on social media

2010 saw the coordinated launch of PostBus on social media sites Facebook, Twitter, Flickr and YouTube. This pioneering move is unique within the sector and will appeal especially to a younger section of the population.

### ■ Innovation for smartphones

PostBus is the first public transport company in Switzerland to offer a so-called augmented reality application. Augmented reality superimposes computer-generated virtual information on real environments, thus enhancing the user's experience. This new service provides customers with excursion tips and information about sightseeing destinations via their mobile phone. PostBus has collected location-based information on over 280 sights and leisure activities throughout Switzerland and made this available for free as part of its "LeisureClick" service. This information is initially available in German.

■ Useful services for mobility providers

PostBus operates the backend sales system for the A-Welle and Ostwind integrated fare networks. PostBus also procures and installs ticket vending machines for other transport operators and connects them to its own backend system. The services offered by PostBus include user training and running instructor help desks.

■ Centres of excellence

PostBus opened a centre of excellence for sales systems in Berne. This is already the fourth such centre, following on from Swiss Post's centres of excellence for passenger counting, ticket inspection and payment collection, and passenger information systems.

## Conventions in this section

### ■ Presentation of values

The amounts shown in the Annual Report are rounded. 0 is a rounded amount indicating that the original figure was less than half of the unit used. A dash (-) in place of a figure indicates that the value is zero.

### ■ Graphics and tables

Colours in graphics and tables signify the following:

■ Current year

■ Previous year

■ Positive effect on the Group result

■ Negative effect on the Group result

All the graphics are shown to scale to present a true and fair view.

15 mm is equivalent to CHF 1 billion.

Percentages in graphics are standardized as follows:

Horizontal: 75 mm is equivalent to 100 percent.

Vertical: 40 mm is equivalent to 100 percent.

### ■ Links to further information online

The symbol (E→) in the text refers the reader to further information on the Internet. This information can be accessed via the complete list of links at [www.swisspost.ch/ar2010links](http://www.swisspost.ch/ar2010links). Click the link number on this web page to access the respective information.

# Annual Report 2010

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# Added value for employees

## Employment and jobs Headcount Group

### Strategic thrusts and objectives of Swiss Post

In order to create added value for **employees**, Swiss Post practises a management style which both places demands on its employees and encourages them to reach their full potential. It offers its employees attractive conditions of employment and development opportunities, fosters social partnership and implements organizational changes in a responsible way. Its goal is to achieve a staff commitment rating of at least 80 points (on a scale of 0 to 100).

In terms of the sustainable development of its business, however, this added value for employees can only be created if Swiss Post also creates added value for **the owner as an investor**, for its **customers** and for **Switzerland**. Swiss Post is aiming to achieve an annual profit in the region of CHF 700 to 800 million, to strengthen its equity base, and to finance its own investments. It is seeking to assert its market leadership in Switzerland (see the section "Added value for the owner as an investor", page 41). Customer satisfaction should be at least 75 out of a possible 100 points ("Added value for customers", page 79). In addition, Swiss Post is committed to providing a high-quality basic service and is planning to reduce its annual CO<sub>2</sub> emissions by 15,000 tonnes by the end of 2013 ("Added value for Switzerland", page 102).

Swiss Post intends to achieve these goals by pursuing five strategic thrusts: first-rate services for private and business customers, competitive prices, sustainable and profitable growth, socially responsible cost efficiency, and optimum use of the regulatory framework now in force.

The headcount for Swiss Post Group in Switzerland increased by 393, while the number of employees in the Group abroad rose by 59. The average headcount for the Group as a whole increased by the equivalent of 326 full-time positions in 2010 (previous year: 625 full-time equivalents).

#### Group | Headcount

2010 with previous year for comparison

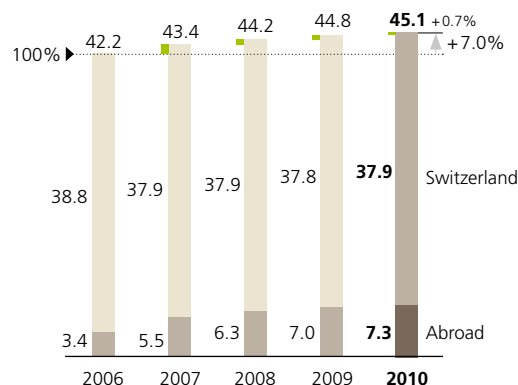
		2010	2009
Headcount	Persons	61,428	60,977
abroad	%	12.6	12.6
Headcount	Full-time equivalents <sup>1</sup>	45,129	44,803
abroad	%	16.1	15.6
Group (Switzerland)	Full-time equivalents <sup>1</sup>	30,246	30,863
Departure rate at Swiss Post (Switzerland)	% <sup>2</sup>	8.8	8.4
Fluctuation rate (voluntary departures) at Swiss Post (Switzerland)	% <sup>2</sup>	3.5	3.1
Notice given by employer for economic reasons (Group, Switzerland)	Number	116	99

- 1 Average headcount expressed as full-time equivalents.
- 2 Number of departures (persons) as a percentage of average headcount (persons).

Additional key figures and explanations can be found in the table of figures (E+ 99).

#### Group | Number of full-time equivalents

2006 = 100%, showing change from previous year, thousand full-time equivalents



## Segments

PostFinance created 223 full-time positions throughout Switzerland. It plans to further develop sales to private and SME customers as well as its customer service over the next few years. As a result of its success in bidding for contracts and expanding services, the headcount at PostBus increased by 68 full-time jobs. Swiss Post Solutions succeeded in expanding its e-business and consequently added 57 new full-time posts. Following the takeover of the early newspaper delivery business of Tamedia and NZZ in the area of Lucerne and the cantons of Zurich and St. Gallen, in autumn 2009 the Group acquired around 8,000 early delivery carriers with minimal working hours (<10 percent) (note: since annual averages are used for the purposes of reporting, only around two-thirds of this transfer had an impact in 2010). This equates to 1,200 full-time equivalents.

As a result of a significant drop in volumes and falling margins in the courier and express segment, courier centres were also integrated into distribution bases. Around 100 jobs were lost at the eight sites affected.

### Group | Headcount by segments 2010 with previous year for comparison Full-time equivalents<sup>1</sup>

	2010	2009
PostMail	17,092	16,996
PostLogistics	5,319	5,489
Swiss Post International	1,251	1,272
Swiss Post Solutions	6,992	6,878
Post Offices & Sales	6,928	6,973
PostFinance	3,265	3,042
PostBus (excl. Postbus operators) <sup>2</sup>	2,012	1,736
Other	2,270	2,417

- <sup>1</sup> Average headcount expressed as full-time equivalents.  
<sup>2</sup> PostBus currently employs around 1,400 people at PostBus companies.

Additional key figures and explanations can be found in the table of figures (E+ 99).

For the social responsibility aspects of providing jobs in the regions, see page 106.

## Demographics

Since the end of the 1960s the birthrate has been falling, while life expectancy has risen. The ageing population presents Swiss Post with some challenges: between 1999 and 2010 the average age of employees rose from 39.2 to 44.2 (Group, Switzerland). The number of employees in the 30 to 40 age group fell, while that of personnel over 60 rose. As a consequence, a shortage of labour in the future is foreseeable, especially among managers and specialists, and requires timely action. Swiss Post is consequently investing specifically in young employees: around 750 trainees began an apprenticeship with Swiss Post in 2010, and Swiss Post has announced a further 750 training places for 2011. In 2010, Swiss Post provided vocational training for a total of 1,824 young adults. The proportion of trainees is currently 4.8 percent, with most trainees going on to work for Swiss Post afterwards. For further information see Training and professional development, promoting young talent on page 95.

### Group (Switzerland) | Demographics 2010 with previous year for comparison

		2010	2009
Employees aged 50 to 59	%	26.5	26.7
Employees aged 60 and over	%	6.6	4.9
Average age of workforce	Years	44.2	43.4

Additional key figures and explanations can be found in the table of figures (E+ 99).

Swiss Post appreciates older, experienced colleagues and is keen to ensure that they remain physically fit, mentally active and motivated for as long as possible. To this end it is taking a number of measures, including promoting teams made up of a mix of ages, workplace health initiatives, plus the ergonomic design of workplaces and working environments. In courses such as "50+", staff can examine their own personal history, look at other lifestyles and assess where they are now. In its retirement policy too, Swiss Post caters to the effects of an ageing

**Integration of employees with disabilities**

society by providing maximum flexibility in the choice of retirement age: employees can choose to retire anywhere between the age of 58 and 67. A foreseeable wave of retirements can thus be spread over a number of years. Gradual semi-retirement models are also possible.

Swiss Post currently employs around 650 people with a disability in Switzerland. This represents 1.2 percent of the Group's Swiss headcount. For many years, Swiss Post has attached great importance to employing disabled people.

In 2010, it embarked on a pilot project together with the VEBO cooperative and its sister organization POLYVAL in western Switzerland with the aim of integrating people with a disability in the world of work. It works with two partner organizations which are specialists in preparing and training disabled people for integration in the labour market.

**Modern working time models**

Increasing numbers of employees are seeking to realize their own individual aspirations and to harmonize career, family, leisure and non-work commitments. Achieving a work/life balance is consequently also a key human resources issue at Swiss Post (page 135). The company therefore offers modern working models such as flexitime, part-time working, annual working hours, job sharing and teleworking.

For Swiss Post it is clear that men and women who are able to adapt their working hours to suit important personal needs perform better at work. During the year under review, 48 percent of all staff in Switzerland worked part-time, i.e. less than 90 percent of a full working week, including an increasing number of men (24.5 percent). The proportion of managerial staff working part-time is now 11 percent. 21.5 percent of approximately 5,300 managerial posts at Swiss Post are held by women.

**Group (Switzerland) | Part-time<sup>1</sup>**

2010 with previous year for comparison

		2010	2009
Total part-time	%	48.0	43.8
Men	%	24.5	17.3
Women	%	73.5	72.0
Part-time working within management	%	11.1	10.5
Men	%	6.6	6.1
Women	%	39.0	38.5

<sup>1</sup> Part-time = less than 90 percent of standard working hours.

Additional key figures and explanations can be found in the table of figures (E+ 99).

Swiss Post provides 74 reserved crèche places (full day), sufficient to cater for around 150 children, in the cities of Geneva, Lausanne, Berne, Basel, Lucerne/Kriens and Zurich. The current quota of reserved crèche places meets most of the reported demand. In 2010, Swiss Post also contributed around 650,000 francs to the costs of external childcare.

**Commitment and willingness to perform**

The results of the 2010 employee survey showed that the figures remained consistently high: with 83 out of a maximum 100 points, the "commitment" index achieved the same rating as in the previous year. The scores for "work situation" (75 points), "customer focus" (78 points) and "employee satisfaction" (74 points) remained high. As in the previous year, "strategy" (64 points) and "employment conditions" (65 points) received a slightly lower score. All Group units also maintained their high ratings. The survey, which was carried out among approximately 50,000 employees in 16 countries and in eight languages, achieved a record response rate of 75 percent. This high participation rate substantiates these results and confirms that the employee survey is well accepted.



## Employee development Leadership culture

Swiss Post seeks to encourage initiative and the willingness of individuals to accept change. Leadership and cooperation are based on respectful, fair and cooperative interaction as well as on open and transparent communication. Discrimination and harassment are not tolerated.

## Diversity management

Swiss Post understands diversity management to be about more than simply equal pay or the promotion of women. It is also about integrating different generations, cultures, nationalities, lifestyles and disabilities. Swiss Post is convinced that its diverse workforce also reflects the diversity of its customers and makes it better able to create real added value for both the company and customers. When recruiting new staff, therefore, Swiss Post looks for people who represent the optimum addition to the team in order to enhance its innovation potential and understanding of the various areas in which it does business.

### Group (Switzerland) | Diversity

2010 with previous year for comparison

		2010	2009
<b>Gender</b>			
Men	% of employees	52.1	51.5
Women	% of employees	47.9	48.5
<b>Women in management</b>			
Percentage of women on Board of Directors	%	22.2	25.0
Percentage of women in Executive Management	%	0.0	0.0
Percentage of women in senior management posts <sup>1</sup>	%	8.2	8.7
<b>Language diversity (mother tongue)</b>			
German	% of employees	72.0	67.6
French	% of employees	17.7	20.2
Italian	% of employees	6.0	7.0
Romansh	% of employees	0.5	0.6
Other	% of employees	3.8	4.6
<b>Nationalities</b>			
Switzerland	% of employees	87.0	88.1
Non-Swiss	% of employees	13.0	11.9
Nationalities represented	Number	133	117

<sup>1</sup> Including Executive Management.

Additional key figures and explanations can be found in the table of figures (E+ 99).

## Training and professional development, promoting young talent

Swiss Post strives to strengthen its performance and boost innovativeness. This is why it sets such great store by vocational training (E+ 10), continuing professional development and fostering young talent. In this way it ensures that its employees are constantly extending their knowledge and skills.

Through its wide range of apprenticeships, Swiss Post enabled around 750 young people to enter the world of work in 2010. It employed a total of 1,824 trainees (previous year: 1,690) throughout Switzerland across twelve different basic courses in the fields of logistics, sales/communication, IT and maintenance. All apprenticeships are recognized by the Federal Office for Professional Education and Technology (OPET). Trainees make up 4.8 percent of the workforce (2009: 4.5 percent). It is important to Swiss Post to provide these young people with the right skills for the labour market, so all trainees are deployed in a number of different areas and learn to work with customers, team members and line managers. With 518 final examination passes, the success rate for Swiss Post's apprentices was over 97 percent. Around 90 percent of these trainees were able to remain with Swiss Post on completing their courses. Swiss Post again sought to recruit 750 trainees for apprenticeships commencing in 2011.

In the summer of 2010, Swiss Post opened four new trainee-run post offices. In Biel Mett, Luzern Hirschengraben, Lugano Cassarate and Chêne-Bourg (Canton Geneva), customers are served exclusively by trainees. Biel Mett is the first bilingual trainee-run post office in Switzer-

land, and Lugano Cassarate is the first in Ticino. Following a month-long induction period, eight to twelve 2nd and 3rd year retail trainees take over responsibility for a post office. Two to three experienced Swiss Post staff are on hand in each case to support the trainees. Swiss Post has now created a total of eight trainee-run post offices.

For the benefit of final year students, Swiss Post's job centre developed a seminar entitled "Perspectives after training" in 2010. This prepares apprentices for entering the world of work well in advance and makes them aware of opportunities such as internships, placements abroad or further practical training.

**Group (Switzerland) | Vocational training**  
2010 with previous year for comparison

		2010	2009
Trainees at Swiss Post Group in Switzerland	Persons	1,824	1,690
New hires	Persons	748	720
Ratio of trainees to employees	As % of headcount	4.8	4.5
Percentage of trainees taken on	%	90	82

Additional key figures and explanations can be found in the table of figures (E- 99).

Since August 2009, Swiss Post has been running a practical pre-apprenticeship scheme called "Perspektiva". Perspektiva is aimed at bridging the gap for school-leavers who have not found an apprenticeship by the time they finish compulsory education. Of the ten young people who originally started, eight have completed the pre-apprenticeship and have progressed further. The second round of this scheme commenced with seven people in the summer of 2010. Each year, eight to ten youngsters are given hands-on training in the Zurich-Mülligen letter centre. The scheme is being run for a three-year trial period.

The Group-wide trainee programme for graduates enables young people embarking on their careers to take their first steps and gain practical experience in the field of retail, logistics, financial services or passenger transport. Over 18 months, graduates familiarize themselves with two areas of their choice and participate in designing and implementing key projects. They are therefore able to acquire an insight into how the company is organized, gain individual further training and establish networks. The scheme now supports placements in subsidiaries abroad as well. Students also have the opportunity to get to know Swiss Post as part of an internship or through their dissertation topic. In 2010, around 80 people completed an internship or took part in the trainee programme.

Every year, Swiss Post reviews the range of courses available across the Group and makes additions where necessary. The primary aim of providing a broad range of training is to promote leadership, social skills, self-awareness and methodological competencies. Swiss Post uses tailored e-learning modules combined with face to face teaching. Wherever possible and helpful, social media elements such as chats, blogs, wikis, podcasts, etc. are also used. Swiss Post employs over 100 HR specialists, internal and external coaches and trainers for the further development of its workforce. In 2010, more than 3,100 people took part in around 230 one-day and multi-day seminars and workshops. In addition to the generally available courses, the Group units also offer a wide range of more specialized courses and seminars. The time and financial support that Swiss Post provides for internal or external training depends on the individual's own development needs and on the company's need for qualified employees.

Post Offices & Sales is specifically seeking to develop the personal and linguistic skills of its staff. As a consequence, at the end of their apprenticeships all retail employees are sent to work for a year at a post office in another language region of Switzerland. Attendance at a language course is also obligatory during this period. The goal is to attain the TELC language certificate widely recognized in Europe. In 2010, around 80 people completed one of these language study postings, and 110 are already in the pipeline for next year.

## Promoting marketability

Swiss Post enables long-term employees who trained under the postal monopoly system (e.g. former uniformed postal carriers) to gain a Swiss proficiency certificate while working and consequently to improve their internal and external marketability. The course takes account of skills they have acquired in practice and provides further specific training. Since 2007, some 800 employees have gained a logistics assistant diploma. In October 2009, a further 340 people took the opportunity to requalify and will complete their training in summer 2011. On conclusion of this ValiPoste project, a total of approximately 1,400 employees will have gained a recognized Swiss qualification. This exceptional retraining programme was explicitly recognized as an alternative qualification route by the Swiss Federal Office for Professional Education and Technology.

## Counselling and support in emergencies

Swiss Post's counselling service is a dedicated independent unit which provides advice and support when employees are experiencing psychological difficulties or crises. In the case of work-related problems, counsellors cooperate closely with HR advisors and line managers to coordinate responses. The service is voluntary, confidential and free of charge. With these counselling services, Swiss Post helps to promote or restore the health of its employees, as well as maintain and improve their motivation and productivity. The resource-based and solution-focused processes are coordinated with those of HR advisors. Employees at the Eclépens, Härkingen and Zurich-Mülligen letter centres can access counselling services on site. In 2010, the counselling unit focused on Internet addiction and launched some preliminary awareness-raising initiatives. Over the past year, Swiss Post's 25 social counsellors provided advice to around 2,900 employees, and organized and spoke at 112 seminars with over 2,500 participants.

With the "Swiss Post Employee Fund Foundation", Swiss Post assists current and former employees whose financial resources are modest or who find themselves in financial difficulties. During 2010, the fund awarded 405 employees non-repayable grants amounting to 657,000 francs and low-interest loans totalling 574,000 francs. Among other things, Swiss Post provides non-repayable allowances to contribute towards the uncovered costs of illness and accidents or to help with children's education. The fund also helps support family holidays with over 70 low-cost holiday apartments in Switzerland. Since 2010 information about the holiday apartments has also been available in English (print and Internet). In this way, Swiss Post ensures that employees of its subsidiaries abroad can also benefit from this fringe benefit. The foundation is funded by interest from its assets, which at the end of the year totalled CHF 58 million.

## Workplace health management

In 2010, the number of occupational accidents rose year on year by 15.4 percent to 7.5 accidents per 100 full-time equivalents. This negative trend is primarily due to the extreme winter conditions experienced during the last weeks of 2010. Compared with the previous year, the number of non-occupational accidents also rose by 6.4 percent to 16.2 accidents per 100 full-time equivalents.

### Group (Switzerland) | Health management

2010 with previous year for comparison		2010	2009
Occupational accidents	Per 100 FTEs	7.5	6.5
Non-occupational accidents	Per 100 FTEs	16.2	15.3
Absentee days for medical reasons <sup>1</sup>	Per employee	10.5	10.4
	Days per annum	365,273	361,782
Payments for loss of earnings	CHF million	121.3	117.6

<sup>1</sup> In accordance with the CEC, the employment relationship continues for two years. For employment contracts in accordance with the Swiss Code of Obligations, the employment relationship is discontinued after six months. As a result, the figures are not comparable with other companies.

Additional key figures and explanations can be found in the table of figures (E- 99).

To avoid invalidism, Swiss Post aims to get sick and injured employees back to work as quickly as possible. It reintegrates or continues to employ people with disabilities, a principle it has followed for many years already. Line managers are assisted in this important task by highly trained HR specialists.

The Swiss section of the European Association for the Promotion of Health (aepts) awarded its Workplace Health prize to PostLogistics' occupational physiotherapy programme. PostLogistics employs a group of 15 physiotherapists who roam between its facilities providing advice on how to lift heavy loads ergonomically correctly. As well as correcting obvious faults, they also assess workplaces and processes in order to make suggestions for improvement.

Swiss Post attaches great importance to the health of its employees and supports process improvements and prevention initiatives. For instance, to cite a few examples:

Parcel carriers now always work in pairs to load their delivery vehicles, before setting off on their separate delivery rounds. Previously, they loaded their own vehicles, and consequently lifted every single parcel onto and off the loading platform. This put enormous strain on the musculoskeletal system and cost a lot of time. In future, one parcel carrier will stand on the loading platform, while the other will roughly sort the parcels and pass them up to their colleague on the vehicle.

In the autumn of 2010, PostMail issued more than 14,000 pairs of winterproof work boots to its delivery personnel at a discounted price in order to help them get through the winter safely and avoid injuries as a result of falls.

As part of "Move for Health", a campaign run by the World Health Organization (WHO), Swiss Post also motivated its employees to take more exercise: on 10 May 2010, 860 of its staff responded to the call and counted the kilometres they covered either on foot or by bicycle. The number of kilometres texted in was 12,197. Swiss Post donated 20 centimes per kilometre to the Swiss Cerebral Foundation for children with cerebral palsy. In addition, every text was automatically entered in a prize draw.

In 2010 Swiss Post again supported the "bike to work" campaign organized by the Swiss cycling advocacy group Pro Velo. 1,703 employees in 446 teams participated, cycling to work on at least half of their working days in June.

## Social partnership

### Employment conditions

Public Officials Act and  
 Code of Obligations

Collective employment contracts

With around 54,000 employees across Switzerland, Swiss Post is one of the country's largest employers. Its employment conditions are currently governed by two different legal bases: the Public Officials Act (BPG) (↪ 4) and the Swiss Code of Obligations.

The Swiss Post collective employment contract (CEC) (↪ 6) came into force on 1 January 2002 on the basis of the Public Officials Act (↪ 4). Around 95 percent of postal staff in the Group in Switzerland (approximately 36,000 employees) are subject to this CEC. All other Swiss Post employees have employment contracts based on the Code of Obligations (CEC for divested business units (↪ 9), PostLogistics CEC (↪ 8), CEC for auxiliary staff (↪ 7), Presto CEC, or on employment law in other countries (see page 100).

Senior management is also subject to the Code of Obligations. Their salaries comprise a basic salary plus a variable performance component.

#### ■ Swiss Post collective employment contract (Swiss Post CEC)

The Swiss Post CEC guarantees above-average social allowances, bonuses for outstanding performance and benefits such as annual staff vouchers worth 400 francs, a free half-fare rail pass or a discounted annual Mobility® CarSharing membership. Salaries are based on function, experience and performance. In 2010, employees subject to the Swiss Post CEC received a general salary increase of 0.7 percent. Swiss Post set aside a further 0.8 percent of the total salary sum for individual performance-related remuneration. In addition, in 2010 Swiss Post agreed to pay the employee's contribution of 1 percent for restructuring the pension fund. Besides the negotiated salary measures, around 40 percent of employees benefited from a salary increase of at least 1 percent in line with the seniority clause.

In addition to the Swiss Post CEC, since 2002 Swiss Post has negotiated further collective employment contracts with the unions: CEC for auxiliary staff, CEC for divested business units, PostLogistics CE, and Presto CEC.

#### ■ Collective employment contract for auxiliary staff

The CEC for auxiliary staff governs the employment conditions of approximately 2,100 Group employees in Switzerland. Among other things, it includes a separate salary scheme and a notice procedure based on the Code of Obligations. Otherwise the principal conditions of the Swiss Post CEC apply either analogously or in part. In 2010, employees governed by the CEC for auxiliary staff (Group, Switzerland) received a general salary increase of 0.7 percent.

#### ■ Collective employment contract for divested business units

This CEC sets out the employment conditions for employees of divested business units. It governs the relationships between the social partners and the basic conditions of employment. The affiliation agreement covers the specific employment conditions that apply to the particular subsidiary (e.g. PostBus, SecurePost) in each case. The subsidiaries CEC differs from the Swiss Post CEC primarily in relation to the provisions for contract dissolution, participation and the obligation to provide redundancy schemes. In addition, separate pay negotiations are held.

#### ■ Collective employment contract for PostLogistics

The stipulations of the PostLogistics CEC apply to all staff employed by PostLogistics Ltd (including the former ExpressPost AG, Setz Gütertransport AG, and BTL Logistik AG), with the exception of members of the Board, management grades 1–5, staff working less than 30 percent of a full working week, or those with a temporary contract of up to three months.

#### ■ Collective employment contract for Presto

The Presto CEC has governed the employment contracts of employees at Presto Presse-Vertriebs AG since 1 March 2010. This subsidiary headquartered in Berne provides early newspaper delivery services and employs around 10,000 people, most with minimal working hours.

International Group units

**Socially responsible reorganizations**

Reorganization during 2010

Help and support

New redundancy scheme

**Group (Switzerland) | Employment conditions and remuneration**

2010 with previous year for comparison		2010	2009
Employment in accordance with Swiss Post CEC	Full-time equivalents as %	65.4	66.5
Minimum salary Swiss Post CEC <sup>1</sup>	CHF per annum	44,379	44,071
Average salary for employees <sup>2</sup>	CHF per annum	81,082	80,361
Average remuneration paid to Members of Executive Management <sup>3</sup>	CHF per annum	495,590	491,200
Salary bandwidth	Factor <sup>4</sup>	6.1	6.1

1 Minimum salary under the Swiss Post collective employment contract for an 18-year-old employee who has not completed vocational training.

2 Average salary for employees (excluding Executive Management and Board of Directors).

3 Excluding CEO.

4 Average remuneration paid to Members of Executive Management vs. average employee salary.

Additional key figures and explanations can be found in the table of figures (E+ 99).

Swiss Post also operates internationally through its three business units Swiss Post International, Swiss Post Solutions and PostBus. Employees of subsidiaries abroad sign individual employment contracts based on the employment legislation in the respective country and what is customary in the respective sector.

For Swiss Post to compete successfully, it must be able to operate economically, adapt to changing market conditions and – where necessary – also reorganize its operating units. On 1 November 2009, organizational responsibility for courier centres and branches was transferred to the distribution bases. In 2010, they were then integrated in the distribution bases. The merger was necessary due to a significant drop in volumes and falling margins in the courier and express segment. Around 100 jobs were lost at the eight sites affected. An alternative solution was found for virtually all the staff concerned. The posts of 72 customs agents, office personnel and logistics staff working in the Exchange Office (EO) in Basel were lost because Deutsche Post switched to DHL for handling the customs clearance and delivery of parcels destined for Switzerland. Swiss Post closed the Basel EO on 31 January 2011. The business was transferred to Urdorf.

Swiss Post continues to do everything in its power to prevent redundancies for economic reasons. If redundancies are unavoidable, it provides help and support: it tries to find new jobs for the individuals concerned within the company, work out appropriate upskilling steps, and help them look for jobs through the in-house job centre. In the case of major restructuring, seminars on topics such as dealing with change or how to apply for jobs are offered. In 2010, advisors at the job centre helped 65 employees with occupational reorientation, provided job and career counselling to some 600 staff, and delivered 83 job application seminars to over 1,400 participants.

**Group (Switzerland) | Job centre**

2010 with previous year for comparison		2010	2009
Individual consultations by job centre	Number	562	582
Job centre seminars	Participants	1,393	834

Additional key figures and explanations can be found in the table of figures (E+ 99).

Until now, Swiss Post has applied a redundancy agreement in the case of minor reorganizations, and negotiated specific redundancy plans with its social partners in the case of restructuring on a larger scale. Since the inception of the Swiss Post CEC, more than 20 different redundancy plans have been negotiated. From 1 January 2011, a single standardized redundancy plan will apply to all restructuring. Any additional negotiations between social partners regarding ancillary measures following organizational changes will now only take place if more than 450 employees and 250 full-time jobs are affected. The new redundancy plan comprises four packages. The first one covers the support provided while employees seek a new position both inside and outside Swiss Post. The other three packages include the option of early termination combined with further training, self-employment or support from a recruitment consultant.

Measures to safeguard jobs in 2011

In 2010, Swiss Post agreed with its social partners additional measures to safeguard jobs for staff employed under a CEC which are valid only for 2011. These measures are independent of any specific organizational change and include CHF 5 million for a training offensive. The social partners will jointly decide how the resources are to be specifically used. In addition, employees over 58 with a basic annual salary of maximum CHF 85,000 qualify for a part-time employment model co-financed by Swiss Post and an early retirement option from age 62. An application must be submitted for both offers as there is no automatic legal entitlement.

**Pension fund**

Swiss Post insures its employees in a pension scheme featuring a combination of a defined benefit and defined contribution plan, with retirement provision being insured on a defined contribution basis, while risk cover such as for disability or death is based on defined benefits. The risks are therefore borne jointly, while every insured person saves for their retirement individually. The retirement pension is calculated on the basis of the contributions actually paid by the employer and the employee plus interest.

As a result of the restructuring measures decided on in 2009, and thanks to the further stabilization of the financial markets, as at 31 December 2010 Swiss Post's pension fund had achieved coverage of 98.9 percent. As agreed during the 2010 pay negotiations, Swiss Post will also cover the restructuring contribution of employees for 2011. The restructuring measures will be lifted as soon as coverage reaches 100 percent.

**Swiss Post pension fund**

2010 with previous year for comparison

		2010	2009
Coverage of Swiss Post pension fund in accordance with BVG <sup>1</sup>	%	98.9 <sup>2</sup>	95.8
Shortfall of Swiss Post pension fund in accordance with IFRS <sup>2</sup>	CHF million	2,555	2,221

1 According to Federal law on occupational pension provision (BVG).

2 See page 162 of the Financial Report.

3 Provisional coverage. The definitive coverage will be announced by the Swiss Post pension fund in Q2 2011.

Additional key figures and explanations can be found in the table of figures (E+ 99).

**Award**

PostFinance won the Swiss HR Award 2010 – one of the most prestigious prizes in the Swiss HR sector. The jury particularly commended its exemplary HR management and strategic focus. They also highlighted workplace health promotion.

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## Conventions in this section

### ■ Presentation of values

The amounts shown in the Annual Report are rounded. 0 is a rounded amount indicating that the original figure was less than half of the unit used. A dash (-) in place of a figure indicates that the value is zero.

### ■ Graphics and tables

Colours in graphics and tables signify the following:

■ Current year

■ Previous year

■ Positive effect on the Group result

■ Negative effect on the Group result

All the graphics are shown to scale to present a true and fair view.

15 mm is equivalent to CHF 1 billion.

Percentages in graphics are standardized as follows:

Horizontal: 75 mm is equivalent to 100 percent.

Vertical: 40 mm is equivalent to 100 percent.

### ■ Links to further information online

The symbol (E→) in the text refers the reader to further information on the Internet. This information can be accessed via the complete list of links at [www.swisspost.ch/ar2010links](http://www.swisspost.ch/ar2010links). Click the link number on this web page to access the respective information.

## Added value for Switzerland

### Strategic thrusts and objectives of Swiss Post

In order to create added value for **Switzerland**, Swiss Post is committed to providing a high-quality basic service and is planning to reduce its annual CO<sub>2</sub> emissions by 15,000 tonnes by the end of 2013.

In terms of the sustainable development of its business, however, this added value for Switzerland can only be created if Swiss Post also creates added value for the **owner as an investor**, for its **customers** and for **employees**. Swiss Post is aiming to achieve an annual profit in the region of 700–800 million francs, to strengthen its equity base, and to finance its own investments. It is seeking to assert its market leadership in Switzerland (see the section “Added value for the owner as an investor”, page 41). Customer satisfaction should be at least 75 out of a possible 100 points (“Added value for customers”, page 79). Employee commitment should reach at least 80 to 100 points (“Added value for employees”, page 91).

Swiss Post intends to achieve these goals by pursuing five strategic thrusts: first-rate services for private and business customers, competitive prices, sustainable and profitable growth, socially responsible cost efficiency, and optimum use of the regulatory framework now in force.

### Further development of the basic service General

Swiss Post sees itself as Switzerland's service provider. It delivers first-rate services to its customers in the communication, logistics, retail financial and public passenger transport markets.

The basic services are tailored to customers' current needs, are reasonably priced and are provided on the same basis for everyone through a nationwide network of access points. Swiss Post aims to fulfil its legal mandate (E→ 1) by focusing on its customers and providing them with a consistently high quality of service.

Today, the basic service as laid down by postal legislation (E→ 1) encompasses services for the acceptance, transport and delivery of mail (letters, parcels up to 20 kilograms, newspapers and magazines) in permanently inhabited settlements on at least five working days a week, as well as payment transaction services (see also Mandate on page 34).

Swiss Post regards the mandate to provide the basic service and the related stipulations set out in the Federal Council's (E→ 3) strategic objectives as an opportunity to prove that the trust placed in it will continue to be justified in the future. It therefore considers the legally mandated basic service to be only the minimum level and actually delivers much more, both in terms of the quality and the scope of the services it provides.

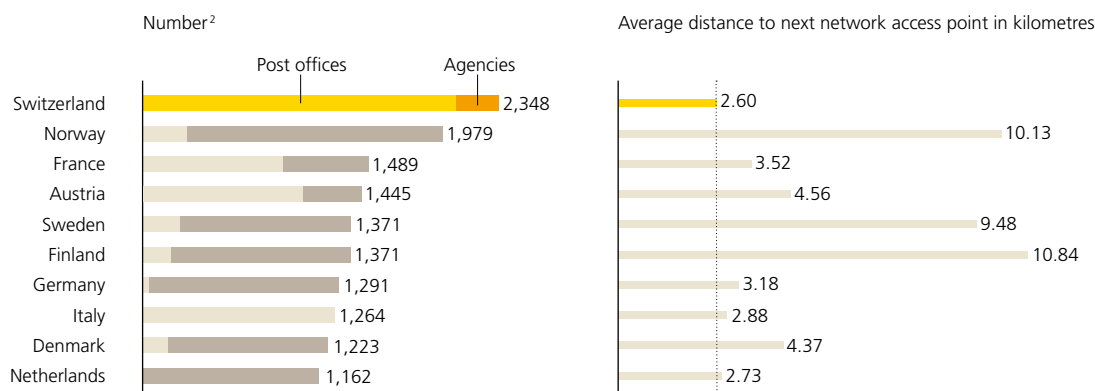
### Access to postal services

A nationwide, customer-focused and diverse network of access points will continue to provide the foundations of a good basic service for the population in both urban centres and rural areas (see “Swiss sales network” on page 21 for a diagram of the network). As customer behaviour is changing, the further development of the sales network is an ongoing imperative: it must become even more customer-friendly and cost-effective. It is clear that a basic range of standard services meets the majority of customers' needs. Moreover, Post Offices & Sales continually strives to identify opportunities for improvement in order to tailor postal service access points even more closely to what customers now want, including in larger municipalities and conurbations. Swiss Post offers a number of different options for customers to access its services, from post offices and postal agencies, to home delivery and specific services for business customers.

In order to deliver the basic service to all sections of the population, Swiss Post currently has over 3,612 access points, one of the densest post office networks in the world. These include 1,955 traditional post offices and 358 agencies. In addition, customers benefit from a home delivery service in 1,192 localities. In terms of the average distance of 2.6 kilometres to the next post office, Switzerland ranks very high in international comparisons. Over recent years, Swiss Post has upgraded its network of postboxes and installed a new, more secure standardized model to meet the needs of today's customers. With over 15,000 postboxes throughout Switzerland, Swiss citizens have exceptionally good access to these services.

In September 2010, the Swiss communication workers union launched an initiative entitled "For a strong Swiss Post". The initiative called on the Confederation to stipulate that Swiss Post should operate a nationwide post office network with its own staff. This network would be financed by retaining the remaining monopoly on letters up to 50 grams. In addition, the dividend payments from the subsidiaries (in particular PostFinance Ltd) would be used for this purpose. As at the end of 2010, the Federal Council had not yet announced its decision.

**Post Offices & Sales | Network access points by country**  
 2009<sup>1</sup>



<sup>1</sup> At the time of going to press, only the 2009 values were available for all countries.  
<sup>2</sup> In order to make a comparison, the inhabitant figures of the respective countries must be taken into account. To enable comparisons to be drawn, the raw data are calculated using the same methodology used by the postal regulator ([www.postreg.ch](http://www.postreg.ch)) to determine the optimum post office network. The calculations are based on public data provided by the UPU ([www.upu.int](http://www.upu.int)).

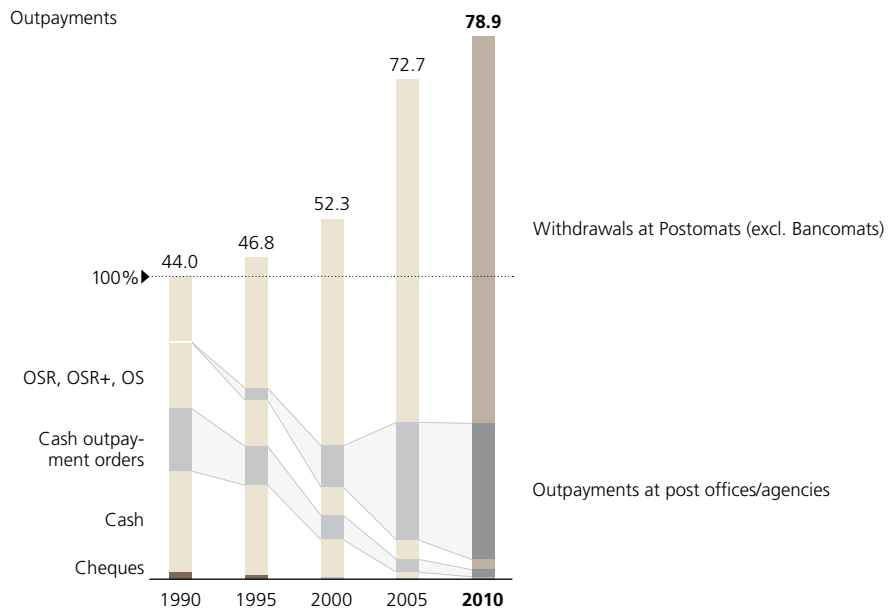
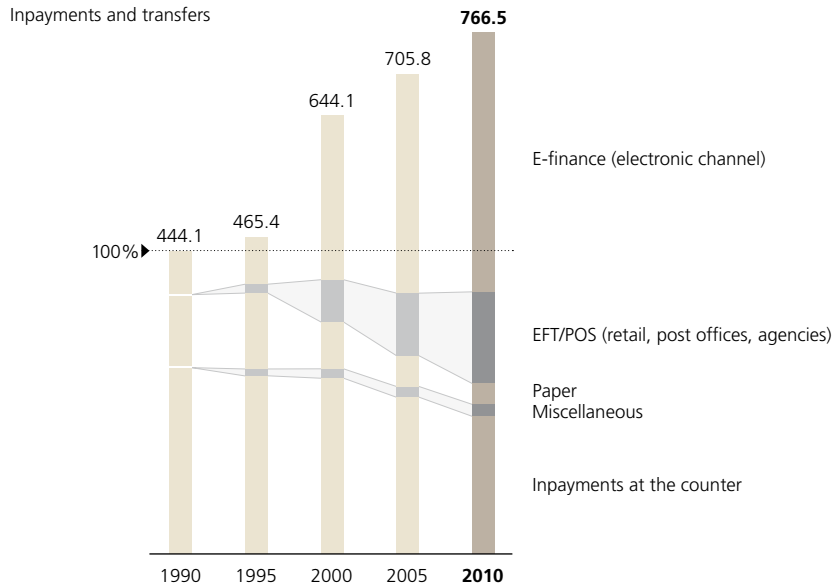
**Payment transactions**

PostFinance is a stable financial institution respected by the population. It is the market leader in Swiss and cross-border payment transactions. It wants to continue providing its customers with simple products that meet their needs, excellent service and attractive interest rates. As payments are increasingly being made online, counter payments now only account for around a quarter of transactions. The number of inpayments at the counter has fallen by around 20 percent since 2000. Swiss Post is meeting its obligation to provide payment transaction services by, for example, supporting card payments, maintaining a network of ATMs, and providing a system for electronic payment transactions. For instance, the year under review saw the infrastructure for payment by Maestro card installed in 349 agencies and 79 PostShops.

**Financing**

Swiss Post's overriding priority is to provide a good, reliable and inexpensive basic postal service throughout the country. Swiss Post currently finances the basic service from letter mail revenue, as it has a monopoly on letters weighing less than 50 grams. In the new postal legislation (E 1), the Swiss Parliament confirmed that the basic service would continue to be financed from the income generated by Swiss Post's services, and rejected alternative forms of funding. Swiss Post is doing everything in its power to optimize costs, while at the same time seeking to tap into new areas of growth outside its traditional spheres of business. With this in mind, it is already investing heavily in the interface between the physical and digital worlds. Swiss Post already generates some 80 percent of its turnover in the free competitive market. In the case of the remaining 20 percent, it competes with electronic media. It wants to remain financially independent. In future it will be able to continue providing the basic service without financial assistance if it is allowed to exploit potential cost efficiencies and charge reasonable prices for its services.

**PostFinance | Payment services by type**  
 1990 to 2010  
 1990 = 100%, CHF million



**Social responsibility**  
 Jobs in the regions

Since it was founded, Swiss Post has employed a large number of people in all regions of Switzerland. Wherever economically viable, the Federal Council requires Swiss Post (E 3) to take account of regional concerns in the various parts of Switzerland. More than 20,600 Swiss Post jobs are based in peripheral regions. For around one fifth of these jobs, concentration would make better sense from a purely business point of view. Nevertheless, Swiss Post is keen to contribute to achieving a balance between urban and rural areas, and between economically stronger and weaker regions. Since 1996, we have therefore decentralized many jobs and created several thousand new jobs outside the major conurbations of the Central Plateau.

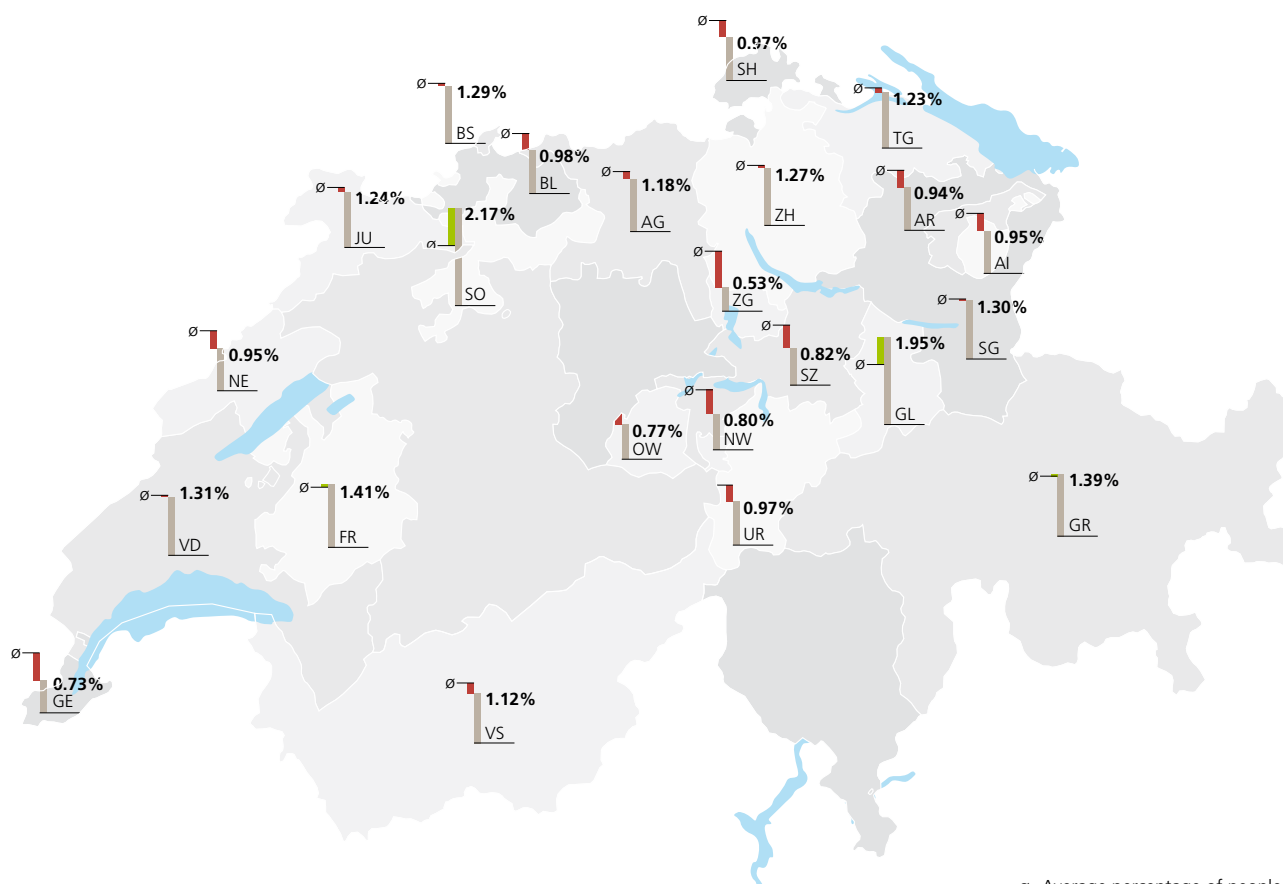
Overall, as a proportion of the population, Swiss Post employs almost the same number of people in peripheral regions as it does in the rest of Switzerland. Across the country an average of 1.34 percent of Swiss Post employees work in the industry and services sectors

(2009: 1.33 percent). Along with cantons such as Lucerne and Solothurn, cantons that have a large proportion of peripheral regions such as Graubünden, Fribourg, Glarus or Berne are also above average. As has historically been the case, Swiss Post employees are slightly under-represented in the cantons of central Switzerland.

### Group (Switzerland) | Jobs by cantons

2010

Percentage of Swiss Post employees in industry and services by canton<sup>1</sup>



<sup>1</sup> Number of employees in the sectors per canton according to 2008 industrial statistics

∅ Average percentage of people employed at Swiss Post in Switzerland: 1.34 percent

### Group (Switzerland) | Jobs in the regions

2010 with previous year for comparison

		2010	2009
Jobs in Switzerland	Swiss Post employees per 100 employees	1.34	1.33
Jobs in peripheral regions <sup>1</sup>		20,603	20,776

<sup>1</sup> The definition of peripheral regions is based on the Regional Policy Ordinance of 28 November 2007 (in force since 1 January 2008). The peripheral regions encompass the territory of Switzerland with the exception of the conurbations of Zurich, Basel, Berne, Lausanne and Geneva according to the 2000 census and the cantons of Zurich, Zug, Solothurn, Basel-Stadt, Basel-Land, Aargau and Geneva.

Additional key figures and explanations can be found in the table of figures

## Dialogue with stakeholders

In 2010, Swiss Post continued its dialogue with employees and customers as well as with representatives of politics and business. Swiss Post maintains regular contact via a number of channels: in face-to-face discussions, in written form, via the media and using electronic modes of communication such as the Internet or e-mail. In addition, members of Executive Management attend a wide variety of events. Swiss Post also participated in ongoing discussions with the trade unions in 2010. The main focus was on the redundancy plan for courier centre staff, as well as a new standardized redundancy plan and a package of measures for 2011 (additional measures to safeguard jobs). During the annual pay negotiations for employees subject to the Swiss Post collective employment contract (E→ 6), an across-the-board pay increase of 1 percent was agreed. In addition, 0.8 percent of the total salary sum was allocated to individual performance-based remuneration. Swiss Post maintains its relationship with its owner and supervisory body, represented by the Federal Department of the Environment, Transport, Energy and Communications (DETEC) and the Federal Department of Finance. It also attends regular meetings with the postal regulator.

Through face-to-face discussions and special information channels such as position papers on issues such as the universal service, press subsidies, social responsibility and international activities, representatives of politics, business and society were able to hear first hand Swiss Post's stance on various issues. In 2010, discussions chiefly revolved around the further liberalization of the postal market, the revision of postal legislation as well as developments in the postal network and deliveries.

In its sustainability management, the actions of Swiss Post are also guided by its stakeholders. A survey among customers, employees and representatives of political parties and public bodies carried out in 2010 showed that they expect environmental issues such as energy conservation, climate protection, renewable energy and air pollution to become increasingly important for Swiss Post. The survey also confirmed that its sustainability reporting meets the needs of the company's various stakeholder groups.

## Distribution of added value

The breakdown of added value shows how the value generated is distributed. Added value measures the amount of economic output as the difference between turnover and the cost of upstream goods and services that have to be purchased to provide products and services. In 2010, added value came to 5,268 million francs (2009: 4,983 million francs). The lion's share of the added value generated (77.4 percent) is allocated to employees. The public sector shares in added value through tax revenues. In terms of direct taxes, in accordance with Article 13 of the Postal Organization Act, Swiss Post is taxed only on the profit from competitive services. All subsidiaries are taxed as part of the Group. Postal services are subject to VAT and are taxed at the usual applicable rates. In accordance with the Postal Organization Act and in conformity with the Federal Council's strategic objectives (E→ 3), Swiss Post will pay a certain amount of its profit to the Confederation, subject to the Federal Council's decisions regarding the appropriation of profit. In 2011, therefore, 200 million francs will flow back from the company's 2010 profits into the public purse as a profit appropriation (previous year: 200 million francs).

### Group | Value added

2010 with previous year for comparison

		2010	2009
Added value generated	CHF million <sup>1</sup>	5,268	4,983
to employees	CHF million	4,076	4,032
to creditors	CHF million	20	14
to public sector	CHF million	12	9
to owner	CHF million <sup>2</sup>	200	200
to company	CHF million	960	728
for depreciation	CHF million	309	325
for transfer to Swiss Post pension fund	CHF million <sup>2</sup>	100	250
for building up equity	CHF million <sup>2</sup>	610	261
for other	CHF million	-59	-108

1 Value added = operating result + staff costs + depreciation – gain/loss on the sale of property, plant and equipment, intangible assets and investments.

2 Proposed profit appropriation for Swiss Post (see also Financial Report, Swiss Post financial statements, page 206)

Additional key figures and explanations can be found in the table of figures

## Legal compliance and anti-corruption

Swiss Post constantly monitors compliance with internal and external rules with respect to legal risks. Preventive measures serve to safeguard the image and reputation of the company and to avoid financial loss. Swiss Post's internal regulations set out binding rules for dealing with the principal areas of risk (data protection, procurement, antitrust law and money laundering). The directives contain clear instructions for employees on how to act and who they must consult in certain situations.

As part of these preventive measures, since 2004 compliance programmes for the four main risk areas of procurement, data protection, antitrust law and money laundering have been in place. These contain directives on how staff should act in various situations. In the year under review, a training drive was initiated on the subject of antitrust law.

## Procurement chain

Swiss Post chooses innovative, reliable and responsible companies as its suppliers. It expects them to meet all statutory requirements in full. To monitor this, it continually analyses, measures and compares their performance and discusses the results with those responsible. To ensure a good working relationship over the long term, either Swiss Post or external auditors run checks on the suppliers in Switzerland and abroad. If suppliers cannot observe agreements, in particular the stipulations of the Code of Ethics and Social Responsibility (E→ 16), Swiss Post will not do business with them. In everything it does, therefore, it endeavours to take account of economic, social and environmental aspects (E→ 15). Swiss Post is increasingly accepting social responsibility in its procurement of goods and services. It therefore follows recognized standards such as FSC certification for paper, or the energy label for electrical equipment.

## Development aid

Swiss Post supports postal organizations in developing countries, either directly or in close cooperation with the Universal Postal Union (UPU). It aims to help the UPU continually improve the quality of the postal service in order to make the worldwide postal network more efficient. To this end, in 2010 Swiss Post donated 8,000 old postboxes to Ecuador and Cuba. Countries such as Burkina Faso and Chad are also interested in receiving postboxes. In addition, it decided on a new procedure for specific local campaigns: in future it will carefully assess what approach is most appropriate, for example send an expert to the country concerned, give financial support to seminars, or perhaps invest in the training of managers.

## Public relations

In the area of public relations, Swiss Post acts in accordance with the terms and spirit of the Code of Athens (E→ 20) and the Code of Lisbon (E→ 21). These globally recognized codes set out high ethical standards of behaviour for trustworthy public relations.

## Resource efficiency and environmental impact Challenges

According to the World Meteorological Organization (WMO), 2010 was the warmest year on record. The global warming trend thus continues unabated: already the decade from 2000 to 2009 was warmer than the 1990s, just as the 1990s were warmer than the 1980s. It is highly likely that this rise in temperature is caused by humans, by their ever-growing appetite for energy, and above all for fossil fuels such as coal, oil and gas, as a result of which emissions of carbon dioxide (CO<sub>2</sub>) increase. The tangible consequences of climate change such as the rise in sea levels and the increasing number of extreme weather events pose a major challenge to the world. Switzerland, too, is directly affected by climate change: over the last century the average temperature here has gone up by around 1.6 degrees Celsius. Climate scientists predict it will rise even further. Retreating glaciers, shifting snowfall lines, heatwaves and droughts in summer, floods in autumn and winter will all have consequences – both for Swiss agriculture and ecosystems, as well as for tourism, the insurance industry and the economy in general.

In order to avert the far-reaching and irreversible consequences of climate change, the world's temperature must not be allowed to rise by more than two degrees Celsius by 2050. If this target is to be met, global CO<sub>2</sub> emissions must be significantly reduced over the next few years. In its "Climate Change 2007" report, the Intergovernmental Panel on Climate Change (IPCC) warned that we only have until 2020 to do so. By then, global CO<sub>2</sub> emissions must be 50 percent lower than 1990 levels. Above all, the industrialized nations are being asked to step up

to the plate and implement reductions of between 60 and 80 percent. Switzerland is committed to limiting global warming to two degrees.

The model of the "2000 watt society" developed by the Swiss Federal Institute of Technology (ETH) in Zurich at the end of 1990s remains topical. The model aims to ensure the sustainable use and the fair distribution of global natural resources. In Switzerland, however, primary energy consumption currently stands at 6,000 watts per person. Swiss Post must therefore cut its energy usage, and consequently also move away from fossil fuels to renewable and hence CO<sub>2</sub>-free energy sources. This is a major challenge, particularly in the area of transport, which is responsible for around a third of Switzerland's CO<sub>2</sub> emissions. As the biggest logistics company in Switzerland, Swiss Post has a considerable role to play here.

According to the general energy statistics published by the Swiss Federal Office of Energy, in 2009 the breakdown of gross energy consumption in Switzerland was as follows: 45.1 percent crude oil and petroleum products, 24.7 percent nuclear fuel (for nuclear power generation), 11.6 percent raw water power (for producing hydroelectric power), 9.8 percent gas, and 9.5 percent other energy sources. The share of renewable energies such as solar, wind, biogas, biofuels or ambient heat was 1.2 percent. Switzerland therefore continues to be greatly dependent on fossil fuels. To reduce dependency on oil, energy efficiency measures must be stepped up, and greater use must be made of renewable forms of energy such as biomass, wind, hydroelectric and solar power. The increasing electrification of society – for example the replacement of conventional automobiles by electric cars or the use of heat pumps instead of oil-fired heating systems – will reduce Swiss Post's dependency on fossil fuels in the future.

At the 16th UN Climate Conference held in Cancún from 29 November to 10 December 2010, 194 signatory states agreed among other things on two texts relating to the further development of international climate policy and the Kyoto Protocol. They confirmed that climate warming should not exceed two degrees Celsius and that all states bear collective responsibility for solving the problem, proportionately in line with their level of development. The question of which target Switzerland should adopt – a reduction of 20 percent or 30 percent compared with 1990 levels – is still before Parliament. The target will be implemented in Switzerland by means of CO<sub>2</sub> legislation, the key elements of which are levies on heating and vehicle fuels, along with an emissions trading system. During revision of the legislation, it was decided that the carbon dioxide emissions of new registered vehicles should be drastically reduced, otherwise a manufacturer levy would be payable.

The EU states have similar mechanisms that aim to influence CO<sub>2</sub> emissions through price. In Switzerland, heating fuel levies rose from 12 francs to 36 francs per tonne of CO<sub>2</sub> from 1 January 2010. At the same time, Parliament decided that a third of these duties will not be redistributed in future, but will instead flow into a building renovation programme.

## Strategy and management approach

Environmental strategy and climate protection

As a logistics company, Swiss Post operates an energy-intensive business. For this reason especially, it is committed to sustainable corporate management. To create added value for both the company and society, Swiss Post is pursuing an environmental strategy. It will reduce energy costs by systematically exploiting potential efficiencies. In order to minimize costs in future as well, it will use renewable energy and invest in new technologies. Its commitment to protecting the environment also helps it position itself as a responsible company and an attractive employer.

To meet the challenges of climate change, Swiss Post is prioritizing energy efficiency improvements through increased investment and process optimization. In addition, it is increasing the proportion of renewable energy it uses, both through its procurement practices and through the generation of renewable energy in its buildings. It will offset any demand that cannot be met by renewable energy by purchasing high-quality CO<sub>2</sub> emission certificates.

In order to meet its targets, in future Swiss Post is aiming to exploit potential energy savings even more rigorously and develop further innovative solutions. Neither is it afraid of taking a hard look at the traditional needs of users. In the area of transportation, it is increasingly



Environmental objectives

deploying new drive technologies and fuel-efficient vehicles. Energy efficiency improvements can create a competitive advantage in the transport sector in particular.

Swiss Post acknowledges the need for action to combat climate change. Until 2010 we were guided by Switzerland's objectives under the Kyoto Protocol (greenhouse gases to be 8 percent lower than 1990 levels by 2012) and by the targets of the EnergieSchweiz programme. We were consequently aiming to reduce CO<sub>2</sub> emissions by 10 percent compared with 2000 levels by 2010.

<b>Group (Switzerland)*   Environmental objectives</b>	Target for 2010	2009 figure
Consumption of non-renewable heat	Reduce consumption by 10 percent compared with 2000	-38 %
Fuel consumption	Reduce consumption by 8 percent compared with 2000	-0.3 %
Paper consumption	Stabilize consumption at 2000 level	+63 %
Percentage renewable electricity	Renewable electricity accounts for 1 percent of the electricity consumed in 2000	100 %
Percentage renewable heat	Renewable heat accounts for 3 percent of heat consumed in 2000	7.1 %
Water consumption	Stabilize consumption at 2000 level	-40 %

\* Parent plus PostBus Switzerland Ltd, InfraPost Ltd, Mobility Solutions Ltd, PostLogistics Ltd, PostMail Ltd, Swiss Post International Ltd.

The overall environmental impact of Swiss Post is calculated by means of an eco-audit. All operational activities for Swiss Post services, from procurement of raw materials through operations to final disposal, are recorded. These include passenger transport by PostBus, goods transport by PostMail and PostLogistics, operating energy (electricity and heat), consumables (paper, water, waste) as well as employee commuting.

Swiss Post's energy and CO<sub>2</sub> balance sheet is based on data available since 2000 and covers its activities in Switzerland. The calculations are based on fuel consumption at Swiss Post's own filling stations and heating fuel consumed in the buildings it owns. In the case of passenger transport (PostBus), the entire fuel consumption is recorded (including sub-contractors).

The environmental figures are based on the last calendar year (2009). Swiss Post continues to refine the recording methodology.

**Environmental performance**

Environmental impact

The overall environmental impact of Swiss Post (as at 2009) has fallen by just under 36 percent compared with the reference year 2000. This demonstrates that its long-term environmental strategy is effective and that efforts to implement its environmental policy are paying off. Compared with the previous year 2008, the overall environmental burden fell by 1.2 percent as a result of lower energy consumption (heat, electricity) and the replacement of vehicles.

The transport of people and goods undoubtedly has the greatest impact on the environment. More than half the environmental impact calculated using the latest methods is attributable to PostBus. However, a single Postbus carrying 40 passengers replaces up to 40 car journeys. Road-based public transport thus supports the substitution of car travel in the overall Swiss transport system. The PostBus fleet is constantly being renewed with buses featuring advanced engine and emissions technology, so their environmental impact is continually being reduced. The use of the latest vehicles and alternative drive technologies in the goods transport sector also contributes to this positive trend.

**Group (Switzerland)\* | Environmental performance**  
2009 with previous year for comparison

		2009	2008
<b>Resource and energy efficiency</b>			
Energy consumption	GJ of primary energy <sup>1</sup>	3,390,424	3,634,035
Electricity	GJ of primary energy <sup>1</sup>	710,722	968,915
Heat	GJ of primary energy <sup>1</sup>	415,751	519,106
Fuel	GJ of primary energy <sup>1</sup>	2,263,951	2,146,014
Water consumption	m <sup>3</sup>	403,616	397,985
Paper	Millions of A4 sheets	152.68	159.66
Percentage of recycled paper	%	32.8	34.2
<b>Renewable energy</b>			
Heat from renewable sources	% of heat consumption	11.5	12.8
Renewable fuels	% of fuel consumption	0.0	0.0
Electricity from renewable sources	% of electricity consumption	100	100
<b>Environmental impact</b>			
Total environmental impact	Env. impact points (millions) <sup>2</sup>	227,090	229,822
Total climate-related burden	t CO <sub>2</sub> equivalent <sup>3</sup>	253,209	255,199
Climate-related burden of goods transport	t CO <sub>2</sub> equivalent <sup>3</sup>	39,945	41,846
Rail	t CO <sub>2</sub> equivalent <sup>3</sup>	5,776	6,446
Road	t CO <sub>2</sub> equivalent <sup>3</sup>	34,169	35,400
Climate-related burden of passenger transport	t CO <sub>2</sub> equivalent <sup>3</sup>	136,498	133,900
Climate-related burden of journeys to work	t CO <sub>2</sub> equivalent <sup>3</sup>	50,696	46,750
Total waste	t	17,921	17,671

\* Parent plus PostBus Switzerland Ltd, InfraPost Ltd, Mobility Solutions Ltd, PostLogistics Ltd, PostMail Ltd, Swiss Post International Ltd.

1 Primary energy consumption is the consumption of non-renewable energy resources such as oil, gas, coal or uranium. In contrast to final energy, which only reflects the amount of energy available for use, primary energy consumption also includes the energy consumption of all upstream stages of energy provision.

2 Method of measuring environmental impact on the basis of ecological scarcity. This enables various environmental impacts to be compared with one another and added together to produce a single indicator. The environmental impact points are based on Swiss environmental policy and were published by the Federal Department of the Environment.

3 In addition to carbon dioxide (CO<sub>2</sub>), other gases such as methane and nitrous oxide also contribute to climate change. In some cases, their impact on climate per kg is considerably greater than that of CO<sub>2</sub>. The quantities of the gases weighted with this relative climate-related impact are expressed as CO<sub>2</sub> equivalents.

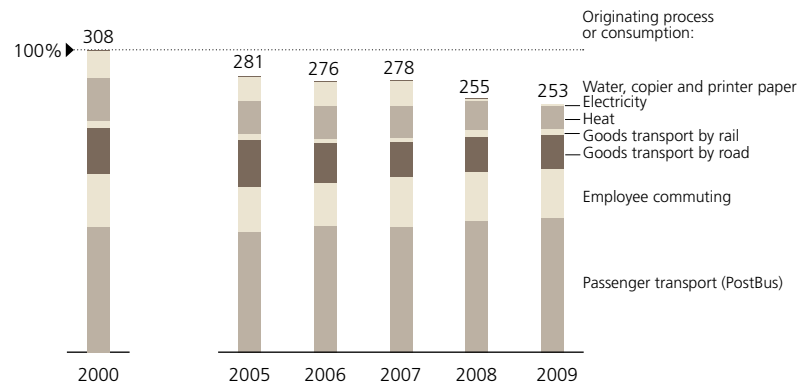
Additional key figures and explanations can be found in the table of figures (E-99).

Carbon footprint

In total Swiss Post has reduced its climate footprint by just under 18 percent since 2000. In comparison with 2008, CO<sub>2</sub> emissions fell by approximately 1 percent to around 253,000 tonnes of CO<sub>2</sub>. Swiss Post has therefore not only succeeded in meeting its target of achieving a 10 percent reduction on 2000 levels, it has greatly exceeded it. Since Swiss Post always sends all its own consignments carbon-neutrally, in 2010 it offset some 3,500 tonnes of CO<sub>2</sub> of its own emissions in connection with its "pro clima" products by purchasing high-quality certificates (E-12).

**Group (Switzerland\*) | Greenhouse gas emissions by process**

2000 = 100%, 1000 t CO<sub>2</sub> equivalent<sup>1</sup>



\* Parent plus PostBus Switzerland Ltd., InfraPost Ltd, Mobility Solutions Ltd, PostLogistics Ltd, PostMail Ltd, Swiss Post International Ltd.

1 In addition to carbon dioxide (CO<sub>2</sub>), other gases such as methane and nitrous oxide also contribute to climate change. In some cases, their impact on climate per kg is considerably greater than that of CO<sub>2</sub>. The quantities of the gases weighted with this relative climate-related impact are expressed as CO<sub>2</sub> equivalents.

## Energy

Since 2000, Swiss Post has been able to lower its final energy consumption over the long term. In the last period under review, final energy consumption was down 2.6 percent. At the same time, however, between 2008 and 2009 Swiss Post's sales in the logistics segment also fell by 3 percent as a result of the economic downturn.

Total fuel consumption (passenger plus goods transport) has fallen by 0.3 percent since 2000. However, from 2008 to 2009 fuel consumption went up 3.1 percent.

The increase in overall fuel consumption is primarily attributable to PostBus: since 2000, it has run 21 percent more bus journeys in Switzerland. Between 2008 and 2009 alone, Swiss Post transported 3.3 million more passengers. In comparison, fuel consumption during this period saw only a relatively moderate rise of 5.5 percent. More and more PostBus vehicles are now fitted with air conditioning and particulate filters which, although they enhance passenger comfort and reduce air pollution, also push up fuel consumption.

The fuel consumption recorded for goods transport has fallen by 28.4 percent since 2000. From 2008 to 2009, fuel consumption for individual vehicles also declined significantly by 14.3 percent. In addition to efficiency improvements, this is also attributable to lower year-on-year business volumes in the logistics segment as well as to changes in the business models.

Since 2000 Swiss Post has reduced the heat requirements in buildings it owns in Switzerland by 38.4 percent at the end-use energy stage. Between 2008 and 2009, the corresponding heat consumption fell by 17.4 percent. Along with the warmer winter in 2009, this reduction was due to energy saving measures, empty buildings and the disposal of properties. During the same period, as a result of disposals the share of heat obtained from renewable sources fell slightly from 12.8 percent to 11.5 percent at the end-use energy stage.

In the case of electricity consumption, it was able to resume the long-term downward trend evident until 2007: electricity consumption at the end-use energy stage fell by 7.6 percent between 2008 and 2009. This decrease is primarily due to the completed switchover of letter centres from the old to the new system in 2009.

### Group (Switzerland) \* | Energy consumption by energy source 2009, terajoule (TJ) end-use energy, percentage

#### Fuel

Green diesel	1 586.7 (59.3%)
Petrol	101.1 (3.8%)
Natural gas and biogas	5.7 (0.2%)

#### Electricity

Hydroelectric	659.3 (24.6%)
Hydroelectric naturmade star	4.4 (0.2%)
Wind	2.2 (0.1%)

#### Heat

Extra light heating oil	209.4 (7.8%)
District heating	61.4 (2.3%)
Gas	42.0 (1.6%)
Geothermal and hydro energy	3.3 (0.1%)
Solar heat	2.5 (0.1%)
Wood	0.0 (0.0%)

\* Parent plus PostBus Switzerland Ltd., InfraPost Ltd, Mobility Solutions Ltd, PostLogistics Ltd, PostMail Ltd, Swiss Post International Ltd.

Along with the implementation of electricity saving measures, Swiss Post continues to use electricity solely from renewable sources. Since 2008, 100 percent of its electricity requirements have been met from renewable sources (chiefly hydroelectric power). Around 1 percent of this is eco-electricity from particularly environmentally friendly production, for example wind power from Mont Crosin in the Bernese Jura.

Swiss Post is currently evaluating what role renewable fuels should play at the company as there are tight constraints associated with the use of biofuels. It uses at least 10 percent biogas for its gas-powered vehicles.

**Paper** At approximately 0.5 percent of the overall impact, the environmental burden of Swiss Post's paper consumption is comparatively negligible. From 2000 to 2009, consumption rose by 63 percent to over 153 million sheets of A4 paper annually. However, in comparison with 2008, 4.4 percent less paper was consumed in 2009.

**Water** At 403,616 cubic metres, Swiss Post's water consumption in Switzerland was on a par with the previous year. Compared with 2000, it now consumes 40 percent less water.

**Waste** Since 2008, the volume of waste increased from 17,671 to 17,921 tonnes, of which 4.4 percent was recycled. At 0.2 percent, the volume of special waste remained the same as the previous year.

**Incidents and biodiversity** During 2009 there were no incidents involving chemicals, oils or fuel that harmed the surrounding climate, soil, water, air, biodiversity or human health.

## Strategy implementation

Cooperation in pro-climate initiatives

Swiss Post participates in the climate protection initiatives of PostEurop and the International Post Corporation (IPC). These umbrella organizations for the industry promote the exchange of experience between postal companies and the definition of standards at an international level. They want to help reduce the CO<sub>2</sub> emissions caused by postal services. As the first service sector worldwide to define CO<sub>2</sub> reduction targets, the postal industry decided to reduce its emissions by at least 20 percent between 2008 and 2020. The IPC's sustainability report for 2010 confirms that the postal industry is making good progress. It has saved a total of 597,000 tonnes of CO<sub>2</sub> since 2008, already a third of the way towards the target.

In September 2010, PostBus signed the sustainability charter of the International Association of Public Transport (UITP). In addition to reducing environmental impacts and CO<sub>2</sub> emissions, the charter is concerned with the implementation of social justice and the promotion of sustainable transport systems.

As a member of the WWF Climate Group, Swiss Post is committed to making a substantial contribution to climate protection and to causing as few CO<sub>2</sub> emissions as possible. In March 2010, it took part in "Earth Hour" to help draw attention to climate issues. Swiss Post switched off the lights for an hour at its head office and in the three major letter centres. It also participated in the "climate lunch" campaign initiated by the WWF in September 2010, with a vegetarian menu as an enticing way of raising employees' awareness and highlighting delicious alternatives.

Swiss Post is a member of the "inergie" association which develops and tests advanced solutions in the area of integrated and sustainable energy generation and use. Joining the existing members of the association – Swiss Post, BKW FMB Energie AG, IBM Switzerland AG and the municipality of Ittigen in Canton Berne – Swisscom (Schweiz) AG also signed up in the summer of 2010. Inergie supports projects run by its members and partner organizations. In 2010 for example, one project it supported was "smart grid", an intelligent electricity network that enables time optimization of electricity consumption. In addition, the e-mobility project continued under the leadership of Swiss Post, with its "eShare" service for business customers being extended to create the first Swiss-wide pilot for private customers. So thanks to its collaboration with inergie, they are now able to hire electric cars in Ittigen. This scheme is also being studied as part of an academic research project.

**Climate-friendly products** Swiss Post moves people, goods, money and information. As the biggest logistics company in Switzerland, Swiss Post is aware of its responsibility and is continually developing new products and solutions to reduce environmental impacts.

In 2010, around 70 million items were sent carbon-neutrally by means of a "pro clima" surcharge (€ 12). This represents an increase of over 25 percent. Swiss Post was able to offset around 27,000 tonnes of CO<sub>2</sub> emissions on behalf of its customers and for its own mailings.

The options for mailing “pro clima” items abroad were augmented by services from Swiss Post International for bulk mailshots and business mail, along with newspapers and magazines. Private and business customers can offset the CO<sub>2</sub> emissions associated with their parcels, small consignments and letters by paying a “pro clima” surcharge. The surcharge for each item is equivalent to a tiny percentage of the price of the selected service. Swiss Post supports “pro clima” itself, using it for example for its RefillPost service, where ink cartridges are refilled instead of ending up in landfill together with high-quality electronics where they would cause pollution.

Swiss Post invests the “pro clima” surcharges in selected climate protection projects. Customers voted on the Internet for the project they wished to support. They selected the wind energy project in New Caledonia, which would not otherwise have been possible without additional funding. Thanks to the six wind farms, coal will no longer be needed as a source of energy. As a result, New Caledonia has reduced its emissions of harmful greenhouse gases and its dependency on fossil fuels. For the Pacific island nation, which is particularly threatened by the effects of climate change (rising sea levels, acidification of the ocean, changes in precipitation), the project is very significant. In addition, the local population benefits from the 50 new jobs created as a result of this environmental project.

In 2010, PostFinance launched its “energy bonus” product to reward sustainable, energy-aware initiatives. Swiss municipalities designated as an “Energy City” will receive an energy bonus if they take out direct financing from PostFinance in 2011 with a term of at least one year. Municipalities that are still at the certification stage can be paid the energy bonus retrospectively – an incentive to acquire the “Energy City” label.

In 2010, Swiss Post successfully launched its eco-friendly Kombiverkehr product based on a sophisticated intermodal transport concept. Swiss Post transfers goods from road to rail, in order to deliver them in a cost-effective and environmentally friendly way to the destination address. Together with its partners, PostLogistics handles the intermodal transport within Switzerland through its terminals in Frauenfeld (Thurgau), Härkingen (Solothurn) and Daillens (Vaud). The additional business serves to optimally utilize Swiss Post's own rail infrastructure. Since it eliminates the need for some 10,000 kilometres by truck a day, it also saves around 2,000 tonnes of CO<sub>2</sub> emissions a year. The service is ideal for customers who regularly transport containers with merchandise, raw materials, bulk solids or hazardous goods.

With “eShare”, Swiss Post was the first to develop a Swiss-wide electric car sharing scheme. In October 2010, together with BKW, the municipality of Ittigen and other companies which are members of the inergie association, it launched a car-sharing pilot project for private customers in Ittigen in Canton Berne. In Basel, too, private customers have been able to rent eco-friendly electric vehicles since November 2010. Canton Basel-Stadt, the municipality of Riehen and Basel-based utility Industrielle Werke Basel are partners in this project entitled “E-Mobility Basel”. In addition, companies and public administrations will be able to lease electric vehicles in a “Carefree package”. The eShare schemes are also the subject of research projects. The findings in relation to vehicle technology, load infrastructure and usage will serve to provide an insight into the level of acceptance among the public, the distances travelled, and the stability of the battery charge status depending on driving behaviour and terrain.

An eco-version of the popular size 2 PostPac is available. Following its launch in 2009, this very quickly became established, and more eco-PostPacs 2 were sold in 2010 than conventional ones. Available at all post offices, the eco-PostPac is made completely out of recycled paper and cardboard, and is printed in black and white only.

Compared with 2009, sales of Dispoboxes were up 5 percent in 2010. Swiss Post has been using Dispoboxes instead of conventional cardboard boxes to transport goods for a number of years already. This reusable plastic container is durable and waterproof, and an eco-audit confirmed that its environmental impact is 50 percent lower than equivalent cardboard boxes.

In addition, Swiss Post is actively developing innovative solutions such as hybrid and e-services, for instance its electronic Swiss Post Box, online SwissPostCard, IncaMail secure e-mail service, or PostFinance's e-finance solution. With these new solutions, Swiss Post is also doing its bit to save on packaging, paper and kilometres.

### Fleet management

Over 8 percent (2009: 4 percent) of Swiss Post's vehicle fleet currently uses alternative drive technologies (for example gas-powered, hybrid and electric). It has thus doubled the number of especially environmentally friendly vehicles. Its fleet management strategy focuses on alternative drives and a sustained reduction in emissions. As a consequence, Swiss Post is constantly introducing new vehicles and, assisted by scientific researchers, trialling them to identify their economic and ecological benefits. In the logistics segment, for example, the first electric delivery vehicles were tried out in 2010.

Currently over 15,000 motor vehicles are on the road in the service of Swiss Post. These include Postbuses, cars, vans, trucks, scooters, and special vehicles. With the exception of Postbuses, the Mobility Solutions Ltd subsidiary is the fleet manager responsible for managing the majority of Swiss Post's motor vehicles in Switzerland. Along with the environmental impact of vehicles, when making purchasing decisions Swiss Post attaches great importance to advanced engine and exhaust emission control technology. In order to have a modern fleet at its disposal at all times, delivery vehicles are replaced every five to seven years for both ecological and economic reasons. All new vehicles over 10 tonnes gross weight are fitted with a fuel consumption meter. This enables drivers to adapt their driving style to particular situations and consequently save fuel.

In 2010, PostLogistics and PostBus employees attended training courses in eco-driving techniques which will help reduce fuel consumption, wear and CO<sub>2</sub> emissions. The training will be intensified in 2011–12 so that by the end of 2012, all PostLogistics drivers and those from other units will have attended an eco-driving course. A further beneficial side effect is that Swiss Post staff will also apply the eco-techniques learned when driving their own private cars and consequently contribute to further CO<sub>2</sub> savings.

### Logistics and delivery

Swiss Post endeavours to ensure its transport services are as environmentally friendly as possible. It reduces emissions such as fine particulates and nitrogen oxides by optimizing logistics and using the latest technology. It has thus succeeded in reducing the overall environmental impact of its goods transport by 46 percent since 2000. These measures include working out the ideal modal split between road and rail, systematically planned logistics solutions, plus the use of low-emission vehicles.

Swiss Post develops solutions for intelligent transport planning in close cooperation with customers. In 2010, for example, it succeeded in streamlining the logistics and transport processes for a mail order firm to save around 51,000 road kilometres. By leveraging synergies and avoiding journeys with empty vehicles, it was possible to make over 50 percent fuel savings, which in this case translates into cutting CO<sub>2</sub> emissions by around 44 tonnes.

With 140 gas-powered vehicles, Swiss Post operates one of the biggest gas-powered fleets in Switzerland for environmentally friendly parcel deliveries. This fleet saves approximately 59 tonnes of CO<sub>2</sub> a year. Another advantage of gas-powered engines is the minimal output of ozone-generating air pollutants that are harmful to health. The proportion of biogas used is 2 percent. Only vehicles powered by natural gas are used in the Mägenwil distribution centre for parcel deliveries in the canton of Aargau.

Swiss Post operates a fleet of around 30 double-decker trucks. These are mainly used to transport parcels and pallets between the parcel centres and the distribution bases. In comparison with conventional trucks with trailers, these double-deckers have approximately 50 percent more load capacity. As a result, the number of journeys can be minimized. This reduces emissions by approximately 50 tonnes of CO<sub>2</sub> per truck a year.

Trial runs with InterregioCargo goods trains were so punctual and reliable that Swiss Post is able to use them for transporting parcels and for its intermodal transport service. Deployed primarily between parcel centres, this hybrid train travels 740 kilometres every day. It can be more readily integrated in existing S-Bahn (urban rapid transit) networks en route than conventional goods trains. Swiss Post has consequently cut back on the use of trucks to cover long distances.

Swiss Post is also constantly renewing its rolling stock: in 2010 a more powerful diesel locomotive with particulate filter was purchased in Härkingen, and following successful shunting trials an eco-friendly dual mode vehicle which can run on both road and rail is being used in Eclépens

in the canton of Vaud. Using advanced, more powerful vehicles also results in a significant reduction in emissions.

With the purchase of a further 500 electric scooters for letter deliveries throughout Switzerland, Swiss Post doubled its existing fleet to 1,000 vehicles. It therefore operates the largest fleet of delivery vehicles of this type anywhere in Europe. Powered by lithium-ion batteries, this scooter does not produce any emissions and is virtually silent. The use of these 1,000 e-scooters alone will save around 570 tonnes of CO<sub>2</sub> a year.

Electric tricycles are also used for letter deliveries. The electric tricycle concept was the recipient of Swiss Post's own internal InnoPrix award in 2010. Compared with a conventional scooter, the electric tricycle can carry three times the load. This enables more efficient delivery round planning. The electric trike is safe and comfortable to drive, and it creates no noise or exhaust emissions. 60 of these tricycles are currently in operation at Swiss Post and a further 100 are on order.

Swiss Post plans to replace over 3,000 conventional scooters with electric vehicles by 2013, which represents around half of all its scooters.

#### Passenger transport

PostBus is seeking to reduce its environmental impact principally in three ways: by matching the size of vehicles to their load, by purchasing vehicles with the latest exhaust emission technology, and by using low-emission diesel fuel which, in conjunction with the latest engine and catalytic converter technology, greatly reduces harmful pollutants.

In 2010, Swiss Post purchased 140 new Postbuses equipped with soot particle filters. Of these, 107 comply with the EEV (Enhanced Environmentally Friendly Vehicle) standard, currently the most stringent European emissions standard. 33 new minibuses comply with the Euro 5 standard (EEV certification is not yet available for these vehicles). With its modern fleet, PostBus covers around 80 percent of the kilometres travelled using vehicles fitted with soot particle filters.

PostBus also plans to continue renewing its fleet in the coming years. 175 EEV-compliant vehicles with the latest exhaust emissions technology have been ordered for 2011 and 2012. Following these purchases, the average age of the approximately 2,000 Postbuses on Swiss roads will be less than 6.5 years.

Between April and October 2010, PostBus tested a low-floor hybrid-powered bus on rural routes in the Berne region. It uses around 30 percent less diesel, but it costs more to buy than conventional diesel buses. In recent years, hybrid engines have become increasingly popular as an alternative to diesel or gas-powered engines. With these trials, PostBus played a pioneering role in Switzerland.

As the sole Swiss member of a European consortium, PostBus is able to take part in an EU-initiated project to promote fuel cell buses. This type of drive produces electricity from the reaction between hydrogen and oxygen. The project is scheduled to commence in the 4th quarter of 2011. Participation in these Europe-wide trials underlines PostBus' pioneering role in promoting the development of sustainable drive systems.

#### Employee mobility

The daily commute of employees also has an impact on the climate. However, many of them already use public transport, and Swiss Post actively promotes this. It gives a free half-fare travel card to employees with a collective employment contract. Those who prefer an annual season ticket (GA) receive a discount of 20 percent on a second-class pass. Swiss Post helps young people in particular, with a free general rail pass for all trainees. In this way Swiss Post makes a contribution to environmental protection and at the same time enhances its attractiveness as an employer. In no other Swiss company do so many employees benefit from public transport perks.

In general, Swiss Post staff are instructed to use public transport for business trips. Free day-return tickets are available for this purpose. If a trip necessitates the use of a car, Swiss Post encourages the use of more eco-friendly solutions. For instance, it is already using some company cars with hybrid drives. Pool cars are available for short business journeys. In order to utilize these fully, in some cases they are shared, i.e. in the evenings and during the night

Building infrastructure and management

people can use cars driven by Swiss Post employees during the day. This solution has also been extended to include some delivery vehicles. In addition, Swiss Post staff can access vehicles operated by Mobility® CarSharing.

Swiss Post encourages its employees to cycle to work, for example by supporting the bike-to-work campaign. This has proved highly popular in recent years – in 2010 Swiss Post registered 446 teams with 1,703 participants who cycled to work on most days in June.

E-meetings (videoconferences) can replace business trips. Participants communicate in a virtual meeting room. This also avoids CO<sub>2</sub> emissions.

Since 2002, the energy efficiency of eight of Swiss Post's buildings with high energy consumption has been optimized with the help of the energho association, a partner of EnergieSchweiz. Following analysis of the buildings and their technical services, various action was taken, for instance, reducing the hot water temperature, optimizing controllers and pumps, and fitting water-saving nozzles to taps. Without any constructional changes in the eight buildings, this enabled more than 2 million kilowatt hours of heat, over 2.4 million kilowatt hours of electricity plus 750 cubic metres of water to be saved in 2010 compared with the initial year. In a further 30 larger properties, measures to improve energy efficiency were initiated along the same lines.

As part of a further energy optimization project, a standardized property audit was conducted for over 300 buildings across Switzerland. As a result of this, 217 measures were identified and 68 applications for optimization investment were submitted. In order to cut energy consumption, as well as heating, cooling, electricity and water costs, in the buildings it owns, Swiss Post implements straightforward economic and efficiency measures. It always has water-saving toilets and taps fitted whenever buildings are upgraded and refurbished.

One post office building in Daillens in the canton of Vaud was successfully certified as compliant with the Minergie standard. The Minergie standard is characterized by low energy consumption. Factors that are assessed for certification include the building envelope, ventilation, thermal comfort and building services technology.

The planned PostParc offices (the former Schanzenpost site in the centre of Berne which is being refurbished) are also being built according to Minergie standards. The new 13-storey headquarters for PostFinance is being constructed according to the Minergie eco-standard. Along with comfort and energy efficiency, this standard also covers environmentally friendly construction.

Swiss Post uses eco-friendly solutions to clean its buildings. Following the introduction of eco-cleaning and the use of microfibre cloths, it has been possible to dispense almost entirely with conventional cleaning agents.

Information technology

Energy efficiency in PostFinance's computer centre in Zofingen was improved by around 6 percent, or 436,900 kilowatt hours, during 2010. The existing oil-fired heating system for the computer centre was replaced by a heat pump (an existing air-conditioning unit was converted). This heat pump utilizes the waste heat from the computer rooms to heat the building. This saves approximately 50,000 litres of heating oil, equivalent to some 134 tonnes of CO<sub>2</sub> a year. Control and regulation of the air-conditioning units were also optimized. Following optimization of the air-conditioning systems, energy efficiency at PostFinance's computer centre in Engehalde in Berne also improved by 7 percent, or 943,500 kilowatt hours.

When purchasing new PCs and laptops, during 2010 Swiss Post also took account of their power consumption. Between 2004 and the end of 2010, it has succeeded in steadily driving this down by around 11,000 megawatt hours in total. Swiss Post uses resource-conserving printing processes, for example by cutting down on the number of colour printouts.



## Procurement

Swiss Post is accepting greater ecological and social responsibility in relation to its procurement practices. Here it is guided by a social and ethical code which also defines ecological principles and the concomitant duties of the suppliers of goods and services.

Swiss Post uses only FSC-certified paper. The certificate issued by the Forest Stewardship Council guarantees that the paper has been obtained from environmentally friendly and socially responsible forestry sources. Copier paper contains 50 percent recycled fibres.

Swiss Post is constantly striving to use less paper. One example of this is the collective mailings introduced by PostFinance in 2010. Processes were optimized in such a way that customer or custody account statements, enclosures and interest statements are mailed together instead of in individual envelopes. Despite an increasing number of accounts, this collection policy introduced in February 2010 cut down the number of mailings considerably.

Reduce, reuse and dispose responsibly: a concept for waste separation, disposal and recycling which follows this principle has been adopted in many of Swiss Post's medium-sized and large buildings. All waste is recycled wherever possible.

In 2010, Swiss Post launched a pilot project for waste processing in the Frauenfeld parcel centre in order to test its feasibility and economic viability. The distribution bases separately collect cardboard, stretch film and disposable pallets, then regularly send them using existing transport links to the parcel centre, where they are processed and sent for materials recycling. This utilizes transports better and saves on disposal costs. The parcel centres already reuse a lot of waste instead of paying to dispose of it.

## Outlook

### Future risks and economic impact

Politicians and the general public expect state-linked enterprises to meet national and international energy and climate policy targets. In the strategic objectives it set for 2010–2013 (E+ 3), the Federal Council expects Swiss Post to “pursue, as far as it is able, a corporate strategy based on sustainable and ethical principles” and to “exploit the potential for improved efficiency”.

Swiss Post will continue to pursue a sustainability strategy that accords with the latest environmental findings in the fields of energy, climate and mobility, while at the same time taking account of commercial necessities.

As the biggest logistics company in Switzerland, Swiss Post operates an energy-intensive business. Therefore, fluctuations in energy prices and any changes to legislation (such as CO<sub>2</sub> levies, heavy haulage transit charges, the Energy Act, road pricing and the introduction of restricted access zones in cities) pose an enormous challenge. It is still heavily dependent on fossil fuels, above all in the areas of goods and passenger transport. Swiss Post currently uses about 45 million litres of fuel per year for its vehicles, and in its buildings it consumes around 6 million litres of heating oil and large quantities of natural gas. The overall energy costs come to over 100 million francs each year. Even if oil prices were only to rise to 2008 levels again, this would increase Swiss Post's annual energy bill by tens of millions of francs.

The energy and climate-related levies introduced in Switzerland also have an impact on Swiss Post's energy costs. These include the CO<sub>2</sub> incentive tax, the levy to cover the cost of the feed-in tariff for electricity, and the “climate cent” on fuel. However, as well as these taxes, public subsidies are available from which Swiss Post can also benefit (building renovation grants, CRF funds).

Fluctuating energy prices thus constitute a significant cost risk which cannot be countered by price increases in the short term. Swiss Post's foremost priority is therefore to save energy in order to cut its CO<sub>2</sub> emissions and mitigate the cost risk. Swiss Post also reduces emissions by utilizing alternative vehicle technologies such as electric delivery vehicles; the higher energy prices rise, the more economic these alternative technologies become. Where property is concerned, Swiss Post takes investment decisions based on total costs over the economic life of the building. It has therefore committed itself to constructing all new builds according to the Minergie standard.

Swiss Post ensures the sustainability of its business success by achieving the right balance between environmentally responsible action, social responsibility and economic success.

Swiss Post is consequently seeking to achieve a substantial reduction in greenhouse gas emissions in future. Under a programme of measures drawn up by Executive Management, it intends to reduce its annual emissions of greenhouse gases by 15,000 tonnes of CO<sub>2</sub> by 2013. This is equivalent to the annual greenhouse gas emissions of a Swiss town with 2,500 inhabitants.

Swiss Post is thus positioning itself on the market and to the public as a progressive, environmentally aware enterprise. This will also gain it competitive advantage.

## Sponsorship

Swiss Post supports sport and culture through sponsorship – a commitment which is also very important for its image. In 2010, sponsorship totalled approximately 14.4 million francs.

### Sport

In the area of sports sponsorship, since 2004 Swiss Post has focused primarily on running. It supports Swiss Runners, the umbrella organization which organizes the 25 most important running events in Switzerland, such as the Jungfrau marathon, the New Year's Eve race in Zurich, and the Lausanne marathon. Swiss Post's commitment to running also benefits its employees as they profited from over 3,000 free race entries in 2010. The Swiss Post running team includes some of the top elite runners in Switzerland.

Ice hockey is the second main focus of sports sponsorship at Swiss Post. PostFinance is the principal sponsor of the Swiss Ice Hockey Association (SIHA) and the National League, and is a Gold sponsor of the national teams. PostFinance supports talented young ice hockey players through its Top Scorer project and the PostFinance Trophy. In the 2009–2010 season, Top Scorers won 364,600 francs for the youth sections of clubs and the association. PostFinance supports eleven clubs in the National League directly. In addition to its ongoing commitment to ice hockey, PostFinance supported further sports in 2010: it is the principal sponsor of the Swiss national orienteering team and it also demonstrated its commitment to fostering young talent with the "sCOOL" project for schools. PostFinance additionally supports the Swiss Sport Foundation.

### Culture

PostFinance is involved in major music festivals in Switzerland. For 15 years it has organized its own series of classical music concerts, the PostFinance Classics. As a partner of the Swiss Youth Symphony Orchestra, PostFinance also nurtures talented young people in the cultural field.

Swiss Post supports film festivals and Swiss filmmaking in the various language regions. Beneficiaries include the International Film Festival of Locarno – the biggest cinematic event in Switzerland – as well as the Solothurn Film Festival, a forum for Swiss film. Swiss Post is also a principal sponsor of "Visions du Réel" in Nyon, the best-known film festival in western Switzerland. It is a main sponsor of the Zurich Film Festival too. Swiss Post also presents awards: Le Grand Prix de La Poste Suisse in Nyon for the best documentary, and the audience award in Solothurn.

Swiss Post is a sponsor of the Museum for Communication in Berne, which in 2010 was again able to maintain its standing in the Swiss museum landscape with attractive exhibitions around the theme of communication.

The Swiss Post Sports and Culture Association is a group of 89 sports and culture associations within Swiss Post and Swisscom. It has over 5,000 members who work mostly for Swiss Post and Swisscom. Along with regional events, the association organizes 25 national events each year. Swiss Post thus provides a multi-sport and cultural platform for its employees' leisure activities. Executive Management decided to terminate Swiss Post's financial support for the association at the end of 2012. From 2012 onwards, Swiss Post intends to launch its own employee leisure activity events.

#### Group | Sponsorship

2010 with previous year for comparison

		2010	2009
Sports sponsorship	CHF million	11.8	11.7
Cultural sponsorship	CHF million	2.6	4.0

Additional key figures and explanations can be found in the table of figures (E+ 99).

## Engagement with society

### ■ Pro Juventute and Pro Patria

Swiss Post assists Pro Patria and Pro Juventute with the design and sale of its stamps (four issues each per year). The surcharges raised go to the respective foundation. While Pro Patria promotes cultural initiatives and projects with a social purpose, Pro Juventute works to meet the needs and protect the rights of children and young people in Switzerland.

### ■ 2 x Christmas and Santa Claus letters

Swiss Post joined forces with the Swiss Red Cross for the 13th time to help its 2 x Christmas campaign. In 2009–10 around 72,000 parcels were received (2008–09: 62,500 parcels). The Red Cross distributed the Christmas presents to individuals in need in all Switzerland's cantons, as well as to social institutions in Moldavia, Belarus and Bosnia-Herzegovina. In recognition of the logistics involved, the industry association GS 1 presented Swiss Post and its partners (Swiss Red Cross and SRG SSR idée suisse) with the "Swiss Logistics Award".

Each year the Santa Claus campaign brings pleasure to many children. In 2010, 16,869 children wrote a letter to Santa Claus and received an answer with a small gift in return.

### ■ Swiss Solidarity

Swiss Post supports Swiss Solidarity by waiving its payment transaction fees for donation appeals. In 2010 this amounted to some 270,000 francs (2009: 117,000 francs). Over the past year the charity organized national appeals to provide aid following natural disasters such as the floods in Asia (Pakistan) and the earthquakes in Haiti and Chile. Swiss Post donated an additional million francs for people in need in Haiti. Moreover, money could be transferred directly to Haiti free of charge via Western Union. PostFinance activates the "donate button" on all its 861 Postomats across Switzerland whenever Swiss Solidarity appeals for donations. In this way, holders of a PostFinance Card can make donations to the charity directly and free of charge. The amount is debited directly from their postal account. Donating from a mobile phone is also possible for some appeals. To do this, customers simply text the keyword and donation amount to 363. The only precondition is that donors must already be registered for PostFinance Mobile.

### Group | Engagement with society

2010 with previous year for comparison

		2010	2009
Social initiatives/gifts/donations	CHF million	4.6	5.0

Additional key figures and explanations can be found in the table of figures (E+ 99).

### ■ "Tarif du cœur"

For three days in June, in exchange for a "heart" coupon, Swiss Post paid for the A Mail postage of all standard letters and postcards for Switzerland handed in at the counter. For Swiss parcels, it paid the difference between PostPac Economy and the faster PostPac Priority. All items were stamped with a special "Tarif du cœur" impression. Around 67,000 coupons were redeemed.

### ■ Barrier-free access

Swiss Post attaches great importance to enabling people with special needs to access the Internet. For instance, it first reviews all online documents to make sure they are barrier-free before publishing them on the Internet. The Swiss "Access for all" foundation has awarded both Swiss Post's financial portal and e-finance its top-rated AA+ certificate, signifying very good access. In addition, blind and visually impaired customers receive a speaking card reader with oversize buttons for logging onto e-finance.

In 2010, Swiss Post was awarded the Bronze prize in the BIENE competition to promote barrier-free Internet access. Initiated by the Aktion Mensch charity and the Foundation for Digital Opportunities (Stiftung Digitale Chancen), this award is the most important of its kind. It promotes access to the Internet for people with disabilities – and thus the future of the Internet.

In order to facilitate wheelchair users' access to Postomats, at locations with two or more Postomats PostFinance now installs at least one where the operating height is 0.8 to 1.1 metres.

Visually impaired customers can perform financial transactions independently at Postomats. Using headphones and appropriate software, they receive instructions for each step in the process. Postomats will be gradually equipped with these facilities.

The online learning game EventManager now features barrier-free access and indeed has even been certified as the first barrier-free flash game. PostFinance launched the game in 2009 to help prevent young people from getting into debt, and in 2010 it developed it further in collaboration with the Swiss foundation "Access for All", which promotes the use of technology for people with disabilities. Event Manager teaches youngsters aged 14–20 how to deal with money. In the role of an event manager, the player plans three big events over three rounds of the game and must ensure that everything runs smoothly. They must plan the infrastructure for each event and engage the performers. The game can be played individually or in groups of at least eight people. The content of the game is aimed at secondary-school level I and II children. More information can be found at [www.postfinance-eventmanager.ch](http://www.postfinance-eventmanager.ch).

#### ■ Start-up help for young entrepreneurs

PostFinance is a financial partner of [startups.ch](http://startups.ch) and supports its STARTUPS.CH AWARD for young entrepreneurs. Each of the three best young entrepreneurs receives a business account at PostFinance with a starting balance of 5,000 francs. PostFinance also supports platforms such as the Institut für Jungunternehmen and the GründerZentrum in Berne.

#### ■ Creating flashcards online

PostFinance provides Card2brain to encourage school pupils to prepare flashcards online. The online platform now also offers a "pay by mobile phone" option so users can not only use flashcards created by other people, they can now also reward them with a donation. More information can be found at [www.card2brain.ch](http://www.card2brain.ch).

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## Leadership

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## Conventions in this section

### ■ Presentation of values

The amounts shown in the Annual Report are rounded. 0 is a rounded amount indicating that the original figure was less than half of the unit used.

A dash (-) in place of a figure indicates that the value is zero.

### ■ Links to further information online

The symbol (E+) in the text refers the reader to further information on the Internet. This information can be accessed via the complete list of links at [www.swisspost.ch/ar2010links](http://www.swisspost.ch/ar2010links). Click the link number on this web page to access the respective information.

## Responsibility

### Basic content

Swiss Post's foremost guiding principle is its vision. Anchored in postal legislation (E→ 1, 2) and the strategic objectives set by the Federal Council (E→ 3), the vision was revised and updated in 2009. As a central policy document, the vision is a key management tool. It points the way forward into the future.

### Vision

We move people, goods, money and information – in a reliable, value-enhancing and sustainable way

#### ■ ... for our Switzerland

- We provide the population with efficient, inexpensive and high-quality postal, logistics and financial services
- We ensure optimum implementation of the government's service mandate and increase the company's value
- We strive to achieve a leading position that safeguards our economic status in the markets open to us
- We care for our environment
- We live up to our social responsibilities

#### ■ ... successful with innovations in our four markets

- We are a leader in the communication market (letters, newspapers, promotional mailings, information solutions and data management) in Switzerland and growing in neighbouring countries and internationally
- We are one of the top three providers in the retail financial market (payments, investments, retirement planning, financing) in Switzerland and are continuously expanding this position
- We are developing in the logistics market (parcels, express services and logistics solutions) in Switzerland and neighbouring countries
- We are a leader in public passenger transport (regional, municipal and urban transport, system management) in Switzerland and are growing internationally

#### ■ ... for our customers

- We provide high-quality services that are geared to the needs of our customers
- We have a nationwide network of access points for our services
- We offer customized service packages from a single source
- We ensure intelligent, secure all-round solutions
- We join forces with partners to provide our customers with worldwide access to our services

#### ■ ... together with our employees

- We act in line with our common values: reliable – value-enhancing – sustainable
- We impress with our friendliness, appeal and long-term focus
- We provide a high-quality, professional service
- We rely on our quality, our trustworthiness and our image
- We practice a dynamic, success- and team-oriented corporate culture
- We promote intercultural competencies and equality
- We treat each other with respect, are fair, act in a socially responsible manner and communicate openly
- We work with progressive employment conditions
- We offer attractive development opportunities



# Risk management

## Principles

Swiss Post considers efficient and forward-looking risk management to be a value-adding management task and one of the core functions of entrepreneurial activity (E→ 14). The aim is not to avoid all risks but to create room for manoeuvre. By dealing with risks in a controlled manner, it can systematically exploit existing opportunities and enhance the company's success. Risk management supports the achievement of business goals by creating transparency about the risk situation (as a basis for strategic and operational decisions), by identifying potential threats to its assets, earnings and financial situation, by prioritizing the risks and the need for action and by taking steps to limit risks to an acceptable level.

## Organization

The Board of Directors sets out the primary guidelines and principles for Swiss Post's risk management system and approves the risk policy formulated by Executive Management (E→ 14). The risk managers at Group and unit level manage the process and ensure that all risks are identified and recorded in full in the risk measurement and reporting system.

The risk management process is integrated into the Group's annual strategy process. The areas considered include strategy and environment, customers/market, service provision, pricing policy, projects/external services, reporting/controlling, security, own damage and liability claims, human resources management, information technology, finance, corporate governance, legal aspects and communications/image.

Swiss Post operates an appropriate financial and operational risk management system in the PostFinance Group unit. The specific business risks faced by PostFinance, namely market, liquidity, credit and operational risks, are managed using industry-standard tools and methods. PostFinance is guided in its risk management by the "best practice" approach of the financial sector, which is applied in a manner specific to the company. Independently of the operational side of the business, PostFinance Risk Management identifies, measures and controls risks as well as the observance of limits, and reports the results to the relevant supervisory bodies. Where limits are exceeded, predefined measures are introduced immediately. The professional handling of financial and operational risks at PostFinance guarantees, firstly, the safety of customer deposits, and secondly, the long-term sustainable earning power of the Group unit.

## Risks

In 2010, Swiss Post identified and evaluated ten high-level risks at Group level which it actively addressed and for which it developed scenarios and, where possible, drew up counter-measures. These risks each entail potential losses of at least CHF 50 million. Three concern the (political) operating climate, three are market-related and four are endogenous risks. Thirteen further risks are being monitored as a precaution and, where possible, actively controlled using appropriate measures e.g. the Swiss Post pandemic plan, preventive measures to limit damage caused by earthquakes, and demographic issues.

For detailed information on risk management at Swiss Post, see page 184 of the Financial Report.

## Corporate governance

### Principles and guidelines

Trust and credibility are crucial for any enterprise. Swiss Post enjoys both to a high degree. Good corporate governance strengthens this further. As an independent institution of the Swiss Confederation, Swiss Post is mandated by the legislator to provide a nationwide universal service (see page 34). This universal service encompasses both postal and payment services. It meets the different needs of customers, the business community and the public, which are also reflected in their expectations with regard to transparency.

Although the corporate governance guidelines of the Swiss Exchange apply only to listed public companies, Swiss Post complies with the spirit of these guidelines and aligns its reporting with the Swiss Code of Best Practice for Corporate Governance by *economiesuisse*. After all, the need for good corporate governance is just as important to institutions governed by public law and mandated to provide a basic service as it is to public companies. There are, however, certain postal-specific regulatory differences that must be taken into account, arising from Swiss Post's legal status, the basic service mandate and the fact that it is owned by the Confederation.

### Group structure Legal status and ownership

As the Group's parent company, Swiss Post is an autonomous institution under public law with its own legal identity. The Confederation is the sole owner. Both Swiss Post's mandate and the responsibilities of its management bodies are set out in principle in the Postal Act and the Postal Organization Act. Swiss Post's operating activities are conducted in the Group units PostMail, PostLogistics, PostFinance, PostBus, Swiss Post International, Post Offices & Sales, Swiss Post Solutions and the subsidiaries assigned to these Group units for management purposes (cf. organization chart on page 25). No subsidiary is listed on the stock exchange. An overview of the subsidiaries included in the Swiss Post Group and associated companies in which Swiss Post has less than a 50 percent stake can be found on page 191 of the Financial Report.

### Government control

The Federal Council sets out the strategic objectives for Swiss Post (☞ 3). These are periodically revised, usually every four years (see the section "Directives", page 35). The last revision took place in December 2009 and sets objectives for Swiss Post for the period 2010–2013. The Annual Report (report, balance sheet and notes, income statement, auditors' report and consolidated financial statements with Group auditors' report) in particular is submitted for approval and to help the Confederation, as owner, with its management and supervisory tasks. The Federal Council also receives a report annually on the progress made in achieving the strategic objectives, a report on staff in accordance with the Public Officials Act (☞ 4), a report under the Ordinance on Executive Pay, as well as the annual report submitted to the regulator.

Alongside the Federal Department of Environment, Transport, Energy and Communication (DETEC), the Federal Council also tasked the Federal Department of Finance (FDF) with exercising its rights as owner. Regular meetings are held between representatives of DETEC, the FDF and senior Swiss Post management – five such meetings took place in the year under review. Members of senior Swiss Post management also attended the Department meeting during the reporting period. Key topics discussed were the strategic and financial planning for 2010–2013 and the vision, annual results, achievement of targets and profit appropriation, the complete revision of postal legislation, press subsidies, the range of services for 2011, as well as the implementation of any court decisions that affect Swiss Post.

## Statement of the costs of the universal service

Swiss Post is obliged by the Confederation as owner and the postal regulator to state the costs, earnings and results of the universal service and of competitive services, as well as the costs of the nationwide post office network. The regulatory financial statements differ from the requirements of IFRS (International Financial Reporting Standards) and specifically follow the regulator's directive to state the costs of the universal service and provide a statement regarding adherence to the ban on cross-subsidies. This directive was revised in 2009 and entered into force on 14 January 2010. The directive clarified a key issue for Swiss Post, namely the method to be used to provide a statement regarding adherence to the ban on cross-subsidies in individual cases. As the auditor appointed by the regulatory authorities, KPMG checks annually whether Swiss Post has satisfied these requirements. Calculated using the regulatory method, the costs of the universal service were approximately CHF 3.6 billion in 2010. To date, Swiss Post has been able to meet them out of revenue from its monopoly business and from non-reserved services, in accordance with the financing model of the first postal reform in 1997.

In line with the aforementioned directive issued by the regulatory authorities, since the 2007 financial year the infrastructure contribution has included the structure costs (fixed costs) for collection and sales outside the optimum (operationally necessary) post office network. Accordingly, the optimum network consists of 700 access points (Swiss Post's own) and 1,000 operated by third parties. This infrastructure contribution is purely notional and does not influence the financial results of Swiss Post in any way. It merely serves to furnish the regulatory statements required by the regulatory authorities. In the year under review, the infrastructure contribution amounted to CHF 198 million (compared to CHF 200 million in 2009).

## Capital structure

In its opening balance sheet on 1 January 1998, the Confederation provided Swiss Post with interest-free endowment capital of CHF 1.3 billion. Every year since 2004, Swiss Post has transferred an amount of several hundreds of millions as an injection of capital into the pension fund to make up the shortfall caused by the transfer to the Swiss Post pension fund. The financial crisis gave rise to another shortfall in the Swiss Post pension fund which necessitated a reorganization, and immediate measures were taken to address this. In addition, the Group's equity was accumulated by reinvesting the remaining company profits. At 31 December 2010, i.e. following allocation of the Group profit for the year under review, this was CHF 4,221 million. Following on from 2007, 2008 and 2009, Swiss Post will for the fourth time pay part of its profits to the Confederation, in an amount of CHF 200 million. The statement of changes in equity as at 31 December 2010 can be found on page 144 of the Financial Report.

## Board of Directors Composition

On the cut-off date, the Swiss Post Board of Directors comprised nine members, each elected by the Federal Council for a term of four years. The Federal Council appoints the Chairman of the Board of Directors and takes into account appropriate representation of the regions, cultures and genders when making appointments to the Board. During the year under review, a complete re-election took place. In accordance with the principle of separation of powers between the Board of Directors and Executive Management, in addition to performing a control and monitoring function in strategic matters, the Board of Directors also exercises a steering function as stipulated in the Postal Organization Act.

Members do not have any business relationships with Swiss Post or its subsidiaries, nor have they been involved in an executive capacity for Swiss Post or any affiliated companies in the past three years. In accordance with postal legislation (E 1), employees have the right to appropriate representation on the Board of Directors. In 2010, this representation was provided by Susanne Blank and Jean-Marc Eggenberger (until 31 May), who was replaced by Michel Gobet on 1 June.

**Group | Composition of the Board of Directors and committee appointments**  
as at 31.12.2010

Name	Function	Committees	Nationality	Member of Board since
Peter Hasler	Chairman	Audit & Risk, Organization, Nomination & Remuneration, Investment, Mergers & Acquisitions, Alliances, PostFinance	CH	2010
Dominique Freymond	Vice-Chairman	Organization, Nomination & Remuneration *	CH	2002
Andreas Schläpfer	Vice-Chairman	Investment, Mergers & Acquisitions, Alliances *	CH	2009
Susanne Blank	Member	Audit & Risk	CH	2008
Marco Durrer	Member	PostFinance *	CH	2009
Michel Gobet	Member	Organization, Nomination & Remuneration, Investment, Mergers & Acquisitions, Alliances	CH	2010
Philippe Milliet	Member	Investment, Mergers & Acquisitions, Alliances	CH	2010
Nicola Thibaudeau	Member	PostFinance	CH, CA	2006
Adriano P. Vassalli	Member	PostFinance, Audit & Risk *	CH	2010

\* Head of the committee

For detailed information on the individual members of the Board, see page 26.

**Changes**

Wolfgang Werlé left the Board of Directors on 4 January 2010. On 20 January 2010, Peter Hasler took over as Chairman from Claude R. Béglé, who stood down. Following the complete re-election, Michel Gobet replaced Jean-Marc Eggenberger as an employee representative as of 1 June 2010. The newly elected members Philippe Milliet and Adriano P. Vassalli joined the Board of Directors with effect from June.

**Revision of corporate governance**

After adapting its Organizational Regulations as part of the revision of corporate governance in 2009, the Board of Directors had to clarify a number of formal discrepancies in the year under review. The changes took effect on 22 April 2010.

**Organizational structure**

Role and working methods of the Board of Directors

The Board of Directors approves the principles of corporate policy, corporate strategy (including strategic financial planning), the pricing system with respect to DETEC, accounting standards, the budget, reports to the owner and to the postal regulator, as well as large and strategic projects. In addition, it appoints the members of Executive Management and approves the collective employment contracts and remuneration for the members of Executive Management. In the year under review, the Board of Directors met a total of 14 times. Key topics included strategic planning, the Futuro programme (page 134), reporting and risk management, the 2009 financial statements and 2011 budget, the management structure, management employment conditions and the associated regulations, employee satisfaction, salary negotiations, the streamlining of the product range and the new types of postal access points. The whole Board of Directors also received training in the areas of corporate governance and IFRS compliance. The Chief Executive Officer and Head of Finance usually attend Board meetings in an advisory capacity. Depending on the circumstances and the topic, other members of Executive Management, specialists or members of Internal Auditing may also be invited to attend.

Apart from the appointment of the Chairman of the Board by the Federal Council, the Board of Directors is responsible for its own structure. The Chairman of the Board appoints the General Secretary, who need not be a member of the Board of Directors. All members of the Board are subject to an age limit of 70 years. There is also a twelve-year limit for terms of office. The Board of Directors has four standing committees, which have an advisory role and prepare the way for decisions (Audit & Risk; Organization, Nomination & Remuneration; Investment, Mergers & Acquisitions, Alliances; PostFinance). The Chairman of the Board has a seat on all these committees by virtue of his office. In addition, the Board of Directors may appoint non-standing committees and working groups for an individual transaction at any time. There is no reciprocal occupation of seats on boards between Swiss Post and any other commercial company.

Audit & Risk Committee

The Chairman chairs the meetings of the Board of Directors and represents the body externally. He exercises supreme supervisory control over Executive Management, makes suggestions for the election of members of Executive Management and regularly exchanges information with the owner and the CEO. He approves the annual audit programme of Internal Auditing.

The three-member committee assists the Board in, among other things, the supervision of the accounts, financial reporting operations and risk management. It is responsible for the creation and development of appropriate internal supervisory structures and ensures compliance with legal provisions. It also assesses Swiss Post's risk control at regular intervals and compliance with the treasury arrangements agreed with the Federal Finance Administration. To enable it to carry out these duties properly, the committee maintains regular contact with Executive Management, with the risk managers at Swiss Post and PostFinance, as well as with the internal and external auditors. The committee checks the findings and recommendations of the internal and external audit teams and submits corresponding proposals to the Board as appropriate. The committee meets as often as business dictates. Five meetings were held during the last financial year. The Chief Executive Officer, the Head of Finance and the Head of Internal Auditing attended the meetings. Key topics included the Annual and Financial Reports, reports to the Federal Council, to DETEC and to the postal regulator, the Swiss Post Finance ICS report, external reporting, risk management and the audit programme of Internal Auditing. Adriano P. Vassalli took over as Chairman in June, replacing Nicola Thibaudeau, who had been heading the committee on an interim basis. Peter Hasler (as of 20 January 2010) and Susanne Blank are members of the committee.

Organization, Nomination & Remuneration Committee

The committee met eight times during the last financial year. It has an advisory role vis-à-vis the Board of Directors as a whole with regard to the appointment and removal of the members of Executive Management and deciding their salaries. It also submits a recommendation for setting the negotiating mandate for the annual round of wage negotiations with the employee associations. The focus in 2010 was on the human resources policy and strategy, social partnership, management employment conditions, the Swiss Post collective employment contract, negotiations for a redundancy scheme and diversity. The committee's members are Dominique Freymond (Chairman), Peter Hasler (from 20 January 2010) and Jean-Marc Eggenberger, who was replaced by Michel Gobet on 1 June 2010.

Investment, Mergers & Acquisitions, Alliances Committee

The Investment, Mergers & Acquisitions, Alliances Committee deals with the M&A strategy and the individual strategic alliances. It identifies and assesses opportunities for shareholdings, mergers & acquisitions, investments and alliances. In addition, it oversees the formation, liquidation and sale of subsidiaries, associated companies and shareholdings. In the year under review, the committee met four times. Discussions centred on subject-specific reporting, the new PostFinance head office, the methodology and reviewing of acquisitions. Andreas Schläpfer heads the committee; other members are Peter Hasler (from 20 January 2010), Philippe Milliet (from 1 June 2010), Jean-Marc Eggenberger (until 31 May 2010) and Michel Gobet (from 1 June 2010).

PostFinance Committee

The PostFinance Committee focuses on the governance of PostFinance's investment business, monitors PostFinance's operational risks and is overseeing the project for its transition to PostFinance Ltd. In the year under review, the committee met five times. Discussions focused on the PostFinance strategy, risk reporting, risk policy and the PostFinance Ltd project. The committee also conducted reviews of market and interest-rate risk, operational risk and liquidity risk. Marco Durrer chairs the committee. Other committee members are Peter Hasler (as of 20 January 2010), Nicola Thibaudeau and Adriano P. Vassalli (as of 1 June 2010).

**Powers**

With respect to the division of responsibilities and powers between its management bodies, Swiss Post has adopted the dual board system, as is mandatory in Switzerland at banks, for example. Accordingly, members of the Board of Directors are not simultaneously members of Executive Management. The overhaul of corporate governance in 2009 intensified the interaction between the two management bodies and rendered the synchronization of individual topics more challenging. The iterative strategy process is the primary focus of cooperation between Swiss Post's two management bodies.

**Information and supervisory tools**

Reports

All duties not expressly reserved for the Board of Directors fall within the authority of Executive Management. The duties and responsibilities of the members of the Board of Directors, its Chairman and Executive Management are based on the provisions of the Postal Organization Act and on the Organizational Regulations issued by the Board of Directors.

In order to perform its supreme supervisory duties, the Board of Directors receives monthly reports setting out the situation of the Group and its individual operating units. Figures and graphics show the trends of the current year and allow comparisons to be made against the previous year. Budgeted and expected values are also stated. In addition to financial information, the monthly report also contains key data on the markets as well as on human resources and innovation. The market analysis includes the sales growth of competitors and the largest customers (e.g. banks). On the subject of human resources, the Board of Directors receives figures on headcount, value added and expenditure per employee, holiday and overtime credits, turnover and morbidity rate. Employee satisfaction (index) and the number of trainees are also stated.

The Board of Directors also receives quarterly financial and project controlling reports, and is informed by the Audit & Risk Committee on budget compliance, strategic financial planning and the Federal Council's strategic objectives. The Board is furthermore kept informed of all internally or externally produced audit reports and critical accounting topics. Reports are also submitted quarterly by Risk Management (see page 127, as well as page 184 of the Financial Report), Treasury, Communication and Internal Auditing (see this page). At the beginning of each meeting of the Board of Directors, the CEO and the Head of Finance provide information on the company's current business situation.

The Board of Directors approves the Semi-Annual Report and finalizes the Annual Report, the financial statements, the regulatory report and the report to the owner presented to the Federal Council.

Internal control system for financial processes

Swiss Post has an internal control system (ICS) which uses appropriate key controls to promptly identify and evaluate the relevant financial processes and the associated bookkeeping and accounting risks. It ensures high-quality financial reporting standards. Swiss Post sees the ICS as an ongoing task for continually improving processes.

The Board of Directors and Executive Management define the parameters for Swiss Post Finance ICS in a manual and receive a report on the progress of the ICS once a year. The existence of an internal control system in accordance with the Swiss Code of Obligations was checked by the external auditors along with the financial statements. Further information on the ICS can be found on page 185 of the Financial Report.

Internal Auditing

Audit activities are aimed at ensuring the effectiveness and efficiency of processes, the reliability of financial reporting and compliance with laws and regulations. The internal auditors submit ongoing reports to the Audit & Risk Committee and an annual report to the whole Board of Directors. The Chairman of the Board of Directors and the external auditors receive a copy of all audit reports. As a member of the Swiss Institute of Internal Auditing, and thus indirectly of the international Institute of Internal Auditors, Swiss Post's Internal Auditing department is obliged to abide by current international standards. In particular, these include principles relating to integrity, objectivity, confidentiality, technical expertise and quality assurance. The internal auditors report to the Chairman of the Board of Directors and are thus independent of operational Executive Management.

Self-regulating organization

In respect of its financial services business, Swiss Post is, like any other financial intermediary, subject to the Money Laundering Act. Because of the nature and scope of Swiss Post's payments business, legislators made this area subject to supervision by a self-regulating organization (Swiss Post SRO). The Swiss Post SRO may be administratively answerable to the Chairman of the Board of Directors, but neither he nor Executive Management can issue instructions to the SRO. Its activities and compliance with its obligations are monitored by the Swiss Financial Market Supervisory Authority (FINMA), which carries out on-site audits once a year.

## Executive Management Composition

Executive Management consists of the Chief Executive Officer and eight other members. All members of Executive Management are appointed by the Board of Directors.

### Group | Composition of Executive Management as at 31.12.2010

Name	Function	Nationality	Executive since
Jürg Bucher	CEO and Head of PostFinance	CH	2003
Dieter Bambauer	Head of PostLogistics	CH/DE	2009
Ulrich Hurni	Head of PostMail	CH	2009
Yves-André Jeandupeux	Head of Human Resources	CH	2005
Daniel Landolf	Head of PostBus	CH	2001
Frank Marthaler	Head of Swiss Post Solutions	CH	2007
Patrick Salamin	Head of Post Offices & Sales	CH/E	2007
Jean-Pierre Streich	Head of Swiss Post International	CH	1999
Markus Zenhäusern	Head of Finance	CH	2008

Alongside operational management of the business, Executive Management's particular task is to draw up the finance and human resources plans for the Board of Directors. It normally holds two meetings each month, and the minutes of each meeting are submitted to the Chairman of the Board of Directors. The members of Executive Management are responsible for the operational management of the organizational unit(s) assigned to them and represent the related areas. The CEO represents Executive Management to the Board of Directors. There are no management contracts with companies or with natural persons outside the Group.

For detailed information on the individual members of Executive Management, see also page 30.

### Changes

In the year under review, there were no changes of personnel in the Group's operational management committee.

## Remuneration Policy

Pursuant to the Ordinance on Executive Pay in force since 1 February 2004, corporate risk, company size, industry salaries and the rules for remunerating senior managers in the Confederation are taken into account when determining the remuneration due to members of Executive Management.

### Determination

In accordance with the "Employment conditions for members of Executive Management", remuneration comprises a fixed basic salary plus a performance-related component which may be a maximum of 40 percent of the gross annual basic salary. It is determined on the basis of the results for the Group (40 percent) and for the organizational unit (40 percent) as well as the individual's own performance (20 percent). Members of Executive Management additionally receive a first-class general rail pass, a company car, a mobile phone, a monthly expense account plus the same benefits enjoyed by all Swiss Post staff. Swiss Post also pays the insurance premiums for a risk insurance policy. Individual bonuses may be paid to reward special personal contributions. The Board of Directors revised the management regulations and the variable remuneration system in 2010. The new conditions took effect on 1 January 2011. The maximum performance-related component for the CEO was increased from 40 percent to 50 percent. The financial benchmarks used to calculate the variable salary components for all management-level employees are now also based on an average two-year view.

Neither the members of Executive Management nor persons closely linked to them received any additional fees, remuneration, guarantees, advances, credits, loans or benefits in kind during the financial year. Both the basic salary and the performance component are insured for members of Executive Management, up to the maximum of CHF 328,320 in the Swiss Post pension fund (defined contribution plan); income in excess of this amount is covered by a

management insurance scheme (defined contribution plan). Pension contributions are paid half each by the employer and the employee. Employment contracts are based on the provisions of the Swiss Code of Obligations. No agreements exist with members of either Executive Management or the Board of Directors regarding potential severance payments. The notice period for members of Executive Management is twelve months.

The changes in personnel in the respective bodies should be taken into account when comparing the stated figures with those for the previous year.

### Level of remuneration

Members of the Board of Directors

The Federal Council determines the level of remuneration for members of the Board of Directors. In the year under review, the members of the Board (including the Chairman) received total remuneration, including fringe and other benefits, of CHF 881,889 (fees, fringe and other benefits). For 2010, the fringe and other benefits totalling CHF 155,217 are stated in the total remuneration. In the year under review, the fee of the Chairmen of the Board totalled CHF 225,009 (Claude R. Béglé up until 19 January 2010: CHF 11,500, Peter Hasler as of 20 January 2010: CHF 213,509). The fringe and other benefits amounted to CHF 29,850 (Claude R. Béglé CHF 3,650, Peter Hasler CHF 26,200).

Executive Management

In the year under review, the nine members of Executive Management and the CEO Michel Kunz, who stood down on 16 December 2009, received total remuneration, including fringe benefits, of CHF 5,384,431 (basic salaries, fringe benefits, performance-based components and severance package). As with the Board of Directors, fringe benefits totalling CHF 329,785 are included in the total remuneration. The performance-related component paid out to members of Executive Management in 2011, which is based on attainment of targets in 2010, amounts to CHF 1,153,320. The basic salary of the CEO Jürg Bucher totalled CHF 550,000 and the additional performance-related component CHF 197,175. He received an individual performance bonus of CHF 100,000 for his personal contribution in 2010. Michel Kunz was paid a severance package of CHF 516,326 francs. This amount includes the basic salary and benefits during the period of notice as well as direct compensation resulting from his departure.

### Auditor

Since 1998, KPMG AG have been the auditors appointed by the Federal Council for the parent company and also act as Group auditors. After five years without any changes, a new auditor in charge was appointed midway through the year under review: Orlando Lanfranchi replaced Christoph Andenmatten. The Audit Committee of the Board of Directors holds regular discussions with the external auditors and also checks their independent status.

### Futuro programme

In December 2009, Executive Management and the Board of Directors approved the launch of the Futuro programme. The goal of the programme is to prepare the way for the conversion of Swiss Post into a public limited company under special legislation, as well as for the restructuring of the PostFinance Group unit into a limited company owned by Swiss Post, in accordance with the revised postal legislation. The new laws are scheduled to come into force at the beginning of 2012. The Federal Council will take the relevant decisions in 2011 and 2012. The restructuring will have a considerable impact on corporate governance. Executive Management and the Board of Directors are to oversee the programme. The formal and structural changes associated with the complete revision of postal legislation present a considerable challenge for Swiss Post as a diversified company with a financial institution and a basic service mandate.



## Policies and principles

### Leadership and cooperation

Leadership and cooperation are based on respectful, fair and cooperative interaction as well as on open and transparent communication. Swiss Post seeks to encourage self-initiative and relies on individuals' willingness to accept change. Discrimination and harassment are not tolerated.

### Competition

Swiss Post provides high-quality services as specified by the basic service mandate and at the same time exploits the available scope for manoeuvre. In terms of services in competition, the same rules apply to Swiss Post as to private providers, subject to statutory exceptions. Swiss Post complies with the rules of free competition, including, for example, antitrust legislation and the law against unfair competition. The size of the Group gives Swiss Post a strong market position, enabling it to benefit from favourable purchasing terms and conditions, for example.

### Human resources

Cooperation is anchored in the vision and the strategy of Swiss Post. Swiss Post is committed to fostering a dynamic, performance- and team-oriented corporate culture, respectful interaction, open communication, attractive professional development opportunities and the responsible implementation of change in the company. Employees take their responsibilities seriously, make use of the scope for initiative afforded them, and consequently contribute to the success of the company. In its human resources policy (↪ 5), Swiss Post defines binding principles and formulates its expectations of management, line managers and employees in Switzerland and abroad. In addition, Swiss Post attaches great importance to the health of its employees and wishes to prevent occupational illnesses and accidents. With this in mind, it places great emphasis on prevention and rapid reintegration.

### Security

Swiss Post's security policy (↪ 13) is aimed at ensuring that its operations are maintained at all times and that rapid, targeted intervention is possible following any critical incidents. To this end, Swiss Post fulfils the statutory security requirements and views security as integral to its corporate culture. Employees and line managers are empowered and encouraged to make an active contribution to security on the basis of communication and training measures. Corporate Security helps the business units assess threats and risks correctly and protect employees, customers and partners along with its tangible and intangible assets.

### Environment

Swiss Post pursues an environmental policy that accords with the latest environmental findings while at the same time taking account of commercial necessities. People's needs are the starting point of the company's endeavours. With its decisions and actions, Swiss Post seeks to contribute to sustainable development. To Swiss Post, sustainability means much more than simply protecting the environment. Business performance, innovation and the creation of jobs, incomes and prosperity are just as essential to meeting its material and non-material needs as the prudent and considerate use of resources. And only a society that acts with solidarity is able to justly distribute economic prosperity and nurture the values of society. In this sense, Swiss Post sees the principles of its environmental policy as a framework for integrating ecological aspects into a broader approach to the sustainable development of the company.

## Procurement

The Swiss Federal Law and Ordinance on Public Procurement (E→ 17, 18) form the basis of Swiss Post's purchasing policy. Swiss Post is obliged to comply with specified tendering procedures (E→ 19) and, wherever possible, to purchase on a competitive basis and treat all bidders equally. It therefore sees its suppliers as partners in a tough but fair competitive arena. To obtain the best possible conditions and maximize efficiency, Swiss Post seeks to establish long-term relationships, cooperative ventures and partnerships. The annual procurement volume stands at around CHF 2.8 billion. In keeping with its corporate vision, Swiss Post acts in the interests of the Group while embracing economic, ethical, social and environmental aspects: since 2006 every supplier has been required to sign Swiss Post's Code of Ethics and Social Responsibility (E→ 16) and undertake to comply with its standards. Swiss Post also places considerable emphasis on the sustainable and respectful handling of resources and the environment.

## Management tools

### Innovation

Swiss Post's professional innovation management at Group level and in the units is specifically aimed at promoting the development and implementation of new business and process ideas. Its goal is to have a lasting and positive impact on results and to position itself as an innovative enterprise in the eyes of its customers and the general public. Swiss Post has set itself the objective of being one of the most innovative postal companies in the world – both today and in the future. To achieve this, Swiss Post is honing its ideas management, promoting the INN process (innovation, new business and sustainability) and bringing together internal and external partners for the purpose of developing innovations. Swiss Post also maintains and encourages a corporate culture that is conducive to innovation.

#### ■ The INN process

Swiss Post contributes 1.5 per mille of expected Group sales (some CHF 13 million in 2010) to the INN process each year to provide financial support for innovative and sustainable projects. The INN process is designed to enable rapid implementation, starting with a simple idea and generally ending with a pilot run. Ideally, it should take less than eight months to progress from an idea through to the launch of a new product, service or process. Ideas and projects are assessed by a jury of representatives from the units and the Executive Committee for Innovation, New Business and Sustainability (EMC INN) in a three-stage process. These two bodies decide which projects have potential and will therefore be financed.

In 2010, a total of twelve ideas were initiated at an early stage. One of these projects offers specific business models for Augmented Reality at Swiss Post. Augmented Reality enables users to obtain additional information on data recorded with a mobile phone camera. Users can photograph a place of interest or a restaurant, for example, and then be offered information on the history of the building or restaurant reviews on their mobile phone screen.

The EMC INN provided financial support for 23 projects in 2010. This enabled the launch of SuisseID from Swiss Post and the introduction of the VACATIONews in Austria. The personalized magazine provides hotel guests with customized information and offers for their specific holiday destinations before they leave home.

#### ■ PostLab

PostLab pools internal and external knowledge with the aim of boosting innovation at Swiss Post. To this end, it acts as an interface between Swiss Post's units and external innovation partners such as universities, the business community and customers. Targeted partner management and systematic cooperation enable new business ideas to be generated. Project launches and partner management are geared towards the innovation objectives and focuses laid down by the Group and thus underpin the innovation efforts of Swiss Post.

In 2010, PostLab launched the Assisted Living project, among other concepts. Owing to the ageing population in Switzerland, innovative solutions are required to enable the elderly to remain in their own homes for as long as possible. In cooperation with the University of St Gallen, Swiss Post is now pinpointing offers from its range of services that, if re-bundled, could better meet the needs of older citizens.

#### ■ Contribution to knowledge and ideas management

Swiss Post has been successfully running a company suggestions scheme for ten years. In 2010, 1,528 ideas were submitted and savings of almost CHF 1.8 million achieved. In early 2010, Executive Management entrusted Swiss Post's Innovation Management with the task of modernizing Postidea – the existing ideas management system.

The Group-wide project is aimed at developing a modular tool to enable the specific collection of ideas, as well as the spontaneous submission of ideas. Blogs and forums for the collective development and assessment of ideas are also in the pipeline. The new Postidea will also be available to international employees and will be launched in mid-2011.

## Stakeholders

Owing to Swiss Post's status as a major international player with a presence throughout Switzerland, many groups in business, politics and society have a special interest in it, as well as certain expectations. For instance, as the owner, the Confederation expects successful performance and a high-quality basic service, employees (represented by trade unions) also want to see a successful Swiss Post and a socially responsible employer, politicians may be interested in regional policy issues, while customers demand attractive services. In general, Swiss Post informs stakeholders promptly and comprehensively about its activities and plans. It conducts dialogue both by means of face-to-face discussions and via the channels of a modern information society. In order to engage constructively with the many interests and concerns, and in order to spot and act on trends at an early stage, Swiss Post maintains a systematic stakeholder management system.

Swiss Post is a member of the WWF Climate Group. This organization brings together companies that wish to make a substantial contribution to climate protection by reducing CO<sub>2</sub> emissions. Swiss Post has committed itself to offering climate-friendly products and services (E→ 12), promoting vehicles with alternative drive technologies and implementing other measures to reduce greenhouse gas emissions (for more information on climate protection, see page 114). In 2010, Swiss Post was involved in several campaigns initiated by the WWF with the aim of raising awareness of climate change among the general public. Swiss Post also continues to be involved in the climate initiatives of PostEurop and the International Post Corporation (IPC).

## Quality

Swiss Post believes in quality because it will only be able to remain viable in a fiercely competitive market if it can deliver impeccable products and services. The excellence model of the EFQM (European Foundation for Quality Management) serves as an important benchmark for its units here, ensuring comprehensive assessment of management, processes, customer focus and results.

## Environment

In the implementation of its environmental policy at Group level, Swiss Post is guided by an environmental management system (EMS), while a number of units are certified to the ISO 14 001 standard. Swiss Post's system makes it possible to identify and define environmentally relevant activities, set targets, initiate measures, monitor their success and ensure reporting. The system is continually adapted to changing parameters.

Environmental topics are dealt with by inter-unit panels. An Executive Management committee makes decisions on funding for important projects. The Sustainability department is part of the Communication unit at Group level. Its task is to prepare the way for strategic decisions and it now also handles coordination tasks.

## Security

Corporate Security (E→ 13) plays a key role in the planning of construction projects (PostParc, letter centres, post offices, logistics centres, etc.) as well as defining fire safety measures, implementing construction-related and organizational security precautions and devising access and emergency concepts. Security systems in existing buildings (e.g. alarm systems and access control systems) are tested on a regular basis and replaced where necessary. Processes (e.g. emergency and crisis management, secure cash flows, transport and temporary storage of consignments) are checked and adapted to the latest parameters. In the event of security scares or incidents, the 24-hour Corporate Security hotline is the first point of call for Swiss Post employees. The hotline offers support and advice to those affected, implements immediate measures and organizes any further steps that may be required. It receives around 6,000 calls a year. Crisis management ensures rapid analysis and an appropriate response following extraordinary incidents. Regular exercises ensure that any weaknesses are identified and rectified and that acquired skills are preserved. In 2010, 226 employees received training as building security officers. The one-day seminar teaches basic principles of fire safety, physical and organizational security and how to proceed in the event of an incident. The measures taken to deal with a potential flu pandemic in 2009 (hygiene masks, hand disinfectant gel and an information platform on the intranet) remained in place until mid-2010 and can be reactivated at any time.

## Procurement chain

The procurement organization and its processes are based on internal customer needs and the requirements of specific transactions. Swiss Post uses standardized procurement systems with specially designed management tools. In procurement, it ensures the prudent handling of resources and seeks to prevent ecological risks (E→ 15). It is therefore committed to existing and proven, officially recognized standards: the FSC certification for paper procurement, the Energy Label for purchasing of electrical and electronic equipment and low-CO<sub>2</sub> technologies for vehicles. Where not specifically mentioned, it abides by the minimum requirements of the Swiss Federal Office of Energy (SFOE).

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## Conventions in this section

### ■ Presentation of values

The amounts shown in the Annual Report are rounded. 0 is a rounded amount indicating that the original figure was less than half of the unit used.

A dash (–) in place of a figure indicates that the value is zero.

## Group

Consolidated  
statement of  
comprehensive  
income

Group   Statement of comprehensive income CHF m	Notes	2010	2009 <sup>1</sup>
Net sales from logistics services		5 533	5 489
Net sales from resale merchandise		619	628
Income from financial services	6	2 378	2 148
Other operating income	7	206	293
<b>Total operating income</b>	<b>5</b>	<b>8 736</b>	<b>8 558</b>
Staff costs	8, 9	-4 076	-4 032
Resale merchandise and service expenses	10	-1 558	-1 672
Expenses for financial services	6	-689	-633
Other operating expenses	11	-1 174	-1 175
Depreciation and amortization	24, 25	-309	-325
<b>Total operating expenses</b>		<b>-7 806</b>	<b>-7 837</b>
<b>Operating result</b>	<b>5</b>	<b>930</b>	<b>721</b>
Financial income	12	20	25
Finance costs	13	-20	-14
Net income from associates	23	7	6
<b>Profit before tax</b>		<b>937</b>	<b>738</b>
Income tax expense	14	-27	-10
<b>Group profit</b>		<b>910</b>	<b>728</b>
<b>Other comprehensive income</b>			
Change in fair value reserves		15	149
Change in hedging reserves		-2	-11
Change in currency translation reserves		-32	1
Change in deferred taxes		0	11
<b>Total other comprehensive income</b>		<b>-19</b>	<b>150</b>
<b>Total comprehensive income</b>		<b>891</b>	<b>878</b>
Group profit attributable to			
Swiss Confederation (owner)		910	728
Non-controlling interests		0	0
Total comprehensive income attributable to			
Swiss Confederation (owner)		891	878
Non-controlling interests		0	0

<sup>1</sup> The amounts for 2009 were adjusted (see also Note 2, Accounting changes).



## Consolidated balance sheet

Group   Balance sheet CHF m	Notes	31 Dec. 2010	31 Dec. 2009
<b>Assets</b>			
Cash		1 685	1 976
Receivables due from banks	15	13 185	16 293
Interest-bearing amounts due from customers	15	505	132
Trade accounts receivable	15	897	980
Other receivables	15	1 131	1 218
Inventories	16	75	83
Non-current assets held for sale	35	3	5
Financial assets	17–22	73 043	61 129
Investments in associates	23	50	39
Property, plant and equipment	24	2 389	2 448
Intangible assets	25	289	296
Deferred income tax assets	14	58	77
<b>Total assets</b>		<b>93 310</b>	<b>84 676</b>
<b>Equity and liabilities</b>			
Customer deposits (PostFinance)	26	85 725	77 272
Other financial liabilities	26	390	161
Trade accounts payable		618	715
Other liabilities		881	994
Provisions	27	425	438
Employee benefit obligations	9	1 038	1 552
Current income tax liabilities		3	1
Deferred income tax liabilities	14	6	9
<b>Total liabilities</b>		<b>89 086</b>	<b>81 142</b>
Endowment capital		1 300	1 300
Capital reserves		2 131	1 881
Retained earnings		805	345
Gains and losses recognized in other comprehensive income		43	30
Currency translation reserves		–57	–25
<b>Equity attributable to the owner</b>		<b>4 222</b>	<b>3 531</b>
Non-controlling interests		2	3
<b>Total equity</b>		<b>4 224</b>	<b>3 534</b>
<b>Total equity and liabilities</b>		<b>93 310</b>	<b>84 676</b>

## Consolidated statement of changes in equity

Group   Statement of changes in equity CHF m	Notes	Endowment capital	Capital reserves	Retained earnings	Reserves for self-insurance	Gains and losses recognized in other comprehensive income	Currency translation reserves	Equity attributable to the owner	Non-controlling interests	Total
<b>Balance at 1 Jan. 2009</b>		<b>1 300</b>	<b>1 366</b>	<b>67</b>	<b>265</b>	<b>-119</b>	<b>-26</b>	<b>2 853</b>	<b>4</b>	<b>2 857</b>
<b>Group profit</b>				<b>728</b>				<b>728</b>	<b>0</b>	<b>728</b>
Increase in fair value reserves for available-for-sale financial assets						145		145		145
Gains transferred to the statement of comprehensive income due to disposal of financial assets	17					-3		-3		-3
Amortization of fair value reserves for financial assets reclassified as held to maturity	17					7		7		7
Change in unrealized gains/losses on hedging reserves for cash flow hedges (net)						-28		-28		-28
Gains/losses transferred to the statement of comprehensive income from cash flow hedges						17		17		17
Deferred taxes						11		11		11
Change in currency translation reserves							1	1	0	1
<b>Total other comprehensive income</b>						<b>149</b>	<b>1</b>	<b>150</b>	<b>0</b>	<b>150</b>
<b>Total comprehensive income</b>				<b>728</b>		<b>149</b>	<b>1</b>	<b>878</b>	<b>0</b>	<b>878</b>
Change in non-controlling interests									1	1
Dividends				-450				-450	-2	-452
Capital contribution and reclassification	9		515		-265			250		250
<b>Balance at 31 Dec. 2009</b>		<b>1 300</b>	<b>1 881</b>	<b>345</b>	<b>-</b>	<b>30</b>	<b>-25</b>	<b>3 531</b>	<b>3</b>	<b>3 534</b>
<b>Balance at 1 Jan. 2010</b>		<b>1 300</b>	<b>1 881</b>	<b>345</b>	<b>-</b>	<b>30</b>	<b>-25</b>	<b>3 531</b>	<b>3</b>	<b>3 534</b>
<b>Group profit</b>				<b>910</b>				<b>910</b>	<b>0</b>	<b>910</b>
Increase in fair value reserves for available-for-sale financial assets						8		8		8
Gains transferred to the statement of comprehensive income due to disposal of financial assets	17					-3		-3		-3
Amortization of fair value reserves for financial assets reclassified as held to maturity	17					10		10		10
Change in unrealized gains/losses on hedging reserves for cash flow hedges (net)						75		75		75
Gains/losses transferred to the statement of comprehensive income from cash flow hedges						-77		-77		-77
Deferred taxes						0		0		0
Change in currency translation reserves							-32	-32	0	-32
<b>Total other comprehensive income</b>						<b>13</b>	<b>-32</b>	<b>-19</b>	<b>0</b>	<b>-19</b>
<b>Total comprehensive income</b>				<b>910</b>		<b>13</b>	<b>-32</b>	<b>891</b>	<b>0</b>	<b>891</b>
Dividends				-450				-450	-1	-451
Capital contribution	9		250					250		250
<b>Balance at 31 Dec. 2010</b>		<b>1 300</b>	<b>2 131</b>	<b>805</b>	<b>-</b>	<b>43</b>	<b>-57</b>	<b>4 222</b>	<b>2</b>	<b>4 224</b>

## Consolidated cash flow statement

### Group | Cash flow statement

CHF m	Notes	2010	2009
Profit before tax		937	738
Depreciation and amortization	24, 25	309	325
Net gain on disposal of property, plant and equipment	7, 11	-47	-90
Net impairment of financial assets	17	22	53
Net impairment of associates		-	2
Change in fair value of financial assets		529	115
Net (decrease) in provisions		-262	-196
Other net financial income/(finance costs)		-13	8
Other non-cash income/(expense)		-7	-8
Change in net current assets:			
Decrease/(increase) in receivables		291	99
(Decrease)/increase in liabilities		-198	-33
(Increase)/decrease in other non-interest-bearing current assets		0	-2
Change in items from financial services:			
Decrease in receivables due from banks (term of 3 months or more)		381	74
(Increase) in financial assets		-12 453	-14 153
Change in customer deposits (PostFinance)/interest-bearing amounts due from customers		8 080	13 045
Change in other receivables/liabilities from financial services		142	-325
Income taxes paid		-8	-9
<b>Net cash used in operating activities</b>		<b>-2 297</b>	<b>-357</b>
Purchases of property, plant and equipment	24	-321	-350
Purchases of intangible assets (excl. goodwill)	25	-18	-29
Payments to acquire subsidiaries, net of cash and cash equivalents acquired	34	-25	-47
Payments to acquire non-controlling interests	34	-	-5
Payments to acquire associates	23	0	-
Proceeds from disposal of property, plant and equipment		94	190
Proceeds from disposal of subsidiaries, net of cash and cash equivalents disposed of	34	-3	-
Proceeds from disposal of (payments to acquire) other (non-operating) financial assets (net)		3	-7
Interest received (excl. financial services)		20	19
<b>Net cash used in investing activities</b>		<b>-250</b>	<b>-229</b>
(Decrease)/increase in other financial liabilities		-16	-20
Interest paid		-3	-6
Transfer from profit available for appropriation to Swiss Post pension fund	9	-250	-250
Dividends paid to the owner		-200	-200
Dividends paid to non-controlling interests		-1	-2
<b>Net cash used in financing activities</b>		<b>-470</b>	<b>-478</b>
<b>Change in cash and cash equivalents</b>		<b>-3 017</b>	<b>-1 064</b>
Cash and cash equivalents at 1 January		17 445	18 503
Foreign exchange losses		-9	0
<b>Cash and cash equivalents at 31 December</b>		<b>14 422</b>	<b>17 439</b>
Cash and cash equivalents include:			
Cash		1 685	1 976
Receivables due from banks with an original term of less than 3 months	15	12 737	15 463
<b>Total cash and cash equivalents at 31 December</b>		<b>14 422</b>	<b>17 439</b>

**Notes**

**1 | Business activities**

Swiss Post (hereinafter also referred to as Swiss Post, the parent) is a public organization with its head office in Berne and is wholly owned by the Swiss Confederation. Swiss Post and its subsidiaries (hereinafter referred to as Swiss Post) provide logistics and financial services both in Switzerland and abroad (see Note 5, Segment information).

**2 | Basis of preparation**

The consolidated annual financial statements comprise the annual financial statements of Swiss Post, the parent and its subsidiaries. They have been prepared in accordance with International Financial Reporting Standards (hereinafter referred to as IFRSs) and also comply with the Postal Organization Act.

The consolidated annual financial statements have been prepared under the historical cost convention. Exceptions to this rule are described in the accounting policies set out below. For instance, derivative financial instruments and financial assets held for trading, designated at fair value and classified as "available for sale" are recognized at fair value.

To take account of the characteristics of the financial services and their importance for Swiss Post, net income from financial services is shown separately in Note 6, Net income from financial services. Furthermore, the balance sheet is not broken down into current and non-current items, but structured according to descending liquidity. Financial income and finance costs from financial services and the underlying cash flows are shown as operating income, expenses or cash flows. Financial income and finance costs from other Group units are disclosed as non-operating financial income or finance costs (excluding financial services) and the relevant cash flows as investment or financing transactions.

Revised and new International Financial Reporting Standards (IFRSs)

Various new and revised Standards and Interpretations are effective from the 2010 reporting period onwards. Only those new Standards that are relevant for Swiss Post are listed below. Overall, however, their impact on Swiss Post Group is insignificant.

Standard	Effects on the consolidated financial statements of Swiss Post
IAS 17 rev. Leases (effective from 1 January 2010)	Relates to the classification of land leases. The rule that land usually constitutes an operating lease due to its indefinite useful life no longer applies. The same provisions now apply to the classification of leases of land as apply to the classification of leases of buildings. In certain circumstances, therefore, land must be recognized as a finance lease.
IAS 27 rev. Consolidated and Separate Financial Statements in accordance with IFRSs (effective from 1 July 2009)	Introduces new disclosure requirements. A gain or loss on loss of control is recognized in profit or loss.
IFRS 3 rev. Business Combinations (effective from 1 July 2009)	Primarily includes permission to elect to use the optional 'full goodwill method' and the recognition of acquisition costs in the statement of comprehensive income.

Accounting changes

■ Other operating income and other operating expenses

On 1 January 2010, amended accounting guidelines came into effect in the Swiss Post International segment. As a result, other operating income is in some cases offset against other operating expenses (net presentation of customs duty and value-added tax collection transactions). The prior-year amounts were adjusted accordingly by CHF – 151 million.

■ Prepaid expenses and deferred income

On 1 January 2010, Swiss Post Real Estate changed the way in which incidental expenses are recognized. This change resulted in a reduction in prepaid expenses/deferred income of around CHF 120 million.

### 3 | Consolidation methods and accounting policies

#### ■ Segment reporting

On 1 January 2010, Post Offices & Sales took over responsibility for logistics products for private customers from PostMail, PostLogistics and Swiss Post International. As the comparative data required for a restatement are unavailable for system-related reasons and obtaining the data would involve excessive expense, a restatement has not been made for the above-mentioned segments in accordance with IFRS 8.29/8.30 and IAS 8.23 ff.

The consolidated annual financial statements of Swiss Post comprise Swiss Post, the parent and all companies in which Swiss Post holds over 50 percent of the voting rights, whether directly or indirectly, or where Swiss Post is responsible for operational and financial management. These companies are fully consolidated. The consolidated financial statements are based on the separate financial statements of the parent and the subsidiaries, which in turn are prepared in accordance with uniform principles as at a uniform reporting date.

All intra-Group receivables, liabilities, income and expenses from intra-Group transactions and unrealized inter-company profits are eliminated on consolidation. Non-controlling interests in the equity of consolidated companies are presented as a separate item within equity. Non-controlling interests in Group profit or loss are presented within the consolidated statement of comprehensive income.

Investments in associates where Swiss Post has 20 to 50 percent of the voting power and/or significant influence but which it does not control are not consolidated, but accounted for by the equity method and reported under "Investments in associates". Joint ventures with 50 percent of the voting power in which Swiss Post has significant influence but which it does not control are recognized and disclosed by the same method. Under the equity method, the investment's value is calculated based on the historical cost, plus or minus the proportionate profit or loss since the acquisition date. Material holdings and transactions with these companies are posted separately as items with associates. Investments under 20 percent are presented as "available-for-sale" financial assets.

Companies acquired during the reporting period are included in the consolidated annual financial statements from the date on which Swiss Post assumes effective control. Companies that are sold are included until the date on which control is lost, which is usually the date of sale.

Please see Note 33 (Consolidated Group) for an overview of Swiss Post subsidiaries and associates.

#### Currency translation

The consolidated annual financial statements of Swiss Post are drawn up in Swiss francs (CHF).

Transactions in foreign currencies are translated at the daily rate ruling at the transaction date. At the end of the reporting period, monetary assets and liabilities in foreign currencies are translated at the closing rate. Non-monetary assets classified as available-for-sale financial assets are measured at fair value, and the unrealized foreign exchange gain or loss recognized in other comprehensive income.

Assets and liabilities in balance sheets of fully consolidated companies that have been prepared in a foreign currency are translated into Swiss francs at the closing rate. The statement of comprehensive income, cash flow statement and other transactions are translated at the average rate for the reporting period. Translation differences arising from the translation of balance sheets and statements of comprehensive income of foreign subsidiaries are recognized in consolidated other comprehensive income.

Recognition of income

Income is recognized if it is clear that the economic benefits associated with the transaction will flow to Swiss Post and those benefits can be measured reliably.

Income from logistics services is recognized after sales deductions at the time the service is provided. Income from the sale of products is recognized in the statement of comprehensive income if the risks and rewards incidental to ownership of the products have been transferred to the purchaser. Swiss Post receives compensation from the Swiss Confederation for public passenger transport services and the uncovered costs of newspaper transport, which is recognized in profit or loss on an accrual basis.

Commission and service income from financial services is recognized on an accrual basis. Interest income on financial assets and interest expenses for customer deposits are accounted for under the accrual-based accounting principle. The effective interest method is used for interest earned on held-to-maturity and available-for-sale fixed-rate financial assets.

Cash

Cash includes cash holdings in Swiss francs and foreign currencies as well as asset-side cash in transit (cash payments made at post offices which have not yet been credited to the PostFinance account (SIC) held at the Swiss National Bank). Cash holdings are measured at face value.

Financial receivables

Receivables due from banks and interest-bearing amounts due from customers (technically overdrawn postal accounts) are measured at amortized cost under the effective interest method, which usually corresponds to the face value. If there are specific doubts as to a debtor's creditworthiness, an appropriate impairment charge is recognized. Individual impairment charges are charged to a separate allowance account. The receivable is derecognized once there are firm indications that it is no longer recoverable. In addition to individual impairment charges for specifically identified credit risks, general impairment charges are also recognized based on statistical analyses of credit risk.

Trade accounts receivable and other receivables

Trade accounts receivable and other receivables are recognized at amortized cost, which usually corresponds to the face value, minus an impairment charge for doubtful receivables. Individual impairment charges are charged to a separate allowance account. The receivable is derecognized once there are firm indications that it is no longer recoverable. In addition to individual impairment charges for specifically identified credit risks, general impairment charges are also recognized based on statistical analyses of credit risk.

Inventories

Inventories comprise resale merchandise, work in progress and finished goods, fuel, and operating, working and production materials. They are measured at the lower of historical or manufacturing cost and net realizable value. The historical or manufacturing cost is determined according to the weighted average cost method. Appropriate impairments are recognized for inventories that are not easily marketable.

Financial assets

Financial assets acquired primarily with the aim of achieving short-term gains by making targeted use of fluctuations in market prices are recognized as financial assets at fair value. They are classified as "at fair value through profit or loss, held for trading" or "at fair value through profit or loss, designated". Fair value changes in this category are recognized in the statement of comprehensive income. Interest or dividend income from assets "at fair value through profit or loss, held for trading" or "at fair value through profit or loss, designated" is presented as a separate item in the Notes.

Financial assets with a fixed term to maturity, where Swiss Post has the positive intent and ability to hold them to maturity, are classified as "held to maturity" and recognized at amortized cost under the effective interest method. The effective interest method distributes the difference between historical cost and the repayment amount (premium /discount) over the term of the asset in question using the annuity method. This results in a constant rate of interest until maturity.

Other financial assets which are held for an indefinite period and can be sold at any time for liquidity reasons or in response to changing market conditions are classified as "available for sale" and recognized at their fair value. Unrealized gains and losses are recognized under "Fair value reserves" for financial assets in other comprehensive income and are transferred to the statement of comprehensive income only when the financial asset is sold or if an impairment is recognized. Currency translation differences on monetary financial assets classified as "available for sale" are recognized in profit or loss.

Loans granted by Swiss Post are recognized at amortized cost. Financial assets are entered in the balance sheet at the settlement date.

Swiss Post checks its financial assets on a regular basis for any indication that an asset may be impaired. Here it looks in particular to fair value trends and the downgrading of the credit rating by recognized rating agencies or qualified banks. If there are indications that an asset is impaired, the recoverable amount is estimated. The recoverable amount of interest-bearing assets and loans is the present value of expected future cash flows from interest payments and repayments. The present value of "held-to-maturity" assets and loans is calculated on the basis of the original effective rate of interest on the financial assets in question. If the recoverable amount is less than the carrying amount of a financial asset, the difference is recognized in profit or loss as an impairment. If an impairment is recognized on an "available-for-sale" financial asset, the cumulative net loss on this asset recognized in other comprehensive income is reclassified from equity to profit or loss. If the fair value of an interest-bearing asset such as a bond is less than the carrying amount solely due to a change in market interest rates, no impairment is recognized provided the issuer's credit standing is considered to be good. In this case, the change in the fair value of financial assets classified as "available for sale" is recognized in other comprehensive income. Impairment charges are recognized for equity instruments in the available-for-sale category if a significant (i.e. loss of 20 percent on the original purchase price) or prolonged (i.e. lasting nine months) reduction in fair value is identified. No reversals of impairment losses are recognized in profit or loss until the assets' disposal; in this case, positive changes in value are recognized in other comprehensive income. Individual impairment charges on "held-to-maturity" financial assets and loans are charged to a separate allowance account. The financial asset is derecognized once there are firm indications that the receivable is no longer recoverable. In addition to individual impairment charges for specifically identified credit risks, general impairment charges are also recognized for "held-to-maturity" assets and loans based on statistical analyses of credit risk.

Derivative financial instruments are used mainly to hedge currency and interest rate risks and to a small extent for trading.

Hedge accounting is applied if derivative financial instruments are effective in offsetting changes in fair value or cash flows attributable to the hedged risks. The effectiveness of these hedges is reviewed every six months.

Fair value hedges are used to hedge exposure to changes in fair value of an asset or liability. Changes in the fair value of both the hedging instrument and the hedged item are recognized in the statement of comprehensive income.

Cash flow hedges are used to hedge anticipated future transactions. Changes in value to the extent a hedge is effective are recognized in other comprehensive income, while changes in value to the extent a hedge is ineffective are recognized in profit or loss.

Derivatives which are not accounted for under the hedge accounting rules or which do not meet the conditions to qualify for hedge accounting are treated as instruments held for trading.

Repurchase, reverse repurchase and securities lending transactions

Derivative financial instruments acquired for trading purposes are recognized at fair value when the transaction is concluded and are subsequently measured at fair value. Changes in the fair value of instruments held for trading are recognized in profit or loss.

The fair values of financial instruments are determined on the basis of stock market prices and valuation techniques (annuity method, etc.). In the case of listed financial instruments, the fair values correspond to the market prices. In the case of unlisted monetary financial instruments, the fair values are determined by discounting the cash flows using the current interest rate applicable to similar instruments with the same maturity.

Cash outflows arising from reverse repurchase transactions are presented as receivables due from banks. Financial assets obtained from transactions as collateral are not recognized in the balance sheet. Transactions are entered in the balance sheet at the settlement date. Interest income from reverse repurchase transactions is accounted for under the accrual-based accounting principle.

Financial assets transferred as collateral continue to be recognized in the balance sheet under "Financial assets". The cash inflow is reported under "Other financial liabilities". Interest expenses from repurchase transactions are accounted for under the accrual-based accounting principle.

In respect of securities lending and borrowing, Swiss Post engages in securities lending only. The loaned financial instruments continue to be recognized in the balance sheet as financial assets.

Securities cover for repurchase, reverse repurchase and securities lending transactions is recognized on a daily basis at current fair values.

Property, plant and equipment

Property, plant and equipment is recognized in the balance sheet at historical cost less cumulative depreciation. Depreciation is accounted for on a straight-line basis in line with the estimated useful life, as follows:

<b>Estimated useful life of items of property, plant and equipment</b>	
Plots of land	indefinite
Operating property	20–60 years
Equipment	3–20 years
Machinery	3–15 years
IT equipment	3–10 years
Furniture	3–20 years
Track vehicles	10–30 years
Other vehicles	3–10 years

Tenant fit-outs and installations in rented premises that are recognized as part of the cost of the assets are depreciated over the estimated useful life or the duration of the rental agreement, if shorter. The components of an item of property, plant and equipment that have different useful lives are recognized and depreciated separately. The useful lives of items of property, plant and equipment are reviewed on an annual basis. There are no significant properties to be classified as investment properties in accordance with IAS 40.

Major renovations and other costs that add value are recognized as part of the cost of the assets and depreciated over their estimated useful lives. Costs for repairs and maintenance are recognized as expenses. Borrowing costs for assets under construction are capitalized.



Leases

Lease agreements for properties, installations, other property, plant and equipment and vehicles where Swiss Post substantially assumes all risks and rewards incidental to ownership are treated as finance leases. At inception of the lease, the asset and liability under a finance lease are recognized at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is broken down into amortization and interest expense components. The amortization component is deducted from the recognized lease obligation.

The other lease agreements where Swiss Post is either the lessee or the lessor are recognized as operating leases. The lease payments are recognized in the statement of comprehensive income over the term of the lease.

In classifying long-term property leases, land and building elements are assessed separately. Subject to certain conditions, land and buildings are accounted for as finance leases.

Intangible assets

In the event of a business combination, the identifiable assets, liabilities and any non-controlling interest in the acquiree are recognized and measured at fair value in applying the acquisition method. Any excess over the purchase price is recognized as goodwill at cost less impairment.

Additions of intangible assets not acquired through business combinations are recognized at cost and written down on a straight-line basis over the period of their useful life. The estimated useful lives of intangible assets are reviewed on a regular basis and are less than ten years.

Impairment  
(property, plant and equipment  
and intangible assets)

Items of property, plant and equipment and intangible assets (excluding goodwill) are checked regularly to determine if there are signs of overvaluation. If this is the case, the carrying amount is compared with the recoverable amount (the higher of fair value less costs to sell and value in use). If the carrying amount of an asset exceeds its recoverable amount, an impairment equal to the difference between the carrying amount and the recoverable amount is recognized in profit or loss. The recoverable amount of goodwill is reviewed at least annually.

Customer deposits  
(PostFinance)

Customer deposits held with PostFinance in postal, Deposito and investment accounts and medium-term notes are measured at amortized cost, which usually corresponds to the face value.

Other financial liabilities

Other financial liabilities comprise amounts due to banks (which are measured at amortized cost), derivatives measured at fair value, finance lease obligations and repurchase transactions.

Provisions

Provisions are recognized provided that, at the date of their recognition, a past event has resulted in a present obligation and a cash outflow is probable and can be measured reliably.

Restructuring provisions are recognized only upon presentation of a detailed plan and following the necessary communication.

Swiss Post bears a number of risks itself in accordance with the principle of self-insurance. Provisions are recognized for expected expenses arising from claims incurred that are not insured externally.

Employee benefits

Most of the employees are insured with the Swiss Post pension fund, a defined benefit plan. In line with statutory provisions, the plan covers risks resulting from the economic consequences of old age, disability and death. The expenses and obligations arising from the pension plan are calculated annually using the projected unit credit method. The service years worked by employees as at the end of the reporting period are taken into account, and assumptions are made as to future wage trends.

The effects of plan amendments are recognized in profit or loss, provided they resulted in justifiably acquired rights. Other effects are recognized in the statement of comprehensive income after being spread equally over the assumed average remaining working lives of the insureds. Actuarial and asset-related cumulative gains and losses are recognized on a straight-line basis over the average remaining working lives, provided they exceed 10 percent of the higher of the pension assets and obligations (projected benefit obligation).

For the other pension plans, transferred employer contributions are charged to the statement of comprehensive income in accordance with the rules for defined contribution plans.

Provisions for other long-term employee benefits (loyalty bonuses for long years of service) and staff vouchers for retired employees are also determined using the project unit credit method, as are the provisions for sabbaticals taken by level 1 and 2 management employees.

#### Income taxes

In accordance with Article 13 of the Postal Organization Act (POA), Swiss Post, the parent only pays tax on profit arising from competitive services under Article 9 of the Postal Act. Profit earned by Swiss and foreign subsidiaries is subject to tax at the regular rates applicable in the country in question.

Deferred income taxes are determined for the taxable services provided by Swiss Post and its subsidiaries on the basis of current or expected national tax rates. Deferred income taxes take into account the income tax-related implications of temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their tax base (balance sheet liability method). Tax loss carryforwards are taken into account in calculating deferred taxes only to the extent that it is probable that sufficient taxable profits will be generated in future, against which these can be offset.

#### Non-current assets held for sale and discontinued operations

Non-current assets (e.g. property, plant and equipment and intangible assets) or groups of assets (e.g. an entire operation) are classified as "held for sale" if they are no longer in use and Swiss Post intends to dispose of them. Non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell and no longer depreciated/amortized.

## 4 | Estimation uncertainty and management's judgment

Estimation uncertainty in applying accounting policies

Preparation of the consolidated financial statements requires the use of estimates and assumptions. Although these estimates and assumptions were based on Executive Management's best knowledge of current events and possible future actions on the part of Swiss Post Group, actual results may ultimately differ from these estimates. The assumptions and estimates with the greatest risk of causing a material adjustment to the carrying amount of an asset or liability within the next financial year are explained below.

Those accounting policies that may have a material impact on the consolidated annual financial statements as a result of Executive Management's judgments are also explained.

### ■ Useful lives of items of property, plant and equipment

The useful lives of items of property, plant and equipment are defined on the basis of current technical conditions and past experience. However, as a result of technological change and market conditions, actual useful lives may differ from those originally defined. In the event of differences compared with the useful lives originally defined, these are adjusted. In the event of technical obsolescence, the assets are also depreciated or sold.

### ■ Employee benefit obligations

Expenses and obligations arising from employee benefit plans are calculated annually using the projected unit credit method. The calculations are based on various actuarial assumptions such as the expected long-term return on plan assets, expected salary and pension trends and the discount rate for benefit obligations.

### ■ Fair values of financial instruments

Fair values of financial assets that are not traded publicly on a stock exchange are measured using recognized estimation methods. This requires making assumptions based on observable market information. The discounted cash flow (DCF) method is used to determine the fair value of some unquoted available-for-sale financial assets. The DCF is calculated on the basis of Bloomberg yield curves, taking the relevant parameters (rating, maturity, etc.) into account.

### ■ Goodwill

The discounted cash flow (DCF) method is used annually to determine the recoverable amount of goodwill items. The parameters reflect specific assumptions for each country and cash-generating unit. The cash flows used in the calculations are based on the strategic financial planning for the next three years and a residual value. This does not include any growth component.

Management's judgment used in applying accounting policies

### ■ Financial assets held to maturity

Investments with a fixed maturity which Swiss Post intends and is able to hold to maturity are classified as "held to maturity". If Swiss Post does not manage to hold these investments to maturity, all investments assigned to this category must be reclassified as "available for sale". As a result, they would no longer be measured at amortized cost but at fair value.

### ■ Impairment of available-for-sale and held-to-maturity financial assets and loans

Swiss Post follows the guidance set out in IAS 39 "Financial Instruments: Recognition and Measurement" to determine whether there is evidence of impairment. In measuring impairment, the management takes into account various factors such as maturity, sector, outlook, technological conditions, etc.

## 5 | Segment information

## Basic principles

The operating segments were determined based on the organizational units for which information is reported to the management of the Group. In doing so, no operating segments were aggregated. Transactions between the segments are based on a catalogue of services and a manual covering transfer prices. Transfer prices are calculated on the basis of commercial criteria. The results of the Post Offices & Sales, PostLogistics, PostMail and Swiss Post International segments are shown after charging process costs relating to acceptance, transport and delivery services. The result of Post Offices & Sales comprises income from logistics products for private customers, non-postal brand-name items and the costs not covered by charging internal services. For information on the composition of segment assets, please see the separate section "Composition of segment assets and liabilities".

Note 33 (Consolidated Group) shows the segments to which the accounting units of the parent and the subsidiaries have been assigned.

## Segmentation

Segmentation	Description
<b>Communications market</b>	
PostMail	Services relating to addressed letters, newspapers, unaddressed items.
Swiss Post International	Mailing and receipt of letters and parcels to and from other countries and related services in other countries, mailing of newspapers/magazines.
Swiss Post Solutions	Services in new markets such as dialogue marketing, document and customer management.
Post Offices & Sales	Sales channel for postal products/services and additionally for third-party products for private customers and small and medium-sized enterprises.
<b>Logistics market</b>	
PostLogistics	Parcels, express and courier deliveries, transport, logistics services.
<b>Retail financial market</b>	
PostFinance	Services relating to payments, investments, retirement planning and financing.
<b>Public passenger transport market</b>	
PostBus	Road-based passenger transport and supplementary services.
<b>Other</b>	Units of the parent which cannot be assigned to the segments (units such as Real Estate, Information Technology and Philately).
<b>Consolidation</b>	Effects of intra-Group elimination

## Geographical information

Geographical information is disclosed as follows. Information is presented, firstly, according to the location of the revenue-generating subsidiary (Europe, Americas, Asia) and, secondly, according to the location at which the revenue was generated, which is either Switzerland or "International and cross-border" (see pages 156–157). The "International and cross-border" segment includes the total revenue of Swiss Post International and all foreign subsidiaries.

## Statutory mandates

Statutory mandates require Swiss Post to provide a universal service throughout Switzerland. Pricing within the universal service is not at Swiss Post's discretion. Price changes affecting reserved services (monopoly) are subject to approval by the Federal Department of the Environment, Transport, Energy and Communications (DETEC). The price watchdog can also check the prices of other services at any time, owing to Swiss Post's dominant position in the market.

Based on the Postal Act, Swiss Post provides reserved, non-reserved and competitive services. Reserved services (where Swiss Post has a monopoly) are provided by the PostMail (addressed letters) and Swiss Post International (mailing and receipt of international letters) segments.

The monopoly limit was lowered to 100 grams on 1 April 2006 and to 50 grams on 1 July 2009. Swiss Post can thus continue to ensure a high-quality basic service at affordable prices. By providing a basic postal service, it is helping to strengthen the public service in Switzerland.

Compensation from the Swiss Confederation

Swiss Post receives the following compensation from the Swiss Confederation, which is disclosed under "Net sales from logistics services":

- PostMail segment: CHF 30 million (2009: CHF 30 million) for uncovered costs incurred in transporting newspapers.
- PostBus segment: CHF 155 million (2009: CHF 150 million) for public passenger transport services provided.

Composition of segment assets and liabilities

If possible, the assets and liabilities resulting from a segment's operating activities are assigned to the appropriate segments. As the "PostFinance" segment result includes financial income and finance costs relating to operations, the corresponding interest-bearing assets and liabilities are accounted for in the segment's assets and liabilities.

The "Other" column mainly includes the following items in the segment's assets and liabilities:

- the carrying amounts of the parent's centrally managed properties
- employee benefit obligations

Unallocated assets and liabilities comprise those (primarily loans, e.g. to PostBus entrepreneurs) that are essentially financial and therefore not assigned to segment assets or segment liabilities.

Further information

Non-cash income and expenses primarily include those incurred in recognizing and reversing provisions without affecting cash.

## Results by business segment and region

<b>Result by business segment</b> 2010 CHF m	Notes	PostMail	Swiss Post Inter- national	Swiss Post Solutions	Post Offices & Sales	Post- Logistics	Post- Finance	PostBus <sup>1</sup>	Other <sup>2</sup>	Conso- lidation	Group
<b>Operating income</b>											
from customers		2 107	690	609	1 092	1 052	2 379	685	122		8 736
from other segments		512	98	56	677	426	10	17	846	-2 642	-
<b>Total operating income</b>		<b>2 619</b>	<b>788</b>	<b>665</b>	<b>1 769</b>	<b>1 478</b>	<b>2 389</b>	<b>702</b>	<b>968</b>	<b>-2 642</b>	<b>8 736</b>
<b>Operating result</b>		<b>199</b>	<b>49</b>	<b>7</b>	<b>-108</b>	<b>164</b>	<b>571</b>	<b>28</b>	<b>20</b>		<b>930</b>
Net financial income/finance costs	12, 13										0
Net income from associates	23	0	9	-6	-	-	4	0	0		7
Income tax expense	14										-27
<b>Group profit</b>											<b>910</b>
Segment assets		447	501	327	518	447	89 282	266	4 260	-3 607	92 441
Associates		3	16	8	-	-	17	2	4		50
Unallocated assets <sup>3</sup>											819
<b>Total assets</b>											<b>93 310</b>
Segment liabilities		297	471	182	626	318	88 191	340	1 675	-3 607	88 493
Unallocated liabilities <sup>3</sup>											593
<b>Total liabilities</b>											<b>89 086</b>
Investment in property, plant and equipment and intangible assets	24, 25	11	2	22	10	67	10	41	176		339
Depreciation and amortization	24, 25	39	10	27	5	59	12	31	113		296
Impairment	17, 24, 25	-	4	2	-	1	23	6	-		36
Reversal of impairment	24						3				3
Other non-cash income/(expenses)		-21	-5	-1	-2	-7	0	-21	-194		-251
Headcount <sup>4</sup>		17 092	1 251	6 992	6 928	5 319	3 265	2 012	2 270		45 129

1 The PostBus segment is subject to the Passenger Transport Act (PBG), which provides for separate accounting regulations for franchised transport businesses (RKV). There are differences between the RKV and the IFRS results.

2 Includes service and management units such as Real Estate and Information Technology.

3 Unallocated assets and liabilities comprise those that essentially contribute to net financial income/finance costs rather than to the operating result and therefore are not assigned to segment assets or segment liabilities.

4 Average expressed in terms of full-time equivalents (excl. trainees).

<b>Result by region</b> 2010 CHF m	Notes	Europe	Americas	Asia	Conso- lidation	Group	Switzer- land	Internat- ional and cross- border	Conso- lidation	Group
Operating income from customers		8 624	88	24	-	8 736	7 518	1 218	-	8 736
Operating result		926	4	0	-	930	906	24	-	930
Segment assets		93 219	32	9	-819	92 441	92 667	593	-819	92 441
Investment in property, plant and equipment and intangible assets	24, 25	339	0	0	-	339	313	26	-	339

### Result by business segment

2009 CHF m	Notes	PostMail	Swiss Post Inter- national	Swiss Post Solutions	Post Offices & Sales	Post- Logistics	Post- Finance	PostBus <sup>1</sup>	Other <sup>2</sup>	Conso- lidation	Group
<b>Operating income</b>											
from customers		2 504	873	595	464	1 122	2 149	639	212	–	8 558
from other segments		304	4	101	895	366	11	1	818	–2 500	–
<b>Total operating income</b>		<b>2 808</b>	<b>877</b>	<b>696</b>	<b>1 359</b>	<b>1 488</b>	<b>2 160</b>	<b>640</b>	<b>1 030</b>	<b>–2 500</b>	<b>8 558</b>
<b>Operating result</b>		<b>198</b>	<b>53</b>	<b>–25<sup>3</sup></b>	<b>–113</b>	<b>45</b>	<b>441</b>	<b>27</b>	<b>95<sup>3</sup></b>		<b>721</b>
Net financial income/finance costs	12, 13										11
Net income from associates	23	–3	7	0	–	–	3	0	–1		6
Income tax expense	14										–10
<b>Group profit</b>											<b>728</b>
Segment assets		438	620	388	452	447	80 324	272	4 423	–3 513	83 851
Associates		3	13	0	–	–	16	2	5		39
Unallocated assets <sup>4</sup>											786
<b>Total assets</b>											<b>84 676</b>
Segment liabilities		279	567	235	566	482	79 373	379	2 235	–3 513	80 603
Unallocated liabilities <sup>4</sup>											539
<b>Total liabilities</b>											<b>81 142</b>
Investment in property, plant and equipment and intangible assets	24, 25	35	8	31	18	74	8	88	117		379
Depreciation and amortization	24, 25	43	7	32	2	56	14	26	123		303
Impairment	17, 25	–	–	17	–	5	53	–	–		75
Reversal of impairment	24										
Other non-cash income/(expenses)		–3	–2	–32	–4	–18	0	–15	–196		–270
Headcount <sup>5</sup>		16 996	1 272	6 878	6 973	5 489	3 042	1 736	2 417		44 803

1 The PostBus segment is subject to the Passenger Transport Act (PBG), which provides for separate accounting regulations for franchised transport businesses (RKV). There are differences between the RKV and the IFRS results.

2 Includes service and management units such as Real Estate and Information Technology.

3 The operating result of Swiss Post Solutions includes the sale of a brand to Swiss Post ("Other" segment) in the amount of CHF 46 million.

4 Unallocated assets and liabilities comprise those that essentially contribute to net financial income/finance costs rather than to the operating result and therefore are not assigned to segment assets or segment liabilities.

5 Average expressed in terms of full-time equivalents (excl. trainees).

### Result by region

2009 CHF m	Notes	Europe	Americas	Asia	Conso- lidation	Group	Switzer- land	Internati- onal and cross- border	Conso- lidation	Group
Operating income from customers		8 454	86	18	–	8 558	7 167	1 391	–	8 558
Operating result		718	3	0	–	721	686	35	–	721
Segment assets		84 584	43	10	–786	83 851	83 834	803	–786	83 851
Investment in property, plant and equipment and intangible assets	24, 25	378	1	0	–	379	295	84	–	379

## 6 | Net income from financial services

By presenting net income from financial services in the following format, Swiss Post takes account of the character of these financial services. Net income is broken down into individual items in line with banking practice.

<b>Net income from financial services</b> CHF m	2010	2009
<b>Interest income</b>		
Interest income on receivables due from banks	4	4
Interest income on securities lending and reverse repurchase transactions	21	31
Interest income on interest-bearing amounts due from customers	9	9
Interest and dividend income on FVTPL <sup>1</sup> : designated	–	–
Interest and dividend income on financial assets	1 513	1 323
<b>Interest expense</b>		
Interest expense for customer deposits (PostFinance)	–480	–403
Interest expense for amounts due to banks	0	–1
Interest expense on repurchase transactions	0	0
<b>Net interest income</b>	<b>1 067</b>	<b>963</b>
Impairment of financial assets	–23	–54
Losses on payment transactions	–6	–6
<b>Net interest income, net of impairment</b>	<b>1 038</b>	<b>903</b>
Commission income on lending business	82	75
Commission income on securities and investment business	27	27
Commission income on other services	37	28
Commission expenses	–103	–78
Net income from services	484	490
<b>Net services and commission income</b>	<b>527</b>	<b>542</b>
Net trading income	129	107
Net income from FVTPL <sup>1</sup> : designated	0	–1
Net income from the disposal of available-for-sale financial assets	3	3
Other net financial income/finance costs	–8	–39
<b>Net income from financial services</b>	<b>1 689</b>	<b>1 515</b>
Shown in the consolidated statement of comprehensive income under:		
Income from financial services	2 378	2 148
Expenses for financial services	–689	–633

<sup>1</sup> FVTPL: financial assets at fair value through profit or loss (designated).

## 7 | Other operating income

<b>Other operating income</b> CHF m	2010	2009 <sup>1</sup>
Rental income	60	61
Gains on disposal of property, plant and equipment	49	94
Miscellaneous other income <sup>1</sup>	97	138
<b>Total other operating income</b>	<b>206</b>	<b>293</b>

<sup>1</sup> Prior-year amounts adjusted; see also Note 2, Basis of preparation, Accounting changes.

Miscellaneous other income consists mainly of value-added tax and customs duties collected and forwarded on by the Swiss Post International segment.



## 8 | Staff costs

### Breakdown

#### Breakdown of staff costs

CHF m	Notes	2010	2009
Wages and salaries		3 407	3 339
Social security benefits		369	372
Employee benefit expenses	9	201	219
Other staff costs		99	102
<b>Total staff costs</b>		<b>4 076</b>	<b>4 032</b>

### Headcount

#### Headcount

Number of employees <sup>1</sup>	2010	2009
Employees at Swiss Post Group (excluding trainees)	45 129	44 803
Employees at Swiss Post, the parent (excluding trainees)	30 246	30 863
Trainees at Swiss Post Group	1 903	1 756

<sup>1</sup> Average expressed in terms of full-time equivalents.

## 9 | Employee benefits

There are various employee benefit institutions in Switzerland and abroad. Most of the employees are insured with the Swiss Post pension fund foundation under a Duoprimit (combined defined benefit and defined contribution) scheme in accordance with the Swiss federal law on occupational pension provision (BVG). The plan insures staff employed by Swiss Post, affiliated organizations and companies and PostBus entrepreneurs (to the extent that the latter are deployed in operating PostBus routes) against the financial consequences of old age, death and disability. The retirement benefits of all active members are calculated on a defined contribution basis and the risk cover (death and disability) on a defined benefit basis. Risk cover commences on 1 January after employees reach 17 years of age. Retirement insurance then commences on 1 January after insured employees reach 21 years of age if they have entered into a regular contract of employment under which they are compensated by way of a monthly salary for more than three months and the applicable annual salary exceeds two eighths of the maximum old age pension under Swiss Old Age and Survivors' Insurance (AHV). The calculations in accordance with IAS 19 also factor in material benefit plans in Switzerland and the benefit solution of the SPS Group in Germany. The other benefit plans are immaterial in the context of the consolidated annual financial statements.

### Actuarial assumptions

The following parameters were applied in performing the calculations:

#### Actuarial assumptions made in calculating annual employee benefit expenses

percentage	2010	2009
Discount rate	3.25	3.50
Expected long-term return on plan assets	4.25	4.50

#### Actuarial assumptions at 31 December

percentage	2010	2009
Discount rate	2.75	3.25
Expected change in wages	2.00	2.00
Pension indexation	0.00	0.00
Staff turnover	<b>3.90</b>	<b>3.97</b>

Long-term employee benefits are shown and described under Note 27, Provisions.

## Annual costs

<b>Employee benefit expenses</b>	2010	2009
CHF m		
Accrued benefit claims	460	417
Interest on employee benefit obligations	479	498
Expected return on assets	-553	-527
Amortization of retroactive benefit improvements	0	0
Employee contributions	-185	-182
Other	-8	9
<b>Employee benefit expenses arising from defined benefit plans</b>	<b>193</b>	<b>215</b>
Employee benefit expenses for PostBus entrepreneurs recognized under "Compensation paid to PostBus entrepreneurs"	-7	-6
Employee benefit expenses for other benefit plans	15	10
<b>Group employee benefit expenses</b>	<b>201</b>	<b>219</b>
Actual return on plan assets	668	1 124

Transactions between the Swiss Post pension fund foundation and Swiss Post are subject to standard market terms and conditions.

## Cover status

Statement of recognized employee benefit obligations arising from material defined benefit plans. Mainly of the Swiss Post pension fund foundation and the SPS Group:

<b>Summary of cover status</b>	31 Dec. 2010	31 Dec. 2009
CHF m		
Present value of employee benefit obligations including assets set aside	16 272	15 155
Benefit plan assets at fair value	-13 717	-12 934
<b>Shortfall</b>	<b>2 555</b>	<b>2 221</b>
Unrecognized actuarial losses <sup>1</sup>	-1 558	-719
Non-amortized plan amendment costs	34	34
Employee benefit obligations excluding assets set aside	6	15
<b>Total recognized employee benefit obligations arising from defined benefit plans<sup>2</sup></b>	<b>1 037</b>	<b>1 551</b>

- <sup>1</sup> This amount corresponds to cumulative actuarial gains/losses arising from the difference between assumed and actual amounts and from adjustments to actuarial assumptions.
- <sup>2</sup> Differences versus the amounts recognized in the balance sheet are the result of employee benefit obligations for which no calculations were performed in accordance with IAS 19.

## Change in recognized employee benefit obligations arising from defined benefit plans

<b>Change in recognized employee benefit obligations arising from defined benefit plans</b>	2010	2009
CHF m		
<b>Balance at 1 January</b>	<b>1 551</b>	<b>1 991</b>
Employee benefit expenses arising from defined benefit plans	193	215
Employer contributions	-455 <sup>1</sup>	-408 <sup>1</sup>
Appropriation of profits <sup>2</sup>	-250	-250
Benefits paid directly by the employer	-1	-1
Currency translation differences	-2	0
Additions to the consolidated Group	1	4
<b>Balance at 31 December</b>	<b>1 037</b>	<b>1 551</b>
of which:		
current, i.e. payments falling due within the next twelve months	193	215
non-current	844	1 336

- <sup>1</sup> In both 2009 and 2010, CHF 150 million was deposited in the employer's reserve of the Swiss Post pension fund. In 2010, restructuring contributions were also made in the amount of around CHF 40 million.
- <sup>2</sup> In accordance with a decision by the Swiss Federal Council, a further CHF 250 million was deposited in the employer's reserve of the Swiss Post pension fund in appropriating profit for 2009. As a result of profit being thus appropriate, capital reserves increased by the same amount.

Change in employee benefit obligations

**Change in employee benefit obligations**

CHF m	2010	2009
<b>Balance at 1 January</b>	<b>15 170</b>	<b>15 205</b>
Accrued benefit claims	460	417
Benefits paid from plan assets	-774	-768
Benefits paid directly by the employer	-1	-1
Interest on employee benefit obligations	479	498
Company acquisitions	1	35
Actuarial (gains)/losses	954	-283
Currency translation differences	-2	0
Other	-9	67
<b>Balance at 31 December</b>	<b>16 278</b>	<b>15 170</b>
Employee benefit obligations including assets set aside	16 272	15 155
Employee benefit obligations excluding assets set aside	6	15
<b>Total employee benefit obligations</b>	<b>16 278</b>	<b>15 170</b>

Change in plan assets

**Change in fair value of plan assets**

CHF m	2010	2009
<b>Balance at 1 January</b>	<b>12 934</b>	<b>11 651</b>
Employee contributions	185	182
Employer contributions	455 <sup>1</sup>	408 <sup>1</sup>
Benefits paid	-774	-768
Expected return on assets	553	527
Gains/(losses) on plan assets	115	597
Additions to the consolidated Group	0	31
Appropriation of profits <sup>2</sup>	250	250
Currency translation differences	0	0
Other	-1	56
<b>Balance at 31 December</b>	<b>13 717</b>	<b>12 934</b>

1 In both 2009 and 2010, CHF 150 million was deposited in the employer's reserve of the Swiss Post pension fund. In 2010, restructuring contributions were also made in the amount of around CHF 40 million.

2 In accordance with a decision by the Swiss Federal Council, a further CHF 250 million was deposited in the employer's reserve of the Swiss Post pension fund in appropriating profit for 2009. As a result of profit being thus appropriate, capital reserves increased by the same amount.

Asset classes

Asset classes and expected return percentage	Expected long-term return	Percentage of total assets measured at fair value	
		31 Dec. 2010	31 Dec. 2009
Bonds	2.42	51	53
Equities	6.42	28	23
Real estate	4.42	7	7
Other	5.42	14	17
<b>Total</b>	<b>4.05</b>	<b>100</b>	<b>100</b>

The assets of the Swiss Post pension fund do not include any Swiss Post assets or real estate leased by Swiss Post.

## Change in the shortfall

<b>Change in the shortfall</b> CHF m	31 Dec. 2010	31 Dec. 2009	31 Dec. 2008	31 Dec. 2007	31 Dec. 2006
Employee benefit obligations	16 278	15 170	15 205	15 213	15 671
Plan assets	-13 717	-12 934	-11 651	-13 548	-13 627
<b>Shortfall</b>	<b>2 561</b>	<b>2 236</b>	<b>3 554</b>	<b>1 665</b>	<b>2 044</b>
<b>Experience adjustments to plan liabilities</b>					
Amount	143	63	131	9	-31
in percent	0.4	0.4	0.9	0.1	-0.2
<b>Experience adjustments to plan assets</b>					
Amount	115	597	-2 445	-480	369
in percent	0.8	4.6	-21.0	-3.5	2.7

Experience adjustments (plan liabilities, plan assets) document the discrepancies between the planning assumptions and the actual changes in the year in question.

## Future employer contributions

The employer contributions expected for 2011 amount to CHF 455 million (2010: CHF 455 million).

## 10 | Resale and merchandise expenses

<b>Resale merchandise and service expenses</b> CHF m	2010	2009
Working materials, work in progress and finished goods	89	88
Resale merchandise expenses	532	524
Compensation paid to PostBus entrepreneurs	294	282
Compensation paid to forwarding companies	368	406
Compensation paid for international postal traffic	170	242
Temporary employees	105	130
<b>Total resale merchandise and service expenses</b>	<b>1 558</b>	<b>1 672</b>

Expenses for compensation paid to forwarding companies were reduced primarily through optimization measures in the PostLogistics segment. The decline in compensation paid for international postal traffic is mostly the result of foreign currency effects. PostBus entrepreneurs are legally independent of Swiss Post and operate PostBus routes for Swiss Post under contract.

## 11 | Other operating expenses

<b>Other operating expenses</b> CHF m	2010	2009 <sup>1</sup>
Premises	229	217
Maintenance and repair of property, plant and equipment	208	240
Energy and fuel	65	58
Operating materials	54	60
Office and administrative expenses	199	158
Marketing and communications	113	104
Loss on disposal of property, plant and equipment	2	4
Miscellaneous other expenses <sup>1</sup>	304	334
<b>Total other operating expenses</b>	<b>1 174</b>	<b>1 175</b>

<sup>1</sup> Prior-year amounts adjusted; see also Note 2, Basis of preparation, Accounting changes.

The year-on-year changes in expenses for the maintenance and repair of property, plant and equipment and miscellaneous other expenses are due mainly to the fact that advisory expenses for information technology are now recognized under office and administrative expenses (prior-year amounts not adjusted). The difference in other miscellaneous expenses is also due to prior-year restructuring expenses at the companies in Germany.

## 12 | Financial income

<b>Financial income</b>		2010	2009
CHF m			
Interest income on other loans		11	11
Net gains on disposal of financial assets		2	8
Foreign exchange gains		5	4
Other financial income		2	2
<b>Total financial income</b>		<b>20</b>	<b>25</b>

Income from PostFinance's financial services business is posted as "Income from financial services".

## 13 | Finance costs

<b>Finance costs</b>		2010	2009
CHF m	Notes		
Interest expense on other financial liabilities		3	5
Present value adjustments to provisions	27	0	0
Interest charges on finance leases	26	0	1
Foreign exchange losses		15	5
Other finance costs		2	3
<b>Total finance costs</b>		<b>20</b>	<b>14</b>

Expenses arising from PostFinance's financial services business are posted as "Expenses for financial services".

## 14 | Income tax expense

<b>Income tax expense</b>		2010	2009
CHF m			
Expense for current income taxes		12	9
Expense for deferred income taxes		15	1
<b>Total income tax expense</b>		<b>27</b>	<b>10</b>

With the exception of profits from competitive services, the vast majority of the Swiss Post organization's business is not subject to tax. In December 2010, the Swiss Parliament passed the revised Postal Organization Act and the Postal Act. If the period for a referendum passes without being used, Swiss Post will be fully subject to tax from 1 January 2012 onwards. This change in the law will have a significant effect on the tax burden as of that date.

Deferred taxes relating to items in the balance sheet:

Deferred taxes relating to items in the balance sheet: CHF m	31 December 2010			31 December 2009		
	Deferred tax assets	Deferred tax liabilities	Net assets/(liabilities)	Deferred tax assets	Deferred tax liabilities	Net assets/(liabilities)
Property, plant and equipment	1	-1	0	0	-2	-2
Intangible assets	15	-1	14	15	-3	12
Other financial liabilities	0	0	0	5	0	5
Other liabilities	0	0	0	1	-1	0
Provisions	1	-2	-1	3	-1	2
Employee benefit obligations	23	0	23	25	0	25
Other items in the balance sheet	1	-2	-1	1	-2	-1
<b>Deferred taxes arising from temporary differences</b>	<b>41</b>	<b>-6</b>	<b>35</b>	<b>50</b>	<b>-9</b>	<b>41</b>
Tax assets recognized for loss carryforwards	17		17	27		27
<b>Deferred tax assets/liabilities, gross</b>	<b>58</b>	<b>-6</b>	<b>52</b>	<b>77</b>	<b>-9</b>	<b>68</b>
Deferred tax assets/liabilities, prior year	-77	9	-68	-70	11	-59
Changes in the composition of the Group	0	0	0	0	1	1
Deferred taxes taken to other comprehensive income	0	0	0	-11	0	-11
Foreign exchange effects	2	-1	1	0	0	0
<b>Deferred taxes recognized in the statement of comprehensive income</b>	<b>-17</b>	<b>2</b>	<b>-15</b>	<b>-4</b>	<b>3</b>	<b>-1</b>

Deferred tax assets of CHF 58 million (2009: CHF 77 million) mainly comprise tax loss carryforwards, temporary differences on intangible assets and employee benefit provisions under IAS 19 that are not accepted for tax purposes. Deferred tax assets are only recognized for deductible temporary differences and tax loss carryforwards to the extent that it is probable that the tax income will be realized.

Deferred tax liabilities of CHF 6 million (2009: CHF 9 million) are mainly the result of temporary differences between the carrying amounts and tax base of property, plant and equipment and intangible assets as well as temporary differences arising on provisions.

#### Unused loss carryforwards

Unused loss carryforwards CHF m	31 Dec. 2010			31 Dec. 2009		
	Recognized	Not recognized	Total	Recognized	Not recognized	Total
1 year	5	7	12	9	2	11
2 – 6 years	57	255	312	87	275	362
In more than 6 years	12	56	68	20	58	78
<b>Total unused loss carryforwards</b>	<b>74</b>	<b>318</b>	<b>392</b>	<b>116</b>	<b>335</b>	<b>451</b>

Tax loss carryforwards of CHF 318 million (2009: CHF 335 million) were not recognized as assets at Swiss Post Group, as it seems uncertain that they will be utilized in the future. Most tax loss carryforwards expire after seven years.

## Analysis of income tax expense

The following table shows a reconciliation of tax expense at the weighted average tax rate to actual tax expense. The applicable weighted average tax rate is 23.2 percent (2009: 20.5 percent). The 2.7 percent increase in the Group tax rate is due to a change in the composition of the subsidiaries taken into account in order to determine the tax rate.

### Reconciliation of tax expense at weighted average tax rate to actual tax expense

CHF m	2010	2009
Profit before tax	937	738
Income tax-exempt profit of the parent	829	738 <sup>1</sup>
<b>Taxable profit</b>	<b>108</b>	<b>0</b>
Weighted average tax rate	23.2%	20.5%
<b>Tax expense at weighted average tax rate</b>	<b>25</b>	<b>0</b>
Causes of increases/decreases:		
Use of unrecognized loss carryforwards	-15	0
Non-recognition of deferred taxes for the loss for the period	-2	-1
Non-deductible goodwill writedowns	0	1
Other non-deductible expenses	0	-1
Additional tax payments/tax reimbursements for prior years	0	0
Gains/losses on different tax rates	0	0
Change in valuation allowance for deferred tax assets	3	2
Change in tax rates	0	0
Other effects	16 <sup>2</sup>	9
<b>Reported income tax expense</b>	<b>27</b>	<b>10</b>

1 A maximum of CHF 738 million of the parent's IFRS profit of CHF 747 million may be allocated to profit exempt from tax on profit.

2 Primarily includes the use of loss carryforwards and changes in temporary differences.

## 15 | Receivables

In the case of a reverse repurchase transaction, a receivable is recognized, reflecting Swiss Post's right to receive back the cash deposit. Securities received in reverse repurchase transactions are only recognized in the balance sheet if risks and rewards have also been transferred. The fair values of the securities received are monitored so that additional collateral can be provided or requested back as and when necessary.

No assets have been pledged (as collateral) for receivables.

Receivables by type CHF m	31 December 2010			31 December 2009		
	Gross	Impairment	Net	Gross	Impairment	Net
Receivables due from banks <sup>1</sup>	13 282	97	13 185	16 390	97 <sup>2</sup>	16 293
Interest-bearing amounts due from customers	508	3	505	134	2	132
Trade accounts receivable	909	12	897	994	14	980
Other receivables	1 133	2	1 131	1 220	2	1 218
<b>Total receivables</b>	<b>15 832</b>	<b>114</b>	<b>15 718</b>	<b>18 738</b>	<b>115</b>	<b>18 623</b>
<sup>1</sup> of which receivables from reverse repurchase transactions and covered by securities with a fair value of			10 100			15 619
			10 100			15 619

2 Matured bonds and the impairment charges on them were reclassified out of the "Financial assets" item in the balance sheet and into "Receivables due from banks" (see also Note 19, Financial assets held to maturity). This was due to specific claims being filed with the trustee.

Receivables  
due dates

Receivables by due date CHF m	31 December 2010			31 December 2009		
	Total	Due in up to 3 months	Due in over 3 months	Total	Due in up to 3 months	Due in over 3 months
Receivables due from banks	13 185	12 737	448	16 293	15 463	830
Interest-bearing amounts due from customers	505	505	–	132	132	–
Trade accounts receivable	897	600	297	980	566	414
Other receivables	1 131	107	1 024	1 218	78	1 140
<b>Total receivables</b>	<b>15 718</b>	<b>13 949</b>	<b>1 769</b>	<b>18 623</b>	<b>16 239</b>	<b>2 384</b>

Receivables due from banks comprise current account balances, money market instruments and reverse repurchase transactions. The current accounts mainly relate to Swiss Post's international payment transactions. The money market instruments and reverse repurchase transactions arise from the management of customer deposits. Securities cover for reverse repurchase transactions is recognized on a daily basis at current fair values.

Interest-bearing amounts due from customers comprise technical overdrafts on postal accounts and receivables from reverse repo transactions with insurance companies.

In the reporting period, interest income calculated in accordance with the effective interest method amounted to CHF 4 million on receivables due from banks (2009: CHF 4 million) and CHF 9 million on interest-bearing amounts due from customers (2009: CHF 9 million).

Trade accounts receivable and other receivables are of a short-term nature and therefore are not discounted.

Overdue receivables for which  
individual impairment charges  
are not recognized

Swiss Post writes down receivables if it expects a loss in respect of those receivables because the debtor will probably be unable to fulfil its contractual obligations. Overdue receivables for which there are no clear indications of impairment are placed on a watchlist and monitored.

Overdue receivables for which individual impairment charges are not recognized CHF m	31 December 2010				31 December 2009			
	1–90 days	91–180 days	181–365 days	> 1 year	1–90 days	91–180 days	181–365 days	> 1 year
Interest-bearing amounts due from customers	73	58	4	3	74	3	3	52
Trade accounts receivable	46	4	4	7	63	5	4	5
Other receivables	1	0	0	1	2	0	1	2
<b>Total receivables</b>	<b>120</b>	<b>62</b>	<b>8</b>	<b>11</b>	<b>139</b>	<b>8</b>	<b>8</b>	<b>59</b>

No significant overdue receivables had to be renegotiated in either the reporting period or the previous year.

Receivables for which  
impairment charges  
are recognized

Outstanding receivables are checked on a regular basis by means of a risk analysis specified by the Group. Individual impairment charges for receivables are determined based on the difference between the nominal amount of the receivables and the estimated net amount recoverable.

Items that are not written down individually are subject to a general impairment charge based on statistical analyses from previous years.



**Receivables for which impairment charges are recognized**

CHF m	31 December 2010			31 December 2009		
	Gross	Impairment	Net	Gross	Impairment	Net
<b>Individual impairment charges</b>						
Receivables due from banks	108	-97	11	107	-97	10
Interest-bearing amounts due from customers	0	0	-	0	0	-
Trade accounts receivable	8	-7	1	16	-9	7
Other receivables	3	-2	1	4	-2	2
<b>Total receivables for which individual impairment charges are recognized</b>	<b>119</b>	<b>-106</b>	<b>13</b>	<b>127</b>	<b>-108</b>	<b>19</b>
<b>General impairment charges</b>						
Interest-bearing amounts due from customers	138	-3	135	132	-2	130
Trade accounts receivable	743	-5	738	796	-5	791
Other receivables	0	0	0	0	0	0
<b>Total receivables for which general impairment charges are recognized</b>	<b>881</b>	<b>-8</b>	<b>873</b>	<b>928</b>	<b>-7</b>	<b>921</b>

Changes in impairment of receivables

CHF m	Receivables due from banks		Interest-bearing amounts due from customers		Trade accounts receivable		Other receivables	
	Individual impairment charges	General impairment charges	Individual impairment charges	General impairment charges	Individual impairment charges	General impairment charges	Individual impairment charges	General impairment charges
<b>Balance at 1 Jan. 2010</b>	<b>97</b>	<b>-</b>	<b>0</b>	<b>2</b>	<b>9</b>	<b>5</b>	<b>2</b>	<b>0</b>
Impairment	0	-	0	1	2	2	0	0
Reversal of impairment	-	-	-	-	-2	-1	0	-
Reclassifications	-	-	-	-	0	0	-	-
Disposals	-	-	-	-	-1	-1	0	-
Currency translation differences	-	-	-	-	-1	-	0	-
<b>Balance at 31 Dec. 2010</b>	<b>97</b>	<b>-</b>	<b>0</b>	<b>3</b>	<b>7</b>	<b>5</b>	<b>2</b>	<b>0</b>
<b>Balance at 1 Jan. 2009</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>8</b>	<b>4</b>	<b>4</b>	<b>0</b>
Impairment	0	-	0	-	3	3	0	0
Reversal of impairment	-	-	-	-1	0	0	0	-
Reclassifications	96	-	-	-	1	0	-1	-
Disposals	0	-	-	-	-3	-2	-1	-
<b>Balance at 31 Dec. 2009</b>	<b>97<sup>1</sup></b>	<b>-</b>	<b>0</b>	<b>2</b>	<b>9</b>	<b>5</b>	<b>2</b>	<b>0</b>

<sup>1</sup> Matured bonds and the impairment charges on them were reclassified out of the "Financial assets" item in the balance sheet and into "Receivables due from banks" (see also Note 19, Financial assets held to maturity). This was due to specific claims being filed with the trustee.

## 16 | Inventories

Inventories	31 Dec. 2010	31 Dec. 2009
CHF m		
Resale merchandise	42	44
Fuel and operating materials	17	18
Working and production materials	14	17
Work in progress and finished goods	2	4
Impairment charge for inventories which are not easily marketable	0	0
<b>Total inventories</b>	<b>75</b>	<b>83</b>

## 17 | Financial assets

Financial assets	FVTPL <sup>1</sup>	Held to maturity	Available for sale	Derivative financial	Loans	Total
CHF m	designated			instruments		
	Notes	18	19	20	21	22
<b>Balance at 1 Jan. 2010</b>		<b>17</b>	<b>49 435</b>	<b>1 913</b>	<b>113</b>	<b>61 129</b>
Additions		–	21 501	351	78	25 915
Change in value recognized in profit or loss		0	–391	–125	–	–521
Change in value recognized in other comprehensive income		–	–	5	–	5
Impairment		–	–13	–9	–	–22
Disposals		–17	–10 428	–659	–	–13 463
<b>Balance at 31 Dec. 2010</b>		<b>–</b>	<b>60 104</b>	<b>1 476</b>	<b>191</b>	<b>73 043</b>
<b>Balance at 1 Jan. 2009</b>		<b>–</b>	<b>35 974</b>	<b>3 107</b>	<b>179</b>	<b>47 008</b>
Additions		18	21 427	333	–	24 348
Change in value recognized in profit or loss		–1	–108	–48	–	–163
Change in value recognized in other comprehensive income		–	–	185	–	185
Impairment		–	–21	–27	–	–53
Reclassifications		–	–10 <sup>2</sup>	0	–	–10
Disposals		–	–7 827	–1 637	–66	–10 186
<b>Balance at 31 Dec. 2009</b>		<b>17</b>	<b>49 435</b>	<b>1 913</b>	<b>113</b>	<b>61 129</b>

1 FVTPL: financial assets at fair value through profit or loss (designated).

2 Matured bonds and the impairment charges on them were reclassified out of the "Financial assets held to maturity" item in the balance sheet and into "Receivables due from banks" (see also Note 15, Receivables). This was due to specific claims being filed with the trustee.

The sustained strong inflow of customer deposits during the course of the year led to a further increase in financial assets. Available-for-sale financial assets and derivative financial instruments are presented at fair value if the latter can be directly derived from prices on publicly organized or standardized markets. Items for which there are no "official" price quotations are measured on the basis of yield curves, risk premiums and derivatives quotations (credit default swaps).

Financial assets classified as held to maturity and loans are measured at amortized cost.

The difference between the carrying amounts presented and the fair values calculated for held-to-maturity items using the same method as for available-for-sale assets is disclosed under Note 19, Financial assets held to maturity.

The increase in derivative financial instruments (positive fair values) is due mainly to exchange rate movements. An amount of CHF 185 million (2009: CHF 112 million) was posted under derivative financial instruments (positive fair values) in accordance with hedge accounting requirements (see Note 21, Derivative financial instruments).

The recoverable amount of the bonds is systematically reviewed. Assets with one of the following characteristics undergo a closer assessment:

- Non-investment-grade rating (< BBB–)
- Quoted market price of less than 60 percent
- A price cannot be reliably determined
- Previously mentioned in the context of impairment

The assessment was carried out in preparing the annual financial statements.

The impairment charges recognized on financial assets in 2010 totalled CHF 22 million. Of this, CHF 1 million is the result of adverse price changes affecting equity holdings. In the case of fixed-rate assets, individual impairment charges totalling CHF 9 million were recognized for available-for-sale bonds and general impairment charges totalling CHF 13 million were recognized for held-to-maturity bonds. In the case of loans, the change in the impairment charges was less than CHF 1 million.

Financial assets include securities loaned for securities lending of CHF 10,345 million (2009: CHF 12,609 million).

As at 31 December 2010, there were no “financial assets at fair value through profit or loss, designated” (2009: CHF 17 million).

The fair value of the equities held in the previous year was determined on the basis of market prices (Level 1: fair value measurement is based on quoted prices in the active market for the specific financial instrument).

No dividend income was generated in the “at fair value through profit or loss, designated” category in either the reporting period or the previous year.

## 18 | At fair value through profit or loss, designated

## 19 | Financial assets held to maturity

Financial assets held to maturity CHF m	Total	Term to maturity		
		Up to 1 year	1–5 years	Over 5 years
<b>31 December 2010</b>				
Bonds	60 104	8 090	24 274	27 740
<b>Total held to maturity</b>	<b>60 104</b>	<b>8 090</b>	<b>24 274</b>	<b>27 740</b>
Measured at fair value	61 329			
<b>31 December 2009</b>				
Bonds	49 435	10 448	21 607	17 380
<b>Total held to maturity</b>	<b>49 435</b>	<b>10 448</b>	<b>21 607</b>	<b>17 380</b>
Measured at fair value	50 422			

Of the reported fair value of CHF 61,329 million (2009: CHF 50,422 million), a total of CHF 44,747 million (73 percent) (2009: CHF 34,296 million; 68 percent) comprises quoted securities. The remaining CHF 16,582 million (27 percent) (2009: CHF 16,126 million; 32 percent) are market prices determined indirectly (via cash flows discounted using yield curves and credit spreads).

In the reporting period, interest income calculated in accordance with the effective interest method amounted to CHF 1,224 million (2009: CHF 1,033 million).

There were no overdue held-to-maturity financial assets for which individual impairment charges were not recognized as at either 31 December 2010 or 31 December 2009.

No overdue held-to-maturity financial assets had to be renegotiated in either the reporting period or the previous year.

Overdue held-to-maturity financial assets for which individual impairment charges are not recognized

Held-to-maturity financial assets for which impairment charges are recognized

In particular, fair value changes and downgrades of existing investments are given consideration as indications of possible impairment. Individual impairment charges are recognized if an issuer is known to be in significant financial difficulty or if interest and principal payments cease to be made in accordance with the terms of the contract.

If there is no objective evidence that an individual financial instrument is impaired, assets are assessed for impairment on a portfolio or collective basis. Financial instruments with similar credit risks are grouped together and become subject to a general impairment charge based on statistical analyses.

Held-to-maturity financial assets for which impairment charges are recognized CHF m	31 December 2010			31 December 2009		
	Gross	Impairment	Net	Gross	Impairment	Net
<b>Individual impairment charges</b>						
Bonds	–	–	–	–	–	–
<b>Total held-to-maturity financial assets for which individual impairment charges are recognized</b>	–	–	–	–	–	–
<b>General impairment charges</b>						
Bonds	60 189	–85	60 104	49 507	–72	49 435
<b>Total held-to-maturity financial assets for which general impairment charges are recognized</b>	<b>60 189</b>	<b>–85</b>	<b>60 104</b>	<b>49 507</b>	<b>–72</b>	<b>49 435</b>

No assets have been pledged (as collateral) for held-to-maturity financial assets.

Changes in impairment of held-to-maturity financial assets

Changes in impairment of held-to-maturity financial assets CHF m	Individual impairment charges	General impairment charges	Total
<b>Balance at 1 Jan. 2010</b>	–	<b>72</b>	<b>72</b>
Impairment	–	13	13
Disposals	–	–	–
Reclassifications	–	–	–
<b>Balance at 31 Dec. 2010</b>	–	<b>85</b>	<b>85</b>
<b>Balance at 1 Jan. 2009</b>	<b>108</b>	<b>51</b>	<b>159</b>
Impairment	–	21	21
Disposals	–13	–	–13
Reclassifications <sup>1</sup>	–95	–	–95
<b>Balance at 31 Dec. 2009</b>	–	<b>72</b>	<b>72</b>

<sup>1</sup> Matured bonds and the impairment charges on them were reclassified out of the financial assets "held to maturity" item in the balance sheet and into "Receivables due from banks" (see also Note 15, Receivables). This was due to specific claims being filed with the trustee.

## 20 | Financial assets available for sale

Financial assets available for sale CHF m	Term to maturity				
	Total	Up to 1 year	1–5 years	Over 5 years	No maturity
<b>31 December 2010</b>					
Bonds	1 199	196	585	418	–
Equities	276	–	–	–	276
Other	1	1	0	–	0
<b>Total available for sale</b>	<b>1 476</b>	<b>197</b>	<b>585</b>	<b>418</b>	<b>276</b>
<b>31 December 2009</b>					
Bonds	1 679	534	699	446	–
Equities	233	–	–	–	233
Other	1	1	0	–	0
<b>Total available for sale</b>	<b>1 913</b>	<b>535</b>	<b>699</b>	<b>446</b>	<b>233</b>

The fair value of the available-for-sale financial assets was determined as follows:

Fair value of available-for-sale financial assets CHF m	31 December 2010				31 December 2009			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Bonds	1 199	206	993	–	1 679	89	1 590	–
Equities	276	275	0	1	233	231	1	1
Other	1	1	0	–	1	–	0	1
<b>Total available for sale</b>	<b>1 476</b>	<b>482</b>	<b>993</b>	<b>1</b>	<b>1 913</b>	<b>320</b>	<b>1 591</b>	<b>2</b>

Level 1 Fair value is determined on the basis of quoted prices in the active market for the specific financial instrument.

Level 2 Fair value is determined on the basis of the market prices of similar instruments or using valuation techniques based on inputs observable in the market.

Level 3 Fair value is determined using valuation techniques and significant inputs that are not observable in the market.

At the end of the reporting period, the balance in Level 3 was almost unchanged year on year at around CHF 1 million.

No financial assets were transferred between Level 1 and Level 2 in either the reporting or the prior-year period.

Gains and losses on the disposal and early repayment of available-for-sale financial assets are presented as net income from the disposal of available-for-sale financial assets. In the reporting period, they amounted to a gain of CHF 3 million (2009: gain of CHF 3 million). See also Note 6, Net income from financial services.

In the reporting period, interest income calculated in accordance with the effective interest method amounted to CHF 42 million (2009: CHF 67 million).

There were no overdue available-for-sale financial assets for which individual impairment charges were not recognized as at either 31 December 2010 or 31 December 2009.

No overdue available-for-sale financial assets had to be renegotiated in either the reporting period or the previous year.

Overdue available-for-sale financial assets for which individual impairment charges are not recognized

Available-for-sale financial assets for which impairment charges are recognized

In particular, fair value changes and downgrades of existing investments are given consideration as indications of the possible impairment of fixed-rate assets. Individual impairment charges are recognized if an issuer is known to be in significant financial difficulty or if interest and principal payments cease to be made in accordance with the terms of the contract.

Impairment charges are recognized for equity instruments in the available-for-sale category if a significant (i.e. loss of 20 percent on the original purchase price) or prolonged (i.e. lasting nine months) reduction in fair value is identified.

In the event of impairment, the cumulative losses recognized in other comprehensive income under "Fair value reserves" are reclassified to the statement of comprehensive income.

In the course of 2010, impairment charges of CHF 1 million were recognized for equity holdings and CHF 8 million for bonds.

No assets have been pledged (as collateral) for available-for-sale financial assets.

## 21 | Derivative financial instruments

Derivative financial instruments CHF m	31 December 2010				31 December 2009			
	Positive fair values	Contract volume	Negative fair values	Contract volume	Positive fair values	Contract volume	Negative fair values	Contract volume
Notes	17		26		17		26	
<b>Cash flow hedges</b>								
Currency	180	715	–	–	104	1 084	–	–
Interest rate	5	429	1	30	6	613	0	82
<b>Fair value hedges</b>								
Currency	–	–	–	–	2	30	–	–
Interest rate	–	–	3	50	–	–	4	50
<b>Other</b>								
Currency	6	196	1	55	1	170	4	182
Interest rate	–	–	0	5	0	12	1	10
<b>Total derivative financial instruments</b>	<b>191</b>	<b>1 340</b>	<b>5</b>	<b>140</b>	<b>113</b>	<b>1 909</b>	<b>9</b>	<b>324</b>

The fair value of the derivative financial instruments was determined as follows:

Fair value of derivative financial instruments CHF m	31 December 2010				31 December 2009			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Positive fair values	191	–	191	–	113	–	113	–
Negative fair values	5	–	5	–	9	–	9	–

Level 1 Fair value is determined on the basis of quoted prices in the active market for the specific financial instrument.

Level 2 Fair value is determined on the basis of the market prices of similar instruments or using valuation techniques based on inputs observable in the market.

Level 3 Fair value is determined using valuation techniques and significant inputs that are not observable in the market.

Gains and losses recognized in profit or loss on the disposal and fair value measurement of derivative financial instruments are presented within net trading income. In the reporting period, they amounted to less than CHF 1 million (2009: less than CHF 1 million).

## Derivatives due dates

Derivatives due dates CHF m	31 December 2010				31 December 2009			
	Positive fair values	Contract volume	Negative fair values	Contract volume	Positive fair values	Contract volume	Negative fair values	Contract volume
Notes	17		26		17		26	
<b>Cash flow hedges</b>								
Less than 1 year	68	577	1	30	28	677	0	82
1 to 5 years	117	567	–	–	82	1 020	–	–
Over 5 years	–	–	–	–	–	–	–	–
<b>Fair value hedges</b>								
Less than 1 year	–	–	–	–	2	30	–	–
1 to 5 years	–	–	3	50	–	–	4	50
<b>Other</b>								
Less than 1 year	6	196	1	55	1	182	5	187
1 to 5 years	–	–	0	5	–	–	0	5
Over 5 years	–	–	–	–	–	–	–	–
<b>Total derivative financial instruments</b>	<b>191</b>	<b>1 340</b>	<b>5</b>	<b>140</b>	<b>113</b>	<b>1 909</b>	<b>9</b>	<b>324</b>

### Fair value

The replacement cost is the fair value of a derivative financial instrument, i.e. the price one would have to pay to enter into a replacement transaction if the counterparty were to default. Positive fair values are subject to credit risk and represent the maximum loss that the bank would suffer at the reporting date if the counterparty were to default. Negative fair values occur where there is a possibility of entering into replacement transactions on more favourable terms.

### Contract volume

This represents the receivables side of the derivative financial instruments' underlyings or the notional amounts (underlying value).

Swiss Post buys derivative financial instruments mainly for hedging purposes. Hedge accounting is applied if the derivative financial instruments are effective in offsetting changes in fair value or cash flows attributable to the hedged risks. Derivatives that are not accounted for using hedge accounting are treated as instruments held for trading.

### Cash flow hedges

Swiss Post is exposed to both currency fluctuations and changes in interest rates. The risks associated with foreign-currency bond investments as a result of currency fluctuations are hedged using currency swaps. Fluctuations in future interest-payment cash flows from financial assets are hedged using interest rate swaps with different maturities. The hedging reserve is taken to the statement of comprehensive income when the underlying transaction occurs.

As at 31 December 2010, the hedging reserve amounted to CHF 18 million (2009: CHF 20 million). In the reporting period, an amount of CHF –77 million (2009: CHF 17 million) was transferred from the hedging reserve in to the statement of comprehensive income. The total fair value changes of the hedging instruments are recognized in other comprehensive income, where they are included in the hedging reserves. Subsequently, the accumulated and paid/received net interest (CHF 1.8 million; 2009: CHF –0.2 million) plus the foreign-currency component (CHF –79 million; 2009: CHF 16 million) are recycled to the statement of comprehensive income. The residual fair value change of the hedging instruments thus remains in the cash flow hedge reserve.

## Fair value hedges

Fluctuations in fair value as a result of changes in market interest rates (LIBOR) are partly hedged using interest rate swaps. The risks associated with foreign-currency variable-rate bond investments as a result of currency fluctuations are hedged using currency swaps. In both the reporting period and the previous year, the amount recognized in profit or loss was less than CHF 0.5 million.

See also Note 32, Financial risk management for information on the risk strategy.

## 22 | Loans

Loans CHF m	Total	Term to maturity			
		Up to 1 year	1–5 years	Over 5 years	No maturity
<b>31 December 2010</b>					
Cantons, cities and municipalities <sup>1</sup>	5 525	826	2 977	1 722	–
Banks	3 711	632	1 705	1 374	–
PostBus entrepreneurs	224	34	111	79	–
Other <sup>2</sup>	1 812	374	804	633	1
<b>Total loans</b>	<b>11 272</b>	<b>1 866</b>	<b>5 597</b>	<b>3 808</b>	<b>1</b>
<b>31 December 2009</b>					
Cantons, cities and municipalities <sup>1</sup>	4 701	1 020	2 343	1 338	–
Banks	3 478	387	2 146	945	–
PostBus entrepreneurs	221	33	111	77	–
Other <sup>2</sup>	1 251	69	615	565	2
<b>Total loans</b>	<b>9 651</b>	<b>1 509</b>	<b>5 215</b>	<b>2 925</b>	<b>2</b>

<sup>1</sup> Loans to cantons, cities and municipalities, plus borrower's note loans to public entities.

<sup>2</sup> Loans and borrower's note loans to "Other institutions" and mortgages previously granted by the Swiss Post pension fund (CHF 4 million; 2009: CHF 4 million) which were assumed by PostFinance.

In the reporting period, interest income calculated in accordance with the effective interest method amounted to CHF 247 million (2009: CHF 223 million).

Overdue loans for which individual impairment charges are not recognized

Swiss Post writes down loans if it expects a loss in respect of those loans because the borrower will probably be unable to fulfil its contractual obligations.

There were no overdue loans for which individual impairment charges were not recognized as at either 31 December 2010 or 31 December 2009.

No significant overdue loans had to be renegotiated in either the reporting period or the previous year.

Loans for which impairment charges are recognized

Loans for which impairment charges are recognized CHF m	31 December 2010			31 December 2009		
	Gross	Impairment	Net	Gross	Impairment	Net
<b>Individual impairment charges</b>						
Loans	1	0	1	–	–	–
<b>Total loans for which individual impairment charges are recognized</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>General impairment charges</b>						
Loans	9 256	–20	9 236	9 434	–21	9 413
<b>Total loans for which general impairment charges are recognized</b>	<b>9 256</b>	<b>–20</b>	<b>9 236</b>	<b>9 434</b>	<b>–21</b>	<b>9 413</b>

Individual impairment charges are recognized if a borrower is known to be in significant financial difficulty or if interest and principal payments cease to be made in accordance with the terms of the contract.



If there is no objective evidence that an individual loan is impaired, loans are assessed for impairment on a portfolio or collective basis. Loans with similar credit risks are grouped together and become subject to a general impairment charge based on statistical analyses.

No assets have been pledged (as collateral) for loans.

Change in impairment of loans

Change in impairment of loans CHF m	Individual impairment charges	General impairment charges	Total
<b>Balance at 1 Jan. 2010</b>	<b>0</b>	<b>21</b>	<b>21</b>
Impairment	0	–	0
Reversal of impairment	–	–1	–1
<b>Balance at 31 Dec. 2010</b>	<b>0</b>	<b>20</b>	<b>20</b>
<b>Balance at 1 Jan. 2009</b>	<b>0</b>	<b>16</b>	<b>16</b>
Impairment	–	5	5
<b>Balance at 31 Dec. 2009</b>	<b>0</b>	<b>21</b>	<b>21</b>

**23 | Investments in associates**

The associates are listed in Note 33, Consolidated Group.

Investments in associates CHF m	2010	2009
<b>Balance at 1 January</b>	<b>39</b>	<b>42</b>
Additions of associates	14	1
Disposals of associates	–	–3
Dividends received	–9	–8
Share of net profit (after taxes)	7	8
<b>Goodwill impairment</b>	<b>–</b>	<b>–1</b>
<b>Currency translation differences</b>	<b>–1</b>	<b>0</b>
<b>Balance at 31 December</b>	<b>50</b>	<b>39</b>
of which goodwill	10	10

Net income from associates

Net income from associates CHF m	2010	2009
Share of net profit (after taxes)	7	8
Loss on disposal (net)	–	–1
Goodwill impairment	–	–1
<b>Total net income from associates</b>	<b>7</b>	<b>6</b>

## Changes in associates

## ■ 2010

On 12 July 2010, capital was increased at search.ch AG (formerly Räber Information Management GmbH) by CHF 80,000 to CHF 100,000 (Swiss Post's share: 25 percent).

On 21 December 2010, Swiss Post entered into a joint venture with Austrian Post for the purposes of combining the partners' international activities in the segment for addressed promotional mailings. As part of the joint venture, the Direct Mail division of Swiss Post Solutions GmbH in Bamberg (Germany) was merged with the Austrian Post-owned meiller direct GmbH in Schwandorf (Germany) to form meiller GHP GmbH. Through subsidiaries, meiller GHP GmbH is active in the Czech Republic, Poland, Russia, France, the United Kingdom and Sweden. The strategic focus of the new company is on advising about, designing and producing addressed, customized promotional mailings. In particular, this includes producing direct mail and envelopes as well as lettershop activities. Swiss Post holds a 35 percent interest in meiller GHP GmbH and Austrian Post a 65 percent interest.

## ■ 2009

In January 2009, Swiss Post Management AG acquired a 20 percent interest in the newly established Hermes Porta a Porta S.p.A. based in Tribiano (Milan).

As, on 1 January 2009, control of PrimeMail GmbH was assumed without acquiring the existing non-controlling interests, the company is now fully consolidated.

At the end of October 2009, Räber Information Management GmbH sold the shares in Scooba GmbH.

Through the acquisition of ZUVO Zustell- und Vertriebsorganisation AG and its subsequent merger with Presto Presse-Vertriebs AG in November 2009, Presto Presse-Vertriebs AG also acquired the following three associates: AZ Vertriebs AG (25 percent), SCHAZO AG (50 percent) and SÜDOSTSCHWEIZ PRESSEVERTRIEB AG (35 percent).

In November 2009, 75 percent of the shares in Räber Information Management GmbH were sold. As of November 2009, the company has therefore been accounted for as an associate (25 percent).

**24 | Property, plant and equipment**

Investment obligations for property, plant and equipment amount to CHF 154 million (2009: CHF 27 million). The increase is due primarily to the construction of PostFinance's new multi-storey building and the renovation of the Geneva 2 property.

As at 31 December 2010, items of property, plant and equipment amounting to CHF 4 million had been pledged in relation to mortgages (31 December 2009: CHF 6 million).

In 2010, borrowing costs of around CHF 1 million were capitalized.

**Property, plant and equipment**

2010 CHF m	Operating property	Assets under construction: operating property	Plant and equip- ment, machinery, IT equipment	Furniture, vehicles, other assets	Assets under construction: other asset categories	Total
<b>Cost</b>						
<b>Balance at 1 Jan. 2010</b>	<b>5 195</b>	<b>98</b>	<b>1 159</b>	<b>663</b>	<b>24</b>	<b>7 139</b>
Additions due to acquisition of subsidiaries	5	–	1	0	–	6
Disposals due to sale of subsidiaries	–37	–	–84	–3	0	–124
Additions	–3 <sup>1</sup>	166	46	86	26	321
Disposals	–116	–5	–132	–28	–3	–284
Reclassifications	160	–160	32	1	–33	–
Disposals arising from reclassifications in accordance with IFRS 5	–12	–	–	–41	–	–53
Currency translation differences	–10	0	–18	–11	0	–39
<b>Balance at 31 Dec. 2010</b>	<b>5 182</b>	<b>99</b>	<b>1 004</b>	<b>667</b>	<b>14</b>	<b>6 966</b>
<b>Cumulative depreciation</b>						
<b>Balance at 1 Jan. 2010</b>	<b>3 775</b>	<b>–</b>	<b>612</b>	<b>304</b>	<b>0</b>	<b>4 691</b>
Depreciation	94	–	105	75	–	274
Impairment	2	–	–	6	–	8
Disposals due to sale of subsidiaries	–12	–	–70	–3	–	–85
Disposals	–102	–	–127	–23	–	–252
Reclassifications	0	–	0	0	–	–
Disposals arising from reclassifications in accordance with IFRS 5	–7	–	–	–34	–	–41
Currency translation differences	–4	–	–12	–2	–	–18
<b>Balance at 31 Dec. 2010</b>	<b>3 746</b>	<b>–</b>	<b>508</b>	<b>323</b>	<b>0</b>	<b>4 577</b>
<b>Carrying amount as at 31 Dec. 2010</b>	<b>1 436</b>	<b>99</b>	<b>496</b>	<b>344</b>	<b>14</b>	<b>2 389</b>
of which leased assets	0	0	0	10	0	10

**Property, plant and equipment**

2009 CHF m	Operating property	Assets under construction: operating property	Plant and equip- ment, machinery, IT equipment	Furniture, vehicles, other assets	Assets under construction: other asset categories	Total
<b>Cost</b>						
<b>Balance at 1 Jan. 2009</b>	<b>5 694</b>	<b>119</b>	<b>1 223</b>	<b>605</b>	<b>142</b>	<b>7 783</b>
Additions due to acquisition of subsidiaries	–	–	0	1	–	1
Additions	–13 <sup>1</sup>	122	41	138	62	350
Disposals	–495	–5	–284	–37	–3	–824
Reclassifications	138	–138	180	–3	–177	–
Disposals arising from reclassifications in accordance with IFRS 5	–129	–	–	–40	–	–169
Currency translation differences	0	0	–1	–1	0	–2
<b>Balance at 31 Dec. 2009</b>	<b>5 195</b>	<b>98</b>	<b>1 159</b>	<b>663</b>	<b>24</b>	<b>7 139</b>
<b>Cumulative depreciation</b>						
<b>Balance at 1 Jan. 2009</b>	<b>4 245</b>	<b>–</b>	<b>773</b>	<b>305</b>	<b>0</b>	<b>5 323</b>
Depreciation	103	–	101	69	–	273
Impairment	4	–	–	–	0	4
Disposals	–485	–	–266	–31	–	–782
Reclassifications	0	–	4	–4	–	–
Disposals arising from reclassifications in accordance with IFRS 5	–92	–	–	–35	–	–127
Currency translation differences	0	–	0	0	0	0
<b>Balance at 31 Dec. 2009</b>	<b>3 775</b>	<b>–</b>	<b>612</b>	<b>304</b>	<b>0</b>	<b>4 691</b>
<b>Carrying amount as at 31 Dec. 2009</b>	<b>1 420</b>	<b>98</b>	<b>547</b>	<b>359</b>	<b>24</b>	<b>2 448</b>
of which leased assets	–	–	3	10	–	13

<sup>1</sup> Includes around CHF 6 million from subsidies for track facilities in 2010 and around CHF 17 million from reimbursements of subsequent input tax deductions in 2009.

## 25 | Intangible assets and goodwill

Intangible assets and goodwill CHF m	31 December 2010			31 December 2009		
	Goodwill <sup>1</sup>	Other intangible assets	Total	Goodwill <sup>1</sup>	Other intangible assets	Total
<b>Cost</b>						
<b>Balance at 1 January</b>	<b>259</b>	<b>140</b>	<b>399</b>	<b>210</b>	<b>140</b>	<b>350</b>
Additions due to acquisition of subsidiaries	20	4	24	–	8	8
Additions	–	18	18	51 <sup>2</sup>	29	80
Disposals	–1	–17	–18	–	–38	–38
Subsequent adjustment of acquisition costs	0	1	1	–1 <sup>3</sup>	–	–1
Currency translation differences	–18	–9	–27	–1	1	0
<b>Balance at 31 December</b>	<b>260</b>	<b>137</b>	<b>397</b>	<b>259</b>	<b>140</b>	<b>399</b>
<b>Cumulative amortization</b>						
<b>Balance at 1 January</b>	<b>25</b>	<b>78</b>	<b>103</b>	<b>22</b>	<b>67</b>	<b>89</b>
Amortization	0	22	22	–	30	30
Impairment	3 <sup>4</sup>	2	5	3 <sup>4</sup>	15 <sup>5</sup>	18
Disposals	–	–15	–15	–	–34	–34
Currency translation differences	–1	–6	–7	0	0	0
<b>Balance at 31 December</b>	<b>27</b>	<b>81</b>	<b>108</b>	<b>25</b>	<b>78</b>	<b>103</b>
<b>Carrying amount as at 31 December</b>	<b>233</b>	<b>56</b>	<b>289</b>	<b>234</b>	<b>62</b>	<b>296</b>

1 Goodwill relating to fully consolidated companies. Goodwill arising on the acquisition of associates is included in the carrying amount of these equity interests (see Note 23, Investments in associates).

2 From the acquisition of IT ServiceHouse AG, Dispodrom Ltd, Swiss Post Solutions (UK) Ltd, ZUVO Zustell- und Vertriebsorganisation AG, Espace Media Vertriebs AG, Pressevertriebs-GmbH and non-controlling interests at Bevo AG, Cards United GmbH, Client Vela SP z.o.o. and Swiss Post Porta a Porta S.p.A.

3 From earn-out adjustments Swiss Post International Scandinavia AB, Client Vela GmbH, Swiss Post International Logistics Ltd, SecurePost Ltd.

4 See information below under "Reviewing the recoverable amount of goodwill".

5 Impairment of customer bases.

Other intangible assets mainly comprise purchased standard software. There are no investment obligations.

## Reviewing the recoverable amount of goodwill

In the event of a new acquisition, goodwill is allocated to identifiable groups of units known as cash-generating units (CGUs) and tested annually for impairment. A CGU is usually a company.

A CGU's recoverable amount is based on a calculation of its value in use, in turn based on the strategic financial planning. The calculation of a CGU's value in use reflects the future cash flows for the next three years, discounted to present value at the weighted cost of capital, and an estimated residual value. This does not include any growth component.

Goodwill relates to the following segments and subsidiaries:

Goodwill by segment CHF m	31 December 2010					31 December 2009				
	Total goodwill	PostMail	Post-Logistics	Swiss Post International	Swiss Post Solutions	Total goodwill	PostMail	Post-Logistics	Swiss Post International	Swiss Post Solutions
SPS Group <sup>4</sup>	28	-	-	-	28	33	-	-	-	33
Swiss Post Solutions Ltd	9	-	-	-	9	9	-	-	-	9
Swiss Post Solutions Inc. <sup>4</sup>	33	-	-	-	33	36	-	-	-	36
Swiss Post Solutions Ltd <sup>1,4</sup>	25	-	-	-	25	21	-	-	-	21
Swiss Post Solutions (UK) Ltd <sup>2</sup>	-	-	-	-	-	8	-	-	-	8
Swiss Post Solutions GmbH, Oberhausen	5	-	-	-	5	-	-	-	-	-
Global Business Services Plus Group <sup>4</sup>	2	-	-	-	2	3	-	-	-	3
Presto Presse-Vertriebs AG	41	41	-	-	-	41	41	-	-	-
MDS Media Data Services AG	4	-	-	4	-	4	-	-	4	-
Swiss Post International Logistics Ltd	2	-	-	2	-	2	-	-	2	-
Swiss Post International Netherlands BV <sup>4</sup>	2	-	-	2	-	3	-	-	3	-
Swiss Post Porta a Porta S.p.A. <sup>3,4</sup>	17	-	-	17	-	23	-	-	23	-
Swiss Post SAT Holding SA	9	-	-	9	-	9	-	-	9	-
Swiss Post International Singapore Pte Ltd	4	-	-	4	-	4	-	-	4	-
Swiss Post International Scandinavia AB	3	-	-	3	-	3	-	-	3	-
SPI Spain Group	4	-	-	4	-	-	-	-	-	-
MCM Direct Limited	2	-	-	2	-	-	-	-	-	-
Edigroup Group	8	-	-	8	-	-	-	-	-	-
PostLogistics Ltd	27	-	27	-	-	27	-	27	-	-
IT ServiceHouse AG	5	-	5	-	-	5	-	5	-	-
Other	3	-	1	2	-	3	-	1	2	-
<b>Total</b>	<b>233</b>	<b>41</b>	<b>33</b>	<b>57</b>	<b>102</b>	<b>234</b>	<b>41</b>	<b>33</b>	<b>50</b>	<b>110</b>

- 1 Goodwill acquired on merger of Swiss Post Solutions (UK) Ltd.  
 2 Disposal of goodwill due to merger of Swiss Post Solutions (UK) Ltd with Swiss Post Solutions Ltd.  
 3 Goodwill of CHF 3 million written down.  
 4 Reduction in goodwill due to currency translation differences.

The following parameters were applied for each of the countries in determining the recoverable amount of goodwill relating to subsidiaries at 31 December 2010, based on the discounted cash flow method. A market risk premium of roughly five percent (Switzerland and abroad) and, depending on the assessment of the risks, a small cap premium of between zero and four percent and a debt premium of two to six percent were also used for the calculations.

**Parameters applied by country in determining the recoverable amount of goodwill**

percentage	Interest rate <sup>1</sup>	Tax rate <sup>2</sup>	WACC <sup>3</sup>
Switzerland	1.4	21	4.8–7.6
Italy	3.9	31	9.6
United Kingdom	3.0	28	7.0–7.7
Netherlands	2.5	26	7.4
Germany	2.3	29	6.6–7.5
USA	2.5	40	8.0
Singapore	2.0	17	7.0
France	2.7	33	8.2
Sweden	2.6	26	8.2
Spain	4.1	30	9.6

- 1 Yield on ten-year government bond issued by the country in question.  
 2 Tax rate in the acquiree's country.  
 3 Weighted average cost of capital.

## 26 | Financial liabilities

Financial liabilities CHF m	On demand	Callable <sup>1</sup>	Up to 1 year	1–5 years	Over 5 years	Total
<b>31 December 2010</b>						
Postal accounts	56 405	–	–	–	–	56 405
Deposito and investment accounts	–	28 839	–	–	–	28 839
Medium-term notes for customers	–	–	162	162	34	358
Money market investments for customers	–	0	123	–	–	123
<b>Total customer deposits (PostFinance)</b>	<b>56 405</b>	<b>28 839</b>	<b>285</b>	<b>162</b>	<b>34</b>	<b>85 725</b>
Due to banks	2	0	7	1	–	10
Derivative financial instruments	–	–	1	4	–	5
Other financial liabilities						
Finance leases	–	–	3	6	3	12
Repurchase transactions	–	–	300	–	–	300
Other	26	0	36	1	–	63
<b>Total other financial liabilities</b>	<b>28</b>	<b>0</b>	<b>347</b>	<b>12</b>	<b>3</b>	<b>390</b>
<b>Total financial liabilities</b>	<b>56 433</b>	<b>28 839</b>	<b>632</b>	<b>174</b>	<b>37</b>	<b>86 115</b>
<b>31 December 2009</b>						
Postal accounts	53 375	–	–	–	–	53 375
Deposito and investment accounts	–	23 001	–	–	–	23 001
Medium-term notes for customers	–	–	278	278	30	586
Money market investments for customers	–	9	301	–	–	310
<b>Total customer deposits (PostFinance)</b>	<b>53 375</b>	<b>23 010</b>	<b>579</b>	<b>278</b>	<b>30</b>	<b>77 272</b>
Due to banks	1	0	9	8	1	19
Derivative financial instruments	–	–	5	4	–	9
Other financial liabilities						
Finance leases	–	–	5	8	3	16
Repurchase transactions	–	–	–	–	–	–
Other	6	0	80	31	–	117
<b>Total other financial liabilities</b>	<b>7</b>	<b>0</b>	<b>99</b>	<b>51</b>	<b>4</b>	<b>161</b>
<b>Total financial liabilities</b>	<b>53 382</b>	<b>23 010</b>	<b>678</b>	<b>329</b>	<b>34</b>	<b>77 433</b>

<sup>1</sup> Call deposits for which no notice of withdrawal has been given, callable provided an agreed notice period is observed.

The portfolio of repurchase transactions is exposed to volatility. If demand for funds is relatively high, short-term refinancing requirements are covered through repurchase transactions. As a rule, collateral is provided for the full amount of the repurchase transactions.

In accordance with hedge accounting requirements, an amount of CHF 4 million (2009: CHF 4 million) was posted to derivative financial instruments (negative fair values).

Interest expense for customer deposits (PostFinance) amounted to CHF 480 million in the reporting period (2009: CHF 403 million).

Present value of obligations under finance leases

Present value of obligations under finance leases CHF m	31 December 2010			31 December 2009		
	Nominal	Discount	Present value	Nominal	Discount	Present value
Less than 1 year	4	-1	3	7	-2	5
1 to 5 years	7	-1	6	9	-1	8
Over 5 years	3	0	3	3	0	3
<b>Total</b>	<b>14</b>	<b>-2</b>	<b>12</b>	<b>19</b>	<b>-3</b>	<b>16</b>

27 | Provisions

Provisions CHF m	Other long-term employee benefits	Restructuring	Incurred claims	Litigation risks	Other	Total
<b>Balance at 1 Jan. 2010</b>	<b>331</b>	<b>37</b>	<b>37</b>	<b>17</b>	<b>16</b>	<b>438</b>
Additions due to acquisition of subsidiaries	-	-	-	-	1	1
Recognized	26	9	13	3	18	69
Present value adjustment	-	0	-	-	-	0
Utilized	-28	-16	-9	-1	-5	-59
Released	-1	-10	-3	-2	-3	-19
Subsequent adjustment of acquisition costs	-	-	-	-	0	0
Reclassifications	-	-2	-	-	2	-
Currency translation differences	0	-2	0	0	-3	-5
<b>Balance at 31 Dec. 2010</b>	<b>328</b>	<b>16</b>	<b>38</b>	<b>17</b>	<b>26</b>	<b>425</b>
of which current	29	14	10	1	17	71
<b>Balance at 1 Jan. 2009</b>	<b>316</b>	<b>44</b>	<b>41</b>	<b>14</b>	<b>18</b>	<b>433</b>
Additions due to acquisition of subsidiaries	4	-	-	-	4	8
Recognized	40	25	11	4	2	82
Present value adjustment	-	0	-	-	-	0
Utilized	-24	-30	-9	-1	-5	-69
Released	-5	-2	-6	0	-5	-18
Subsequent adjustment of acquisition costs	-	-	-	-	2	2
Currency translation differences	0	0	-	0	0	0
<b>Balance at 31 Dec. 2009</b>	<b>331</b>	<b>37</b>	<b>37</b>	<b>17</b>	<b>16</b>	<b>438</b>
of which current	29	32	11	2	12	86

Other long-term employee benefits

Other long-term employee benefits primarily include anniversary bonuses for long years of service (loyalty bonuses) and staff vouchers (mainly for retirees). The changes are set out in the following tables.

The following parameters were applied:

Assumptions for the calculation as at:	Loyalty bonuses		Staff vouchers	
	31 Dec. 2010	31 Dec. 2009	31 Dec. 2010	31 Dec. 2009
Discount rate	2.75%	3.00%	2.75%	3.25%
Annual change in wages	2.00%	2.00%	-	-
Exercise rate for staff vouchers	-	-	95.00%	95.00%
Percentage holiday	55.80%	55.80%	-	-
Voluntary staff turnover	7.82%	6.80%	3.94%	4.00%
Average remaining working life in years	9.9	10.1	11.3	11.4

Change in other long-term  
employee benefits

Other long-term employee benefits CHF m	Loyalty bonuses <sup>1</sup>		Staff vouchers	
	2010	2009	2010	2009
<b>Balance at 1 January</b>	<b>218</b>	<b>209</b>	<b>113</b>	<b>107</b>
Accrued benefit claims	13	13	2	3
Benefits paid	-23	-19	-5	-5
Interest on employee benefit obligations	6	7	3	4
(Income)/expense from plan amendments	0	4	-8	2
Additions to the consolidated Group	1	4	-	-
(Gains)/losses resulting from changes in assumptions	3	3	7	4
Annual (gains)/losses	-1	-3	-1	-2
<b>Balance at 31 December</b>	<b>217</b>	<b>218</b>	<b>111</b>	<b>113</b>

<sup>1</sup> The loyalty bonuses also include sabbaticals for management employees.

 Expenses booked under  
staff costs

Expenses booked under staff costs CHF m	Loyalty bonuses		Staff vouchers	
	2010	2009	2010	2009
Accrued benefit claims	13	13	2	3
Interest cost	6	7	3	4
Recognition of plan amendment costs	0	4	-8	2
Recognition of (gains)/losses	2	0	6	2
<b>Total expenses for other long-term employee benefits</b>	<b>21</b>	<b>24</b>	<b>3</b>	<b>11</b>

## 28 | Equity

On 1 January 1998, the Swiss Confederation provided Swiss Post with interest-free endowment capital of CHF 1,300 million.

Bearing in mind economic viability and cover requirements, insurance risks are financed primarily through a self-insurance solution, as a result of which exceptional claims may affect the result. Under Article 14 of the Postal Organization Act (POA), Swiss Post is exempt from the duty to obtain insurance laid down in federal and cantonal law.

The switch from the Swiss Post self-insurance solution to Swiss Post Insurance AG meant that, in 2009, the self-insurance reserves in the amount of CHF 265 million could be reclassified into capital reserves.

In accordance with a decision by the Swiss Federal Council, a total of CHF 450 million was distributed in appropriating profit for 2009. Of this amount, CHF 250 million was deposited in the employer's reserve of the Swiss Post pension fund and CHF 200 million was distributed to the owner.

Fair value reserves comprise fluctuations in the value of "available-for-sale" financial assets, which are caused mainly by fluctuations in capital market interest rates. When financial assets are sold, the relevant fair value reserve is recognized in the statement of comprehensive income.

Hedging reserves include net gains and losses resulting from fair value changes attributable to the effective portion of cash flow hedges. The hedging reserves are reclassified to profit or loss when the hedged item affects profit or loss.



## 29 | Operating leases

Swiss Post as lessee

Minimum obligations under non-cancellable lease and rental agreements break down as follows:

<b>Obligations under operating leases</b> CHF m	31 Dec. 2010	31 Dec. 2009
<b>Future obligations under operating leases due in</b>		
Less than 1 year	122	126
1 to 5 years	291	306
Over 5 years	100	110
<b>Future payment obligations under operating leases</b>	<b>513</b>	<b>542</b>
Minimum lease payments	148	144
Conditional lease payments	8	8
<b>Lease expenses for the period</b>	<b>156</b>	<b>152</b>
Income from sub-letting in the past financial year	18	16
Future income from sub-letting	47	49

Payments arising from operating leases relate mainly to rent for the post office network's real estate (with an average remaining term of two years), rent for business premises and ground rent agreements at the Real Estate unit. Income from sub-letting relates to the post office network's real estate which, for the purposes of optimization, has been sub-let to third parties until the lease expires.

Conditional lease payments occur if the lease is index-linked.

Swiss Post as lessor

Income from the rental of Swiss Post's own properties to third parties amounted to CHF 39 million in the reporting period (2009: CHF 27 million). As at the end of the reporting period, Swiss Post had not entered into any other significant lease agreements as lessor.

<b>Income from lease agreements</b> CHF m	31 Dec. 2010	31 Dec. 2009
<b>Future minimum lease payments due under agreements in</b>		
Less than 1 year	70	51
1 to 5 years	199	149
Over 5 years	57	46
<b>Total</b>	<b>326</b>	<b>246</b>

## 30 | Contingent liabilities

Guarantees

Legal cases

Contingent liabilities were as follows as at 31 December 2010:

Guarantees and guarantee obligations amount to CHF 27 million (2009: CHF 37 million).

As regards claims or legal cases for which provisions have not been recognized, Executive Management believes either that they can be refuted or that they will not have a major impact on the Group's financial position or operating result. In the reporting period, the resulting contingent liabilities amounted to CHF 5 million (2009: CHF 1 million).

## 31 | Related parties and key employees

Within the meaning of the IFRSs, Swiss Post Group has relationships with related parties such as subsidiaries, associates and key employees. Likewise, as the owner of Swiss Post, the Swiss Confederation is deemed to be a related party.

All transactions between Swiss Post and related parties are concluded at market rates. As the owner of Swiss Post, the Confederation paid compensation of CHF 30 million (2009: CHF 30 million) and CHF 155 million (2009: CHF 150 million) respectively for newspaper and passenger transport services.

Transactions between Swiss Post and its subsidiaries were eliminated on consolidation and not included in the information contained in these Notes.

Swiss Post and its subsidiaries carried out the following transactions with related parties that are not part of the Group.

Transactions with related parties CHF m	Sale of goods and services		Purchases of goods and services		Receivables and loans with related parties		Liabilities to related parties	
	2010	2009	2010	2009	31 Dec. 2010	31 Dec. 2009	31 Dec. 2010	31 Dec. 2009
<b>Companies with joint management or significant influence</b>	<b>418</b>	<b>413</b>	<b>168</b>	<b>170</b>	<b>744</b>	<b>303</b>	<b>610</b>	<b>960</b>
Swiss Confederation	219	217	61	58	0	6	302	336
Swisscom	130	145	41	42	708	258	8	8
Swiss Federal Railways SBB	68	50	66	70	36	39	300	616
RUAG	1	1	0	0	0	0	0	0
Skyguide	0	0	0	0	0	0	0	0
<b>Transactions with minority shareholders of subsidiaries</b>	<b>15</b>	<b>17</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>0</b>
<b>Associates</b>	<b>10</b>	<b>8</b>	<b>28</b>	<b>13</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>2</b>
<b>Other related parties</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>202<sup>1</sup></b>	<b>300<sup>1</sup></b>

<sup>1</sup> Primarily includes customer deposits of the Swiss Post pension fund held at PostFinance. Prior-year amount adjusted.

### Compensation paid to key employees

In the past financial year, compensation including fringe benefits of CHF 5.75 million (2009: CHF 5.9 million) and pension benefits of around CHF 0.78 million (2009: around CHF 0.8 million) was paid to key employees. Those defined as key employees are members of the Board of Directors and Executive Management. The performance-based component paid out to members of Executive Management in 2011 was based on target attainment in 2009 and 2010 and amounted to around CHF 1.15 million (2009: around CHF 1.04 million). There are no loan agreements in place with key employees.

## 32 | Risk management

Risk management  
(corporate risk management)

### ■ Organization

Swiss Post operates a comprehensive risk management system, applicable to all units of the parent company and to the subsidiaries. Risk policy is defined by Executive Management and the Board of Directors. Risk management is a line management responsibility.

Each Swiss Post unit (PostBus, PostFinance, PostMail, PostLogistics, Swiss Post International, Swiss Post Solutions, Post Offices & Sales) has a risk manager, as do the subsidiaries.

The risk managers run the process and coordinate reporting both to their management and to the Group risk manager. At a functional level, they report to the units' management and are responsible for providing independent risk control. The risk managers put in place the necessary controls and limits and monitor the positions and potential risks. The risk management process ensures that all risks are identified and recorded in full in the risk measurement and reporting systems.

The areas covered include strategy and environment, customers/market, service provision, pricing policy, projects/external services, reporting/controlling, security, own damage and liability claims, human resources management, information technology, finance, corporate governance, legal aspects and communications/image.

The risk management process is integrated into the Group's annual strategy process. Twice a year, the Group risk manager and the Risk Management Committee provide Executive Management with a full overview of the Group's risk position and high-level risks. Executive Management carries out its risk analysis on the basis of this overview. The results are presented to the Board of Directors' Audit & Risk Committee and the Board of Directors. Finally, the Board of Directors assesses the aggregated risks.

#### ■ Risk position

In 2010, Swiss Post identified and evaluated ten high-level risks which it actively addressed and for which it developed scenarios and drew up possible measures. These risks each entail potential losses of over CHF 50 million. Three concern the (political) operating context, three are market-related and four are endogenous risks. Thirteen further risks are being monitored on a precautionary basis.

#### Internal control system

Swiss Post operates an internal control system (ICS) that promptly identifies and assesses the relevant financial processes and risks related to bookkeeping and the rendering of accounts and incorporates appropriate key controls to cover those processes and risks. The ICS encompasses those procedures and measures that ensure proper bookkeeping and rendering of accounts and accordingly form the basis of all financial reporting. It thus ensures that financial reporting is of a high quality. Swiss Post sees the ICS as an activity aimed at the continuous improvement of processes.

In accordance with Article 728 a, section 1 (3) of the Swiss Code of Obligations, the external auditors check the existence of an ICS in conducting their regular audit.

#### Risk management at PostFinance

Swiss Post's Board of Directors or the Board of Directors' PostFinance Committee sets out the primary guidelines and principles on managing financial risks, approves the investment and risk policy, and sets limits which the operating units are required to observe in managing financial risks.

#### ■ Organization

At PostFinance, Swiss Post operates an adequate financial and operational risk management system based on the requirements of Basel II. The specific business risks faced by PostFinance, namely market, credit and operational risks, are managed using industry-standard tools and methods.

Independently of the operational side of the business, PostFinance Risk Management identifies, measures and controls risks and the observance of limits, and reports the results to the relevant supervisory bodies. Where limits are exceeded, predefined measures are introduced immediately.

#### ■ Financial risk measurement methods

The methods of recording and controlling risks are applied at the level of both the individual PostFinance portfolio and the overall PostFinance balance sheet. Market risks are limited and monitored by means of a multi-level limit system.

The PostFinance Asset & Liability Management Committee (ALKO) is responsible for the active management and control of financial risks within the defined framework. Its duties and responsibilities include, among other things, management of the balance sheet structure, setting sub-limits for market and credit risks based on operational risk management areas, and determining adequate replicating portfolios. The Asset & Liability Management Committee also ensures that the risk management infrastructure meets requirements in organizational, human resources, technical and methodology terms.

The key measures and limits for market risks at the portfolio level are value-at-risk (VaR) values. VaR is a statistical estimate of the potential loss on the existing portfolio as a result of adverse market movements and denotes the maximum loss expected under normal market conditions over a given time period (holding period) at a given probability (confidence level). In doing so, it represents different types of market price risk in a standard measure.

All instruments are revalued based on historical changes in risk factors (interest rate movements, changes in credit spreads by rating category and foreign currency exchange rates). The historical volatilities of the individual risk factors and the historical correlations between those factors are thus factored directly into the calculation.

The VaR model used by PostFinance assumes a holding period of ten days and a confidence level of 99 percent before the positions can be closed out and supposes that market movements during that holding period will show a similar pattern to the market movements simulated using the VaR model. Based on the statistical nature of VaR, there is a certain probability (one percent) that actual losses may exceed those estimated using VaR. To assess the risk, the simulated movements in the risk factors are applied directly to current positions.

#### ■ Financial risk types and their measurement

The following financial risks are monitored at PostFinance on an ongoing basis:

##### – Interest rate risk and balance sheet structure risk

The term 'interest rate risk' refers to the potential impact of a change in market interest rates on the fair value of assets and liabilities in the balance sheet and on the net interest income in the statement of comprehensive income.

PostFinance's interest-earning operations are a key earnings driver for Swiss Post. As changes in interest rates have a direct impact on net interest income, management of the risks associated with such changes is considered a priority. The risks are monitored and managed on an ongoing basis by the Asset & Liability Management Committee.

The majority of the customer deposits held by PostFinance do not earn a fixed rate of interest. In order to map these for the purposes of asset and liability management, revolving tranches with different terms to maturity are compiled using the replicating portfolio method so as to measure and control margin variability.

Customer deposits are invested both in the money market (repo and custody transactions) and in the capital market, where consideration is given mainly to fixed-rate instruments. Customer deposits, on the other hand, mostly earn variable rates of interest. The terms of the investments are determined based on maturity requirements on the liabilities side (including replicating portfolios) so as to optimize interest rate dependency on the assets and liabilities sides and thus reduce earnings volatility. Market risks arising from interest-related operations are measured and managed daily, at the level of both the individual portfolio and the overall PostFinance balance sheet, using the value-at-risk method. Rounding off the risk analysis process, sensitivity data are also applied and gap analyses and stress tests performed.

The following value-at-risk values show the interest rate risk to which Swiss Post was exposed as at 31 December 2010 and 2009 and the impact of changes in market interest rates on the fair value of items both on and off the balance sheet that are sensitive to interest rates. Compared with the previous year's annual report, the value-at-risk values for each risk factor are now reported excluding diversification effects. The corresponding prior-year values are shown in parentheses. Excluding the diversification effects of other risk factors, the interest rate VaR of PostFinance's banking book was CHF 20.8 million as at 31 December 2010 (2009: CHF 0.8 million). The interest rate VaR of the trading book represented a very low risk at CHF 0.03 million at the end of the reporting period (2009: CHF 0.02 million).

##### – Foreign currency risk

The term 'foreign currency risk' refers to the risk that the value of a financial instrument may change as a result of fluctuations in exchange rates. The currency risks faced by Swiss Post result from financial assets and business operations.

- The amounts in the following table, “Financial instruments by currency”, are the amounts recognized in the balance sheet. The risks associated with cash flows from foreign-currency financial assets (coupon payments and nominal value repayments) as a result of exchange rate fluctuations are hedged by means of currency swaps and forward exchange contracts with matching maturities. Currency swaps, interest rate swaps and forward exchange transactions are used to hedge against the effect of changes in market interest rates in foreign currencies and exchange rate changes on the fair value of and income from fixed-rate foreign-currency bonds. Market risks arising from foreign exchange transactions are measured and managed daily, both at the individual portfolio level and the overall balance sheet level, using the value-at-risk method. Excluding the diversification effects of other risk factors, the foreign exchange VaR of PostFinance's trading book was CHF 11.3 million as at 31 December 2010 (2009: CHF 3.1 million). The foreign exchange VaR in the banking book was CHF 4.9 million at the end of the reporting period (2009: CHF 18.8 million).

### Financial instruments by currency (Group)

CHF m

<b>31 December 2010</b>	CHF	EUR	USD	GBP	Other	Total
<b>Assets</b>						
Cash	1 566	119	0	0	0	1 685
Receivables due from banks	11 467	518	1 140	33	27	13 185
Interest-bearing amounts due from customers	505	–	–	–	–	505
Trade accounts receivable	552	259	10	25	51	897
Other receivables	979	120	4	7	21	1 131
Financial assets	70 285	2 204	461	79	14	73 043
Held for trading and derivatives	5	99	60	27	0	191
Held to maturity	58 302	1 717	85	–	–	60 104
Available for sale	711	383	316	52	14	1 476
Loans	11 267	5	–	–	–	11 272
<b>Liabilities</b>						
Customer deposits (PostFinance)	82 180	2 291	1 205	25	24	85 725
Other financial liabilities	342	36	10	0	2	390
Trade accounts payable	348	214	2	5	49	618
Other liabilities	745	99	4	13	20	881
<b>31 December 2009</b>						
	CHF	EUR	USD	GBP	Übrige	Total
<b>Assets</b>						
Cash	1 850	126	0	0	0	1 976
Receivables due from banks	14 786	750	692	42	23	16 293
Interest-bearing amounts due from customers	132	–	–	–	–	132
Trade accounts receivable	520	369	11	26	54	980
Other receivables	1 054	129	5	4	26	1 218
Financial assets	58 419	2 070	558	76	6	61 129
Held for trading and derivatives	6	50	53	21	0	130
Held to maturity	48 170	1 210	55	–	–	49 435
Available for sale	599	803	450	55	6	1 913
Loans	9 644	7	–	–	–	9 651
<b>Liabilities</b>						
Customer deposits (PostFinance)	74 511	1 997	724	25	15	77 272
Other financial liabilities	26	119	11	0	5	161
Trade accounts payable	301	331	3	6	74	715
Other liabilities	761	126	18	14	75	994

– Equity price risk

The term 'equity price risk' refers to the risk of a loss resulting from changes in equity index levels or the value of individual shares.

Since 2005, PostFinance has also been investing in equities for the purposes of diversification and is therefore exposed to equity price risk. Equity price risk is monitored and limited using VaR measurements. Limits are monitored on a daily basis. The equity VaR in PostFinance's banking book was CHF 19.2 million as at 31 December 2010 (2009: CHF 27.5 million). No equities were held for trading in either financial year 2010 or 2009. In 2009, an equity position designated at fair value through profit or loss amounted to CHF 17 million at year-end.

Including the diversification effects among the risk factors, the VaR for the entire banking book was CHF 29.7 million as at 31 December 2010 (2009: CHF 25.8 million). Across all risk factors, the VaR in the trading book was CHF 11.3 million at the end of the reporting period (2009: CHF 3.1 million). In terms of total market risk in the banking and trading books, the VaR amounted to CHF 41 million as at 31 December 2010 (2009 CHF 29 million).

– Credit risk

The term 'credit risk' refers to the risk that a counterparty will no longer be able to fulfil its obligations, thereby causing the other party to incur a financial loss. Credit risks increase as counterparties become more concentrated in an individual sector or region. Economic developments affecting whole sectors or regions can threaten the solvency of an entire group of otherwise unrelated counterparties.

The credit risks associated with PostFinance Treasury's investments in the money and capital markets are strictly limited through special investment regulations and prescribed limits. Among other things, limits apply at counterparty, portfolio and rating structure level and also to country risks. For example, investments are only permitted if the debtor has a first-class credit rating.

Credit risks are measured in accordance with the Basel II guidelines. The Basel II limit stipulates how high PostFinance's financial risks may be, expressed as its capital requirement under Basel II. PostFinance's maximum risk exposure is determined by the risk-bearing capacity of Swiss Post and the risk tolerance of the Board of Directors.

Specifications and investment restrictions are based on publicly accessible ratings by recognized rating agencies and qualified banks.

**Rating structure of fixed-rate financial assets<sup>1</sup>**

Rating category in percent	31 Dec. 2010	31 Dec. 2009
AAA	73	70
AA	19	19
A	7	10
<A	1	1

<sup>1</sup> Includes the categories "held to maturity" and "available for sale"; based on fair values.

Swiss Post deliberately limits the cluster risk by holding financial assets that are broadly diversified in terms of the counterparties.

**Breakdown of the largest counterparties<sup>1</sup>**

CHF m	31 Dec. 2010	31 Dec. 2009
Mortgage Bond Bank of the Swiss Mortgage Institutions, Zurich	8 263	3 571
Swiss Confederation, Berne	5 578	3 041
Central Mortgage Bond Institution of the Swiss Cantonal Banks, Zurich	3 219	1 586

<sup>1</sup> Includes receivables due from banks (excluding secured lendings) and financial assets; based on fair values.

Lending business

The mortgage lending solutions offered in cooperation with Münchener Hypothekenbank eG (MHB) since June 2008 do not result in any credit risks for PostFinance. These are borne entirely by the partner bank. Since autumn 2009, PostFinance has been collaborating with Valiant Bank on financing for SMEs. This cooperation arrangement has enabled PostFinance to expand its customer offering in the retail market. Since autumn 2010, PostFinance has also been cooperating with Valiant Bank on mortgage lending to private customers. The credit risks resulting from the two areas of cooperation are assumed by Valiant Bank.

Liquidity risk

The term 'liquidity risk' refers to the risk that current and future payment obligations cannot be met on time or in full. PostFinance uses traditional maturity transformation, systematically investing customer deposits on the assets side of the balance sheet based on replicating portfolios. Products with no maturity account for around 92 percent (2009: 89 percent) of the liabilities side of PostFinance's balance sheet. Unlike banks, PostFinance is not permitted to use the funds for traditional loans (e.g. mortgages, business loans) due to the legal framework, although investments may be made in the money and capital markets. PostFinance invests funds available over the long term (core deposits) in capital-market investments and funds available over the short term in the repo market and interbank trading. This results in a highly liquid assets side. Furthermore, the investments' excellent credit quality (BBB ratings and higher) means that the securities can be used as collateral at any time in order to obtain liquidity. See also Note 26, Financial liabilities.

Operational risk management at PostFinance

■ Definition

In line with the Basel Committee on Banking Supervision (Basel II), operational risk at PostFinance is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The principles on managing operational risk at PostFinance are set out in the operational risk management policy.

■ Organization

PostFinance operates an operational risk management system that is steered from a central dedicated unit. This defines the risk management process for the entire area and ensures regular and transparent identification, measurement, monitoring and reporting on all material operational risks. The dedicated unit also provides the necessary tools and instruments and acts as the interface between line management and the Operational Risk Committee, which is responsible for the effective and efficient implementation of the operational risk management policy.

Each department and team functions as its own decentralized operational risk controller, gathering the relevant information in its role as coordinator for its organizational unit, carrying out risk identification and assessment, and assuming responsibility for recording losses.

A decentralized operational risk manager is responsible for each of the largest operational risks at PostFinance (2010: seven high-level risks). These risk managers are responsible for the regular assessment and monitoring of the high-level risk assigned to them and report to the Operational Risk Committee on a quarterly basis.

## Capital management

#### ■ Tools

PostFinance has various industry-standard tools with which to actively manage operational risk. Firstly, losses across the entire company are collected together, enabling past operational losses to be analysed, common trends to be identified and measures to be taken based on the findings. Secondly, structured risk assessments (self risk assessments) are used to evaluate potential risk scenarios that may in future pose a threat to PostFinance. The resulting risk inventory allows the Operational Risk Committee to obtain a good overview of the company's entire risk position.

In addition, the measures decided upon by the Operational Risk Committee to mitigate operational risks are monitored centrally. Early risk warning indicators are used, in particular, by the decentralized units to promptly identify any change in the risk position.

#### ■ Reporting

The Operational Risk Committee receives quarterly reports on the current high-level risks and, if necessary, introduces measures to mitigate the risks. Based on this information, the Swiss Post Board of Directors is notified of PostFinance's risk position on a regular basis via the Board of Directors' PostFinance Committee.

The endowment capital was provided to Swiss Post by the Swiss Confederation on an interest-free basis. Swiss Post is not subject to any legal or regulatory capital adequacy requirements. It is possible to raise capital by accumulating reserves from retained profits.

Swiss Post uses its equity with the following aims:

- to ensure that Swiss Post continues to operate;
- to generate an adequate return for the owner;
- to achieve the strategic objectives set by the owner with regard to increasing the value of the company;
- to achieve an industry-standard equity ratio.

The equity is in accordance with IFRSs.

The consolidated annual financial statements are drawn up on the basis of the Postal Organization Act in accordance with International Financial Reporting Standards (IFRSs). Swiss Post Group reports equity of CHF 4,224 million (2009: CHF 3,534 million).



## 33 | Consolidated Group

Acctg. method	Segment	Company	Domicile	Endowment or share capital		% equity interest as at 31 Dec. 2010	% equity interest as at 31 Dec. 2009
				Currency	in 000s		
<b>Switzerland</b>							
F	1–8	Swiss Post	Berne	CHF	1 300 000		
F	1	Presto Presse-Vertriebs AG (formerly Bevo AG)	Berne	CHF	100	100*	100*
F	1	Epsilon SA	Lancy	CHF	100	66*	66*
F	1	PostMail Ltd	Berne	CHF	100	100*	100*
F	2	Mobility Solutions Ltd	Berne	CHF	100	100*	100*
F	2	Mobility Solutions Management Ltd	Berne	CHF	100	85*	85*
F	2	PostLogistics Ltd	Dintikon	CHF	20 000	100*	100*
F	2	SecurePost Ltd	Berne	CHF	4 000	100*	100*
F	2	Dispodrom Ltd	Schlieren	CHF	2 000	100*	100*
F	2	IT ServiceHouse AG	Köniz	CHF	100	100*	100*
F	3	EDS Export & Distribution Services AG	Meilen	CHF	150	100	100
F	3	MDS Media Data Services AG	Kriens	CHF	200	100	100
F	3	Swiss Post International Holding Ltd	Berne	CHF	63 300	100*	100*
F	3	Swiss Post International Logistics Ltd	Basel	CHF	1 000	100	100
F	3	Swiss Post International Management Ltd	Berne	CHF	1 000	100	100
F	3	Swiss Post SAT Holding Ltd	Berne	CHF	2 000	100	100
F	3	Edigroup SA <sup>1</sup>	Chêne-Bourg	CHF	200	100	–
F	3	R & M Routage & Mailing SA <sup>2</sup>	Chêne-Bourg	CHF	100	100	–
F	4	Swiss Post Solutions Ltd	Zurich	CHF	1 000	100*	100*
F	4	SwissSign AG <sup>3</sup>	Opfikon	CHF	450	100*	100*
F	6	PostFinance Ltd	Berne	CHF	100	100*	100*
F	6	Debitoren Service AG <sup>4</sup>	Berne	CHF	1 000	100*	–
F	7	PostBus Switzerland Ltd	Berne	CHF	25 000	100*	100*
F	8	InfraPost Ltd	Berne	CHF	1 000	100*	100*
E	1	Direct Mail Company AG	Basel	CHF	420	50*	50*
E	1	Direct Mail Logistik AG	Basel	CHF	100	50*	50*
E	1	AZ Vertriebs AG	Aarau	CHF	100	25	25
E	1	search.ch AG (formerly Räber Information Management GmbH) <sup>5</sup>	Küssnacht (SZ)	CHF	100	25*	25*
E	1	SCHAZO AG	Schaffhausen	CHF	300	50	50
E	1	SÜDOSTSCHWEIZ PRESSEVERTRIEB AG	Chur	CHF	100	35	35
E	3	TNT Swiss Post AG	Buchs (AG)	CHF	1 000	50	50
E	6	SIX Interbank Clearing AG	Zurich	CHF	2 100	25*	25*
E	7	Sensetalbahn AG	Laupen	CHF	2 890	34*	34*
E	7	Société des Auto-transports du Pied du Jura Vaudois S.A.P.J.V.	L'Isle	CHF	1 200	35*	35*
<b>Belgium</b>							
F	3	Swiss Post International Belgium BVBA	Brussels	EUR	20	100	100
F	3	Edigroup Belgique SPRL <sup>6</sup>	Brussels	EUR	19	100	–
<b>China</b>							
F	3	Swiss Post International Hong Kong Ltd	Hong Kong	HKD	10	100	100

### Acctg. method

F = fully consolidated  
E = accounted for under the equity method

### Segment

1 = PostMail  
2 = PostLogistics  
3 = Swiss Post International  
4 = Swiss Post Solutions (formerly Strategic Customers & Solutions)

5 = Post Offices & Sales  
6 = PostFinance

7 = PostBus  
8 = Other

\* Equity interest is held by Swiss Post, the parent.

1 Shares (100 percent) acquired on 1 July 2010.

2 Shares (100 percent) acquired on 1 July 2010.

3 New domicile, previously Zurich.

4 Established on 3 November 2010.

5 Capital increased by CHF 80,000 (Swiss Post's share: CHF 20,000) to CHF 100,000 on 12 July 2010.

6 Shares (100 percent) acquired on 1 July 2010.

Acctg. method	Segment	Company	Domicile	Endowment or share capital		% equity interest	
				Currency	in 000s	as at 31 Dec. 2010	as at 31 Dec. 2009
<b>Germany</b>							
F	3	Swiss Post International Germany GmbH (formerly Swiss Post Deutschland Holding GmbH)	Troisdorf	EUR	100	100	100
F	3	Swiss Post International Operations GmbH & Co. KG (formerly Swiss Post International Germany GmbH & Co. KG) <sup>1</sup>	Dietzenbach	EUR	1 176	100	100
F	3	Swiss Post International Operations Verwaltungs-GmbH (formerly Swiss Post International Germany Verwaltungs GmbH) <sup>2</sup>	Dietzenbach	EUR	25	100	100
F	3	Trans-Euro GmbH	Weil am Rhein	EUR	25	100	100
F	3	PrimeMail GmbH <sup>2</sup>	Hamburg	EUR	1 000	50	50
F	4	CF Card Factory GmbH	Hessisch-Lichtenau	EUR	500	51	51
F	4	Client Vela GmbH	Munich	EUR	31	100	100
F	4	Fortuna Beteiligungs GmbH	Bamberg	EUR	50	100	100
F	4	Swiss Post Solutions GmbH (formerly GHP Dialog Services GmbH)	Munich	EUR	50	100	100
F	4	Swiss Post Solutions GmbH <sup>3</sup>	Bamberg	EUR	5 000	38.3/60	38.3/60
F	4	GHP Immobilien GmbH & Co. KG	Bamberg	EUR	200	52	52
F	4	GHP Immobilien Verwaltungs GmbH	Bamberg	EUR	25	100	100
F	4	Swiss Post Solutions GmbH (formerly LS Dialogmarketing Verwaltungs GmbH)	Dettingen	EUR	1 500	100	100
F	4	Swiss Post Solutions Holding GmbH	Bamberg	EUR	25	100*	100*
F	4	systemform MediaCard GmbH	Prien	EUR	1 050	100	100
F	4	Swiss Post Solutions GmbH (formerly Global Business Services Plus GmbH)	Waltershausen	EUR	1 026	100	100
F	4	GBS + Temps GmbH	Waltershausen	EUR	25	100	100
F	4	Swiss Post Solutions GmbH	Pulsnitz	EUR	100	100*	100*
F	4	Swiss Post Solutions GmbH (formerly Billing & Loyalty Systems GmbH) <sup>4</sup>	Oberhausen	EUR	26	100	–
E	4	eSourceOne GmbH	Hallstadt	EUR	25	50	50
E	4	meiller GHP GmbH <sup>5</sup>	Schwandorf	EUR	280	35	–
E	6	Swiss Euro Clearing Bank GmbH	Frankfurt am Main	EUR	10 000	25*	25*
<b>France</b>							
F	3	Société d'Affrètement et de Transit S.A.T. SAS	Huningue	EUR	200	100	100
F	3	Société de Transports Internationaux S.T.I. SARL	Huningue	EUR	8	100	100
F	3	Swiss Post International (France) SAS	Chassieu	EUR	300	100	100
F	3	G.P.A. Gestion & Promotion d'Abonnements SARL <sup>6</sup>	Gaillard	EUR	20	100	–
F	3	SCI S.A.T. <sup>7</sup>	Huningue	EUR	1	100	–
F	4	GHP Direct France SARL <sup>8</sup>	Le Chesnay	EUR	30	–	100
F	4	Swiss Post Solutions Holding SAS (formerly Global Business Services Plus SAS)	Paris	EUR	32 213	100*	100*
F	4	Swiss Post Solutions SAS (formerly Global Business Services Plus France SAS)	Paris	EUR	3 914	100	100
F	7	CarPostal France SARL	Dole	EUR	200	100*	100*
F	7	CarPostal Bourg-en-Bresse SAS	Bourg-en-Bresse	EUR	190	100	100
F	7	CarPostal Haguenau SAS	Haguenau	EUR	464	100	100

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8 = Other

\* Equity interest is held by Swiss Post, the parent.

1 New domicile, previously Troisdorf. Capital reduced to EUR 1,176,000 on 1 July 2010.

2 New domicile, previously Troisdorf.

3 Swiss Post Solutions Holding GmbH holds 38.3 percent and Fortuna Beteiligungs GmbH a further 60 percent of the shares in Swiss Post Solutions GmbH (Bamberg). Swiss Post Solutions GmbH holds 1.7 percent of its own shares.

4 Shares (100 percent) acquired on 12 March 2010.

5 Shares (35 percent) acquired on 21 December 2010.

6 Shares (100 percent) acquired on 1 July 2010.

7 Shares (100 percent) acquired on 1 October 2010.

8 Integrated into meiller GHP GmbH on 21 December 2010.

Acctg. method	Segment	Company	Domicile	Endowment or share capital		% equity interest as at 31 Dec. 2010	% equity interest as at 31 Dec. 2009
				Currency	in 000s		
<b>France (continued)</b>							
F	7	CarPostal Obernai SAS	Obernai	EUR	50	100	100
F	7	CarPostal Interurbain SAS <sup>1</sup>	Narbonne	EUR	250	100	100
F	7	CarPostal Mâcon SAS	Mâcon	EUR	300	100	100
F	7	CarPostal Dole SAS	Dole	EUR	300	100	100
F	7	CarPostal Foncière SCI	Bourg-en-Bresse	EUR	50	100	100
F	7	CarPostal Villefranche-sur-Saône SAS	Gleize	EUR	150	100	100
F	7	CarPostal Agde SAS <sup>2</sup>	Agde	EUR	250	100	–
F	7	CarPostal Bourgogne Franche-Comté SAS <sup>3</sup>	Mâcon	EUR	300	100	–
F	7	CarPostal Méditerranée SAS <sup>4</sup>	Agde	EUR	420	100	–
F	7	CarPostal Pyrénées SAS <sup>5</sup>	Narbonne	EUR	250	100	–
<b>United Kingdom</b>							
F	3	Swiss Post International (UK) Ltd	Colnbrook	GBP	500	100	100
F	3	MCM Direct Limited <sup>6</sup>	Southampton	GBP	0	100	–
F	4	Graphic Data (UK) Ltd <sup>7</sup>	Richmond	GBP	31	100	100
F	4	Swiss Post Solutions Ltd (formerly MailSource UK Ltd)	Richmond	GBP	7 303	100*	100*
F	4	Swiss Post Solutions (UK) Ltd (formerly Microgen UK Ltd) <sup>8</sup>	Richmond	GBP	6	–	100
<b>Italy</b>							
F	3	Swiss Post Porta a Porta S.p.A.	Milan	EUR	2 000	80	80
F	4	Swiss Post Solutions S.p.A. (formerly MailSource Italia S.p.A.)	Milan	EUR	500	100	100
E	3	Hermes Porta a Porta S.p.A.	Tribiano	EUR	400	20	20
<b>Liechtenstein</b>							
F	7	PostAuto Schweiz Regionalzentrum Liechtenstein Anstalt	Triesen	CHF	30	100*	100*
F	8	Swiss Post Insurance AG	Vaduz	CHF	25 000	100*	100*
E	8	Liechtensteinische Post AG	Vaduz	CHF	5 000	25*	25*
<b>Malaysia</b>							
F	3	Swiss Post International Malaysia Sdn Bhd	Selangor	MYR	100	100	100
<b>Netherlands</b>							
F	3	Swiss Post International Netherlands BV	Eindhoven	EUR	20	100	100
<b>Austria</b>							
F	3	Swiss Post International Austria GmbH	Biedermannsdorf	EUR	51	100	100
F	4	Swiss Post Solutions GmbH	Biedermannsdorf	EUR	35	100*	100*
<b>Poland</b>							
F	4	Swiss Post Solutions SP z.o.o. (formerly Client Vela SP z.o.o.) <sup>9</sup>	Kraków	PLN	1 000	–	100
<b>Russia</b>							
F	4	GHP Direct Russ O.O.O. <sup>10</sup>	Moscow	RBL	5 467	–	100

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\* Equity interest is held by Swiss Post, the parent.

1 Capital increased by EUR 1,561,090 and subsequently reduced to EUR 250,000 on 30 September 2010.

2 Established on 8 January 2010.

3 Established on 22 July 2010.

4 Established on 9 September 2010.

5 Established on 16 September 2010.

6 Shares (100 percent) acquired on 8 April 2010.

7 In liquidation.

8 New domicile in Richmond, previously Hertfordshire. Merged with Swiss Post Solutions Ltd on 1 July 2010.

9 Capital increased by PLN 950,000 to PLN 1,000,000 on 12 February 2010. Integrated into meiller GHP GmbH on 21 December 2010.

10 Integrated into meiller GHP GmbH on 21 December 2010.

Acctg. method	Segment	Company	Domicile	Endowment or share capital		% equity interest	% equity interest
				Currency	in 000s	as at 31 Dec. 2010	as at 31 Dec. 2009
<b>Sweden</b>							
F	3	Swiss Post International Scandinavia AB (formerly Swiss Post International Sweden AB)	Stockholm	SEK	105	100	100
<b>Singapore</b>							
F	3	Swiss Post International Singapore Pte Ltd	Singapore	SGD	400	100	100
<b>Slovakia</b>							
F	4	Swiss Post Solutions s.r.o. (formerly GBS Plus Slovakia s.r.o.)	Bratislava	EUR	15	100	100
<b>Spain</b>							
F	3	Allied Business Company of Mail Servicios Postales Internacionales España S.L. <sup>1</sup>	Coslada	EUR	3	100	–
F	3	Mail Partners Spain S.L. <sup>2</sup>	Coslada	EUR	3	100	–
<b>Czech Republic</b>							
F	4	Swiss Post Solutions a.s. (formerly GHP Direct Mail s.r.o.) <sup>3</sup>	Pilzen	CZK	3 000	–	100
F	4	Mailstep Holding a.s. <sup>4</sup>	Prague	CZK	1 000	–	100
F	4	Mailstep s.r.o. <sup>5</sup>	Prague	CZK	120	–	100
<b>Hungary</b>							
F	4	DMS Dialogmarketing Kft. <sup>6</sup>	Budapest	HUF	35 000	–	100
<b>USA</b>							
F	3	Priority Post Company Inc.	Emigsville, PA	USD	3	100	100
F	4	Swiss Post Solutions Inc.	New York	USD	45	100	100
F	4	Swiss Post US Holding Inc.	New York	USD	10 100	100*	100*
<b>Vietnam</b>							
F	4	GHP Far East Co. Ltd	Ho Chi Minh City	VND	1 821 446	86	86

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8 = Other

\* Equity interest is held by Swiss Post, the parent.

<sup>1</sup> Shares (100 percent) acquired on 1 February 2010.

<sup>2</sup> Shares (100 percent) acquired on 1 February 2010.

<sup>3</sup> Became Swiss Post Solutions a.s. on 19 August 2010. New domicile, previously Kozojedy. Integrated into meiller GHP GmbH on 21 December 2010.

<sup>4</sup> Integrated into meiller GHP GmbH on 21 December 2010.

<sup>5</sup> Integrated into meiller GHP GmbH on 21 December 2010.

<sup>6</sup> Company (100 percent) disposed of on 28 February 2010.

## 34 | Changes in the composition of the Group 2010

On 1 February 2010, Swiss Post International Holding AG acquired all shares in the two Spanish companies Allied Business Company of Mail Servicios Postales Internacionales España S.L. (ABC Mail S.L.) and Mail Partners Spain S.L. based in Madrid. Employing around 30 people, ABC Mail S.L. and Mail Partners Spain S.L. are active mainly in the segment for cross-border letter post to and from Spain.

On 12 February 2010, capital was increased at Swiss Post Solutions SP z.o.o. (formerly Client Vela SP z.o.o.) by PLN 950,000 to PLN 1,000,000.

On 28 February 2010, Swiss Post Solutions GmbH, Dettingen sold DMS Dialogmarketing Kft. based in Budapest.

At the end of March 2010, Swiss Post Solutions GmbH, Bamberg acquired all shares in Swiss Post Solutions GmbH (formerly Billing & Loyalty Systems GmbH) based in Oberhausen, Germany. The company offers its customers billing management, loyalty management, billing monitoring and test automation solutions, in some cases using internally developed components and systems and in some cases with partners. The company employs 53 people.

At the beginning of April 2010, Swiss Post International Holding Ltd acquired all shares in MCM Direct Limited based in Southampton in the south of England. MCM Direct Limited has 32 employees and operates in the Southampton region, where it provides a range of postal services such as preparation, shipment and delivery of mailshots, catalogues and small consignments for local business customers.

On 1 July 2010, Swiss Post International acquired Edigroup SA, which is based in Chêne-Bourg and active in subscriptions marketing and management. The group specializes in marketing and shipping French-language press publications. Edigroup SA includes the subsidiaries R & M Routage & Mailing SA in Chêne-Bourg (packaging and shipping), Edigroup Belgique SPRL in Brussels (subscriptions marketing in Belgium) and G.P.A. Gestion & Promotion d'Abonnements SARL in Gaillard (France) (subscriptions management in France). The Edigroup Group currently employs 22 people.

On 1 July 2010, Swiss Post Solutions (UK) Ltd. was merged with Swiss Post Solutions Ltd.

On 1 July 2010, Swiss Post International Operations GmbH & Co. KG (formerly Swiss Post International Germany GmbH & Co. KG) based in Dietzenbach reduced its share capital to EUR 1,176,000.

At the end of September 2010, CarPostal Interurbain SAS based in Narbonne reduced its share capital to EUR 250,000.

SCI S.A.T. based in Huingue (France) was acquired on 1 October 2010. Ninety nine percent of the shares are held by Société d'Affrètement et de Transit S.A.T. SAS and one percent is held by Swiss Post SAT Holding AG. SCI S.A.T. is purely a real estate company, whose properties are used internally by Swiss Post Group. SCI S.A.T. does not currently have any employees.

On 21 December 2010, as part of a joint venture, the Direct Mail division of Swiss Post Solutions GmbH in Bamberg (Germany) was merged with the Austrian Post-owned meiller direct GmbH in Schwandorf (Germany) to form meiller GHP GmbH. Swiss Post holds a 35 percent interest in meiller GHP GmbH. The Direct Mail division comprised the following companies which were integrated into meiller GHP GmbH: GHP Direct France SARL based in Le Chesnay, Swiss Post Solutions Sp. z.o.o. (formerly Client Vela Sp. z.o.o.) based in Kraków, GHP Direct Russ O.O.O. based in Moscow, Swiss Post Solutions a.s. (formerly GHP Direct Mail s.r.o.) based in Pilzen, Mailstep Holding a.s. based in Prague, Mailstep s.r.o. based in Prague and an operating unit of Swiss Post Solutions GmbH based in Bamberg.

Graphic Data (UK) Ltd is in liquidation.

2009

In January 2009, Swiss Post Deutschland Holding GmbH took control of PrimeMail GmbH without acquiring the existing non-controlling interests. As of that date, the company has been fully consolidated. In addition, the interest in Swiss Post Porta a Porta S.p.A. was increased by 10 percent to 70 percent.

The following changes also took place in January 2009:

- MailSource France SAS was merged with Swiss Post Solutions SAS, Paris
- IMS Europe AB was merged with Swiss Post International Scandinavia AB (formerly Swiss Post International Sweden AB)
- at Swiss Post International Scandinavia AB, capital was reduced to SEK 105,000 in connection with the merger of IMS Europe AB
- DocumentServices Ltd was merged with Swiss Post Solutions Ltd.

The following changes took place in April 2009:

- ANZA Security GmbH was merged with SecurePost Ltd with retrospective effect from 1 January 2009
- the non-controlling interests were bought up at Cards United GmbH
- 70 percent of the shares in Dispodrom Ltd were acquired by PostLogistics with retrospective effect from 1 January 2009. PostLogistics holds a buy option on a further 30 percent, which can be exercised at any time.

Dispodrom Ltd is a leading logistics company for visual and audio media and employs 70 people. The company stores, picks and distributes CDs, DVDs, video and computer games, and promotional items. Thanks to PostLogistics' investment, Dispodrom Ltd is able to benefit from Swiss Post's sales organization and expand its customer base and service offering in a targeted manner.

The following changes took place in May 2009:

- capital was increased to CHF 1 million at InfraPost Ltd
- the non-controlling interests were bought up at Swiss Post Solutions SP z.o.o. (formerly Client Vela SP z.o.o.).

At the beginning of July 2009, PostLogistics acquired 100 percent of the shares in IT Service-House AG in Köniz, near Berne and Dintikon (branch), which specializes in repair management and similar customer services for PC and printer manufacturers. The company employs around 100 people and will continue to operate independently.

The following mergers also took place in July 2009:

- Cards United GmbH with Swiss Post Solutions GmbH, Bamberg with retrospective effect from 1 January 2009
- PKS Direktwerbe GmbH with GHP Direct Mail GmbH with retrospective effect from 1 January 2009.

At the end of July 2009, Global Business Services Plus QLS was deconsolidated in light of insolvency proceedings.

The following mergers took place in August 2009:

- Global Press Distribution GmbH with Swiss Post International Germany GmbH & Co. KG
- GHP Direct Mail GmbH with Swiss Post Solutions GmbH, Bamberg with retrospective effect from 1 January 2009
- LS Dialogmarketing GmbH & Co. KG with Swiss Post Solutions GmbH, Dettingen (formerly LS Dialogmarketing Verwaltungs GmbH).

In September 2009, MailSource Deutschland GmbH was merged with Swiss Post Solutions GmbH, Waltershausen (formerly Global Business Services Plus GmbH) with retrospective effect from 1 January 2009.

In November 2009, 75 percent of the shares in Räber Information Management GmbH were sold. As of November 2009, the company has therefore been accounted for as an associate (25 percent).

In November 2009, the non-controlling interests were bought up at Presto Presse-Vertriebs AG (formerly Bevo AG). In addition, PostMail acquired ZUVO Zustell- und Vertriebsorganisation AG in Zurich, Espace Media Vertriebs AG in Berne and Pressevertriebs-GmbH in Lucerne and merged the three companies into Presto Presse-Vertriebs AG. Also in November, Prevag, Presse-Vertriebs AG Basel was merged with Presto Presse-Vertriebs AG.

In December 2009, Swiss Post Solutions Ltd (formerly MailSource UK Ltd) acquired 100 percent of the shares in Swiss Post Solutions (UK) Ltd (formerly Microgen UK Ltd), which provides billing services. These include products such as e-billing (improvements to credit card billing processes), print services and document management solutions (data archiving). The company employs around 45 people and operates mainly in the UK.

Also in December 2009, the interest in Swiss Post Porta a Porta S.p.A. was increased by 10 percent to 80 percent.

Graphic Data (UK) Ltd is in liquidation.

Assets and liabilities arising from acquisitions

The following assets and liabilities were newly consolidated in connection with acquisitions of subsidiaries:

Assets and liabilities arising from acquisitions CHF m	31 December 2010	31 December 2009
	Total fair values <sup>1</sup>	Total fair values <sup>2</sup>
Receivables	10	40
Inventories	0	0
Property, plant and equipment, intangible assets and investments	11	10
Other financial liabilities	-5	-1
Trade accounts payable	-3	-6
Provisions and other liabilities	-5	-25
<b>Fair value of net assets</b>	<b>8</b>	<b>18</b>
Goodwill	20	44 <sup>3</sup>
<b>Acquisition costs</b>	<b>28</b>	<b>62</b>
Cash and cash equivalents acquired <sup>4</sup>	-5	-11
Purchase price payments falling due at a later date (earn-outs)	-1	-3
Payment of liabilities from acquisitions in previous years	3	-1
<b>Net cash outflow for acquisitions</b>	<b>25</b>	<b>47</b>

1 Composition: Mail Partners Spain S.L., Allied Business Company of Mail Servicios Postales Int. España S.L., Swiss Post Solutions GmbH, Oberhausen (formerly Billing & Loyalty Systems GmbH), MCM Direct Limited, Edigroup SA, G.P.A. Gestion & Promotion d'Abonnements SARL, Edigroup Belgique SPRL, R & M Routage & Mailing SA, SCI S.A.T.

2 Composition: full consolidation of PrimeMail GmbH, Dispodrom Ltd, IT ServiceHouse AG, Swiss Post Solutions (UK) Ltd, Presto Presse-Vertriebs AG (ZUVO Zustell- und Vertriebsorganisation AG in Zurich, Espace Media Vertriebs AG in Berne, Pressevertriebs-GmbH in Lucerne).

3 Without buying up non-controlling interests of CHF 7 million.

4 Composition: cash and current receivables due from banks.

## Assets and liabilities arising from disposals

The acquisition costs for the companies acquired in 2010 amount to a total of CHF 28 million. Of this amount, CHF 27 million was paid in cash and cash equivalents and CHF 1 million relates to purchase price payments falling due at a later date (earn-outs).

The goodwill arising from these transactions consists of assets that are not separately identifiable or cannot be reliably determined, primarily acquired expertise and synergies expected within the Group.

The fair value of the acquired receivables does not include any significant uncollectible receivables.

The directly attributable acquisition expense amounts to CHF 0.7 million and is recognized in the statement of comprehensive income under "Other operating expenses".

Since the acquisition date, the acquired entities have contributed CHF 23 million to operating income and CHF – 1 million to the operating result.

The following assets and liabilities were deconsolidated in connection with disposals of subsidiaries:

	31 December 2010
<b>Assets and liabilities arising from disposals</b>	<b>Total carrying amount<sup>1</sup></b>
CHF m	
Cash and cash equivalents	3
Receivables	22
Inventories	5
Property, plant and equipment, intangible assets, investments and financial assets	42
Other financial liabilities	–13
Trade accounts payable	–11
Provisions and other liabilities	–23
<b>Carrying amount of net assets disposed of</b>	<b>25</b>
<b>Proceeds from disposals</b>	<b>27</b>
of which paid in cash and cash equivalents	–
Purchase price payments falling due at a later date (earn-outs)	–
Gain from disposals <sup>2</sup>	2

1 Composition: DMS Dialogmarketing Kft., GHP Direct France SARL, Swiss Post Solutions Sp. z.o.o., GHP Direct Russ O.O.O., Swiss Post Solutions a.s., Mailstep Holding a.s., Mailstep s.r.o., operating unit of Swiss Post Solutions GmbH, Bamberg.

2 In the current period, the gain from disposals was presented in the statement of comprehensive income under "Financial income".

The disposals resulted in a net outflow of cash and cash equivalents of CHF 3 million, as the subsidiaries being disposed of were sold in exchange for the shares in meiller GHP GmbH and a receivable due from this associate.

In both the reporting period and the previous year, the share of the individual items in the statement of comprehensive income and the cash flow statement attributable to the subsidiaries being disposed of and the operating unit was insignificant from a consolidated perspective.

There were no significant disposals of subsidiaries in the previous year.



Companies founded  
and renamed

■ 2010

On 8 January 2010, CarPostal Agde SAS based in Agde (France) was established by CarPostal France SARL.

On 25 June 2010, Billing & Loyalty Systems GmbH was renamed Swiss Post Solutions GmbH, Oberhausen.

On 12 July 2010, the associate Räber Information Management GmbH was converted into a joint stock corporation and renamed search.ch AG.

On 7 July 2010, Swiss Post Deutschland Holding GmbH was renamed Swiss Post International Germany GmbH. In addition, on 4 August 2010, Swiss Post International Germany Verwaltungs GmbH was renamed Swiss Post International Operations Verwaltungs-GmbH and, on 24 August 2010, Swiss Post International Germany GmbH & Co. KG was renamed Swiss Post International Operations GmbH & Co. KG. The latter two companies have moved their domicile to Dietzenbach.

In the third quarter of 2010, CarPostal Bourgogne Franche-Comté SAS based in Mâcon (France) was established on 22 July 2010, CarPostal Méditerranée SAS based in Adge (France) was established on 9 September 2010 and CarPostal Pyrénées SAS based in Narbonne (France) was established on 16 September 2010.

On 19 August 2010, GHP Direct Mail s.r.o. was converted into a joint stock corporation and renamed Swiss Post Solutions a.s. It is now based in Pilzen (Czech Republic).

Debitoren Service AG based in Berne was established on 3 November 2010.

■ 2009

The following name changes took place in the first quarter of 2009:

- Global Business Services Plus SAS based in Paris was renamed Swiss Post Solutions Holding SAS
- Global Business Services Plus France SAS, also based in Paris, was renamed Swiss Post Solutions SAS
- Global Business Services Plus GmbH based in Waltershausen was renamed Swiss Post Solutions GmbH, Waltershausen
- Global Business Services Plus Slovakia s.r.o. based in Bratislava was renamed Swiss Post Solutions s.r.o.

In the second quarter of 2009, Swiss Post International Sweden AB based in Stockholm was renamed Swiss Post International Scandinavia AB.

In the second quarter of 2009, Swiss Post Solutions GmbH (Pulsnitz, Germany), CarPostal Mâcon SAS (Mâcon, France) and CarPostal Dole SAS (Dole, France) were established.

The following name changes took place in the third quarter of 2009:

- MailSource UK Ltd (Richmond, UK) was renamed Swiss Post Solutions Ltd
- LS Dialogmarketing Verwaltungs GmbH was renamed Swiss Post Solutions GmbH, Dettingen.

In the third quarter of 2009, Swiss Post Solutions GmbH (Biedermannsdorf, Austria) and CarPostal Foncière SCI (Bourg-en-Bresse, France) were established.

The following name changes took place in the fourth quarter of 2009:

- Bevo AG based in Berne was renamed Presto Presse-Vertriebs AG
- Microgen UK Ltd based in Hertfordshire, UK was renamed Swiss Post Solutions (UK) Ltd
- Client Vela SP z.o.o. based in Kraków was renamed Swiss Post Solutions SP z.o.o.
- GHP Dialog Services GmbH, now based in Munich (formerly Bamberg), was renamed Swiss Post Solutions GmbH, Munich.

In the fourth quarter of 2009, CarPostal Villefranche-sur-Saône SAS (Gleize, France) was established.

### 35 | Non-current assets held for sale

“Non-current assets held for sale” are no longer systematically depreciated/amortized and will probably be sold within one year.

Non-current assets held for sale CHF m	Other property, plant and equipment		Total
	Operating property		
<b>Balance at 1 Jan. 2010</b>	<b>4</b>	<b>1</b>	<b>5</b>
Additions arising from reclassifications in accordance with IFRS 5	5	7	12
Disposals	-7	-7	-14
<b>Balance at 31 Dec. 2010</b>	<b>2</b>	<b>1</b>	<b>3</b>
<b>Balance at 1 Jan. 2009</b>	<b>14</b>	<b>2</b>	<b>16</b>
Additions arising from reclassifications in accordance with IFRS 5	37	5	42
Disposals	-47	-6	-53
<b>Balance at 31 Dec. 2009</b>	<b>4</b>	<b>1</b>	<b>5</b>

### 36 | Key exchange rates

The following exchange rates were applied in translating the financial statements of foreign subsidiaries into Swiss francs:

Exchange rates Unit		Closing rate as at		Average rate for the period ending	
		31 Dec. 2010	31 Dec. 2009	31 Dec. 2010	31 Dec. 2009
1 euro	EUR	1.25	1.49	1.38	1.51
1 US dollar	USD	0.94	1.03	1.04	1.09
1 pound Sterling	GBP	1.46	1.66	1.61	1.70

### 37 | Events after the reporting period

#### Adjusting events

Prior to the approval of the 2010 financial statements by Swiss Post's Board of Directors on 29 March 2011, no events came to light which either would have resulted in changes to the carrying amount of the Group's assets and liabilities or would have to be disclosed in this section of the Report.

Acquisitions of subsidiaries between 1 January and 29 March 2011

On 3 January 2011, Swiss Post International Holding Ltd acquired all shares in Zollagentur Imlig AG based in Ingenbohl and Zollagentur Imlig GmbH based in Rheinfelden (Germany). The two companies are active in customs clearance at various border crossings between Switzerland and Germany and employ 22 people.

The purchase prices for the two companies acquired after the end of the reporting period and their effects on the consolidated financial statements are insignificant.

## Report of the Statutory Auditor on the Consolidated Financial Statements to the Federal Council

Swiss Post, Berne

As statutory auditor, we have audited the accompanying consolidated financial statements of Swiss Post presented on pages 142 to 200 of the financial report, which comprise the statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes for the year ended 31 December 2010.

### Board of Directors' Responsibility

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law, Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2010 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with the Postal Organization Act.

### Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the board of directors.

We recommend that the consolidated financial statements submitted to you be approved.

### KPMG AG

Orlando Lanfranchi  
Licensed Audit Expert  
Auditor in Charge

Stefan Andres  
Licensed Audit Expert

Gümligen-Berne, 29 March 2011

## Swiss Post

## Income statement

<b>Income statement</b>	2010	2009
CHF m		
Net sales from logistics services	3 996	4 107
Net sales from resale merchandise	618	627
Income from financial services	2 402	2 237
Other operating income	258	276
<b>Total operating income</b>	<b>7 274</b>	<b>7 247</b>
Staff costs	-3 160	-3 252
Resale merchandise and service expenses	-1 335	-1 505
Expenses for financial services	-864	-633
Other operating expenses	-1 087	-1 109
Depreciation of property, plant and equipment and amortization of intangible assets	-218	-231
<b>Total operating expenses</b>	<b>-6 664</b>	<b>-6 730</b>
<b>Operating result</b>	<b>610</b>	<b>517</b>
Financial income	28	315
Financial expenses	-35	-121
<b>Profit before tax</b>	<b>603</b>	<b>711</b>
Income taxes	-	0
<b>Profit for the year</b>	<b>603</b>	<b>711</b>

## Balance sheet

<b>Balance sheet</b> CHF m	31 Dec. 2010	31 Dec. 2009
<b>Assets</b>		
Cash	1 645	1 951
Receivables due from banks	13 106	16 208
Interest-bearing amounts due from customers	505	132
Trade accounts receivable	810	892
Other receivables	1 033	1 118
Inventories	64	67
Non-current assets held for sale	3	4
Financial assets	72 942	61 165
Investments	281	259
Property, plant and equipment	2 024	2 025
Intangible assets	78	88
<b>Total assets</b>	<b>92 491</b>	<b>83 909</b>
<b>Equity and liabilities</b>		
Customer deposits (PostFinance)	85 749	77 297
Other financial liabilities	423	174
Trade accounts payable	543	612
Other liabilities	649	748
Provisions	183	287
<b>Total liabilities</b>	<b>87 547</b>	<b>79 118</b>
Endowment capital	1 300	1 300
Reserves <sup>1</sup>	3 041	2 780
Profit for the year	603	711
<b>Total equity</b>	<b>4 944</b>	<b>4 791</b>
<b>Total equity and liabilities</b>	<b>92 491</b>	<b>83 909</b>

<sup>1</sup> Of which CHF 14 million (2009: CHF 6 million) are reserved for a specific purpose in accordance with Article 36 of the Swiss Passenger Transport Act (PBG).

## Notes

### Basis of accounting

The financial statements of Swiss Post were prepared in accordance with generally accepted commercial principles (Swiss Code of Obligations). Furthermore, the accounting records and financial statements and the proposal on the appropriation of profit for the year comply with the Postal Organization Act (POG Arts. 11 and 12).

### Accounting principles

#### General information

The financial statements of Swiss Post are based on the financial statements of the legally dependent Accounting Units, which are prepared using consistent, generally accepted principles. Internal transactions among the Accounting Units are eliminated. Swiss Post comprises the following Accounting Units: PostMail, PostLogistics, Mobility Solutions, Post Offices & Sales, PostFinance, PostBus, Swiss Post International, Swiss Post Solutions, Real Estate and Services & Management (Corporate Purchasing, Information Technology, Language Services and the management units of Swiss Post, the parent).

The subsidiaries controlled by the parent are not consolidated but carried in the balance sheet under "Investments" at cost minus any necessary impairment.

#### Differences in accounting policies compared with the IFRS consolidated financial statements

The financial statements of Swiss Post were prepared in accordance with the accounting policies used in drawing up the consolidated financial statements, with the following exceptions:

##### ■ Financial assets

Financial assets with a fixed maturity classified as "Available for sale" are measured at amortized cost. Interest rate-related fluctuations in fair value (volatility) do not therefore affect the carrying amount of the financial assets and the reported equity (no fair value reserve). If an asset's fair value falls below its cost, an appropriate impairment charge is recognized and presented under "Expenses for financial services". Loans granted by the parent to subsidiaries are carried in the balance sheet at amortized cost less any necessary impairment. Impairment charges are recognized under "Financial expenses". Since 1 January 2010, derivatives (positive fair values) have been measured at the lower of cost or market value (2009: measurement at fair value).

##### ■ Provisions for insurance risks

In accordance with the principle of self-insurance, provisions for insurance risks cover future claims that have not yet been incurred. Large claims can therefore be settled via the insurance provisions.

##### ■ Employee benefits

The pension expenses recognized at Swiss Post are the employer contributions transferred to the Swiss Post pension fund including restructuring contributions.

##### ■ Long-term benefits due to employees and retirees

The costs of long-term benefits due to employees and retirees such as loyalty bonuses/sabbaticals and staff vouchers are recognized when they are incurred; provisions are not recognized systematically over the years of service of employees.

## Reconciliation of profit

The aforementioned differences in accounting policies for the result of Swiss Post, the parent, in accordance with the Swiss Code of Obligations (CO)/POA versus those applied in the IFRS consolidated financial statements are as follows:

<b>Reconciliation of profit</b>	2010	2009
CHF m		
<b>Swiss Post profit for the year under CO/POA</b>	<b>603</b>	<b>711</b>
Foreign exchange losses on loans classified as equity	18	1
Transfer to the employer's reserve <sup>1</sup>	150	150
Restructuring contributions for employees and the employer (Swiss Post Pension Fund)	–	68
Reversal of employee benefit provisions no longer required	–114	–
Measurement of derivatives at the lower of cost or market value (positive fair values)	173	–
Reversal of provision for self-insurance solution <sup>2</sup>	–	–215
Reversal through profit or loss of impairment of available-for-sale bonds (Income from financial services)	–23	–89
Non-application of IAS 19 at Swiss Post under Swiss Code of Obligations/POA	92	41
Amortization of other intangible assets	10	–
Valuation differences on other intangible assets	–	–36
Reversal of impairment of receivables, loans and investments in subsidiaries	–54	–74
Impairment of receivables, loans and investments in subsidiaries	40	190
Swiss Post profit for the year under IFRSs	895	747

<sup>1</sup> Transfer by Swiss Post, the parent to the employer's reserve of the Swiss Post pension fund.

<sup>2</sup> The transfer of the self-insurance solution of Swiss Post to Swiss Post Insurance AG meant that the provision could be reduced to CHF 50 million.

## Risk management

### Organization

Swiss Post operates a comprehensive risk management system, applicable to all units of the parent company and to the subsidiaries. Risk policy is defined by Executive Management and the Board of Directors. Risk management is a line management responsibility.

Each Swiss Post unit (PostBus, PostFinance, PostMail, PostLogistics, Swiss Post International, Swiss Post Solutions, Post Offices & Sales) has a risk manager, as do the subsidiaries.

The risk managers run the process and coordinate reporting both to their management and to the Group risk manager. At a functional level, they report to the units' management and are responsible for providing independent risk control. The risk managers put in place the necessary controls and limits and monitor the positions and potential risks. The risk management process ensures that all risks are identified and recorded in full in the risk measurement and reporting systems.

The areas covered include strategy and environment, customers/market, service provision, pricing policy, projects/external services, reporting/controlling, security, own damage and liability claims, human resources management, information technology, finance, corporate governance, legal aspects and communications/image.

The risk management process is integrated into the Group's annual strategy process. Twice a year, the Group risk manager and the Risk Management Committee provide Executive Management with a full overview of the Group's risk position and high-level risks. Executive Management carries out its risk analysis on the basis of this overview. The results are presented to the Board of Directors' Audit & Risk Committee and the Board of Directors. Finally, the Board of Directors assesses the aggregated risks.

### Risk position

In 2010, Swiss Post identified and evaluated ten high-level risks which it actively addressed and for which it developed scenarios and drew up possible measures. These risks each entail potential losses of over CHF 50 million. Three concern the (political) operating context, three are market-related and four are endogenous risks. Thirteen further risks are being monitored on a precautionary basis.

Swiss Post operates an internal control system (ICS) that promptly identifies and assesses the relevant financial processes and risks related to bookkeeping and the rendering of accounts and incorporates appropriate key controls to cover those processes and risks. The ICS encom-

passes those procedures and measures that ensure proper bookkeeping and rendering of accounts and accordingly form the basis of all financial reporting. It thus ensures that financial reporting is of a high quality. Swiss Post sees the ICS as an activity aimed at the continuous improvement of processes.

In accordance with Article 728 a, section 1 (3) of the Swiss Code of Obligations, the external auditors check the existence of an ICS in conducting their regular audit.

## Explanatory notes

### Contingent liabilities

As at 31 December 2010, guarantees and guarantee obligations amount to CHF 37 million (2009: CHF 46 million).

Under the system of group taxation for value added tax, Swiss Post, the parent (tax group leader) is liable in respect of all companies subject to group taxation.

### Assets pledged as security for own obligations

As at 31 December 2010, assets (bonds that are part of PostFinance's securities lending operations) with carrying amounts totalling some CHF 10,345 million (2009: CHF 12,609 million) were pledged as collateral for own obligations.

### Lease obligations

Lease obligations not recognized in the balance sheet (operating leases) total CHF 496 million at 31 December 2010 (2009: CHF 509 million).

### Fire insurance values of property, plant and equipment

The fire insurance values of property, plant and equipment total CHF 5,467 million at 31 December 2010 (2009: CHF 5,514 million).

### Investments

Please see Note 33, Consolidated Group, in the consolidated financial statements. Investments in subsidiaries held directly by the parent are carried in the balance sheet at cost less any necessary impairment. Impairment charges are recognized under "Financial expenses".

### Amounts due to employee benefit funds

The amounts due to the Swiss Post pension fund total CHF 7 million at 31 December 2010 (2009: CHF 5 million). In addition, provisions for the restructuring of the Swiss Post pension fund amount to CHF 51 million at the end of the reporting period.

### Endowment capital

The Swiss Confederation has provided Swiss Post with interest-free endowment capital of CHF 1,300 million.

## Proposal on the appropriation of profit

According to Article 12 of the Postal Organization Act (POA), the appropriation of profit should be determined primarily by the requirements of the business. The key issues are an appropriate capital structure and the financing of investments. Any profit remaining after transfers to reserves is handed over to the owner.

Based on Article 12 of the POA, the Board of Directors of Swiss Post proposes to the Swiss Federal Council that Swiss Post's profit of CHF 603 million be allocated as follows:

- CHF 100 million to be deposited in the employer's reserve of the Swiss Post pension fund
- CHF 200 million to be distributed to the owner
- CHF 303 million to be allocated to the reserves of Swiss Post, the parent.



## Report of the Statutory Auditor on the Financial Statements to the Federal Council

Swiss Post, Berne

As statutory auditor, we have audited the accompanying financial statements of Swiss Post presented on pages 202 to 206 of the financial report, which comprise the balance sheet, income statement and notes for the year ended 31 December 2010.

### Board of Directors' Responsibility

The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements for the year ended 31 December 2010 comply with the Postal Organization Act.

### Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings complies with the Postal Organization Act. We recommend that the financial statements submitted to you be approved.

### KPMG AG

Orlando Lanfranchi  
Licensed Audit Expert  
Auditor in Charge

Stefan Andres  
Licensed Audit Expert

Gümligen-Berne, 29 March 2011

## Additional information about PostFinance

### Income statement

The following financial statements of PostFinance were prepared in accordance with the principles of IFRS segment reporting and include the separate financial statements of PostFinance but not the associates. In contrast to the presentation in Note 6, Income from financial services in the notes to the consolidated financial statements, intra-Group transactions with other segments (including services purchased by Post Offices & Sales and PostMail) have not been eliminated.

<b>Income statement</b> CHF m	2010	2009
<b>Interest income</b>		
Interest income on receivables due from banks	4	4
Interest income on securities lending and reverse repurchase transactions	21	31
Interest income on interest-bearing amounts due from customers	9	9
Interest and dividend income on FVTPL <sup>1</sup> : designated	–	–
Interest and dividend income on financial assets	1 513	1 323
<b>Interest expense</b>		
Interest expense for customer deposits	–473	–401
Interest expense for amounts due to banks	–1	–1
Interest expense on repurchase transactions	0	0
<b>Net interest income</b>	<b>1 073</b>	<b>965</b>
Change in impairment of financial assets	–22	–53
Losses on payment transactions	–7	–6
<b>Net interest income, net of impairment</b>	<b>1 044</b>	<b>906</b>
Commission income on lending, securities and investment business	112	105
Commission income on other services	37	28
Income from services	555	569
Commission and services expenses	–437	–401
<b>Net services and commission income</b>	<b>267</b>	<b>301</b>
Net trading income	129	106
Realized gains and losses on financial assets	3	–21
Other operating income	–3	–11
<b>Total operating income</b>	<b>1 440</b>	<b>1 281</b>
Staff costs	–419	–395
General overheads	–438	–431
Depreciation and amortization	–12	–14
<b>Total operating expenses</b>	<b>–869</b>	<b>–840</b>
<b>Operating profit<sup>2</sup></b>	<b>571</b>	<b>441</b>
Net investment income from associates	2	2
Income from intra-Group financing	0	4
<b>Profit for the year</b>	<b>573</b>	<b>447</b>

1 FVTPL: financial assets at fair value through profit or loss (designated).

2 Corresponds to the operating result of the financial services segment.

## Balance sheet

Balance sheet CHF m	31 Dec. 2010	31 Dec. 2009
<b>Assets</b>		
Cash and cash equivalents	1 645	1 950
Receivables due from banks	13 103	16 207
Interest-bearing amounts due from customers	505	132
Derivative financial instruments	191	113
Financial assets	72 621	60 780
Investments	15	14
Property, plant and equipment	26	28
Prepaid expenses	878	767
Other assets	313	347
<b>Total assets</b>	<b>89 297</b>	<b>80 338</b>
<b>Equity and liabilities</b>		
Due to banks	312	78
Due to customers on Deposito and investment accounts	29 320	23 897
Other amounts due (to customers)	58 331	55 174
Derivative financial instruments	4	9
Deferred income	88	70
Provisions	4	4
Other liabilities	133	141
<b>Total liabilities</b>	<b>88 192</b>	<b>79 373</b>
Allocated equity <sup>1</sup>	500	500
Fair value reserves	14	-2
Hedging reserves	18	20
Profit for the year	573	447
<b>Total equity</b>	<b>1 105</b>	<b>965</b>
<b>Total equity and liabilities</b>	<b>89 297</b>	<b>80 338</b>

<sup>1</sup> Since 1 January 2003, PostFinance has had CHF 500 million in equity available to cover fluctuations in the fair value of available-for-sale financial assets.

## Additional information

### Internet links

The (E→) symbol contained in the text points readers to additional information on the Internet. This information can be accessed via the full list of links at [www.post.ch/ar2010links](http://www.post.ch/ar2010links). Simply click on a reference number on this page to access the relevant information.

### GRI index

Swiss Post bases the content of this report on version G3 of the Global Reporting Initiative (GRI) guidelines on sustainability reporting. The GRI index provides a standardized approach to reporting organized by topic. For each topic, there is a reference pointing readers to the relevant pages in the report. This allows the GRI index to be used as an alternative to the usual table of contents. For space reasons we have not listed the whole index here. It can be downloaded from the Internet (E→ 98) at the above address.

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Additional printed copies of the Annual Report are available from the address below or can be ordered online. Employees of Swiss Post may order additional copies through the usual channels.

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## Five-year overview of key figures

		2010	2009	2008	2007	2006
<b>Results</b>						
Operating income	CHF million	8 736	8 558	8 980	8 712	7 895
generated in competition	% of operating income	83.2	80.8	79.6	78.3	74.3
generated abroad*	% of operating income	13.9	16.3	17.9	20.0	17.6
Operating result	CHF million	930	721	812	866	823
generated abroad*	% of operating income	2.6	4.9	4.0	7.0	6.6
Group profit	CHF million	910	728	825	909	837
Equity	CHF million	4 224	3 534	2 857	2 470	1 605
<b>Value generation</b>						
Economic value added	CHF million	452	272	416	559	532
Added value generated*	CHF million	5 268	4 983	4 875	4 925	4 735
to employees	CHF million	4 076	4 032	3 873	3 851	3 711
to creditors	CHF million	20	14	22	20	11
to public sector	CHF million	12	9	10	13	9
to owner*	CHF million	200	200	170	300	0
to company	CHF million	960	728	800	741	1 004
<b>Jobs</b>						
Headcount (excluding trainees)	Full-time equivalents	45 129	44 803	44 178	43 447	42 178
abroad	%	16.1	15.6	14.2	12.7	8.0
Trainees	Persons	1 824	1 690	1 571	1 473	1 429
Jobs in Switzerland	Swiss Post employees per 100 employees	1.34	1.33	1.30	1.29	1.34
Jobs in peripheral regions*	Persons	20 603	20 776	21 319	21 069	21 420
Turnover rate (voluntary departures)	As % of average headcount	3.5	3.1	5.3	4.7	3.6
Notice given by employer for economic reasons	Persons	116	99	97	110	86
<b>Employment conditions and remuneration</b>						
Employment in accordance with Swiss Post CEC	Full-time equivalents as %	65.4	66.5	71.2	74.1	80.6
Minimum salary Swiss Post CEC*	CHF per annum	44 379	44 071	42 746	41 826	41 006
Average salary for employees*	CHF per annum	81 082	80 361	78 141	77 160	75 127
Average remuneration paid to members of Executive Management*	CHF per annum	495 590	491 200	492 781	487 611	444 187
Salary bandwidth*	Factor	6.1	6.1	6.3	6.3	5.9
<b>Health management</b>						
Occupational accidents	Number per 100 FTEs	7.5	6.5	6.3	5.5	5.9
Days lost to illness and accidents	Days per employee	10.5	10.4	10.7	11.0	11.4
<b>Diversity</b>						
Men	%	52.1	51.5	51.5	51.1	51.3
Women	%	47.9	48.5	48.5	48.9	48.7
Nationalities represented	Number	133	117	121	119	115
Women on Board of Directors	%	22.2	25.0	20.0	22.2	20.0
Women in Executive Management	%	0.0	0.0	0.0	0.0	0.0
Women in senior management posts	%	8.2	8.7	7.7	9.3	9.8
<b>Demographics</b>						
Average age of staff	Years	44.2	43.4	43.2	42.9	42.7
<b>Resource consumption</b>						
Energy consumption	GJ of primary energy*	3 390 424	3 634 035	4 848 712	4 751 409	4 716 832
Water consumption	m <sup>3</sup>	403 616	397 985	391 400	456 178	468 968
Paper	Millions of A4 sheets	153	160	158	157	108
<b>Carbon footprint</b>						
Total carbon footprint	t CO <sub>2</sub> equivalent*	253 209	255 199	277 801	276 201	281 249
<b>Renewable energy</b>						
Heat from renewable sources	% of heat consumption	11.5	12.8	12.8	13.2	17.1
Renewable fuels	% of fuel consumption	0.0	0.0	0.0	0.0	0.0
Electricity from renewable sources	% of electricity consumption	100.0	100.0	0.9	1.0	1.0

\* Additional key figures and explanations can be found in the table of figures, which is available for downloading at [www.swisspost.ch/ar2010links](http://www.swisspost.ch/ar2010links) (↗ 99).

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